

IMPROVING GOVERNMENT'S RISK HANDLING CAPABILITY

FIRST REPORT ON THE RISK PROGRAMME – MAY 2003

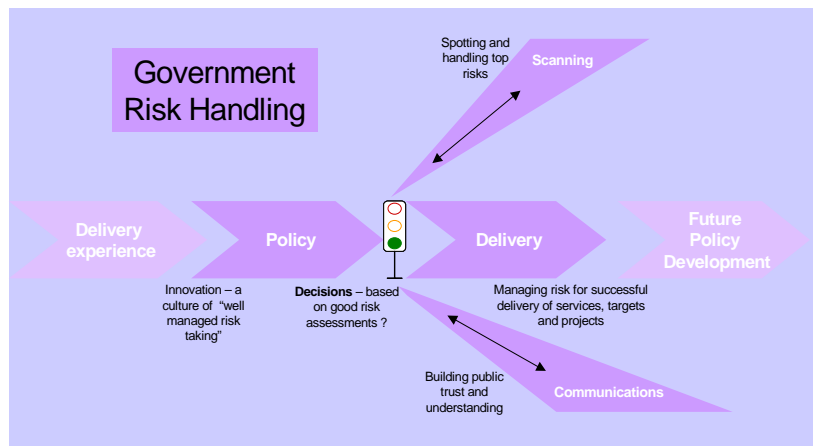
1. The programme has successfully completed its start-up phase – putting in place the foundations and taking initial steps in improving risk management. There is a considerable challenge ahead, but there is a growing level of awareness, support and application of good practices across government. This has built on and spread from previous areas of progress.
2. The programme infrastructure has been established. A network of Risk Improvement Managers are starting to take forward change in their Departments and share good practice. The Treasury, Cabinet Office and OGC are providing support and helping to integrate with the wider reform agenda.
3. Building on existing developments, progress is starting to be made with enhancing **capabilities** (skills, processes, leadership), and improving **handling of risks** (anticipation, resilience, risk decision making). Over time this should increasingly help to achieve **better policy and delivery outcomes** (targets achieved, successful projects, public trust). An assessment framework for measuring progress is being developed.
4. Plans for making further progress are being developed by Departments in the context of the timetables for core government processes – Spending Review, delivery planning, corporate governance. The next progress report will be produced in six months time.

Background

5. The Strategy Unit report “Risk: Improving government’s capability to handle risk and uncertainty” was published on 20 November 2002. It set out a broad agreed programme of change to: better embed risk in policy making, planning and delivery; improve handling of strategic risks; develop communication of risk to the public; improve leadership and develop the right culture; and enhance skills and guidance.
6. A two-year implementation plan was outlined – the Risk Programme - linked to the 2004 Spending Review.

Implementation programme

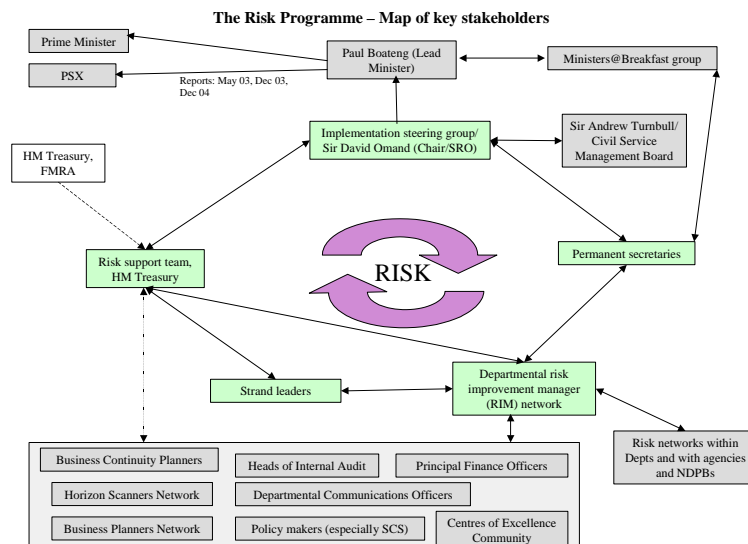
7. The programme has developed a high level model of Government risk handling, based on the Strategy Unit report:



