



RISK MANAGEMENT POLICY

CONTENTS

1.0	Introduction	3
2.0	Identifying Risks	3
3.0	Seed Capital Risk Register	3
4.0	Programme Risk Register	4
4.1	Assessing Levels Risk	4
4.2	Closing Risks	4
5.0	Security and Illicit Activity Risk Assessment	4
5.1	Assessing Levels of Risk	5
5.2	Closing Risks	5
APPENDIX I	Programme Risk Scoring Scheme	6
APPENDIX II	Security and Illicit Activity Risk Scoring Scheme	7

1.0 Introduction

Plymouth and South Devon (PASD) Freeport's Full Business Case (FBC) was developed using a technique known as PESTLE analysis. This approach enabled an analysis of the developing PASD Freeport from six different perspectives: Political, Economic, Sociocultural, Technological, Legal, and Environmental. In doing so, the technique provided a thorough understanding of the risks associated with the PASD Freeport.

The PESTLE technique was useful in identifying strategic risks which needed to be addressed during the bidding stage, and while setting-up the PASD Freeport. However, the dynamism and pace of the delivery phase requires proactive management of operational risks using a more agile approach.

This policy sets out the structures and processes the PASD Freeport has in place to ensure that risks are identified, assessed, and addressed in a robust and timely manner.

2.0 Identifying Risks

Risks may arise in relation to any aspect of PASD Freeport activity and be identified by anyone engaged in delivery, whether they are employed by the PASD Freeport Company directly, as a consultant, or through a contract or SLA.

Risks arising in relation to the specific projects that comprise the seed capital programme are reported to the Accountable Body for inclusion in the Seed Capital Risk Register.

All other risks are reported to the Freeport Operations Director for inclusion in the Programme Risk Register and/or the Security and Illicit Activity Risk Assessment.

3.0 Seed Capital Risk Register

The Freeport's Memorandum of Understanding (MOU) with Central Government requires the Freeport Accountable Body (Plymouth City Council) to maintain:

- Appropriate records relating to Freeport delivery, including, but not limited to project plans and risk registers for HMG funded activity.

The Accountable Body maintains the Seed Capital Risk Register for all projects that are allocated seed funding. The risk register gives a rating on the likelihood of each project completing within the required timeframe, considering the anticipated timeline to receiving the project business case, achieving a signed funding agreement, and the projected delivery window.

The Freeport Member Steering Group and Board of Directors are collectively accountable for the management of all risks associated with PASD Freeport seed capital funding.

The Accountable Body is responsible for ensuring that they are supported to discharge this function effectively.

Responsibility for regular review of the Seed Capital Risk Register is within the remit of the Seed Capital Sub-Committee with the expectation that this will be conducted at least quarterly and in timely fashion to inform the Board where this may be required.

Risk Management is also included in the submission of the opinion of the Accountable Body's Section 151 Officer requested as part of the Annual Review.

The Accountable Body is responsible for maintaining the Seed Capital Risk Register.

4.0 Programme Risk Register

The PASD Freeport Governing Body, the Board of Directors and the Freeport Member Steering Group are obligated by the MOU to ensure:

- The documentation and active management of all overall delivery risks related to the Freeport and the dedication of proportionate resources to ongoing risk management.
- Suitable escalation to address, mitigate and resolve significant risks through the governance procedures put in place.
- Regular and thorough maintenance of the Freeport's risk register(s), risks, associated mitigations, progress and removal.

The PASD Freeport Board of Directors are collectively accountable for the management of all risks associated with the PASD Freeport programme.

The PASD Freeport Chief Executive is responsible for ensuring that they are supported to discharge this function effectively and that risks that are recorded in the Programme Risk Register where the residual risk is assessed as being high (red) post-mitigation are reported to the Board of Directors.

The Programme Risk Register will be reviewed on a monthly basis by the Operations Director and shared for further review and scrutiny at the Security and Compliance Sub-Committee.

The Freeport Operations Director is the lead officer responsible for maintaining the Programme Risk Register.

4.1 Assessing Levels Risk

Risks will be assessed according to their likelihood and severity. Each risk has a unique reference number along with an 'owner.' The risk owner is responsible for identifying mitigating actions and the risk will then be re-scored to achieve its final rating. The RAG rating is applied to both pre-and post-mitigation stages.

