

Dorset Local Enterprise Partnership

Risk Framework

September 2021

Introduction

This document sets out Dorset Local Enterprise Partnership's (Dorset LEP) approach to risk management, the process and activities Dorset LEP will adopt for identifying and managing risk across corporate, programme and project level, as well identifying the roles and responsibilities for employees in active risk management.

Programme Managers for each funding tranche will be responsible for reporting risk on a bi-monthly basis to the Programme Management Officer, who is responsible for recording risks.

Dorset LEP is committed to deliver its strategic objectives whilst having a clear focus on the potential risks and opportunities that face our business activities on an ongoing basis.

The key purpose of the risk framework is to ensure that key risks to Dorset LEP's delivery are identified, managed, monitored and escalated effectively across project, programme and corporate levels.

Risk can be defined as the 'effect of uncertainty on objectives'. This effect can either be a positive or negative deviation from what is expected (ISO 31000).

The focus of good risk management is the identification, evaluation, control and review of risks and opportunities to enable the delivery of key objectives. This is a responsibility of all employees at Dorset LEP.

There is significant value in the effective management of risk, including:

- Informing decision-making at committee level.
- Enabling effective use of resources.
- Enhancing strategic and business planning.
- Overcoming threats impacting on delivery.
- Providing confidence in our ability to achieve our objectives.
- Making informed investment decisions
- Strengthening contingency planning.

Policy Statement

Dorset LEP will demonstrate a proactive approach to risk management based on the following key principles:

- Risk management activity will be aligned to corporate and programme aims, objectives and priorities.
 - It will encompass all strategic and operational areas that may prevent Dorset LEP from fulfilling its strategic aims.
 - It will anticipate and take preventative action to avoid risk rather than managing the consequences.
 - It will seek to realise opportunities that arise from the monitoring of risk.
- A consistent approach for the identification, assessment and management of risk will be embedded throughout the organisation.
- Risk control and mitigation strategies will be appropriate to the scale of risk.

- All employees are required to take responsibility for the effective management of risk throughout the organisation.
- Dorset LEP Executive Team are responsible for implementing this policy and for the escalation of risks to the Corporate Risk Register as required.

Risk Management Structure and Approach

Risk management is an integral part of Dorset LEP's performance reporting process as set out in Figure 1.



Figure 1: Dorset LEP's performance reporting process

Risk management is a cyclic process and activity to identify and manage risks, which is achieved through regular monitoring of progress against the objectives in the business plan and following the process illustrated in Figure 2.

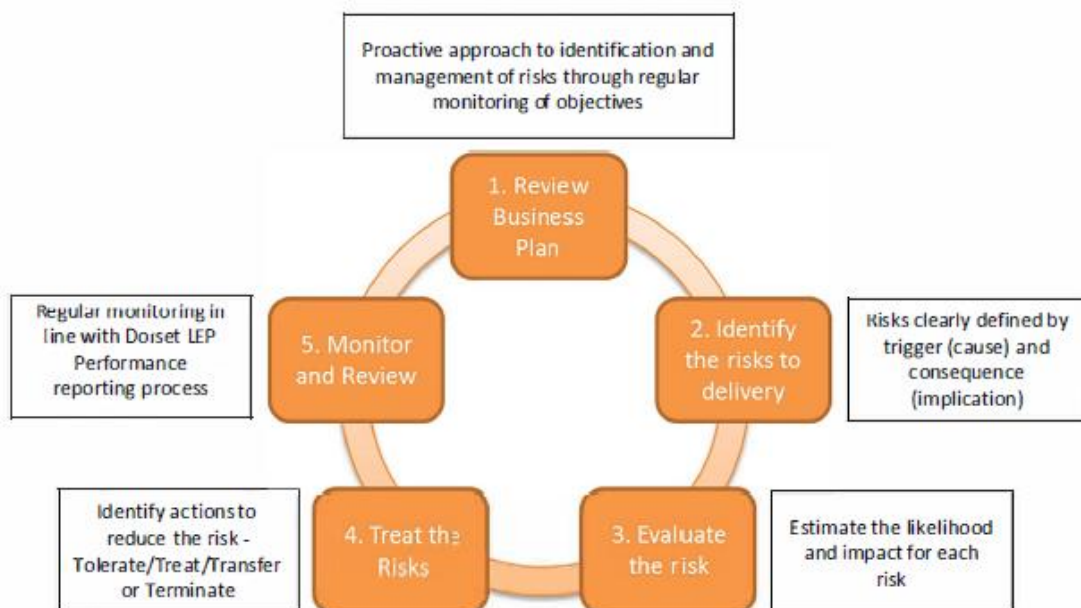


Figure 2: Dorset LEP's risk management process

Evaluation Criteria

Each risk is clearly defined by stating the cause and consequence of each risk. Five key risk categories have been identified that have the potential to create a significant impact onto delivery if not managed effectively. These are: Finance, Reputation, Delivery, Legal & Governance and Health & Safety.

The impact of each risk is evaluated on a five-point scale, with one representing a minimal risk and five a critical risk. Detailed criteria for each of the risk impact categories are provided in Appendix one.

The likelihood of each risk occurring is also evaluated on a five-point scale, where one indicates a very low likelihood of occurrence and five indicates a very high likelihood of occurrence.

