



**Meeting:** **Twenty-first Meeting**  
IRM Scottish Central & Southern Regional Group

**Venue:** Ernst & Young LLP  
George House, 50 George Square, Glasgow G2 1RR

**Hosts:** Russell McKay, Manager – Advisory Services

**Date:** Wednesday, 20 May 2009

**Time:** 13:00 hours

**Theme:** [Project Risk](#)

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**Minute:**

**1. Welcome & Introductions**

Graham Offord (Chair) opened the meeting at 1 pm and Graham thanked Russell McKay from Ernst & Young for organising the venue, lunch and refreshments. Graham then passed over to Russell and Lorna for housekeeping guidance and the first presentation.

**2. Lorna Pimlott & Russell McKay, Ernst & Young**

Projects – Audit Scotland

Understanding a programme sitting above a number of projects.

Enterprise wide strategic goals

Objectives = to make business better

Managing risk appetite – do we generally understand what this is?

Delivering larger programmes – delivering projects re:

- Risk
- Costs
- Value

Translate the contractor speak to clients who on many occasions may be facing a once in a career substantial project delivery.

Five Focus Areas:

- a. Vision & Direction – objectives & strategies
- b. Planning – insufficiently visible costs / budgets match = time / cost / quality
- c. Execution – governance – milestone delivery
- d. Measuring and monitoring – good PM / governance / stakeholders both internal & external
- e. Business acceptance – close out / handover – change control – programme log

Boardroom = time / cost / quality

QD2 – Programme Risk / Governance / Financial models

Post review – lessons learned

Programme Risk Management – reporting sideways as well as upwards – ensure experiences are shared.



3. **Mark Bourke, Heath Lambert**

Mark delivered a very interesting and informative presentation on project risk from a construction perspective. Mark included some best practice examples, made reference to the guidance available and discussed the frameworks available to capture project and corporate risk.

**Mark highlighted that it has been a rough time recently for the construction industry in relation to:**

- a. Potential lack of bidders/resources – big difference from pre ‘Credit Crunch’
- b. 2 major claims in relation to the Squinty Bridge and Multiplex
- c. Rumours of increased legislation is not helping the situation
- d. OFT will be publishing guidance in September 2009 in relation to Bid Rigging / Shadow Dealing which will likely mean more regulation
- e. The Scottish Futures Trust will mean less projects in the short term and a greater focus on risk.
- f. Terrorism – we still hear about near misses.

**Some risk management givens:**

- a. Risks are both threats & opportunities
- b. Clients feel managing risk is useful when it noticeably adds value. Risk Managers should argue that managing risk ALWAYS adds value
- c. Need to adapt to suit the project life cycle
- d. Entrepreneurial spirit – there is no opportunity without risk

**Concepts**

- a. In the past risk management was only about the big two of cost & programme. This still exists but there is now more consideration given to the wider issues such as revenue streams and operational cost risk.
- b. Scenario planning – with this area we unfortunately tend to focus on individual events rather than the reality of a potential sequence of events. Organisations really need to understand their complete liabilities as well as their exposure to catastrophic events.

**Projects**

Mark argued that Projects must focus on 4 risk areas:

- a. Understanding
- b. Co-ordination
- c. Co-operation
- d. Compromise (usually through negotiation)

Risk registers mitigation plans tend to focus on effect rather than tackling the causes.

**Best Practice**

The construction industry is fantastic at producing guidance but difficulties arise as projects are each unique, with variations in: client / project objectives, internal & external assurance frameworks, new ways of being procured, risk exposure. However, there is a lot more focus on wider on these issues.



Best practice examples, illustrating that standard frameworks do not fit all organisations therefore organisations can use their own process and framework if already in existence.

### Challenges

- Early consideration and development of insurance and risk financing strategy
- Risk Culture / attitudes of the organisations involved
- Maintaining strong communications throughout
- Understand where risk appetite is compromised
- Keep risk registers real – radically challenge to ensure it suits the organisation

Mark would strongly argue to a Project Risk Management Plan for each scheme.

### Questions

Scottish Water asked Mark if he recommended any specific Programme Management techniques?

**Answer:** Not specifically, but PRINCE 2 principles (Public Sector) and the Association of Project Risk Management principles are being widely used that embed risk management.

#### 4. Round Table discussion – Hot Topics

Graham asked everyone if there were any burning issues that they would like to discuss. There was not a lot of suggestions and then **Swine Flu** was mentioned!

This led to a vigorous discussion about the impact on organisations if PanFlu develops and the talk that it may not develop significantly until October this year when our normal flu season kicks in. The group discussed some of the areas organisations should consider such as:

- Planning, policies and procedures are essential
- Timeline essential – to look at key activities
- 2 waves of flu anticipated
- Critical services
- Back office services
  - Payroll / Invoices (must keep going)
  - Reputational impact
- Key people
  - Deputies for key functions
- Obtain staff buy in
  - Recognise concern that it's another Y2K – once all settles - all will be forgotten
  - Staff may be
    - ill
    - scared
    - carers for family / friends
- Communication with staff
  - Updates – Staff PR function
  - Cascading information via: Helpline / Email / Website / SMS
  - Do we have up to date staff records – contact details?
- Communication with customers
  - Appropriate pre-planned response
  - Sensitivity
  - Positive message rather than negative
- Does your normal contingency plan include loss of staff
  - Equivalent to mass food poisoning