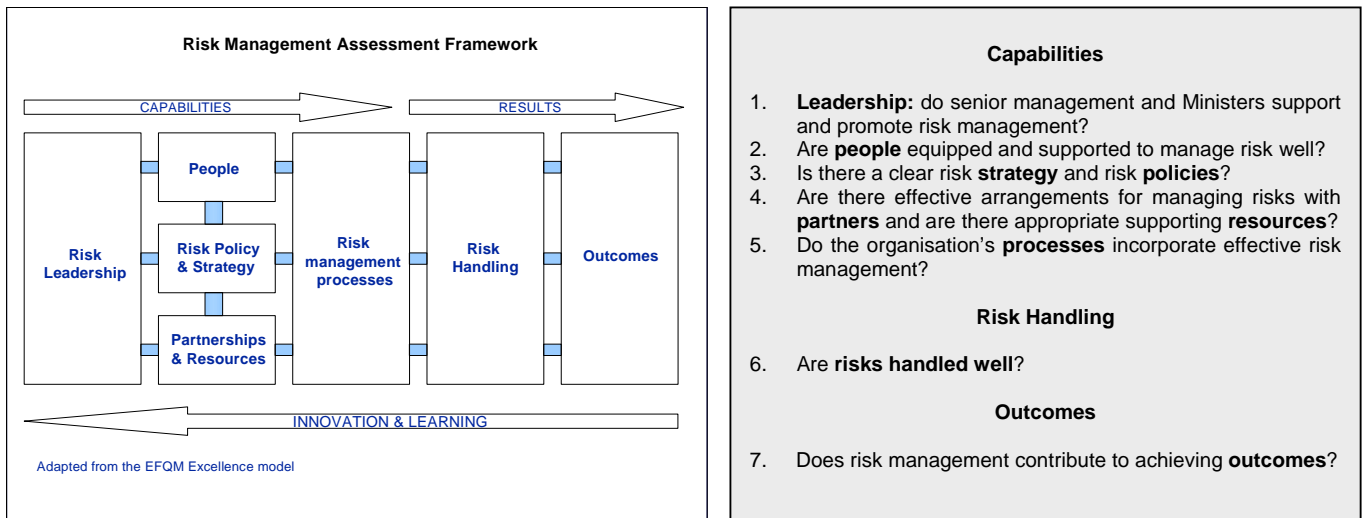
This is used to communicate and stimulate discussion on key issues with Ministers and senior officials.

8. The proposed implementation framework has been set up. This has included establishing:

- **Risk Improvement Managers (RIMs)**, within Departments, appointed by their Permanent Secretaries;
- arrangements for a **cross-government network** of RIMs;
- arrangements to take forward specific **strands** of recommendations, led from the central Departments (HMT, Cabinet Office, OGC);
- a **Steering Group** of Permanent Secretaries and others, chaired by Sir David Omand, Cabinet Office Permanent Secretary, to oversee implementation;
- the role of **lead Minister** for the programme, Paul Boateng, Chief Secretary to the Treasury – responsible for reporting to the Prime Minister;
- a **Risk Support Team** in the Treasury, to provide programme management, to work with the wider reform programme, Departments and strand projects, and offer support and advice on risk issues;
- a **website** to provide information about the programme and provide a means of sharing good practice;
- **links with cross-government networks** including Business Planners, Business Continuity Planners, Horizon Scanners, Internal Auditors, Principal Finance Officers, Communications Directors, Centres of Excellence, and Non Executive Directors.



9. To support risk improvement an assessment framework is being developed. The outline structure is:



- Capabilities**
1. **Leadership:** do senior management and Ministers support and promote risk management?
 2. Are **people** equipped and supported to manage risk well?
 3. Is there a clear risk **strategy** and risk **policies**?
 4. Are there effective arrangements for managing risks with **partners** and are there appropriate supporting **resources**?
 5. Do the organisation's **processes** incorporate effective risk management?
- Risk Handling**
6. Are **risks handled well**?
- Outcomes**
7. Does risk management contribute to achieving **outcomes**?

