

**The Risk Programme**  
**Improving Government's Risk Handling**  
  
**Final Report to the Prime Minister**  
**Supporting Analysis and Examples of Good Practice**  
**December 2004**

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## 1. Introduction

1. This document contains supporting analysis to the December 2004 report to the Prime Minister on the Risk Programme, drawing on assessments by and evidence from contributing Departments. The **main purpose** of this document is to provide a **basis for spreading the examples of good practice** which Departments have identified. This document together with the supporting analysis to the second report to the PM (December 2003) and to the report to the Chief Secretary to the Treasury (July 2004) provide a significant library of examples good practice in risk management.

2. Also, the introductory paragraphs in this document **assess progress made** and **highlight further challenges** to be addressed. The main message is that Departments are continuing to improve their risk management. But they have also identified significant challenges. These will be addressed by Departments in their plans for further work beyond the end of the Risk Programme. This document provides an indication of departmental plans.

3. All main Departments and a number of smaller Departments contributed to this report – a full list is at Annex B, which also provides a glossary of acronyms.

4. Chapters 2 and 3 provide **evidence of progress and examples of good practice**, with an **emphasis on developments over the past 6 months**. Annex C contains a selection of in-depth examples of good practice provided by Departments (summaries of these are provided within relevant chapters). Many of these examples contain potential learning points, but they have not been formally validated as best practice.

5. All contributing Departments used the Risk Management Assessment Framework<sup>1</sup> (RMAF) to assess:

- five aspects of their capabilities: leadership; strategy and policies; people (skills etc); partnerships and resources; processes. Results are illustrated in charts 1-5 in Chapter 2;
- two measures of results or effectiveness: the quality of risk handling; and the impact of this on achieving the Department's outcomes. Results are illustrated in charts 6-7 in Chapter 3.

6. Evidence was gathered for each criteria and a five point scale (1, low – 5, high) was used to score the level attained<sup>2</sup>. Annexes D and E list scores for main and smaller Departments, respectively.

7. The charts in this document are based on assessments from main Departments. Since the December 2003 report to the Prime Minister, the definition of main Departments has changed to include only those with a Cabinet Minister, plus Cabinet Office and HM Revenue and Customs. Consequently, scores and graphs from last year have been adjusted to allow like-for-like comparison.

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<sup>1</sup> Available at [http://www.hm-treasury.gov.uk/media/7B1D9/risk\\_assessment\\_framework\\_220903.pdf](http://www.hm-treasury.gov.uk/media/7B1D9/risk_assessment_framework_220903.pdf)

<sup>2</sup> There are more detailed descriptions for the levels, but, in summary, for capabilities these were defined as: 1 – Awareness; 2 - Implementing; 3 - Implemented in key areas; 4 - Embedded; 5 – Excellence. For results, the levels are 1 – No evidence; 2 – Satisfactory; 3 – Good; 4 Very good; 5 – Excellent.

8. Most Departments involved their directorates/business units to identify evidence from across the organisation. Several asked (some of) their sponsored agencies, to contribute. Some Departments weighted the data to better reflect the proportionate contribution of larger business units/agencies. Some shared their assessments with other Departments.

9. 16 of the 17 main Departments involved an audit function (14 of which involved Internal Audit) to review or challenge their assessments. More than half of main Departments involved their Audit Committee, while another four main Departments were planning to involve their Audit Committee subsequently (in some cases timing was not appropriate to clear the assessment before submitting the assessment to the Risk Support Team). Two Departments undertook peer review. Some Departments shared their assessments with other Departments, or had their assessment (or samples of it) reviewed by the National Audit Office

10. **Key challenges** to be addressed beyond the end of the Risk Programme are referred to in chapter 4 and in are discussed in the report to the Prime Minister.

11. Departments have developed **plans to address challenges** and many have set aims/targets for further improvement – Chapter 4. As last time, they report that full embedding of risk management, and the necessary culture change, is a long-term aim, with a 5-10 year timescale from the start of the Risk Programme.

12. Proposed arrangements for further improvement beyond the Risk Programme are being developed. The Chief Secretary will be seeking a mandate from the Prime Minister for further work.

13. Annex A contains a summary of the work undertaken on managing risks to the public.

### **The Risk Programme – background information**

14. In November 2002, the Prime Minister launched a two year [Risk Programme](#)<sup>3</sup> to improve governments capability to handle risk and uncertainty. The programme has been overseen by a Steering Group chaired by Sir David Omand, Permanent Secretary and Security Intelligence Co-ordinator at the Cabinet Office, and supported by the Treasury Risk Support Team. The core programme covered the main Whitehall departments, although a number of smaller departments also participated voluntarily.

15. The Risk Programme focused on developing five aspects of risk management – leadership, risk strategies, skills, managing partnership risk and processes which incorporate effective risk management. The Treasury developed, with departments, a Risk Management Assessment Framework to help departments judge, on a common basis, these risk management capabilities and progress in developing them over time.

