

Risk Management Strategy and QRA

Introduction

The effective management of risk and mitigation through accurate evaluation and proactive mitigation of risks is critical to the success of a project. A key aspect of our service delivery is minimising any risks to our client. To achieve this, the risk management team and other project stakeholders will be provided with a clear understanding of how risk management is performed across the project. The following guiding principles will be adhered to:

- x Risk management is part of all project management activities and decision-making
- x Risk management will be proactively and continuously applied throughout the project lifecycle
- x The management of risks is to ensure their level as low as 'reasonably practical' or adopt appropriate mitigation strategy
- x A risk management plan will be initiated at the beginning of the project
- x Risk communication will be open and transparent to all stakeholders

Our risk management commences at the initial stage of the project with the identification and assessment of risks in terms of their likelihood and associated cost outcomes, and follows a cyclic process as shown below.

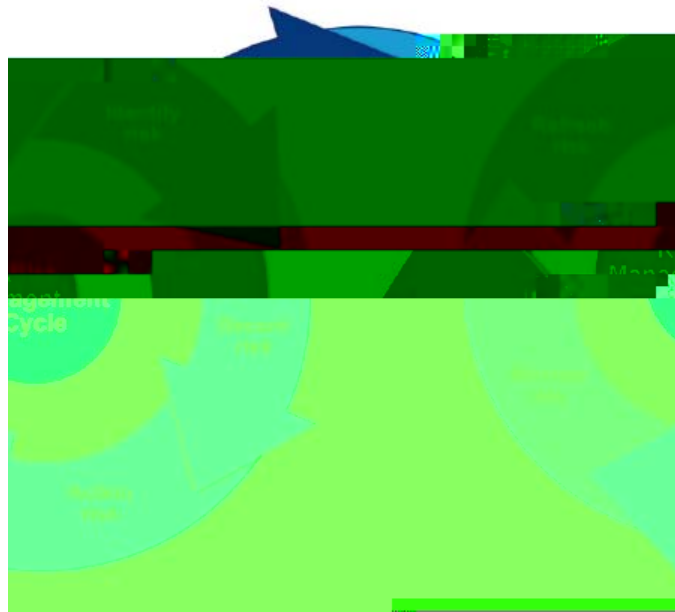


Figure The Risk Cycle

We will identify risks and measure their impacts on the programme. All risks will be documented in a register with the impact on programme clearly defined and the mitigation set out. Our programme will take account of the most likely scenario after mitigation.

The top risks and our measures to mitigate them are included below/elsewhere following a Quantified Risk Assessment (QRA).

Robust risk management will be undertaken by balancing performance and cost, taking account of changing objectives and aims.

Step 2 of the QRA process is analysis of the various risks by defining their distributions in terms of probabilities, impacts and knock-on effects. This information is gathered through risk workshops and other interactions. A qualitative risk ranking will be undertaken in the form of a standard decision matrix using the concept shown below. Each risk will be assessed using a score; High, Medium, Low etc., for Cost, Time, Performance, and Probability to calculate an overall risk scoring and to categorise into Red, Amber, or Green. This process may be developed and tailored for better fit for this type of project.

Likelihood / Probability	High 3	3	6	9
	Medium 2	2	4	6
	Low 1	1	2	3
		High 1	Medium 2	Low 3
	Severity			

In addition to the above, for the QRA process, monetised risk quantities will be agreed through group consensus for each individual risk for the minimum impact, maximum impact, likely impact, and likelihood/probability of occurring.