10. The top level questions are supported by a range of lower level questions, which act as a guide to gathering evidence. The framework enables Departments to make an overall assessment of risk management **capabilities** (including e.g. how well risk management is embedded in the core processes of policy making, planning, project and programme management and delivery); how this is creating **better handling of risks** (e.g. anticipation, preparedness, risk decision making, resilience); and how this is helping to achieve **better outcomes** (e.g. successful projects/programmes, PSA targets, public trust).

11. The tool is being developed with help from RIMs. It will be available for use to support their Statements of Internal Control and reporting on progress with the Risk Programme. This will build on internal reviews of risk management and corporate governance (by Internal Audit or external consultants) which many Departments have recently undertaken.

Leadership and culture change

12. Establishing leadership and helping make culture change happen is a key overarching concern. The programme is engaging Ministers – e.g. through ministers@breakfast meetings hosted by the Chief Secretary – and senior officials – e.g. through the Civil Service Management Board (risk seminar on 21 May) and the Implementation Steering Group. Key emerging issues include:

- **risk in policy making** – e.g. sending cultural signals that encourage frank and open debate;
- **risk and delivery** – e.g. matching risk appetite of policy makers vs. implementers, and being clear about key risks to delivery of PSAs;
- **handling key risks** – e.g. exploring the role of management boards;
- **communicating on risk to the public** – e.g. creating a culture of maximum openness, transparency, and engagement; and

- **risk and innovation** – e.g. encouraging well managed risk taking and explicit discussion of risk appetite.

Progress - highlights and issues

13. We do not currently have a full, systematic view of risk management capability and performance across government. The emerging picture is patchy – with operational Departments typically more advanced than those with primarily policy responsibilities. Key areas of recent progress include:

14. Our capacity to handle **disruptive threats** to the UK is steadily increasing. A long term anti-terrorism strategy has been agreed, and plans are now in place to enhance further our capabilities to respond to CBRN threats. The response to SARS has involved **DH**, the Cabinet Office Civil Contingencies Secretariat (**CCS**) and others in developing a precautionary and proportionate response. To date, the disease in the UK has been successfully contained. Preparations are in hand for any escalation, but unless and until local transmission occurs and moves us to a new level of substantive risk, the challenges to be overcome are principally about successful risk communication. The Treasury is also further developing its contingency plans for handling threats to the UK's financial stability. On Iraq – contingency planning in advance anticipated domestic consequences; the COBR crisis management machinery was used effectively in planning and responding to events; and subsequent peacekeeping and reconstruction work is being based on structured risk assessments.

- **CCS** - developed a capabilities programme, designed to deliver 12 generic capabilities that together constitute the basis of an effective response to a wide range of possible disruptive scenarios. CCS are working with PMDU to put in place delivery plans for all the capabilities.
- **CCS** – organised business continuity planning (BCP) workshops for departments. All departments have BCPs in place and around two thirds have been exercised.
- **DCMS** - risk assessments include the impact of any major event on the scale of FMD or a terrorist attack on tourism/visitor numbers.
- **HSE** - the firefighters strike is a good example of where both horizon scanning and good risk management were vital in preventing health and safety being used as an argument for secondary industrial action. HSE was able to provide guidance in a number of key areas, such as railways and major hazards, which emphasized the importance of managing the increased risk of having no fire brigade cover. As a result industry was almost completely unaffected by the strike.
- **ODPM** have established regional resilience teams to deal with disruptive threats. The London Team has reviewed London's preparedness and the resilience of all key organisations and services. A new catastrophic incident command and control regime has been drawn up and tested. Two major national programmes - based on an assessment of risk - are designed to reinforce the fire service's ability to respond to terrorist and other incidents. ODPM is also assessing future impacts on local public services of the immigration and asylum issues, e.g. risks arising from any Iraq refugee reception arrangements (in discussion with CCS).
- **DTI** have addressed threats to the solvency of Royal Mail, tackling risks and implementing a three year restructuring plan.