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<sup>3</sup> See [www.risk-support.gov.uk](http://www.risk-support.gov.uk)

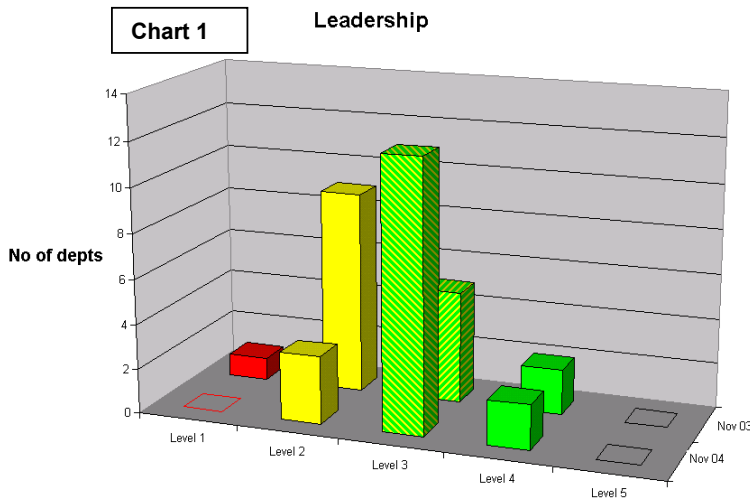
16. The Risk Programme established a network of Risk Improvement Managers in departments to share good practice including lessons from the public and private sector.

17. The Risk Programme also provided tailored advice, guidance and events to address specific aspects of improving risk management, for instance risk in partnerships, leadership and risks in policy-making.

## 2. Are we developing the necessary capabilities to manage risk well?

### 2.1. Leadership

Do senior management and Ministers support and promote risk management?



18. Departments are continuing to develop risk management leadership. Discussing risk at board level is now commonplace. Boards and senior managers are engaged and provide personal leadership to improve risk management. Ministers appear to be increasingly involved, but this remains a key challenge. To achieve the culture change necessary to fully embed effective risk

management in departments' boards, senior management and Ministers must be fully committed and actively support and promote risk management. Senior managers are more involved than a year ago, but Departments report a need to **further strengthen risk leadership throughout the organisation**. Further work is in particular needed on **risk appetite**, managing the **overall portfolio/level** of risk, and on risk **escalation** mechanisms. An example of overall progress in this capability include:

**FCO** – leadership has become increasingly involved in supporting and promoting risk management over the course of the Risk Programme period. Directors-General are well informed of both the strategic and the operational risks that the FCO faces, and Senior Managers indicate their desire to address risk by making it known that they will refuse to review submissions which do not have an adequate section on risk. More work can be done, though, to integrate the Board into the decision making process, and to demonstrate a top-down commitment to making corporate decisions based upon objective analysis of the options available.

19. Further progress has been made in **engaging Ministers** in individual Departments, but this remains a key challenge. In some Departments Ministers are **chairing boards** where risks are considered, in other Departments risk is included in **submissions or briefings** to Ministers or is part of **discussions** during regular meetings between senior management and Ministers. The Chief Secretary will be chairing further meetings with junior ministers on risk issues in the new year.

➤ **DWP** – the Pensions Group includes risk in all submissions to Ministers.

- **FCO** – Secretary of State takes a strong interest in processes that address the reputational and security risks to the FCO, such as Travel Advice and Post Security
- **ODPM** – Ministers and the Board have been holding regular awaydays at which they focus on the development of strategy, progress against objectives, barriers to delivery, and, through related visits, gain practical experience of the challenges facing the Office and see examples of its policy successes.
- **HO** – proposals to drive further improvements in risk handling have been agreed by the Board – specifically designed to encourage earlier and more effective consideration of risks to delivery of major new policy initiatives, e.g. “safe space” discussions with ministers.
- **Defra** – Ministers continue to engage on the risks relating to specific issues. They have indicated an interest in additional guidance being provided on how risk matters could be addressed in major policy and delivery submissions.

**DFID** – there is visible commitment to risk management and strong evidence of support from the top of DFID. The Management Board and Ministers ensure that risk is taken seriously as a central part of decision-making processes over investments and operations. Risk management is accepted as integral to good management as a whole and is informed by clear lines of risk ownership and reporting. An open culture has been adopted which includes a willingness to challenge, and empowering staff to establish and manage risks. There has been an increased challenge function, embedding risk management into the organisational culture.