- How many involved? (eg 20%)
- Is this normal (eg during holiday periods)
- When will they back?
- Can we cope?
- Small businesses – could be significant proportion of FTE
- Should IT be exportable?
  - VPN – email and access to servers – all users rather than just hierarchy
  - IT need to ensure adequate firewall anti virus protection
- Security
  - Are security policies / procedures robust when staff levels are low?
    - Fraud / Theft – seizing opportunity
- Should staff be vaccinated?
- Impact on business with school closures
  - Use the threat to get results – send out a questionnaire to all staff to obtain crucial information
    - Staff profiling
      - Who has children?
      - Where do staff holiday?
    - Set up baby sitting arrangements
    - Vulnerable staff
    - Can you take a vaccine?
- Supply chain issues
  - What plans do your suppliers have in place
  - Critical resources
- Travel Policy
  - Use of video conferencing
  - Holidays
    - Where do staff holiday? (Staff profiling)
    - If in food industry – should know where staff holiday
  - Restrict number of staff travelling together
  - Screening procedures for staff coming back from holiday eg Turkey, France

### **Contentious Issues**

- Asking staff if they are:
  - Ill
  - Vulnerable to illness
  - Have children
- Asking departments how many people they need to run their department
- What if this happened at certain times of the year (eg Christmas, peak holiday times)
  - Restricting holiday entitlement
  - Argument → You can cope at Christmas – why not now?
- Key responsibilities through delegated authority
  - Need to revise to ensure deputies have clear authority levels
- HR Issues – if staff can't come to work – should they get paid?
  - Business interruption insurance – would not typically cover this since there is no material damage
- Recruitment policy – if staff are unable to come back to work

### **Hygiene**

- Good practice – extra cleaning
- Policies for staff and public
  - Public information broadcasts – radio / television / press
- Industry specific (information going on to forms)



- Learning from the Foot and Mouth incidents
- Office Spacing – increased distance between people

**Risk Management**

- Opportunity for Risk Management and BCP to come to the fore in many organisations
- Need to see it as that – and not just a threat
- Get CEO and senior staff on board
- Opportunity to obtain additional budget for mitigation measures
- Involve and inform all staff – keep up to date
- Ensure correct reporting lines
- Correct policies / procedures
  - Don't want staff struggling in – if they have FLU like symptoms!!
- Good way to ensure that BCP is more robust
  - Most BCP's are based on loss of one site – this is much more widespread – consider loss of up to 40% of staff
  - Not location specific
- Good plans allow us to be better prepared to react as we have been proactive, have a structure that staff and management can have confidence in its wide approach

**BCP has increased HR emphasis in many organisations. Flu pandemic can be an excellent way of advertising the importance of Risk Management.**

The second topic mentioned was **Fraud**. Lorna Pimlott asked the group if there had been a notable increase in fraud in their organisations in the current economic climate?

Not many people had noticed this or were aware of any increase in their organisation. Gordon Dakers provided some recent KPMG analysis around 'corporate data theft': in the vast majority of cases, employees had already left the employer before the thefts were discovered; it can often take two years to detect fraud; and the impact of Generation Y employees – sometimes seen as being most loyal to themselves.

**5. Data Capture / Categorisation from risk data recording**

Graham advised that we would pick this subject up at a future meeting

**6. Routes to membership**

Graham provided an overview of the membership grades and how to join under each grade.

**7. IRM Forum**

Graham highlighted the date of the next conference.

**8. Future meetings in 2009 are:**

10 September 2009 Thursday	Programme RM / Change Management ( <b>Eileen Abbess</b> ) - Security Management of Data + IT / Information ( <b>David James</b> )	Fife Council
25 November 2009 Wednesday	Safety (H&S, Systems Safety) ( <b>David Lundy, Scottish Water</b> ) - RIVO Safety software ( <b>Sarah Kilday, SAS</b> )	Scottish Water



**9. AOCB**

- a. Gordon Dakers mentioned that he had received several requests since the previous meeting, for emails to be sent out to the group advertising courses or products. Gordon sought feedback on whether the group felt this was an appropriate use of the distribution list. The general feeling was that any courses or products should be published via the IRM website, and that the distribution list was better used for members to network or raise issues.
  
- b. Gordon then went on to highlight the attendance record circulating and reminded everyone that we were aiming to develop a database which included sectors, locations and contact details to enable members of the group to meet up with local members or others within their sector between the quarterly meetings. Gordon hopes to have this completed within the next few weeks and asked everyone to ensure their details were up to date.

<p><b>Aims:</b></p> <ul style="list-style-type: none"><li>• To widen the reach of the IRM</li><li>• To provide tangible benefits to those members who reside outside London</li><li>• To encourage growth in membership of the IRM</li></ul>	<p><b>Objectives:</b></p> <ul style="list-style-type: none"><li>• To focus on pure risk management topics</li><li>• To develop knowledge amongst members taking part</li><li>• To add value to the wider risk management industry</li><li>• To research and develop topical ideas on risk management techniques</li><li>• To expand the boundaries of risk management thinking</li><li>• To encourage active discussion amongst members and provoke thought</li></ul>
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