- **DEFRA** have appointed a Management Board member to own emergency response issues generally and established a new cross cutting group to tackle a more co-ordinated approach to business continuity planning.
- In January the **Cabinet Office** organized a tabletop exercise on response to a flooding emergency and lessons learned were used to inform future planning and action. In March the **FCO** did the same on response to a terrorist incident overseas; this has led to significant improvements in the Department's contingency planning.
- A cross-government network of Business Continuity Planners addresses issues of good practice and consistency of plans.

15. **Horizon scanning** capacity has been improving.

- The Domestic Horizon Scanning Committee has had successes with anticipating and making possible the mitigation of the effects of the fire-fighters strike.
- **CCS** is co-ordinating the development of Government horizon scanning through its ownership of capability 'Threat detection & identification'.
- **DEFRA's** science horizon scanning programme helps identify potential risks and set targeted R&D in place.
- **IR** assesses changes in external surroundings, identifying drivers for change and uses these drivers to shape business direction, ensuring policies are robust under a range of conditions.
- **HSE** has created a Strategy and Intelligence Division, which will specifically drive, facilitate and coordinate strategic planning and identification of potential risks. This will allow **HSE** to capitalise on its new strategy and intelligence function, in developing improved corporate horizon scanning and identification of cross cutting issues.
- **ODPM** are developing a variety of futures thinking and horizon scanning techniques, and are applying these techniques to risk management, including testing the robustness of risk management strategies.

16. Departments are making progress with **building public trust in risk handling**.

- Principles consulted on, and guidance being developed and starting to be applied, e.g. **DTI** on electronic radiation from power lines.
- **Treasury** move to publish performance against PSA targets shows openness and transparency, and takes an international lead.
- **DH** - the National Patient Safety Agency, Human Genetics Commission and Human Fertilisation and Embryology Authority are establishing open approaches to handling risks to the public. New Health Protection Agency is taking this a step further.
- **DCMS** – careful and successful handling of risks to the public at the Commonwealth Games (e.g. security and transport) led to building public confidence. The experience is being used in handling the London bid to host the 2012 Olympics – the approach has been open about risks from the start. A detailed risk register covering the potential bidding stage has already been developed, and the Department's provisional assessment of external risks shared with key stakeholders and benchmarked against their registers.
- Departments are including action to meet public concerns in their risk registers, e.g. **HM Prison Service** - risks relating to public perception and the safety of the public

are included in the risk register and reports on how these risks are managed are regularly reviewed.

- Lessons have been learnt from experience: **DEFRA's** placing the Foot and Mouth Disease Contingency plan in the public domain provides all those who would be affected with the opportunity to contribute to this plan and to gain an understanding of the way that policy would be put into operation and how risks would be assessed and addressed in a proportionate manner.
- **FCO** - the handling of threats posed by terrorism has been enhanced to ensure that public information is carefully considered, properly disseminated and remedial action taken wherever possible.
- The reorganisation of the **FCO's** Consular Directorate has created a Consular Crisis Group headed at SMS level which will reinforce capacity to deal with risks affecting British nationals overseas. This includes improving the delivery of travel advice; the creation of "Rapid Deployment Teams" (RDTs) of staff available (54 in total) to be sent overseas at short notice to respond to an emergency similar to the Bali bombing; and also improved crisis handling procedures in London, with the creation of a Consular Crisis Centre (CCC). The CCC was activated during the recent Iraq crisis and staged advice was issued to travellers and British communities in the Middle East as the situation changed.
- A number of departments are contributing to the communications strategies developed by the cross-governmental Counter-Terrorism Co-ordination Group, which aims to improve public understanding of risk through co-ordinated news handling.

