Building an Organisational Understanding of Risk

Mike Laws is a Programme Manager, Chartered Management Accountant and Knowledge Management enthusiast. Mike has led teams across the controls functions of major programmes for the last ten years, in Defence, Transportation and Rail.

Until recently, was Head of Core Controls (cost, risk and schedule) for the Palace of Westminster Restoration and Renewal Programme, with Particular Responsibility for informing, controlling and communicating the delivery cost and schedule risk estimates. Mike as now taken up the post of Regional Director of Programme Controls, Europe and UK for AECOM.

Mike Laws

Michelle Meredith has worked within risk management for the past 14 years, 11 of which have been on major construction projects including London Underground's Station Capacity Programme, HS2 and Tideway. Michelle is Head of Risk for the R&R Delivery Authority Ltd, where she is responsible for all aspects of risk management and quantification at Corporate, Programme and Project level.

Michelle Meredith

Building an Organisational Understanding of Risk

Restoration & Renewal Programme

The Why & How

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Project Controls EXPO
London, UK

The Palace of Westminster

One of the world's most recognisable buildings, the Palace has played a role in British history for a millennia

The oldest building on the Parliamentary Estate is Westminster Hall - built in 1097 by King William II

The first English Parliament was held in 1265 – this meeting was the foundation of UK democracy as we know it

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Palace facts

Stonework
19th century Anston limestone, extensively damaged from leaking roofs, old plumbing, decaying windows and general wear & tear

Windows
Around **4,000** windows, many of which do not close properly and allow significant heat loss

Plumbing
5km of chilled water piping and **6km** of low-temperature hot water pipes, with leaks common

Cabling
250 miles of cabling needs replacing, (roughly the distance from London to Newquay in Cornwall)
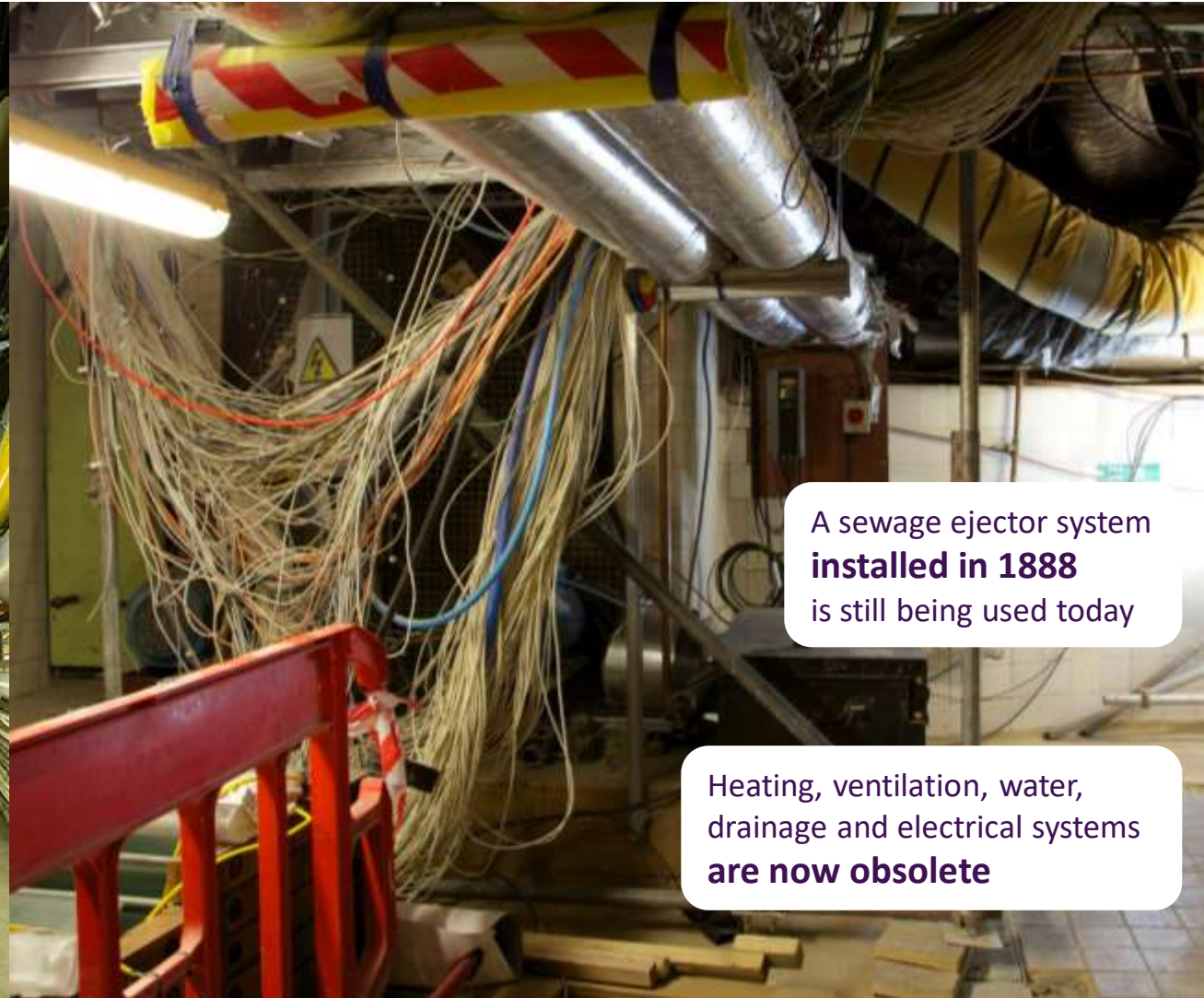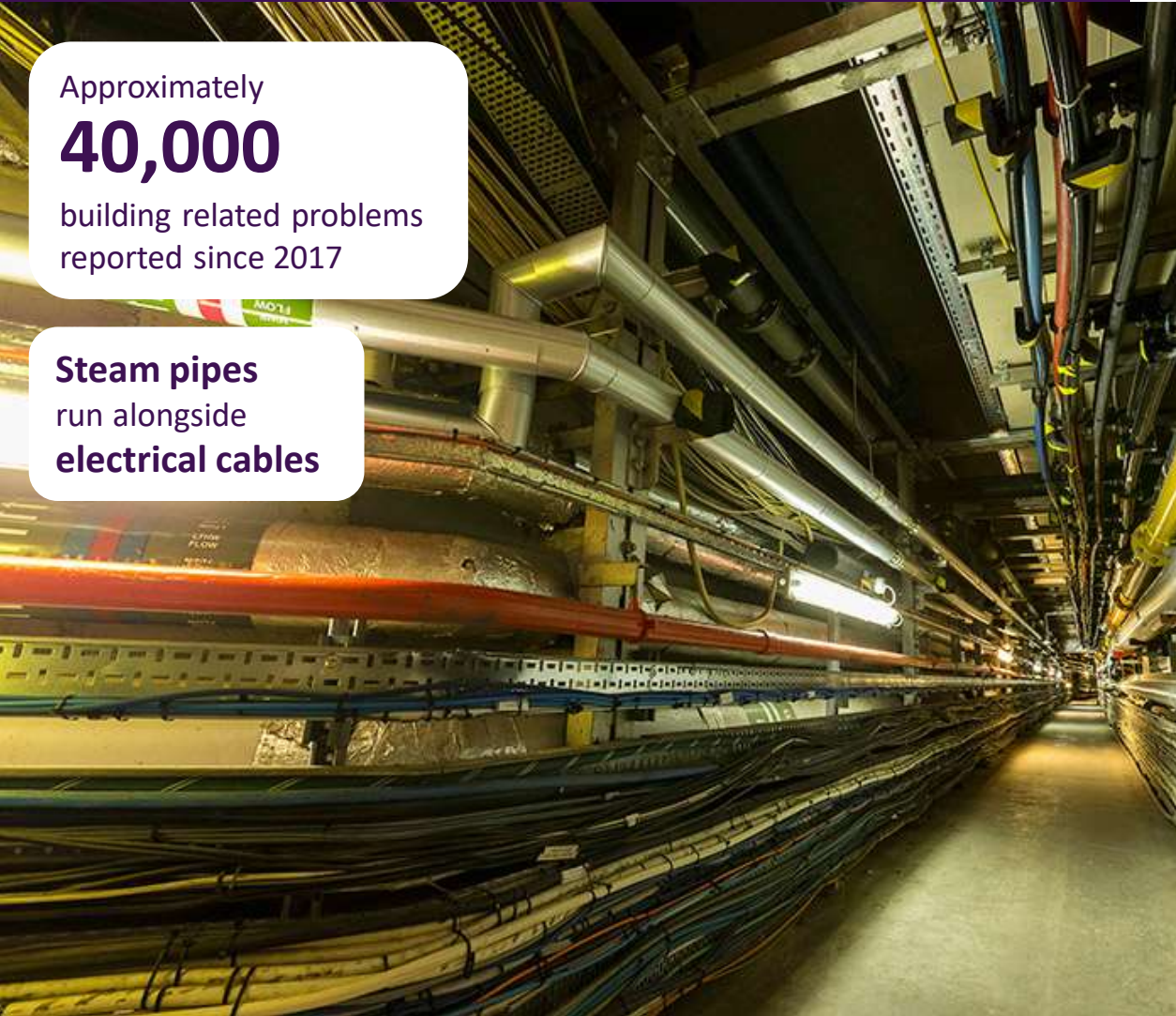

