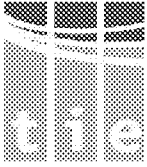


# Risk Drawdown



Version	Summary	Date	Modified	Checked	Approved
2.0	Reviewed with minor amendments	13/11/08	MH	SC	SB
1.0	Procedure Approved	23/04/2007	OO'R		MC
0.1	Draft for internal comments	03/03/2007	NC	SC/TC/GG/OO'R	

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# Risk Drawdown

## 1. Purpose

To provide a systematic approach for the drawdown of monies from the project risk allocation into project workstream budgets. This procedure provides guidance on the process to follow if a project workstream requires budget to treat a risk or issue or if a risk event or issue materialises relative to the Edinburgh Tram Project (ETP).

## 2. Scope

This procedure applies to any event or issue with risk consequences relative to the ETP.

## 3. Principles

- Because of the defined Delegated Authority Rules, the only individual who can approve drawdown from the risk budget is the Project Director.
- It is likely that the Risk Owner will drawdown funds to treat a risk and the Project Manager of the impacted activity will drawdown funds if a risk is realised.
- Drawdown of funds is transferred to the budget for the activity on which the risk impacts.

## 4. Definitions

**Change:** A modification to the objectives, at whichever level, and scope of the project. Change requires an assessment of technical needs, cost and, schedule with modifications measured against the project baseline.

**Risk:** A specific event or combination of events that, if they occur, will affect the ability to achieve project objectives and consequently the outcome of the project, in a negative manner.

Risk is described in terms of cause, event and effect.

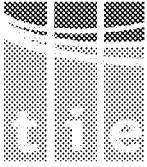
**Note:** Change and Risk are different. Change results from a decision to modify the objectives or scope. Risk results from events that affect ability to achieve those objectives. Where change is significant, it can alter the risk profile of the project.

**ARM:** Active Risk Manager.

**Baseline:** The position serving as the basis for measurement of planned costs, schedule and technical requirements for a defined project. The baseline reflects the project objectives and defined scope at the time of establishing its position and serves as a standard for measuring the status of resources and progress of a project. Change and risk are measured through comparison with the baseline position.

**Project/Functional Manager:** The individual who manages the activity that a risk has an impact on.

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- Risk Owner:** The individual assigned ownership for monitoring of progress on the treatment of the risk. This will normally be an ETP Project/Function Manager. However, if most appropriate ownership lies outwith the ETP Management function, the relevant ETP Manager will be assigned ownership.
- Specified Risk:** Foreseen events, identified in a risk register, that affect the outcome of the project. Specified risk is defined from a point of view and is assessed in terms of variation to the baseline. Specified risk is treated and its probability and/or impact reduced through various strategies.
- Unspecified Risk:** Unforeseen events that occur and affect the project outcome.

## 5. Responsibilities

- Project Manager:** The Project Manager is responsible for identifying the materialised risk events and their impacts on the project objectives, and in particular, those affecting their activity.
- Project Director** The Project Director is responsible for approving drawdown of risks up to £1m per event as long as it is not a change of scope or extends the programme by more than one month.
- Tram Project Board:** The Tram Project Board is responsible for approving drawdown of risks greater than £1m per event or that will extend the programme by more than one month.
- Risk Owner:** The Risk Owner is responsible for identifying Treatment Plans and for applying for drawdown from the risk budget where a Treatment Action will require funding.
- Project Risk Manager:** The Project Risk Manager is responsible for providing advice on treatment strategy and assessment of cost and for ensuring the total risk budget figures are adjusted accordingly after drawdown has taken place.
- Commercial Director:** The Commercial Director is responsible for ensuring that approved funds are made available to the relevant workstream.

## 6. Process

See flowchart.

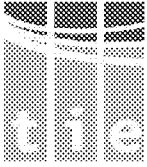
## 7. Records

Drawdown Request Form, Risk/Issue records as contained in the ARM system.