17. Risks to delivery of PSA targets - being systematically assessed by the Delivery Unit and HMT & managed by departments

- **HMT** Risk Support Team has assisted Delivery Unit and HMT teams in the evaluation of risk management (particularly risk register) aspects of delivery plans, and in the development of assessment approaches for these aspects.
- Some departments have adopted a strategic approach to business activities replacing a more tactical view that in the past sought higher outputs rather than defined outcomes, thereby moving towards a more flexible approach to tackling risk. For example, **HM Customs and Excise** have moved from measuring outputs in terms of seizure targets for drugs or assessments of undeclared tax to better defined risk outcomes such as percentage of drugs interdicted or proportion of collectable tax actually collected.
- Risk management is becoming more integrated in the development and delivery of policy and to the operation of departments' businesses with moves towards formalizing and consolidating approaches (e.g. **NIO** and **FCO**).

18. Risks to major projects - more closely managed through the OGC's introduction of Centres of Excellence and focus on "eight common causes of failure". Capability to manage project risk also being systematically developed, enabling high risk projects, to be managed more effectively.

- All Departments are establishing centres of excellence for programme and project management and within this improving risk management in project delivery. **DWP** have established a high level of project management capability, allowing them to run a portfolio of high risk, high reward projects.

- **DCMS** - the Commonwealth Games in Manchester had a comprehensive risk management programme in place, and there was a structured and properly resourced risk programme at the heart of M2002 and MCC's operational activities. This approach to risk was a key contributory factor to the success of the games.
- Departments are also learning from OGC Gateway reviews, e.g. **DEFRA** - one recent success has been the latest green light for the Rural Payments Agency Programme - one of the governments top high risk IT projects.
- **DCMS** has established a strong strategic relationship with OGC and Gateway reviews are being applied to a number of high profile construction projects.
- **GCHQ** is successfully applying a structured Risk Management approach to the different component projects within its large hybrid Programme for delivering its New Accommodation.
- **DTI and DCMS** combined risk management approach to Communication Bill, from policy to delivery.
- **MOD** - through their Smart Acquisition, have encouraged active consideration of risk through a major improvement programme to deliver better project and programme management. The Risk Maturity Model tool has been used to underpin this programme of work.
- **Scottish Executive** - E-procurement project risk register identified that there were different options in taking the pilot project forward. As a result the Project Board considered the impact and likelihood of the risks being realised, and requested an internal project review. If this review still does not enable the Project Board to make a decision on the future of the project, then it will be escalated to the Programme board. However, the use of the risk analysis as a standing item at the Project Board means that a potentially expensive incorrect decision has been stopped.

19. Departments' management boards are increasingly use corporate risk registers to **manage top risks to key objectives**. Some integrate this with planning processes, e.g. analysing options linked to balanced scorecards (**MOD**).

- **DEFRA** - for just under 12 months the Management Board has been running with a Top Threats process.
- **DfID** - corporate risk register covers 14 strategic, policy and operational risks.
- **ODPM** - corporate risk register covers 15 strategic and corporate risks owned by Board members for which action plans are being developed.
- **IR** - consideration of risk by the Board and senior management team takes place at the biannual risk stock-takes. The two IR Deputy Chairmen have as an objective in their personal responsibility plans to manage successfully key risks they own.
- **DTI** - risk management is integrating with Departmental Board agenda; key risks are prioritised and fed upwards.
- **Home Office** - Group Board has approved risk management framework (including risk tolerance matrix) and the corporate risk register was only agreed after extensive discussions at Board level.
- **HSE** - analysis of HSE's current position has been done to create a high level corporate risk register.
- **DCMS** - currently introducing the concept of risk indicators or "trigger points" and the need to put in place contingency plans for high-level risks.

- **DfES** - all operational areas and all projects required to have risk registers and to actively manage the risks set out in them. The Board owns and considers high level risks.
- The **Scottish Executive** Management Group reviews its corporate wide risk register on a formal basis with non-executive directors every quarter, and on an informal basis every week when it meets.

20. The active management of top risks and an increased awareness of the need to assess strategic risks is leading to a greater involvement of senior management in risk evaluation and control and a greater push towards increased **embedding of risk management** and the creation of a **culture in which improved innovation via well managed risk taking is possible**.