0 miles

250 miles

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Restoration challenge

Approximately
40,000
building related problems reported since 2017

Steam pipes
run alongside
electrical cables

A sewage ejector system
installed in 1888
is still being used today

Heating, ventilation, water, drainage and electrical systems
are now obsolete

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

The Restoration and Renewal Programme

The UK's **biggest ever** historic building renovation

Protecting a national monument and a UNESCO World Heritage Site

Securing the home of the UK Parliament

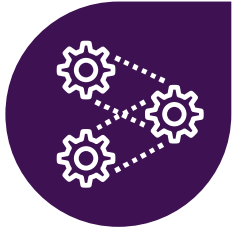**Supporting** 1000s of jobs and apprenticeships across the whole of the UK

HOUSES OF **PARLIAMENT**
RESTORATION & RENEWAL

Programme vision

> " *To transform the Houses of Parliament to be fit for the future as the working home for our Parliamentary democracy, welcoming to all and a celebration of our rich heritage*"

A Palace fit for the next 150 years

Providing all the **services** needed by a modern, accessible and accountable Parliament

A more **accessible** building for visitors and people working there

Restoration of extensively decayed **building fabric**

Increased **energy efficiency** with lower running costs and a reduced carbon footprint

Improved **fire safety** and removal of risks caused by asbestos

Reduced demand for costly emergency **repairs**

Safe decant and return of **art, furnishings and archives**

Reduced risk of major **disruption** to the work of Parliament caused by sudden service failure

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Sponsor Body and Delivery Authority