- **HMRC** – in drawing up a Framework Document for HMRC, the department is clarifying the respective responsibilities (and accountabilities) of Ministers and the Board of HMRC. Currently various risk reports are provided to Ministers, but the Framework Document will provide specific guidance on the types of risks and issues that should be brought to the attention of Ministers.
- **DH** – emergency planning risks are recognised and led from senior level - Board members and Ministers contributed to a training/awareness raising exercise focussing on handling of public health risks to the public.
- **DCMS** – issued guidance on risk in submissions to Ministers and the Management Board – to make it easier for them to make a judgment about the risk associated with a particular course of action.
- **Scottish Executive** – Scottish Cabinet receives a biannual Delivery report which identifies major risks to delivery of the Partnership Agreement commitments. The report is complemented by the Ministerial bilateral meetings on delivery which also provide the opportunity to discuss risks to delivery.
- **DFT** – the most important departmental initiatives and risks to delivery are discussed by Ministers and senior departmental officials on a weekly basis if necessary. This process is supported by formal reporting or detailed submissions, e.g. the Secretary of State receives regular updates on the implementation of the Rail Review, which has been identified as a key area of risk for the department.
- **ECGD** – informs Ministers on a range of risk issues, particularly those relating to reputational risks.
- **DfES** – Permanent Secretary continues to discuss key Departmental risks with the Secretary of State every quarter.

20. **Boards and senior management** continue to engage with the risk improvement agenda. Involvement in promoting and promulgating the key role of risk management and the need to support innovation as part of ensuring effective delivery is being sustained and improved. Boards are **actively involved in addressing risk management at a strategic level** and regularly review key risks, particularly to PSA

targets and other key objectives or service delivery responsibilities. Many Departments find it useful that **Board members and other senior managers take personal responsibility for managing specific risks**. And it is becoming more common that one or more senior managers take personal responsibility for **'championing' risk management** throughout the organisation and so provide proactive action to demonstrate senior management support and to help to drive forward the implementation of effective and proportionate risk management. However, work is still needed to **ensure consistent, proactive leadership** from Boards and senior management which will effect the **culture change** necessary to realise the full benefits from effective risk management. Board members are providing visible **support to training and development** initiatives for senior managers.

- **Defra** – board has maintained its focus on Defra's Top Threats; a rolling review of the threats has continued, with individual risks being considered in depth at Board meetings. The level of collective understanding and ownership is increasing, as is the degree of challenge given to risk owners. There have been two recent examples of the Board deciding *not* to remove two threats from its radar (contrary to initial advice), because they felt that further action could be taken to get the risk down to a more acceptable level. The robustness of the supporting action plans has improved as a result, as has the expression of the level of risk that the Board is collectively prepared to accept.
- **DH:**
  - development of the NHS "Top Team" - meeting monthly to provide an effective forum for identification and managing risks with main delivery partners in the NHS.
  - Chief Medical Officer has provided a championship role on the management of risks to the public. This has been aimed at maintaining a consistent and proportionate response to risks, in the health area particularly for public health risks. Recognition of the value of two-way communication with stakeholders has long been recognised as important, albeit difficult to achieve on issues which may be scientifically and/or technically complex.
- **Scottish Executive** – Scottish Executive Management Group continues to review risk management on a quarterly basis. Risk assessments are included in submissions to Ministers where appropriate.

**HO** – Strategic Delivery Board (SDB) agreed in July 2004 to act as a high-level gateway for assessing key strategic risks to delivery of major new policies including their impact on the Department and other organisations prior to submission for DA or other external clearance. It has also been agreed that evidence of shared understanding of risks between ministers and officials will be a condition of SDB approval to proceed with implementation of a major new initiative within the Department.

- **OFSTED** – risk is now a standard agenda item at Strategic and Management Board meetings, and all Board papers must address any risks.
- **HSE** – linkages to Balance Scorecard identified. Board reviews scorecard at same meeting as Corporate Risk Register.
- **Land Registry** – Senior Management Board review strategic risks. In addition, there is a Business Risk Review Board (BRB) which meets every 6 weeks and is responsible for monitoring all risks through reports it received on the state of all the risk registers within Land Registry. The BRB then reports to the Board any risks it should be aware of which could impact of Land Registry's delivery.
- **CO** – the Balanced Scorecard has been operational since July 2004. The scorecard is based around corporate risks with the addition of financial reports and the status of any

PSA targets not covered by the corporate risks. Information is collected from key risk owners and presented to the Strategy Board on a quarterly basis.

- **DCA** – risk management is now established as a core element of DCA management information reporting. The Executive Management Committee now reviews a manifesto performance report (progress and key risks affecting PSA delivery and other strategic/operational targets) monthly.
- **DWP** – discussions at the Departmental Board and Executive Team have become much more focussed on the key strategic risks DWP face. Strong presentational lead from Sir Richard Mottram through the agreement of Performance Partnership Agreement targets relating to further improving financial controls, governance arrangements and further embedding risk management throughout DWP to support effective decision making by March 2005.

**MOD** – Boards operating at all levels within the Department now actively consider the key risks to their strategic objectives on a regular basis. Risk is regularly discussed by the Defence Management Board as an integral part of its quarterly assessments of the Department's actual and forecast performance. A risk picture is used to provide a strong pictorial representation of the risks to the Board's strategic objectives. Specific risks to these objectives are also commented on in the report. The risk picture is increasingly used to determine the Board's agenda. A similar practice is adopted by Boards in each of the Department's top-level business divisions and elsewhere at all management levels within MOD.