- **DEFRA** have seen this as a consequence of their top threats process. The ownership of these threats at Board level is helping to foster and model a culture of accountability, not blame and it gives specific opportunities to demonstrate the risk handling competence of the senior team.
- **DWP** - Departmental Board, with Non-Executive Directors, will discuss strategic risks and review current arrangements. They are also contributing to a benchmarking exercise, through the OGC, which indicates awareness and application of risk management across the project community. Further priority is to embed further and encourage the culture and incentives to support well thought through risk management, as reflected in their Modernisation Programme.
- **HSE's** Change Programme is intended to influence the way HSE works to provide a more adaptive and creative approach to intervention and outcome delivery. In pursuing this Change Programme it is considered that identification of means of improving risk management is an intrinsic part of the work to identify ways of improving HSE's performance in all areas.
- The Departmental change programme in **LCD** is looking wherever possible, to integrate the Strategy Unit recommendations into each of its supporting projects. Risk management may well be part of existing processes and procedures but review is needed to establish if good practice is being followed.
- Other departments follow a similar approach (e.g. DH, ODPM, DCMS). **DH** have an established project to develop and implement a strategic risk management process as part of its Corporate Development Programme.

21. **Corporate Governance** is being improved steadily. A majority of Departments expect to make a full Statement of Internal Control for 2002/03, with corporate risk registers being developed or reviewed and arrangements for audit being instigated or reviewed. This latter includes the role of Non-Executive Directors in the monitoring and control process. Compatibility between the evidence needed to support the Statement of Internal Control and the evidence needed for the risk programme is being addressed to enable Departments to avoid unnecessary duplication of effort and to be able to use essentially the same monitoring, audit and review systems for both purposes.

- Non-Executive Directors are being given a more prominent role. **DCMS** – A Non-Executive Director will chair the Audit Committee, and is already involved with the risk management process. Risk registers have generally been introduced or improved. **ODPM** - Audit and Risk Committee is chaired by a non-Executive member

of the Board, and considers corporate governance issues across the Office, including government offices, agencies and NDPBs. **DfES** - Non-Executive Board member chairs the Audit Committee.

- **DWP** - Statement of Internal Control is supported by Letters of Assurance from all senior accountable officers, including reference to the management of risk.
- **DTI** – The risk strategy is endorsed by the Accounting Officer/Board/AC/Risk Committee.
- **National Assembly for Wales** - major exercise has been carried out to spread the word on risk management to all parts of the assembly. Risk registers are to be prepared by every division. The process of reviewing these registers and providing feedback is currently underway.
- **DCMS** - internal audit have conducted an audit of divisional risk management practices (still to be finalised), and a new assurance reporting system has been implemented to replace the system of stewardship reporting which was introduced to support the Statement of Internal Financial Control.
- **HMCE** - created a small corporate governance team to ensure that governance becomes an integral feature of senior management running of the department and has had real benefit in ensuring that risk management procedures are proportionate to the task.

22. **HMT** have examined how a **captive insurance scheme** may improve the management of property and liability risks and reduce losses and is in the process of developing proposals (in consultations with departments) on how a captive insurance scheme may be implemented.

23. **Skills, training and guidance** – to develop basic competencies. Departments are now generally looking at providing appropriate guidance and incorporating training in risk management into their staff development programmes and in some cases into their appraisal system. A guidance and training event has been held to assist departments in identifying their risk management guidance needs, and ensuring that suitable training is available within their departments. The event highlighted the significant guidance and training courses/programmes that exist and the work done by Departments to develop training linked to their specific needs. The latter was considered essential to ensure the training was relevant to specific departmental jobs and to gain buy in to risk management as part of the job. In addition, the event highlighted the need for guidance and training linked to the strand projects and gaps in the available programmes and advice that should be taken forward by the strand projects and by Departments sharing practice.

- **DWP** - supporting guidance and e-learning products available on the intranet.
- **FCO** - have developed best practice guidance for the handling of terrorist incidents overseas.
- **HSE** - seeking to build capacity via incorporation of risk in training and development programmes; pursuing further work on linking performance and risk management, and rolling out the cross-government Risk Communications Guidance to HSC/E staff.
- **LCD** - consideration will be given to including risk management as a core competency for management grades.
- **DTI** - guidance to be published on intranet; conducting surgeries and risk management workshops to further promulgate the strategy and guidance.