Sponsor Body

- Single client, accountable to Parliament

- Prepares detailed and costed R&R plan for approval by Parliament

- Responsible for strategic direction, and scope, budget and timescale
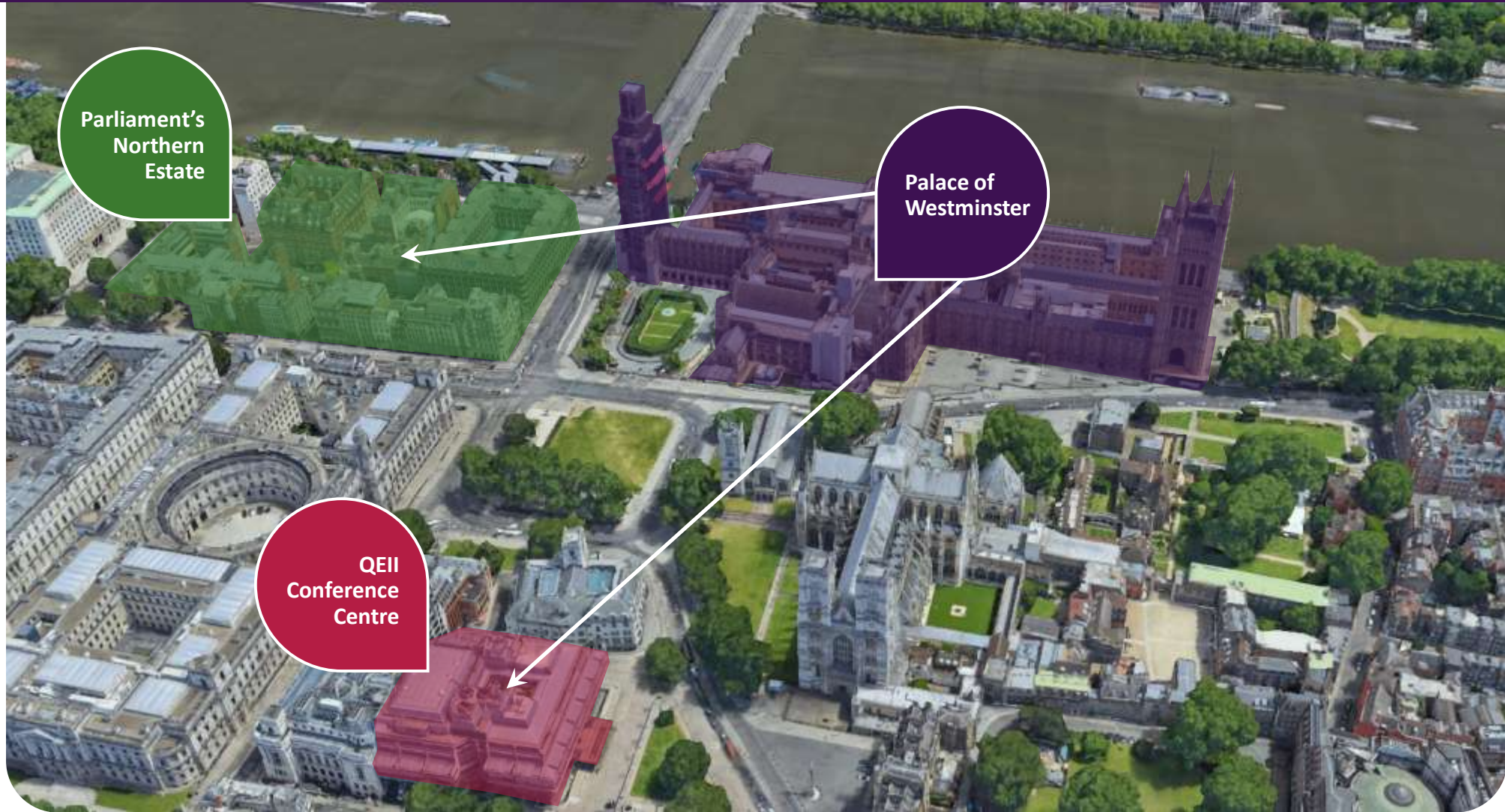
- Oversees Delivery Authority

Delivery Authority

- Undertakes preparatory surveys

- Procures and manages contractors and supply chain

- Designs and deliver the works

- Accountable to the Sponsor Body

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Route to completion

Detailed and costed restoration plan provided to Parliament

Restoration and renewal works begin

Both Houses may have to move out to temporary accommodation

Both Houses return to the Palace

Restoration and Renewal complete

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Temporary accommodation

Parliament's Northern Estate

Palace of Westminster

QEII Conference Centre

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Observation, Perception and Shared Understanding

Two exercises in perception

Results of the 2016 United Kingdom European Union membership referendum

From Wikipedia, the free encyclopedia

The 2016 United Kingdom European Union membership referendum took place in the United Kingdom and Gibraltar on 23 June 2016.[1][2] Membership of the European Union had been a topic of debate in the United Kingdom since the country joined the European Communities (then often called the "Common Market" by British people) in 1973. This referendum was conducted very differently from the European Communities membership referendum in 1975; a more localised and regionalised counting procedure was used, and the ballot was overseen by the Electoral Commission, a public body which did not exist at the time of the first vote. This article lists, by voting area for Great Britain and Gibraltar and by parliamentary constituency for Northern Ireland, all the results of the referendum, each ordered into national and regional sections.

Under the provisions of the European Union Referendum Act 2015, there were a total of 382 voting areas across twelve regions, using the same boundaries as used in European Parliamentary elections since 1999, under the provisions of the European Parliamentary Elections Act 2002, with votes counted at local authority level. In England the 326 local government districts were used as the voting areas; these consist of all unitary authorities, all metropolitan boroughs, all shire districts, the London boroughs, the City of London and the Isles of Scilly.[3] The nine regions of England were then also used to count the votes at the regional level, with Gibraltar being regarded as part of South West England. Northern Ireland was a single voting area as well as being a regional count, although local totals by Westminster parliamentary constituency area were announced.[3] In Scotland the 32 Scottish council areas were used as voting areas and a single national count.[3] In Wales the 22 Welsh council areas were used as the voting areas and a single national count.[3]

Counting began as soon as the polls closed on 23 June from 2200 BST onwards (making it the first UK-wide referendum to be counted overnight) and took nine hours and twenty minutes to complete. The result of the referendum was forecast by the BBC just before 04:40 BST (around 6 hours 40 minutes after polls closed), with around 308 results declared at the time. The first result announced was Gibraltar, and the last was Cornwall.

On 24 June 2016, the recorded result was that the UK voted to leave the European Union by 51.89% for Leave to 48.11% for Remain, a small margin of 3.78%. This corresponded to 17,410,742 votes to leave and 16,141,241 to remain, a margin of 1,269,501 votes.

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HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Project Controls EXPO
London, UK