## 8. References

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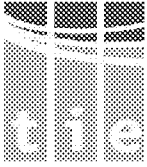


1.		Delegated Authority Rules
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### 9. Attachments/Forms

1.		Drawdown Request Form
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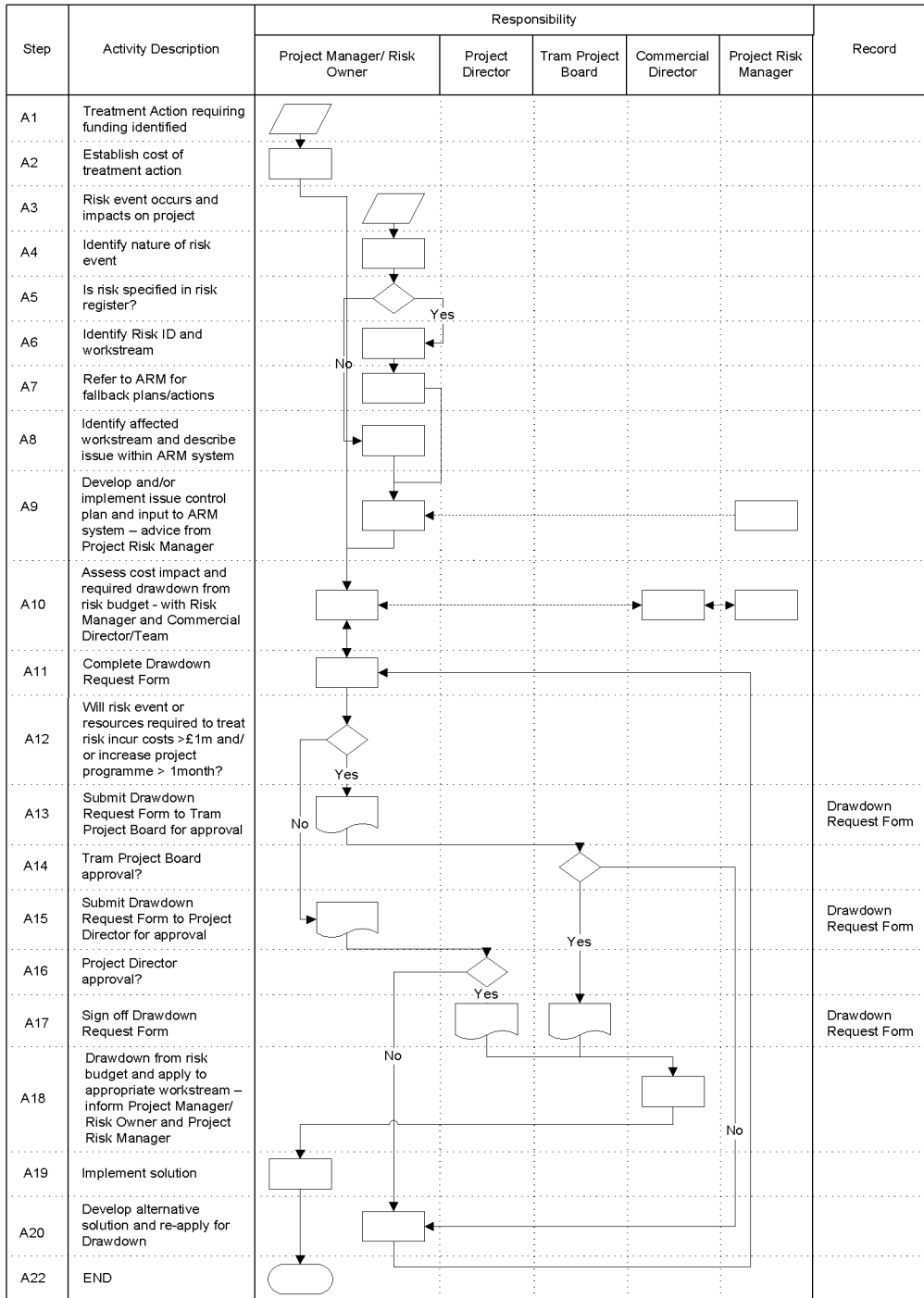
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# Risk Drawdown



**Process Flowchart – Risk Drawdown**



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