Management of Risk

Once assessed, risks will be mapped using a scoring matrix to ensure Dorset LEP has a clear view of its overall risk profile. An overall 'risk score' is generated (multiplying the impact and likelihood scores) to help identify the key risks requiring immediate intervention. Risks will be recorded on a risk register which will capture the scoring for risks before and after proposed intervention (inherent and residual risks). The scoring matrix is set out in Figure 3.

5: Very high Highly likely to occur		5	10	15	20	25
4: High More likely to occur than not		4	8	12	16	20
3: Medium Could occur at some point		3	6	9	12	15
2: Low More likely not to occur		2	4	6	8	10
1: Very Low Very unlikely to occur		1	2	3	4	5
Probability Impact						
	1: Minimal	2: Minor	3: Significant	4: Major	5: Critical	

Key for interventions:

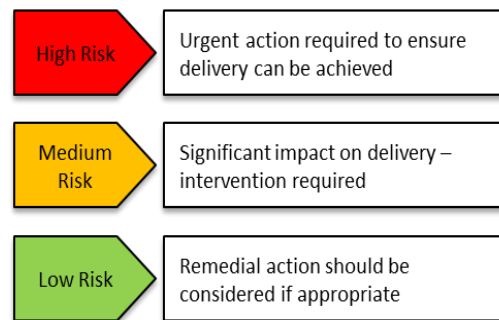


Figure 3: Dorset LEP risk scoring matrix

Once assessed and ranked, four strategic options are available to manage risks and these should be considered along with the cost/benefit of the proposed intervention:

Treat	Take direct action to reduce the level of risk to an acceptable level. Actions must be SMART (specific, measurable, agreed, realistic, timely) and allocated to individuals.
Tolerate	No additional actions taken.
Transfer	Transfer the risk to another organisation or partner to resolve.
Terminate	The risk may be so serious that withdrawal from the activity should be considered.

Roles and Responsibilities

The management of risk is captured within all areas of Dorset LEP's activity as set out below:

Role	Responsibility for Risk Management
Dorset LEP Board	Oversee effective delivery of the Dorset LEP's objectives and management of risk
Dorset LEP Finance, Audit and Corporate Risk Committee	Provide independent assurance of the risk management framework
Dorset LEP Overview & Scrutiny Committee	Increase transparency of decisions made by Dorset LEP, explore and interrogate rationale for decisions and make recommendations for improvements of future decision making.
Dorset LEP Executive Director	Review progress towards delivery of the business plan
Dorset LEP Programme Leads	Advise on specific delivery risks
Dorset LEP Senior Executive Team	Accountability for delivery of the business plan and management of the risks affecting its delivery. Ownership of Corporate Risk Register and departmental risk registers
Programme Leads	Ensure the risk management process is promoted, managed and implemented effectively in the organization. Manage departmental risks
Programme and Project Boards	Own programme and project risk registers, escalating risks to the Dorset LEP Programme Leads/ Executive Director as appropriate
Employees	Identify and manage risk effectively in their jobs, liaising with their managers to identify new or changing risks
Internal Audit	Review the risk management process and provide assurance to officers and members on the effectiveness of controls

Risk Register

The latest version of the Risk Register is on the Dorset LEP Sharepoint site and historical copies can be found here: I:\Dorset LEP\Private\Governance\Policies & Procedures\Risk Management\Risk Register

Appendix 1: Risk Impact Scoring Criteria

Consequence	1: Minimal	2: Minor	3: Significant	4: Major	5: Critical
Financial	Minimal delay in the provision of funding.	Minor delay in the provision of funding.	Significant delay in the provision of funding.	Major delay in the provision of funding.	Critical delay in the provision of funding.
Legal & Governance	All constitutional and legislative requirements have been met and Dorset LEP is acting within its statutory powers.	There is potential for legal action but measures to mitigate against any action can be demonstrated and no legislation has been breached. Litigation, claims or fines up to £10K.	Discretionary opinion on the interpretation of legislation or contractual terms is applied to confirm Dorset LEP's ability to proceed with activities. Litigation, claims or fines up to £25K	Discretionary opinion is not followed and action taken contrary to advice of legal colleagues. Litigation, claims or fines up to £50k.	Failure to comply with legislation and contractual obligations leading to the possibility of a litigation, arbitration or adjudication claim being brought . Litigation, claims or fines up to £100K.
Delivery	Threat could have a minimal impact on the quality of, or delivery delays of up to 3 months .	Threat could have a minor impact on the quality of, or delivery delays of between 3 and 6 months .	Threat could have a significant impact on the quality of, or delivery delays of between 6 and 9 months .	Threat could have a significant impact on the quality of, or delivery delays of between 9 and 12 months .	Threat could have a critical impact on the quality of, non-delivery, or delivery delays of greater than 12 months .
Health & Safety	Known H&S threats effectively managed through appropriate control measures.	Potential for minor injury to occur that can be satisfactorily managed through Safety Management Systems.	Potential for moderate injury or dangerous occurrence to be sustained, possible reporting to the Regulatory body.	Potential for a breach in H&S rules resulting in likely intervention by the Regulatory body.	Severe injury or fatality likely to occur. Regulatory body intervention probable with threat of statutory enforcement or prosecution.