Guess the shade

Guess the Shade

A. Crimson Tide

B. Suffolk Red

C. Belgian Red

D. Volcanic Red

Guess the Shade

A. Pixie Green

B. Green Gable

C. Mersea Native

D. Wild Pacific

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R:181
G:50
B:47

R:81
G:176
B:116

HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

Project Controls
EXPO
London, UK

Risk and Its Management

The challenge

Objectives

- Embed Risk Culture
- Express Programme Top Risks
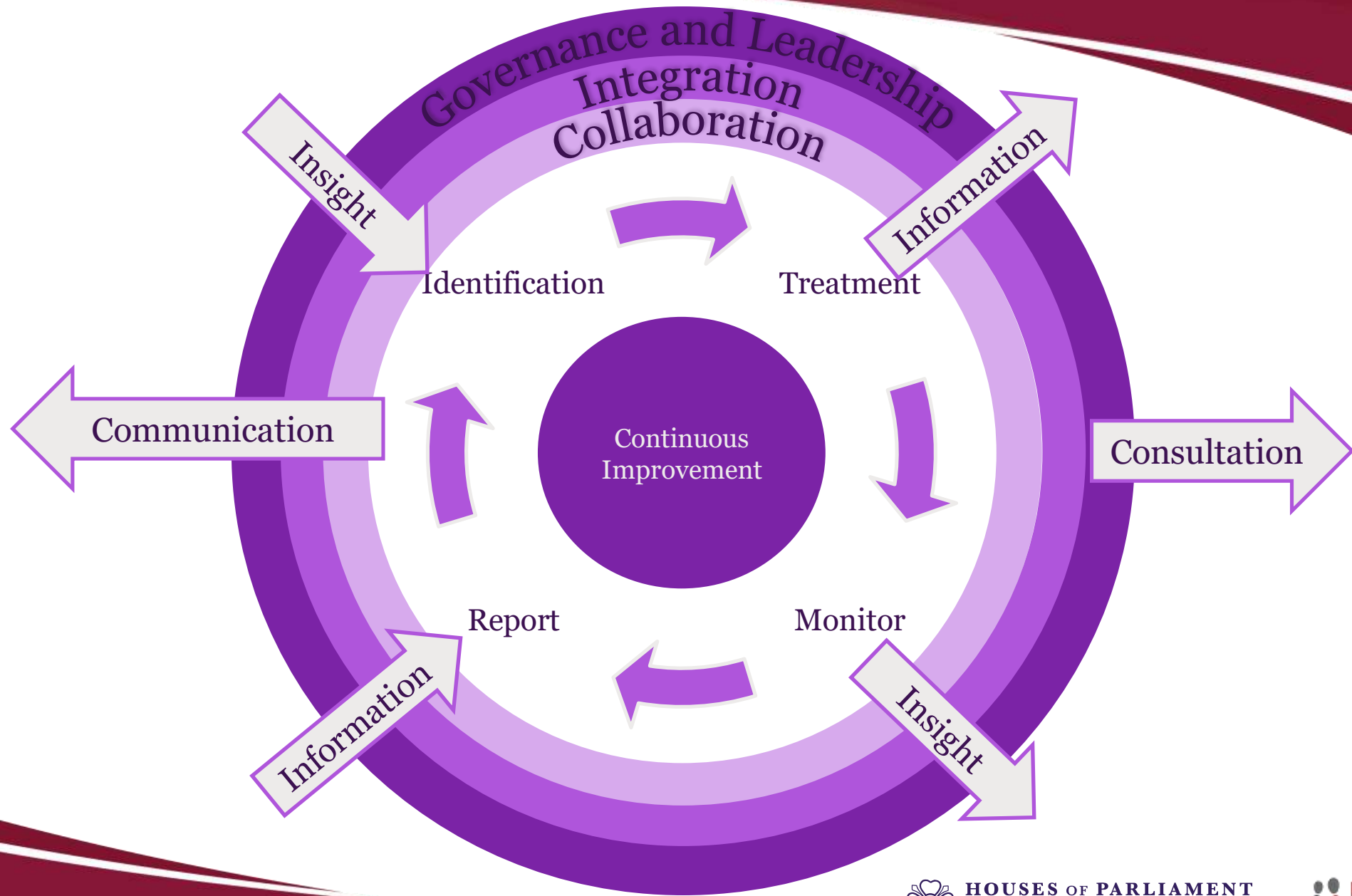- Understand Programme Risk Exposure
- Proactive management of risk