4.2 Closing Risks

Programme risks may be closed if 1.) the post-mitigation risk level is low (green), 2.) where there is duplication, or 3.) where there is obsolescence. Closed risks will be moved to the closed risk tab of the risk register and will not be subject to ongoing review.

Risks will be moved back to the live section of the risk register if there is a change in circumstances that makes one or more of the three closure criteria invalid.

5.0 Security and Illicit Activity Risk Assessment

The PASD Freeport Governing Body, the Board of Directors and the Freeport Member Steering Group are obligated by the MOU to ensure:

- Ownership and management of the Freeport's security and illicit activity risk assessment and for coordinating the implementation of an appropriate risk management and mitigation plan.

The Security and Illicit Activity Risk Assessment is owned by the Freeport's Security and Compliance Sub-Committee. It was developed in partnership with the following agencies:

Local and national police service

The Marine and Coastguard Agency

Serious Fraud Office

National CBRN Centre

National Crime Agency

Office of Security and Counter Terrorism

Home Office	HMRC	Financial Conduct Authority
National Cyber Security Centre	GCHQ	HM Treasury
	Department for Transport	Border Force

The PASD Freeport Operations Director is the lead officer responsible for maintaining the Security and Illicit Activity Risk Assessment, including convening future meetings to review the risk assessment with the stated risk owners. Reviews will be conducted in line with Ministry of Housing, Communities and Local Government security audit guidelines.

The Business Growth and Investment Director is responsible for ensuring that all businesses trading within the PASD Freeport tax sites are aware of threats identified in the Security and Illicit Activity Risk Assessment.

5.1 Assessing Levels of Risk

Risks will be assessed according to their likelihood and impact, giving a score that will translate into 'inherent threat' and 'residual risk' RAG ratings.

5.2 Closing Risks

Risks recorded in the Security and Illicit Activity Risk Assessment may not be closed.

APPENDIX I - Programme Risk Scoring Scheme

Risk Scoring Scheme					
Score	Likelihood		Severity		
	Description	%	Quality/Vision	Cost	Time
5	Almost Certain	>80%	Very unlikely to be achieved	>£5M	> 2 weeks
4	Likely	60% - 80%	Unlikely to be achieved	£500K - £5M	1 week - 2 weeks
3	Possible	40 - 60%	Possibility to be achieved	£100K - £500K	1 week
2	Unlikely	15 - 40%	Likely to be achieved	£10k-£100k	<1 week
1	Very Unlikely	<15%	Very likely to be achieved	<£10k	<1 week

	Insignificant	Minor	Moderate	Significant	Major
Almost certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unlikely	2	4	6	8	10
Very Unlikely	1	2	3	4	5

APPENDIX II - Security and Illicit Activity Risk Scoring Scheme

Figure 1 - Scoring Definitions - Likelihood

4	PROBABLE	<ul style="list-style-type: none"> ✓ There have been previous reported incidents. ✓ There is intelligence to suggest that there are groups capable of causing undesired event. ✓ There is specific intelligence to suggest that this is a target
3	LIKELY	<ul style="list-style-type: none"> ✓ There have been previous reported incidents / this has occurred before. ✓ There is intelligence to suggest that there are groups capable of causing undesired event ✓ There is general intelligence to suggest that the Sea port / Region may be a likely target
2	UNLIKELY	<ul style="list-style-type: none"> ✓ There have been previous reported incidents ✓ There is intelligence to suggest that there are groups capable of causing undesired event. ✓ There is nothing to suggest that the Sea port / Region is a target for the undesired event.
1	IMPROBABLE	<ul style="list-style-type: none"> ✓ There have been no previously reported incidents anywhere worldwide ✓ There is no intelligence to suggest that there are groups capable of causing undesired event