- **DCMS** - risk training available to all staff involved in project management.
- **DH** - identified business planning and risk management as learning priorities within their department's Learning and Development Strategy for 2003-2004.
- Departments are increasingly aware of good practice elsewhere in government, and outside, and seek to utilise and build on this where possible, e.g. **DWP** - links/networks to be established internally and externally to capture best practice and share information on how best to manage risks.
- **DfES** - all directors and divisional managers have attended workshops to increase risk awareness and facilitate the design of a risk register for each directorate/division. Competence in risk management has been included in a new Performance Management System framework against which staff are assessed annually. Setting up a Project and Management Unit to provide advice and guidance on risk handling is also available from their website.
- **OGC** – have developed best practice guidance on risk allocation in long term contracts.

24. **Innovative approaches to “well managed risk taking”** are starting to be taken.

- Fire Authority Integrated Risk Management Plans (IRMPs) are being developed. This risk-based approach will lead to more effective use of resources.

Priority issues for further action

25. Issues to focus on include:

26. Further concentrated effort from Departments to build **resilience to external threats**, in line with the counter-terrorism strategy and e.g. continuing to address issues raised by the NAO and PAC on the preparedness of the NHS. The Civil Contingencies Bill will give a new framework for civil protection.

- **CCS** capabilities programme can only be successful within a context where departments scan for specific risks and prepare robust contingency plans, including plans for maintaining their own business continuity. Equally important is that the centre delivers the necessary regulatory framework, including the Civil Contingencies Bill planned for the next session, and the agreed resilience standards against which planning needs to be done.
- Business continuity plans are now considering this issue but it is generally acknowledged that more work is needed, e.g. **LCD** - business continuity plans across LCD, its Agencies and NDPB's continue to be developed. Work has recently started to properly integrate these plans to ensure a joined-up Departmental response to any major incident.
- **HM Customs and Excise** - a National Impact Analysis review has been completed, which identified the most time-critical business processes that must be recovered within 30 days or less after a disaster. Now focusing on ensuring that business contingency plans in place to cover these processes are robust, include all key components and dependencies and take into account external threats that the Department must now be able to counter.

- More work is required in Departments to develop links to Business Continuity Plans in agencies and NDPBs, develop mutual aid arrangements, and enhance personnel resilience.

27. Meeting challenges of **communicating on risks to the public** - as with troop deployment at Heathrow and SARS - need to ensure ground is prepared for crisis management with open, transparent communication in normal times, making increasing use of electronic media to get government's message across. Key challenge will be to apply principles (openness, transparency, engagement) successfully.

- Guidance being developed will be of significance; and policy developments of those Departments not directly in contact with the public, but whose policies and target impact on the public (usually via others).
- **DH** is continuing to foster openness and trust in communication of risks to the public, by providing relevant health information to the public and commissioning independent experts to examine the latest research and evidence, including the views of the public (on going/recent work include health issues surrounding mobile phones and the MMR vaccine and conducting surveys of parents' attitudes to immunisation and experience of the surveys offered).
- Need to build and maintain **public trust**: by demonstrating **competence** – through successful handling of risks to delivery; **honesty** – through openness and transparency about risks faced; and that we **care** – by active engagement, and through offering choice and reassurance. And we need better, more systematic measurement of levels of trust.

28. Encouraging and supporting **successful innovation**: Ministers and top management need actively to develop a culture of “well managed risk taking”. This could draw on the current Strategy Unit study on innovation.

- **HMT** and **Cabinet Office** continue to organise events for Ministers (Chief Secretary has hosted two breakfast seminars to date) and senior officials (CSMB seminar on 21 May) complementing steps taken by departments.

29. Building on work of Delivery Unit and HMT – further improve the **quality of risk handling in delivery plans** e.g. joint handling of risks with partners.