Outcomes

- An agreed Programme Risk Appetite
- A shared picture of Risk exposure
- Informed conversations about Risk exposure and management
- Improved decision making
- Risks are managed and mitigated consistent with the Programme Risk Appetite
- Confidence and assurance
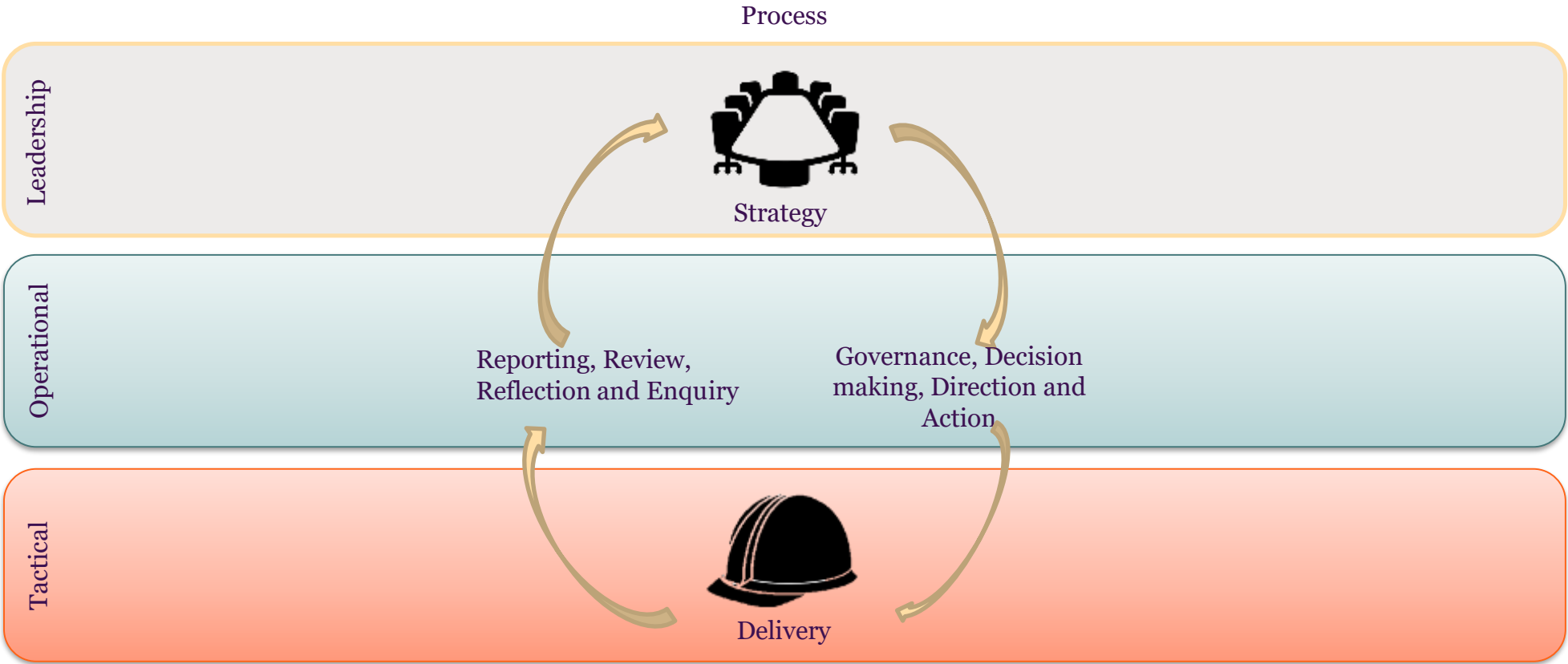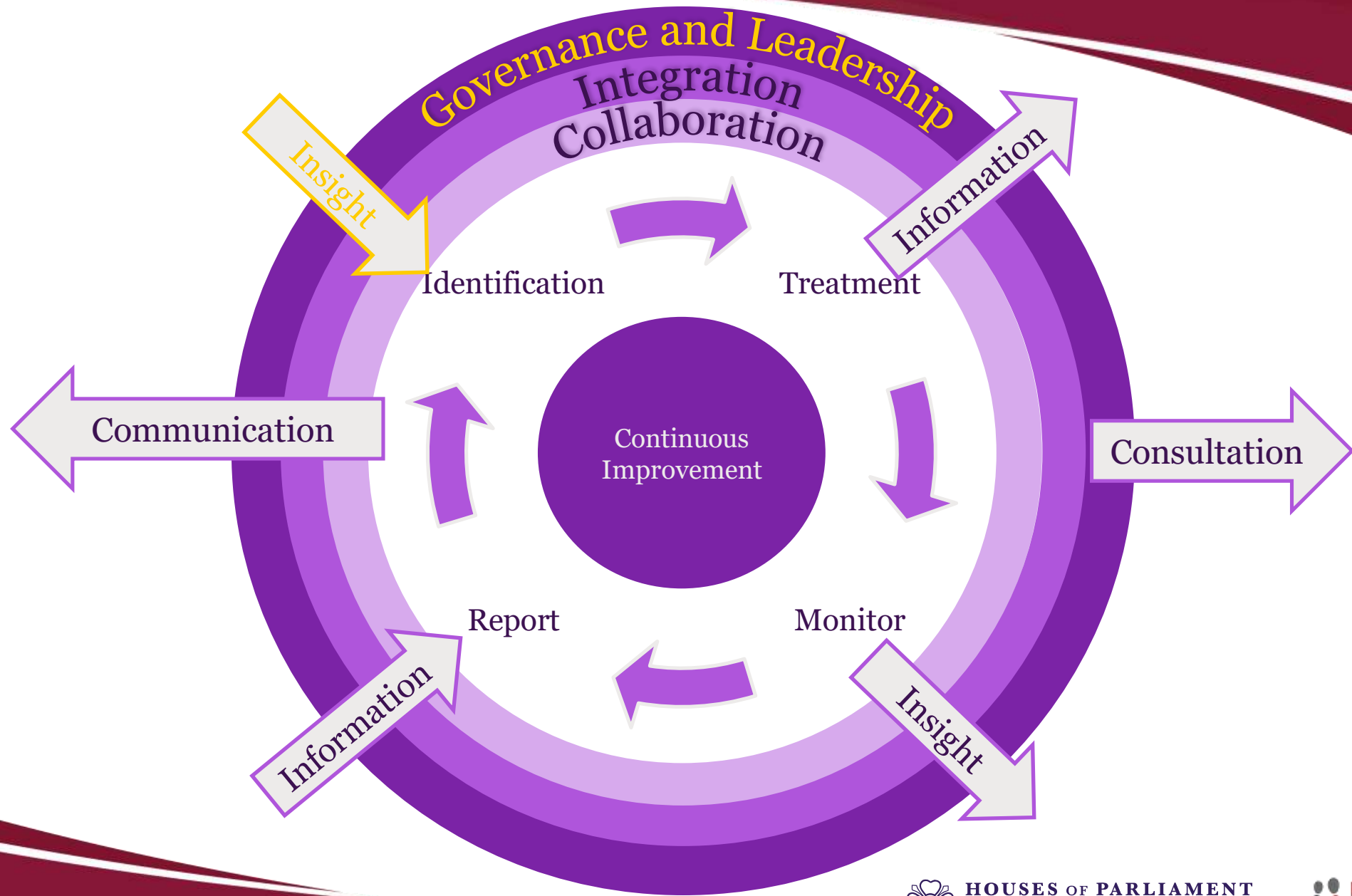
Leadership
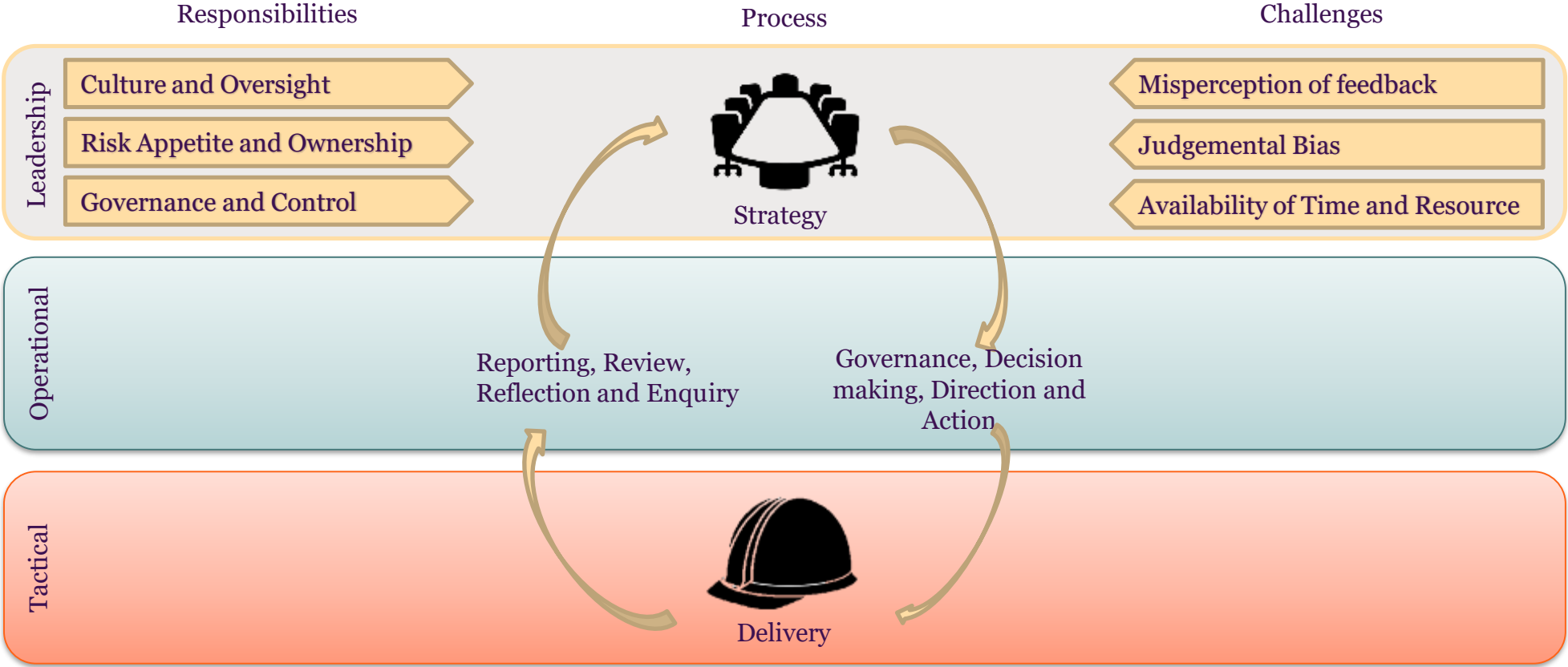
Risk Appetite Scale

