



EUROPE & SCOTLAND
European Regional Development Fund
Investing in a Smart, Sustainable and Inclusive Future

Risk Management Guidance

Green Infrastructure
Community Engagement Fund

Guidance for Applicants

October 2016



Disclaimer

Applicants should be aware that as the Green Infrastructure Fund is a new programme, the guidance will be reviewed as the programme evolves and therefore may be subject to change. The European Union and Scottish Ministers reserve the right to amend the National Rules and SNH reserves the right to amend the published guidance during the period of the programme. Decisions to fund projects will be based on the availability of funding, how well the project matches the Green Infrastructure Fund priorities and its contribution to outcomes as part of the whole Strategic Intervention. These priorities may change during the course of the Strategic Intervention to take into account gaps in meeting priorities in previously funded projects and not to fund at all. The Scottish Government reserves the right not to award any support at all under this programme.

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1. Introduction

The European Regional Development Fund (ERDF) is an outcomes and results-driven investment programme. It is designed to ensure that investment results in defined impacts for communities. The 2014 – 2020 ERDF strategy and programmes are designed around strategic interventions. These are large scale programmes of work which will be managed by Lead Partners – organisations who have a demonstrated capacity to manage strategic interventions and comply with the audit responsibilities for the funds. SNH is the lead partner for the Green Infrastructure Strategic Intervention.

The Green Infrastructure Strategic Intervention will be delivered through a Challenge Fund. A summary of how the Challenge Fund will operate is provided in the [Challenge Fund Overview and Summary](#).

Under the 2014-20 Programme, we intend to deliver a minimum of 15 substantial projects across Scotland that improve or create at least 140 hectares of urban green infrastructure. SNH has been approved as Lead Partner for the period up to 2018, during which time we intend to deliver a minimum of 8 projects. A mid-term review in 2018 will take place before further approvals to 2020.

2. Purpose

As a qualifying aspect of the project application assessment, a Risk Management Strategy must clearly demonstrate the approach to and assessment of risks of the project by the applicant. The purpose of this guidance is to ensure that all participants in the project management activities employ consistent and best practice risk management. This document lays out the responsibilities of those involved, the process to be followed, the scales of likelihood and impact used and the escalation procedures.

This document outlines the required benchmark standard for Risk Management across the Green Infrastructure Strategic Intervention based upon the Lead Partner's Risk Management Strategy. The guidance relates particularly to project level risk management. The approach follows the OGC Management of Risk principles.

As this Strategic Intervention is significant in terms of outcomes and financial levels with the additional complexity and risk of ERDF funding, the successful delivery of for each project will require a robust Risk Management Strategy to be in place.

3. Project Risk Management

The Lead Partner employs PRINCE2 project management principles to control the successful delivery of projects. These principles are embedded within the Lead Partner’s project management module of Business Planning and are supported by a project risk register.

The project risk register enables project managers to create, manage, escalate and archive risks associated with their projects.

3.1. Green Infrastructure Risk Management - Roles and Responsibilities

Role	Responsibilities
Green Infrastructure Steering Group	Strategic overview and advice
Green Infrastructure Performance Management Board (PMB)	Overview of overall Green Infrastructure Strategic Intervention performance Advise on development and management of key projectal and reporting processes Review significant risks and their control
Green Infrastructure Management Team	Keep risk register and risk controls under review Manage Green Infrastructure Strategic Intervention and Challenge Fund Liaise with Delivery Agents over management of Project Risks
Grantee - Project Manager	Responsible for managing project delivery and associated risks

3.2. Format

The Risk Management Strategy for the project can be presented in the preferred format for the grantee but must contain the Risk Management principles as described in the Lead Partner’s guidance which follows the management of risk principles of the [Office of Government Commerce](#) (OGC).

3.3. The Process



SNH employs this cyclical process for the creation and management of risks which can be broken down into 4 steps – Identify, Assess, Plan, Review.

3.4. Identify Risks

Project Risks are identified by the Grantee’s Project Manager and the Green Infrastructure Management Team as part of the application process and ongoing monitoring.

Risks are described using the formula:

Cause: *As a result of*

Event: *there is a risk that*

Effect: *which may result in*

3.5. Assess Risks

Risks are assessed to ascertain at what level the risk should be treated and to identify potentially high level risks.

Each risk is scored as high, medium or low based on the risk’s **Impact x Likelihood**. Impact and likelihood are scored from 1 to 5 based on the guidance tables below. Risk assessors should choose the most suitable category of impact or likelihood for each risk. Where a risk covers more than one of these categories, then the highest likelihood and impact score should be selected. This scale is intended as a guide.

Impact

The impact of a risk on an project will depend on the size and complexity of the project, as well as the risk appetite of the project.

Likelihood

The likelihood score is an indication of how likely it is that a risk will materialise.

3.6. Risk Tolerance and Profile

Likelihood	5	M	M	H	H	H
	4	L	M	M	H	H
	3	L	L	M	M	H
	2	L	L	L	M	M
	1	L	L	L	L	M
		1	2	3	4	5
		Impact				

When a risk has been scored, it will achieve a score of high, medium or low. High-rated risks will be supervised by the SRO who will provide support and additional controls (if required) to manage the risk. They will also be able to escalate the risk when the risk cannot be managed within the project.

3.7. Plan

Controls are put in place in order to reduce the impact or likelihood, consequently reducing the level of the risk. Risks should be rescored following controls put in place. This is called the residual risk score.

An action planning tool should be available in order to record any actions or controls which should be implemented during the life of a risk.

3.8. Review

Risks should be constantly and frequently reviewed to ensure all risks to the project are identified, controls and descriptions are relevant and no further actions are required. This should take place alongside and between reporting requirements.

3.9. Reporting Requirements

A progress report should be provided for risks in line with the reporting frequency of the project and as part of the highlight reporting, typically through quarterly claim cycles. This report should include details of changes to the risk score, the effectiveness of the current controls and any new controls being implemented and any early warning indicators that may require attention.

3.10. Timing of Risk Management Activities

A review of threats and opportunities should be undertaken regularly to gauge an accurate view of project risk levels and to aid decisions as to whether projects should continue. Detailed risk profiles will support the approval of new projects, the establishment of partnerships or the continuation of projects into future years.

3.11. Risk Area Examples

Below are some examples of possible risk areas:

- Health & Safety
- Procurement Compliance & Value for Money
- Contractor(s) Management & Experience

- Project Governance
- Skills & Experience Gaps
- ERDF Claim Evidence & Eligibility
- Match Funding
- Sufficient Working Capital
- Stakeholder Support
- Project or Project Sub-Component Eligibility
- Sufficient Staff Resources
- Project Delivery Timescales - Slippage

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