- **DWP** - consideration of risks in the development of the departmental plan led to a focus on the threats to delivery of PSA targets.
- **HMT** and **PMDU** - facilitate interaction between Risk Improvement Managers and key delivery contacts in departments to ensure embedding of risk in delivery processes within departments. HMT Risk Support Team advise Treasury spending teams on risk issues in specific delivery reports.
- **HMT** – facilitate embedding of risk in business planning processes through Business Planners Network and Risk Improvement Managers.

30. Embed systematic, explicit **risk analysis in policy making** – building on and extending pilot initiatives in e.g. Home Office, and exploring contribution from Centres of Excellence and role of the centre of Government.

- **Home Office** - risk in Ministerial submissions is subject to a phased pilot scheme starting in the National Probation Directorate.
- Benefits of good evidence and risk management in formulating policy has been learnt from experience, e.g. **DEFRA** - since the FMD outbreak, have been working with stakeholders to develop a strategy to tackle the problem of illegal meat imports. A central element of that strategy is the completion of a comprehensive risk assessment.
- **DfES** – implementing new arrangements to address risk management issues raised in developing and implementing policy on Individual Learning Accounts. DfES has formed a new committee chaired by the Director for Finance and Analytical Services which will identify and review the Department's most significant risks. The committee will also consider cross cutting risks so that issues which might be small in themselves but are widely replicated or repercussive are also identified.
- **ODPM** - experimented with the use of Project Initiation Documents to introduce an element of rigour into the development and delivery of policy and to aid the early identification and management of risk.
- **HSE** – newly published HSC Policy Statement on Permissioning Regimes has been placed on HSC/E's web site. It espouses a risk-based approach and particularly notes that such regimes cannot provide any guarantee of safety. It explains and elaborates what is essentially a balanced and proportionate approach and clearly sets out expectations of the duty holder and the regulator.

31. Exploring how we can better **balance risks to safety with taking opportunities for public service improvement** - this is a particular issue for HSE and DfT on rail.

- Generally being pursued via the development of departmental cultures, which support innovation and well balanced risk taking, but needs further work to spread good practice, e.g. **LCD** - the departmental risk policy and framework promotes the need for effective risk management, not simply as a means to avoid failure, but to innovate & improve service. Further work in promoting this approach at all levels will need to be undertaken.

32. Better **manage risks to our financial position** from contingent liabilities. And explore options for extending role of insurance to encourage government bodies to manage risks better.

- **HMT** exploring options for captive insurance arrangements to be used more widely in government.

33. Analysing **relativities in public spending on reducing risks** in different programmes, to explain these differences, consider the role of public perceptions, and seek to improve resource allocation in the longer term.

34. Developing **skills and guidance** - Departments building their capabilities, but need to do more to embed risk handling skills in key policy, planning and delivery roles.

- **HMT** Risk Support Team – organise events for Risk Improvement Managers and others on e.g. training and guidance, risk registers, risk in policymaking.
- **CMPS** – continue developing risk in training courses.

- **HMT** and **OGC** – consider revision/update of Orange Book and Management of Risk Guidance.

35. **Cross-cutting risks** – the structure of Departments' risk registers shows some similar long term threats being addressed. Risk Programme will explore how to better share assessments of threats as a basis for individual Departments' actions. This could complement the current work of the CCS.

- **Social Exclusion Unit** – looking at impacts and trends in social exclusion. This will identify future risks and drivers of social exclusion.

Plans

36. Detailed plans are being developed by Departments. These are tailored to their own business needs, and set within a framework determined by the timetables for core government processes, including:

- the **2004 Spending Review**, which will start up this summer;
- the ongoing process of developing, implementing and monitoring **delivery plans**; &
- the development of **corporate governance** arrangements and the production of Statements of Internal Control.

37. This will be supplemented by:

- a programme of events with Ministers and senior officials to develop and support active corporate leadership across government;
- events with Risk Improvement Managers and strand leaders to develop and share good practice, and to review progress and priorities;
- ongoing support from the central Departments, including development of products and processes to meet specific needs (e.g. training and guidance)

38. **A further report on progress will be produced in six months time.**

Risk Support Team,
HM Treasury
May 2003