Scale Level	0 – Zero tolerance	1 – Restrained	2 - Cautious	3 – Moderate	4 - Bold
Outcome	Complete avoidance of risk and uncertainty is a key DA objective in all corporate and delivery operations.	There is a very low degree of inherent risk in corporate and delivery operations, and there may be very limited opportunities to enhance delivery outcomes.	There is a low degree of inherent risk in corporate and delivery operations, and there are some opportunities to enhance delivery outcomes.	There is some degree of inherent risk in corporate and delivery operations, and there are some clearly identified opportunities to enhance delivery outcomes.	There is clear inherent risk in corporate and delivery operations, and the opportunities to enhance delivery outcomes are maximised.
Strategic Choices	Courses of action are selected on the basis of risk avoidance	Courses of action are selected on the basis of risk minimisation	Courses of action are selected on the basis of risk acceptance	Courses of action are selected on the basis of generation of opportunity	Courses of action are selected on the basis of maximising opportunity
Mitigation	Where risks are identified they are mitigated to leave no residual risk and if this is not possible, the activity should be terminated.	Where risks are identified they are mitigated to leave a minimal level of residual risk.	Where risks are identified they are mitigated to leave some residual risk.	A higher level of residual risk is accepted	Risks are accepted at their pre-mitigation level.
Resourcing	Resources are made available immediately and without constraint to undertake mitigation action	Resources are made available immediately to undertake mitigation action	Resources to undertake mitigation action are generally taken from existing profiles.	Resources to undertake mitigation action are generally taken from existing profiles where available.	No additional resources will be allocated.