- **FCO** – every quarter the Board reviews the Top Risks Register, which covers the main operational risks to the day-to-day running of the FCO, as well as a summary of the main risks to the achievement of the FCO's PSA targets. The Register contains mitigation and contingency strategies, and assigns clear responsibility and accountability for individual risks.
- **HMT** – papers supporting all operational, planning and decision making issues discussed by the Board and all committees include a section which must be completed on risk.
- **NIO** – Board and senior management are now actively involved in addressing risk management at a strategic level (it appears regularly as a separate item on the agenda of strategic planning sessions). A senior management sub group which includes heads of sponsor bodies has been established. They will be using the "Managing Risks with Delivery Partners" paper as a further opportunity to deliver the message to partner bodies.
- **Forestry Commission** – Finance Directors in each of the separate finance units in each country office have been appointed local Risk management Champions. They are now taking risk management forward on a national basis, using the close links they have in their areas with the Risk Improvement Manager.
- **DfT** – new director for performance and planning has been appointed and has responsibility for driving forward improvements to core management processes including risk management. The new Director General of Strategy, Finance and Delivery has made clear his intention to champion improvements to risk management across the department and to integrate this with financial and programme management.
- **COI** – top management are aware (risk review sessions, acceptance of Policy and Process, Board Agenda items), some resources have been deployed as part of business planning and project standards including risk.
- **National Archives (TNA)** – new leadership role directs the strategy for all online products and their markets. TNA aims to provide an excellent digital experience for millions of users worldwide, and is building an understanding of current users, potential audiences, new business products, emerging technologies, strategic relationships with partners, and the risks and opportunities in all these areas.

- **OFWAT** – risk management is a board level and audit committee agenda item.

21. Departments report that it is important to **ensure that all levels of the organisation are involved**. Getting the message consistently through the organisation is key. Senior managers are taking **key risk judgments** and **providing clear direction**.

- **HO** – sustained and wide ranging development activity and events with senior managers, which have been critical in encouraging the necessary culture change within the Department. John Gieve and the Group Executive Board continue to take an active lead on risk management. John Gieve provides visible support for key risk improvement initiatives and events within the Department e.g. attending a session with heads of policy and communications to reinforce the importance of risk management in policy making and communications with the public. The Department also has a board level Risk Management Champion, Leigh Lewis, the Permanent Secretary for Crime Policing, Counter-Terrorism and Delivery.

**Home Office** Group Investment Board assesses robustness of risk management systems for major investment programmes requiring their approval to proceed. The Immigration and Nationality Directorate/DCA Joint Approvals Committee has been established to perform an equivalent role for lower level investment from the Single Asylum budget.

- **MOD** – work is well advanced on a new Business Management System that will result in a number of top level processes being formalised across the Department. A Process Owner will be appointed for each process. That person will be directly responsible for managing the risks to their process and will be mandated (through their Terms of Reference) to develop their own risk register.
- **HMCE** – Directorate-level governance and risk reviews are being undertaken to standardise the entire risk management approach from through the end-to-end policy making and delivery processes (i.e. policy teams to front-line operations).
- **HMT** – senior management is committed to integrating risk identification and management into the department's day-to-day planning and activities. Since June this has been strengthened through changes in the corporate management structure.

**DFID** – at divisional level there is a focus on the key risks to the Director's Delivery Plan. The strategic risks have been identified and are regularly reviewed and updated. The leadership role of Divisional Directors is key in clarifying how much policy level risk staff can take to achieve Divisional, country and regional objectives. Directors as part of their Delivery Plan objectives have set risk appetite for challenging innovative work, where the gains outweigh the potential risk. This includes addressing risks to maximise the benefits of development assistance. For example good financial management by partner governments has to accompany the provision of budget support to reduce fiduciary risk. There is a close interplay between the Corporate Risk Register (CRR) and the Directors Delivery Plans (DDP) as risks feed up to the CRR or are managed off the register through DDPs.

- **DWP** – Executive Team reviews the performance of mission critical and high risk DWP Programmes and Projects on a regular basis. The DWP Efficiency Board meets fortnightly to review progress on all DWP mission critical programmes and projects. Gateway Review reports and findings are discussed at the Board.
- **FCO** – Overseas Self-Audit (OSA) requires Heads of Post to complete an Annual Certificate confirming that the OSA was carried out and giving written assurance to the

effect that all controls in the OSA packages are in place or that areas of non-compliance have been or are being rectified. The Home Self-Audit, rolled out earlier this year, requires the same assurances from Heads of Department and Directors.

- **Welsh Assembly** – ‘Risk of the month’ sessions at each month’s Executive Board meeting where a particular risk from the Executive Risk Register is discussed and considered in greater detail. Each Head of Group is given the opportunity (approx every 6 months) to present the top ten risks they are managing. This comprises a five minute presentation by the Head of Group followed by five to ten minutes for colleagues to ask questions about the way the risks are being monitored and managed. Internal Audit is of the view that this process of discussion is important in developing a common and consistent view of risks across different Groups, and in sharing risk management techniques.
- **DfES** – improved information provided to the board, in the form of the Corporate Performance Report, has more closely linked risk to the departmental targets to aid the board’s decision-making.

