

ALARM Award – Risk Manager of the Year 2008

Executive Summary

“The work that David has done in weaving all of the complex strands of risk management together and his simple but robust approach to risk and opportunity management, has ensured it is an integral part of the way things are done in the Agency, this will ensure the work the LDA carries out for the regeneration of London has a much better chance of success and will benefit all Londoners”. - Manny Lewis CEO London Development Agency.

Early in 2006 Risk Management was identified as a key to the Agency’s performance improvement, as it embarked on a radical organisational improvement programme, David designed the approach to Risk Management and programme essential for this to happen. Working with the Agency’s Executive Team and the Board’s Risk, Resources and Audit Committee and using the Government’s Gateway process and the COSO report on ERM as a template, David has developed an overarching, simple to understand, and user friendly risk management toolkit that is embodied in the *“Managing risk in the LDA”* guidelines. This approach ensures all employees of the LDA take responsibility for risk management across the Agency and risk management is integrated into the ‘mainstream’ project management and reporting processes, appearing relevant and central to decision making for the individual. These guidelines have subsequently been used by other members of the GLA family [GLA, TfL and MPA] and are seen as best practice by, the External Auditors, Baker Tilly. During the same period, the Health & Safety Executive raised concerns over the Agency’s capability to manage some of the Health & Safety and Construction, Design and Management (CDM) regulations of its projects carried out across London. *“...an apparent lack of a policy and systems for meeting LDA’s client duties under CDM”* (HSE letter Sept 2006).

David was appointed in November 2006 and took responsibility for these two underperforming areas. He also manages internal Assurance and Audit, which now brings together the 3 key areas of risk management into a single department whose influence and impact is apparent throughout the Agency. Combined with the added responsibility for business continuity and he represents the LDA on the London Resilience Forum.

Some of David’s key achievements in the last year are:

- Introduced a corporate opportunity risk management strategy supported by corporate, group directorate and directorate level risk registers.
- Delivered risk management training for officers, project managers and risk ‘champions’
- Developed an IT risk solution integrated with the Agency’s management systems
- Developed and delivered the business continuity plan [including response to flu pandemic]
- Developed joint risk registers with key partners and on the LDA’s major projects
- Raised the profile of H&S and CDM across the Agency towards that of an exemplar client

David’s delivery and performance was externally recognised within 5 months of joining the Agency as we secured a level 3 performance rating for Risk management in the Use of Resources report and are well on the way to our target of achieving level 4 based on the toolkit and approach developed by David, being embedded and operational throughout the agency for the whole of the last year.

Introduction - The London Development Agency is unique as one of the nine Regional Development agencies set up by the Government to transform England's regions through sustainable economic development, as it also has a responsibility as a functional body of the Greater London Authority [GLA] and has a key role in helping to deliver the Mayor's vision and priorities for London. The LDA delivers long-term strategies to tackle structural failures in London's economy. We intervene where the market does not and therefore the level of risk and potential failure in projects is potentially higher than average and the breadth and variety of projects huge. This, combined with our aims to work with 'hard to reach' individuals and groups, including BAME, the long term unemployed, refugees and those returning to employment, means that our risk processes and capabilities must be more robust and developed to a higher than average level in order for us to increase our chances of success.

Project & Programme Management – David quickly identified that due to the complexity of some of these Agency projects, project management was key to the Agency's success and one of his first actions, with support from HR, was to develop training for key project managers in association with the Association of Project Managers [APM] to enhance the PRINCE 2 training already carried out [20 PM's to date]. He has updated the Agency's project management procedures to include risk management from inception [options appraisal] to closeout [feedback & learning] and he or one of his team attends all the Capital Investment Panel decision forums where the decisions are made to progress with proposed projects and to make funding available. This Project risk management process has been managed on a 1:1 basis with each of the project managers, prior to submission of their first strategic and/or business case for financial approval to the Corporate Investment Panel and ongoing assistance as required. Due to the high volume of projects being carried out across the Agency, this will be assisted in the future by the use of an online risk tool [presently being developed] and resources identified through exception reporting with champions trained for each Group Directorate, with the necessary competencies in opportunity risk management to assist the risk team. David also worked with the procurement team to develop the Procurement Code which is based on a risk and value assessment to determine the most appropriate procurement strategy and route to ensure 'best value'.

Health & Safety – The LDA is involved in major projects across London and since the initial report he and his team have turned around the Health & Safety Executive's view towards the Agency, where we are now positioned to become an exemplar client for engineering works across London. *".. the proposed CHSMS and CDM delivery procedures will satisfy LDA's client responsibilities and allow LDA to work towards being an exemplar client"* (HSE letter January 2007)

Training - David has reinvigorated the risk management training and induction programmes so that individuals have an understanding of the importance of risk management in achieving successful outcomes and how stakeholder behaviour and perception [including their own behaviour and professionalism] influences that success. *“He has succeeded in making risk management interesting and enjoyable, almost sexy”*. – Sarah Ebanja [LDA Deputy CEO]. Health & Safety training is available as an e-learning module with risk and opportunity management to follow shortly. Over 130 training sessions have been carried out across the agency with 93% of attendees rating the course good to excellent with individual comments such as “Thanks for making risk interesting” and “extremely worthwhile and well delivered”.