Risk Classification

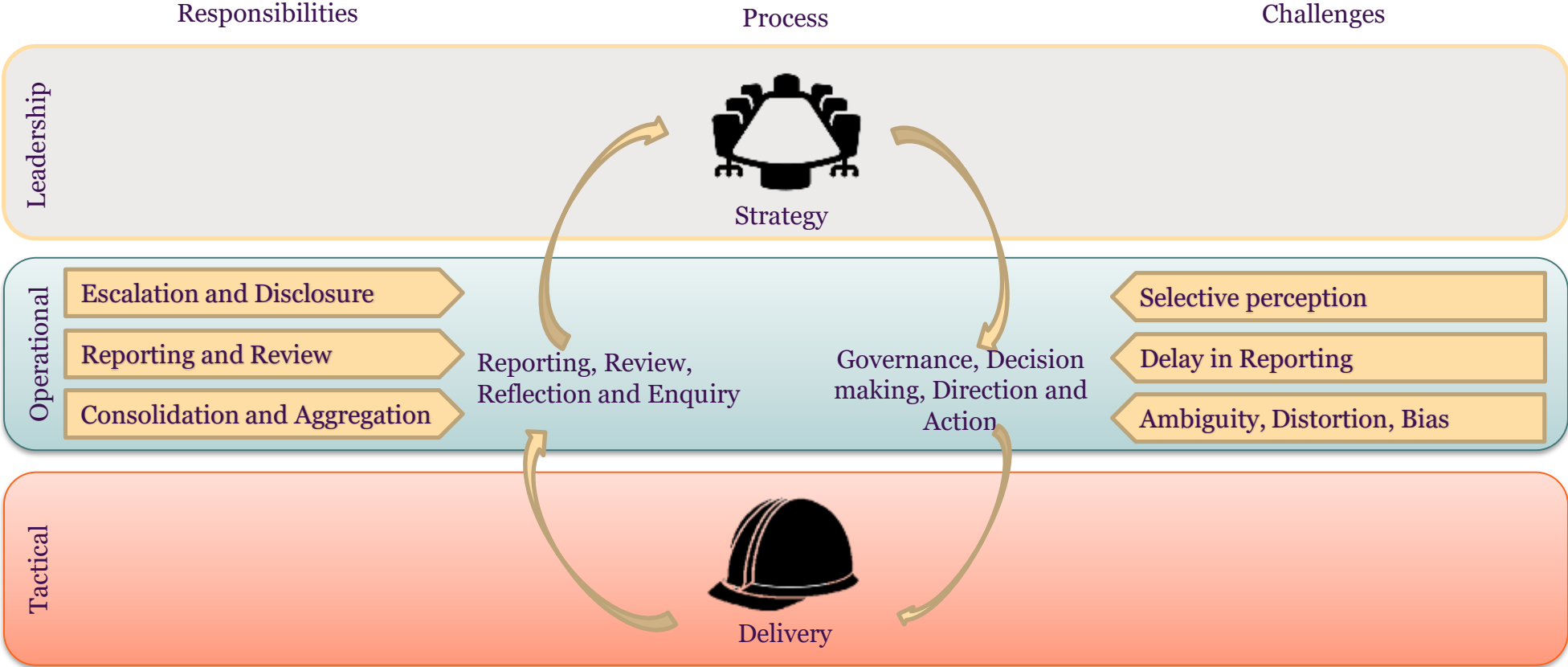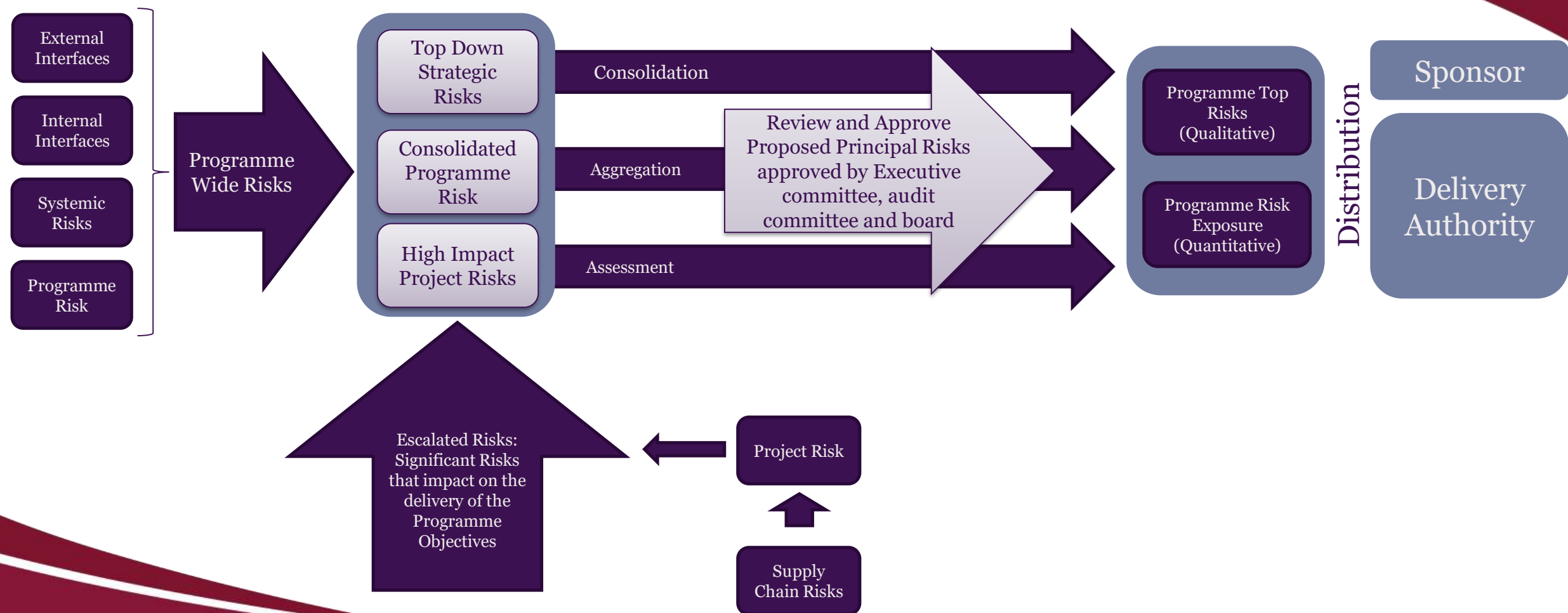| Risk Areas |
| --- |
| Clarity and Definition of Requirements |
| People, Organisational Maturity and Development |
| Interface and Interdependency |
| Execution phase and delivery solution |
| Health, Safety and Security |
| Funding, Fraud, Theft and Financial Impropriety |
| Stakeholder Engagement and Reputation |
| Provision of evidence to support the Business Case |
| Commercial & Procurement |
| Information Management & Cyber Security |

Operational

Risk Management Governance

Consolidation, Aggregation & Assessment

External Interfaces

Internal Interfaces

Systemic Risks

Programme Risk

Programme Wide Risks

Top Down Strategic Risks

Consolidated Programme Risk

High Impact Project Risks

Consolidation

Aggregation

Assessment

Review and Approve Proposed Principal Risks approved by Executive committee, audit committee and board

Programme Top Risks (Qualitative)

Programme Risk Exposure (Quantitative)

Distribution

Sponsor

Delivery Authority

Escalated Risks: Significant Risks that impact on the delivery of the Programme Objectives

Project Risk

Supply Chain Risks

Tactical

S OF PARLIAMENT
RESTORATION & RENEWAL

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PPMS CLASSIFICATION: UNRESTRICTED