22. Departments are taking forward work on **risk appetite**. More departments now have a statement of risk appetite, agreed by top management and communicated to most staff. A number of Departments are refining their definition of risk appetite, and setting clearer criteria for taking risks. A revised version of [Treasury’s ‘Orange Book’](#)<sup>4</sup> was published in November – this includes augmented guidance on risk appetite. Several Departments are putting in place mechanisms, based on analysis of the **overall level or portfolio of risk**, to help inform priorities, decision-making, and resource allocations. But Departments recognise that more work is needed to fully understand the overall level of risk that a department is exposed to.

- **DTI** – structuring and facilitating the articulation and debate of the Department’s risk appetite by all members of the Executive team.
- **DCMS** – clear statement of the Department’s risk appetite has been prepared and cleared by the Audit Committee and will now be put to the Board.
- **CO** – Statement of Approach to Risk, published on the Departmental intranet describes the type and scale of risk that the Cabinet Office is, and is not, prepared to take on.

**DCA** – appetite for risk taking is being refined as senior management has increased its oversight and engagement with risk reporting and management processes. This is leading to a more flexible and informed understanding of DCA’s risk appetite than a theoretical analysis of risk attitude and culture. DCA has been undertaking a more structured consideration of the impact of new and ongoing projects on the overall portfolio of risks. A “project purge” was recently undertaken to prioritise resources for the most critical projects and to defer or discontinue projects that were not sufficiently contributing to overall outcomes.

- **HO** – clear statement regarding Home Office Departmental risk appetite has been agreed by the Group Executive Board.

23. There is some evidence of **culture change** and the role of risk management in **supporting innovation** but this is a key challenge for further work.

- **HO** – the Permanent Secretary for Crime Policing, Counter-Terrorism and Delivery actively promotes innovative approaches to delivery. He recently delivered a

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<sup>4</sup> See <http://www.hm-treasury.gov.uk/media/FE6/60/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf>

presentation at a Cabinet Office Delivery Skills seminar for senior civil servants on the role of leaders in well-managed risk taking and innovation, using recent case studies on innovative approaches to local delivery in the Home Office.

- **DWP** – using Executive Team meetings to begin the process of culture change, setting the example of being business benefits driven rather than initiative driven.

24. The use of **risk and performance committees/groups** to e.g.: consider and monitor risks; review risk policies and strategies; and advise the top management, is becoming more common.

- **DWP** – a Strategic Risk Review Board (SRRB), bringing together the cross cutting and strategic risks from across DWP, has been formed and held its first meeting in July 2004. It is chaired by the Finance Director and reports to the Executive Team (ET) ahead of their quarterly assessment of strategic risk. The discussions at the SRRB meeting demonstrated an understanding of the key DWP risks. The SRRB identified the causes of strategic risks, the impact they might have. Mitigation plans were identified and recommended to address the risks to the ET.
- **DfES** – to assist the Board, the Risk Committee of senior managers identifies key Departmental risks and recommends how these should be followed up. The Risk Committee's role is now embedded into the Department's approach to manage high level risks.

**IR** – the Risk Review Group (RRG) continues to meet monthly to review progress on managing the top Departmental Management Committee risks and recommend action to reduce exposure where necessary. Many of the Department's top strategic risks impact across a number of different business areas, and the RRG provides the opportunity for risk-owning Directors to be challenged by their peers.

- **Defra** – Performance and Improvement Committee (PIC) is now established. Key inter-dependencies between the programmes within Defra's change and delivery portfolio have been identified and analysed in terms of the risks they pose to programme delivery. This exercise has highlighted a number of gaps that need to be filled, if the inter-dependencies and their resultant risks are to be handled successfully. Work is now in hand to build capacity within the affected programmes, underpinned by more robust scrutiny from the PIC's support team.
- **DTI** – responsibilities for risk management have been integrated into the revised governance structure for the Department. The newly established Performance Monitoring Committee will review risk assessments conducted within the line and raise with the Executive Board any significant issues that arise.
- **DH** – Risk Improvement Group, which has now been integrated into the main Board Committee structure, has continued its roles in supporting the Board in its management of strategic risks.

25. Boards and senior managers are **reviewing risk management processes** to ensure they remain **effective and that they align with strategic plans**.

- **HO** – Group Executive Board (GEB) agreed in July to a review of the strategic risk management processes within the Department. Work is currently underway to integrate the Home Office Balanced Scorecard and the Corporate Risk Register. A series of one-to-one meetings with all senior directors and the GEB has been carried out to identify key risks to delivery of their strategic plans. This will then form the basis of dedicated risk session at the GEB away day in December, to ensure that top risks reviewed quarterly by the board are aligned with priorities as set out in the HO five-year strategic plan.