Figure 2 – Scoring definitions - Impact

4	SUBSTANTIAL	<ul style="list-style-type: none"> ✓ Potential for: multiple fatalities ✓ Serious loss or damage to assets, infrastructure, aircraft or vessel ✓ Economic cost of more than £50m ✓ Widespread coverage resulting in serious reputational damage
3	SIGNIFICANT	<ul style="list-style-type: none"> ✓ Potential for: loss of life ✓ Significant but repairable loss or damage to assets, infrastructure, aircraft or vessel ✓ Economic cost of less than £50m ✓ National adverse media coverage
2	MODERATE	<ul style="list-style-type: none"> ✓ Potential for: major injuries ✓ Short term minor loss or damage ✓ Economic cost of less than £10m ✓ Major local damage to reputation
1	MINOR	<ul style="list-style-type: none"> ✓ Potential for: minor injuries ✓ Minimal operational disruption ✓ Economic cost of less than £1m ✓ Minor damage to reputation

Figure 3 – Inherent threat – scoring matrix

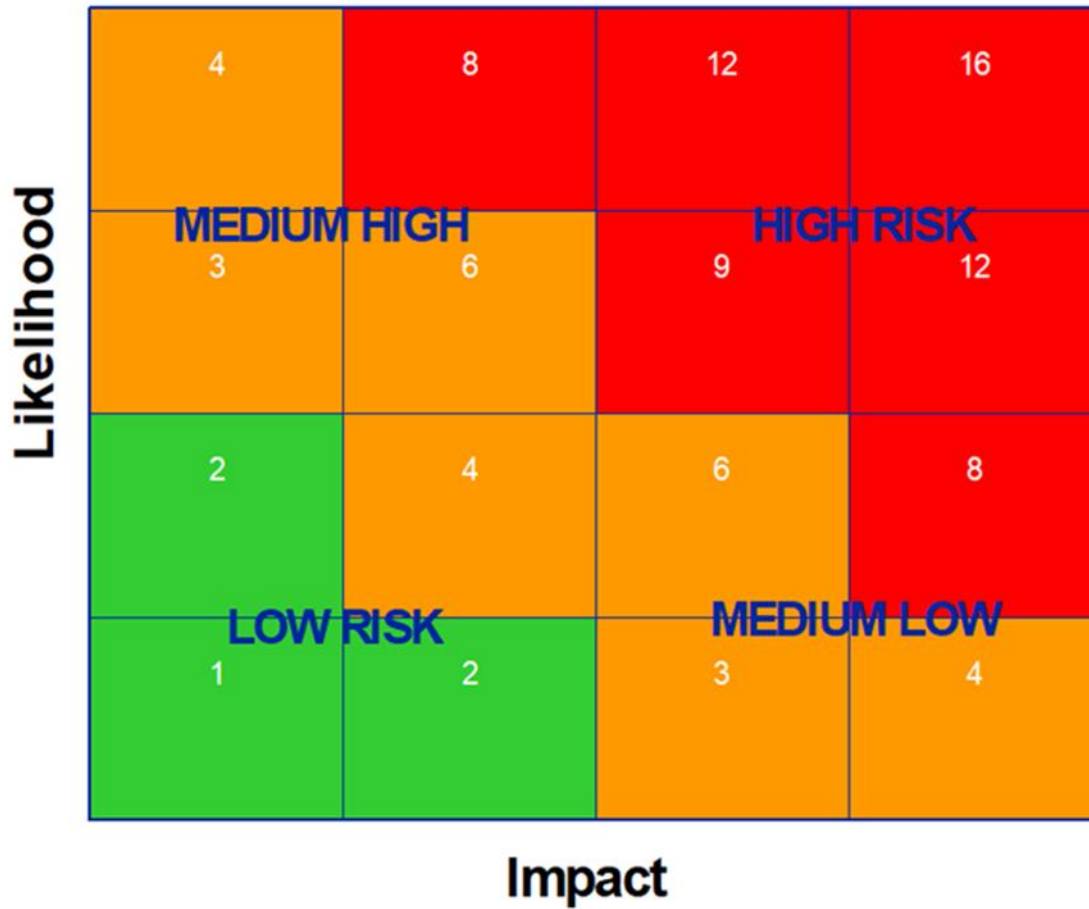


Figure 4 - Fractional Scoring Table

1.00	No mitigating controls	No counter measures in place
0.75	Some mitigating controls	Some counter measures in place
0.50	Acceptable management of the risk	Measures in place sufficiently reasonable to manage the threat down to an acceptable level
0.25	Robust and effective counter measures	Full and complete counter measures in place