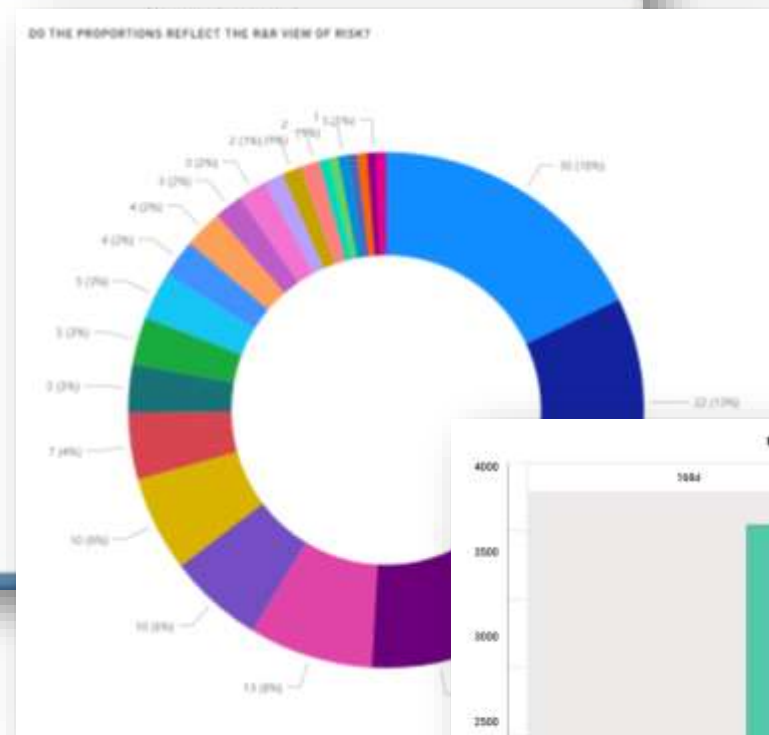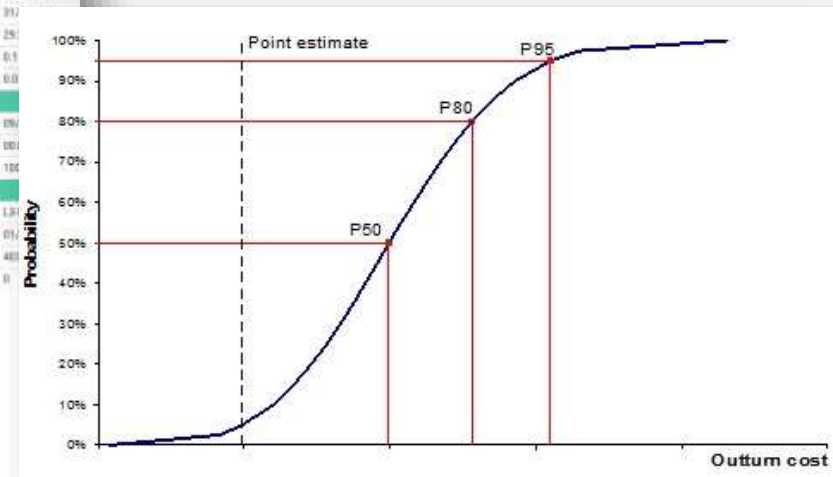Risk Management Framework
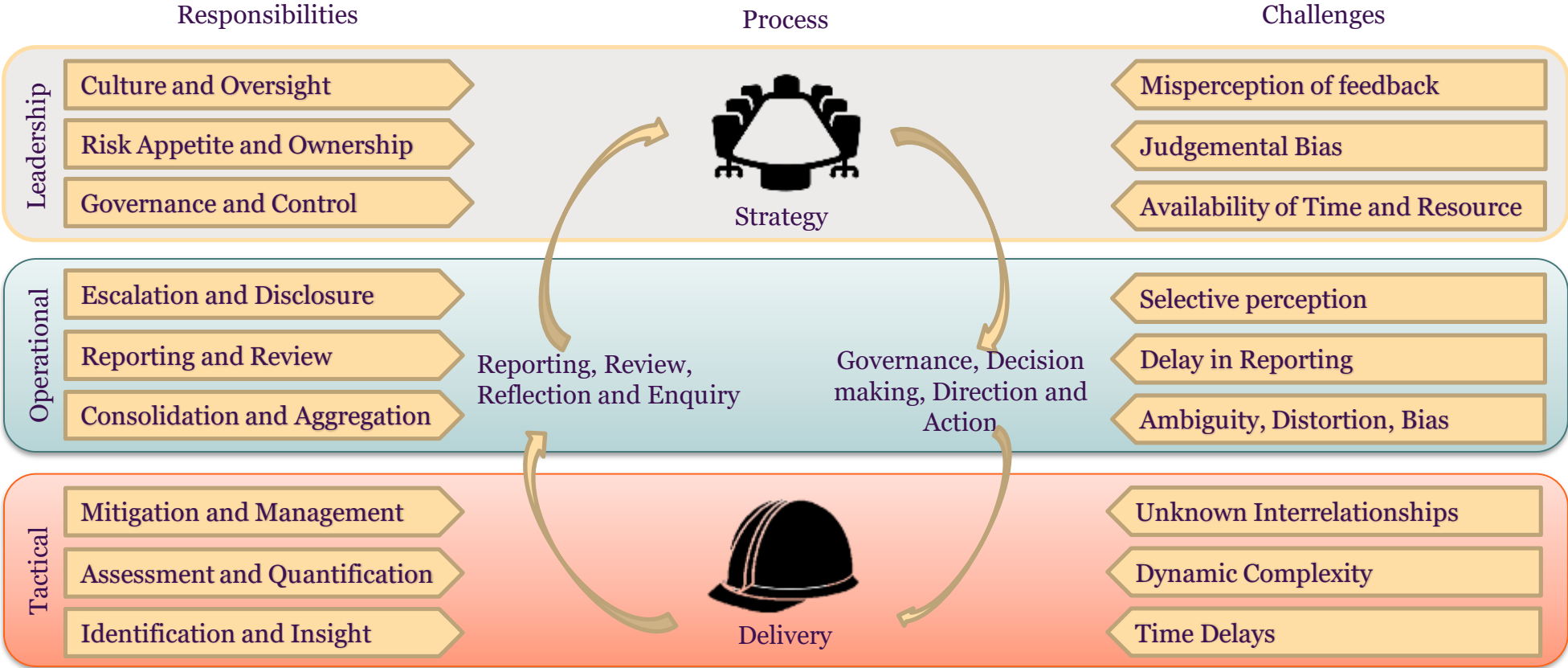
Shared Organisational Model

Final Thoughts

- Executive has a single shared understanding of risk for the organisation at any one time

- Development of a common shared understanding allows effort to be focused on management and mitigation rather re work

- Risk Management Teams are here to define and develop the structure and assist the whole organisation in managing risks

Q & A

Risk Management Framework

Shared Organisational Model

Responsibilities	Process	Challenges

Leadership
- Culture and Oversight
- Risk Appetite and Ownership
- Governance and Control

Strategy

- Misperception of feedback
- Judgemental Bias
- Availability of Time and Resource

Operational
- Escalation and Disclosure
- Reporting and Review
- Consolidation and Aggregation

Reporting, Review, Reflection and Enquiry

Governance, Decision making, Direction and Action

- Selective perception
- Delay in Reporting
- Ambiguity, Distortion, Bias

Tactical
- Mitigation and Management
- Assessment and Quantification
- Identification and Insight

Delivery

- Unknown Interrelationships
- Dynamic Complexity
- Time Delays

THANK YOU