- **HMRC** – an Executive Committee (ExCom) has been created to oversee the design of the new Department. Underpinning this is a Change Management Centre, whose responsibilities include helping ExCom understand the totality of the change picture, spotting risks and issues that cut across all programmes or areas of the business and providing a compelling overview of progress and early identification of risks that cannot be obtained from elsewhere (including horizon risks where appropriate). ‘Transition’ risks are under active review, and ExCom updated to ensure attention is focussed on all priority integration issues.

26. Departments are further developing their **governance, monitoring and auditing arrangements** to ensure adequate evaluation of the effectiveness of risk management arrangements and that escalation of risks and reporting to the board is effective. **Internal audit, audit committees** and **non-executive directors** are often playing key roles in these arrangements.

- **DWP** – Departmental Board recommendation to recruit a non-executive to the Strategic Risk Review Board to advise about external best practice and risk affecting the public. Non-executive Director chairs the Departmental Audit Committee.
- **HO** – Home Office, UK Passport Service, Criminal Records Bureau, Prison Service and IND/DCA Audit Committees regularly review progress on implementing risk management in the Department.
- **DTI** – risk management activities continue to be supported by an active Chairman of the Audit Committee and informal sponsorship by Executive Directors (DG Legal and DG Business Group) through their attendance at the Audit Committee.
- **Defra** – Non-executive Directors are recognised as a key element of the improvement and challenge process and are playing an active part:
  - non-executive chair of the Audit and Risk Committee has discussed risk management with most of the junior ministers and has helped lead a discussion on embedding with the Permanent Secretary and his Directors (with assistance from another non-executive member of the Audit and Risk Committee).
  - non-executives are also being brought into one of Defra’s main delivery bodies (the Rural Development Service; RDS), to provide strategic support and challenge to the RDS senior team as they prepare for a move out of the core-department.

**Defra** – Audit and Risk Committee continues to challenge Top Threat owners about the handling of individual risks and, from December, will begin to challenge on embedding more generally, by systematically interviewing groups of managers (typically a DG and their Directors).

- **MOD** – accountability for implementing and improving risk management is clearly defined and communicated. Through the assurance framework that has been put in place across the Department, senior managers receive assurance that risk management policies & processes operate effectively, and drive the need for continuous improvement.
- **DCMS** – working on a revised Strategic Risk Register for the Department and preparing terms of reference for the new Strategy Board including their risk management responsibilities.
- **CPS** – new governance structure has been developed to re-align accountabilities and facilitate the escalation of key business, change and project risks, and better integrate responsibilities for planning, business change, performance and risk management.
- **HSE** – new Resources and Delivery Group will take coordinated decisions on finance, delivery and business improvement, ensuring resources are focused on delivery, reducing the risk of failing to deliver targets. Additionally, this change simplifies and rationalises governance structures.

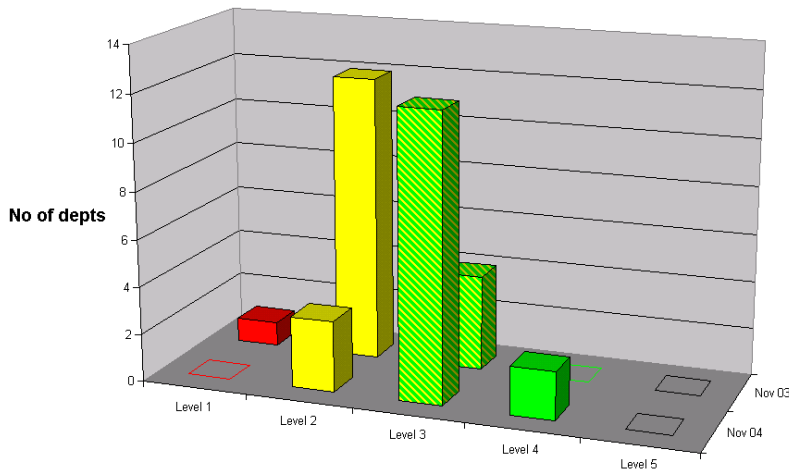
- **CO** – Heads of Management Units have been asked to sign corporate governance statements which include specific references to compliance with the Risk Management Framework.
- **DCA** – notable changes in DCA governance include the strengthening and formalisation of the role of the Corporate Audit Committee and increased focus and clarity on the role of the Corporate Board and Executive Management Committee.

## 2.2. Risk Strategy and Policies

Is there a clear risk strategy and risk policies?

Chart 2

Strategy and Policies



**27. Risk strategies and policies are in place** in all main Departments, and they are **increasingly being used** by staff. Risk strategies and policies are endorsed and promoted by boards and senior management and widely available to all staff, often through use of departmental intranets. They generally cover the approach to risk management at each level in the organisation and across all business processes and

activities, and are often accompanied by supporting guidance. But many Departments are reporting that there needs to be a **continued focus on further embedding across the organisation**, which will require innovative communication to convince all staff members that risk management processes can help them deliver their objectives.