Corporate - David has facilitated the development of the Corporate Risk Register [CRR] through start up workshops with all members of the Executive Team. This is updated on a quarterly basis and communicated across the Agency. He has overseen the production of Group Directorate risk registers with all Group Directors, which are informed through registers held by each directorate in the Agency. This is supported by the introduction of Group Directorate ‘stewardship’ statements at year end signed off by each Executive team member.

Partnerships - David has facilitated joint risk workshops with the LDA’s strategic partners including the; British Film Institute, Visit London, Black Cultural Archives, Electronic Brokerage System and on infrastructure projects such as Silver Town Quays, Wembley Bridge, Stephen Lawrence Centre and the Biota aquarium development. He has also run smaller internal workshops for projects such as the Mayor’s food strategy, green energy projects and the design, build and erection of an eco friendly house on Trafalgar Square over the busy Christmas period. This complex undertaking was completed in a very short timescale and opened by the Mayor, on time and budget and attended over the period by more than 10,000 people, passing without any risks occurring.

Olympic Games – Early during the programme’s development, David ran a joint workshop for the Olympic Programme Support Unit which included all major stakeholders [LOCOG, Sport England, ODA, GLA and the LDA] to identify high level risks associated with the Olympic project and the LDA’s Olympic Opportunity Team’s risk assessment processes and submission are now considered best practice by the Group.

Risk Database Development - In parallel with ensuring that the risk process and information logged in the risk registers is meaningful and relevant, David has been developing an ‘in house’ risk management database *AthenaRisk* which is integrated with the project management suite of IT tools [Portfolio Director and AthenaVision] so that risk and opportunity management is seen as integral to project and financial management and not a bolt on. This has been piloted with the Olympic Opportunities Team and Group Directorates and will be

rolled out across the Agency later in the year. This gives the Agency the capability to manage projects by exception and audit accordingly, truly integrating Risk and Audit across the LDA.

Assurance and Audit – 2007 was the year that the Agency changed both the internal and external auditors [due to external influences] and came under intense scrutiny from the media and the Mayor's Assembly for the application of its decision making processes applied since its inception in 2001. This has placed incredible pressure on the risk group and it is to their credit that under David's leadership they have risen to this challenge.

Emergency response and Risk - David led the LDA's emergency response in partnership with LB Camden and Camden Holdings, to the recovery of the Camden Market, the traders and stall owners following the fire which devastated the canal market area with the police and the LB Lewisham on the risk assessment and response after attack and vandalism on the Stephen Lawrence Centre.

Results – The Audit Commission use of resources report November 2007, the annual inspection letter March 2008 and the risk management audit March 2008.

Use of Resources Report: In respect of the systems of internal control (KLOE 4.2), the Agency has again performed well, achieving a level 3 score. When judged against level 4 criteria there is no evidence to show that the assurance framework was fully embedded in the agency's processes at 31 March 2007. The Agency's self assessment conceded it is being achieved through linking its assurance plan to quarterly reviews of the Corporate Risk Register. Moreover assurance reports on audit activity are now provided on a quarterly basis and the Group Director Stewardship statement process will be developed in Autumn 2007. Given the developmental stage of these activities at March 2007, level 4 was not warranted.

From the annual inspection letter: "An improved risk management system has been put in place". The 2006 assessment concluded that Agency's risk management arrangements were operating at level 2. Baker Tilly's 2007 assessment concluded that there has been significant progress in improving risk management processes, which have been manifested in the new risk strategy. Risk scoring methodologies have also been reviewed in conjunction with divisional risk managers and feedback from users. Given the improvements noted above, level 3 has been awarded at this year's assessment.

From the risk management internal audit report March 2008. There were no significant issues identified.

Supporting ALARM and Risk Management externally - David became a Registered Risk Practitioner in 2006, shortly after joining the public sector and has presented at the SE Alarm Conference 2007 on the differences the opportunity risk management process made to Terminal 5 Project Heathrow. He will be presenting at the ALARM National conference in Birmingham in 2008 and regularly attends ALARM seminars in the South East.

Over the last year David has given risk management presentations to: GlaxoSmithKline, National Air Traffic Control, Ministry of Defence [procurement group], Common Purpose, Lloyds Bank Project Group, The Olympic Support Unit, the GLA and Transport for London outlining opportunity risk management systems and the behavioural aspects of the risk management process and how this may affect works in the private and public sector, especially for delivery of cultural and socio economic projects. He has given key lectures and run workshops on risk management both nationally and internationally to the International Engineering Management Conference, Risk Management Symposium, the Major Projects Association [Oxford University] and Cranfield University's MSc in Project Management and their MBA programme, [feedback attached] and will continue to do so throughout 2008 and beyond.