- **IR** – risk management is increasingly becoming an integral (and explicit) component of strategies and policies, particularly in relation to core compliance activities.
- **DfES** – embedding guidance on the effective management of risk both generally and into the policy making guidance

**DWP** – now have a consistent and stable framework of reviewed processes to support the strategy and policy. Business areas with their own specific risk strategies and policies have reviewed them to establish consistency with the corporate policies in all key areas, revising where relevant. Risk management is being promoted through a network of Risk Management and Governance contacts in all business areas.

- **MOD** – Defence Management Board looks to those responsible for delivery of the Department's key outputs and targets to ensure that effective mechanisms are in place to manage risks. It also looks to Agencies, single-Service Executive Committees<sup>5</sup>, and Top Level Budget Holders to ensure that they have robust mechanisms in place to manage risks to the delivery of their own objectives.
- **DFID** – distinct improvement in risk management over the last two years. Planning and target setting now include identifying risks to objectives and cost/benefit analyses of risk taking. The legal and corporate requirements of risk analysis are clearly set out in the

<sup>5</sup> The 3 Services' Management Boards: the Navy Board, the Army Board, and the Air Force Board Standing Committee.

Compliance Project. There has also been a much greater emphasis on security risks in response to the changing global context.

- **HMCE** – each of the Department's headline PSA Strategies is outcome-focussed, and risk-based. And operational policies, especially in tax compliance and law enforcement, are based on the prioritisation of risk.
- **DH** – the Department's risk management framework underpins the new Forward Planning process and the move towards programme management of many of the Department's priorities for the health and social care system.

**FCO** – developed a clear risk strategy over the period of the Risk Programme. It is frequently publicised by means of telegrams and articles in Connect (the internal FCO Magazine that is sent to all UK-based staff), and is also available on FCONet (an intranet site that can be accessed by staff members across the Global Network). The Framework contains a risk management cascade, which encompasses the Top Risks Register, PSA Delivery Plans, Directorate Business Plans, and individual objectives. The Framework is backed by a system of internal control that verifies that the processes are sufficient to provide a robust assurance map.

- **NIO** – development of a risk toolkit has helped to cascade consideration of risk down through the Department from the Departmental Board to operational level. The toolkit, which was quality assured by a senior management group, has provided in the form of a working model, a common understanding of the terminology, principles and concepts of risk management along with practical advice and guidance on the risk management process.
- **HO** – there is a clear statement that sets out the organisation's risk policies and its approach to risk taking and innovation; this has had group-wide distribution and has been reinforced through tailored seminars for senior managers.
- **ECGD** – consideration of risk is included in all levels of the planning process and where relevant individual's objectives and personal performance plans. Risk policy statements are developed as an integral part of the wider governance framework.
- **Charity Commission** – risk policy and strategy drive the Commission's risk-focussed approach to targeting resources on the regulation and enablement of charities. They encourage Commission staff to actively identify and manage risks in the conduct of day to day business. The strategy encourages an innovative approach to solutions where the risks are understood and actively managed.

28. Many Departments are **revising** their risk strategies and policies or introducing new specific elements to reflect more developed thinking, often drawing on assurance mechanisms. There appears to be a trend toward keeping risk strategies and policies flexible and general to allow for tailoring **these to specific circumstances in different business areas** in the organisation.

- **DWP** – increased engagement of many corporate policy sections to promote the application of risk management to their policy making activities.
- **HO** – recent re-engagement of senior boards by risk improvement managers in the core Home Office and agencies where risk policies and strategies were already well established suggests that their continued relevance is considered an important aspect of good governance.
- **FCO** – Overseas Self-Audit (OSA) was rolled out in 2003. It consists of three modules, covering Financial Management, Estate Management and Procurement, and Consular and Entry Clearance work. Each module contains the inherent key risks in the area, the key controls which should be in place to manage the risks, a series of test to evaluate how the risks are managed in practice and space for recording any control weaknesses. The

Home Self-Audit (HSA), which evaluates how key risks are managed in Departments at the Centre, was rolled out earlier this year. Currently examining ways of re-balancing the OSA to include strategic risk management.

**DTI** – the original document was still relevant as a benchmark but progressively there has been a shift towards: tailoring strategy / policy for local needs; providing more detailed guidance and linking to the increased guidance available across government and industry; and simplifying the key concepts to make them relevant and understandable by a more general audience. To respond to this shift the Department has: developed content for other areas of the department – e.g. the Better Policy Making and [projectcentre@dti](mailto:projectcentre@dti) intranet sites; launched a risk management website to act as a portal for all risk management content available within or from outside the Department; and redrafted a simplified Risk Management Policy to re-establish awareness and the top-level mandate for risk management - it is not planned for this to be a permanent document, will withdraw the document if its principles become fully embedded within the wider DTI policy structure.

- **MOD:**
  - Defence Internal Audit (DIA) monitor the extent to which the Department's agreed risk management approach is complied with by Top Level Budget Holders (TLB), and TLB audit committees conduct regular checks of risk management application. The Department has worked cooperatively and constructively with the National Audit Office to ensure that they can make informed and independent assessments of MOD risk management techniques as applied in specific areas of business (e.g. readiness levels of military Force Elements, management of the Defence Estates Organisation).
  - a number of Top Level Budget Holders have updated their existing risk strategy and policy statements, promulgating these widely throughout their business unit with the personal endorsement of senior managers.
- **NIO** – as a result of a change initiative programme the Department has instituted a programme of Divisional Health Checks into the core NIO. The health checks which incorporate risk will be carried out over the next two years. This will enable the Department, at Divisional and Unit level, to gain assurance about the risk management process.

29. There is evidence from a number of Departments that **risk management is being built into strategies/policies in other areas**. Some Departments have developed guidance on risk terminology to aid this. But full embedding is still to be achieved.

- **DH** – risk management processes are already integrated with performance monitoring and related systems - particularly in the key risk areas, where integrated systems are used.
- **DWP** – planning guidance clearly links to the DWP risk management policy and framework and the DWP Planning Framework 2003 – 2006 captures the DWP's strategic risks as well as action to address risks to the PSA targets.
- **DTI:**
  - structured consideration of risk is increasing in strategy making. Two workshops were held in May 2004 with senior management and leading external futures thinkers to identify 'external unknowns'. Significant risks emerging will be incorporated within Departmental risk registers, where appropriate, for ongoing management by the Executive Board and will help inform strategic and business planning.
  - a Centre of Excellence for horizon scanning will be established in the Office for Science and Technology. This action was as a result of the consideration of scientific

risk and uncertainty by the Chief Scientific Advisors' Committee on 23 September 2004.

- **Defra** – Risk Management Strategy continues to be the foundation for risk management within the Department – half-way through this five-year strategy - with some Directorates now building risk much more into their own strategies, e.g.:
  - Defra's science Forward Look ('Evidence and Innovation: Defra's needs from the sciences over the next 10 years') had a key risk component. A separate chapter looked at "Emergency Preparedness (including risk and uncertainty)" and provided a strategic steer around key trends and drivers, long-term evidence and innovation needs, and capacity issues. Defra's Evidence and Innovation Strategy is now being prepared, which will also focus on risk identification and management, including horizon scanning work.

**Defra** – *Making Space for Water* (a consultation on developing a new Government strategy for flood and coastal erosion risk management in England): seeking to address the challenges and pressures we are facing, such as climate change, development pressures and rising levels of risk and cost. Key proposals include developing an integrated framework for assessing and managing risk that is consistent at all levels (from national scale down to individual flood management schemes) and raising awareness of flood and coastal erosion issues among members of the public, to help develop more informed decision-making and a better understanding of risk.

- **FCO** – a common risk management lexicon has been developed and disseminated throughout the organisation by means of training and guidance. The standardised lexicon ensures that there is a common means of identifying, assessing and managing risk.
- **DfES** – embedding effective contingency planning to ensure the proactive management of crises and reputational risk.
- **HMT** – risk handling is an inherent feature of many aspects of the Treasury's activities. For example, financial risk on the expenditure side is managed in the Public Services Directorate by a system based on teams for each major spending department and a central team which oversees the whole. Spending plans are set with prudent reserves, calls on which are managed by a monthly reporting system from the spending teams to the central team.

30. Working with their sponsoring/parent department, **agencies and some NDPBs** are putting in place risk management strategies and policies.

- **FCO:**
  - British Council has a Risk Framework for Posts which provides a Framework for identifying, assessing and managing risk in both their both operations and their business. The Framework was comprehensively piloted, approved by the NAO, and rolled out over a 2-year period. Every office in the network had a 5-day workshop with a rollout team, which culminated with a live exercise. Office reports are reviewed by London to ensure that resources can be allocated to priority areas and that new opportunities can be seized.
  - Westminster Foundation for Democracy has recently introduced a number of systems to help them manage the risks to their operations. These include a Board Risk Register, (reviewed for the first time earlier in the year), Corporate Risk Registers, and guidelines that require Project Committees to ensure that project proposals have detailed risk management assessments and mitigation strategies.
- **HO** – UK Passport Service is currently implementing a co-ordinated Risk Assurance Strategy which will link business planning, risk management, internal control processes

and Business Continuity planning in a coherent and risk based manner. This approach has been endorsed by the UKPS Audit Committee and board

- **Defra** – one executive agency, the Rural Payments Agency, has defined the level of risk that its executive board is prepared to take to achieve each of its seven corporate-level objectives. This is part of a reinvigoration of the risk management process in the agency through the launch of risk software and a revised risk management strategy.

31. Departments are increasingly considering the upside of risk, e.g. developing incentives for **innovation** and **well-managed risk taking** or considering more systematically the **benefits** of high-risk/innovative work. Nevertheless this is an area which the National Audit Office highlighted for further work.

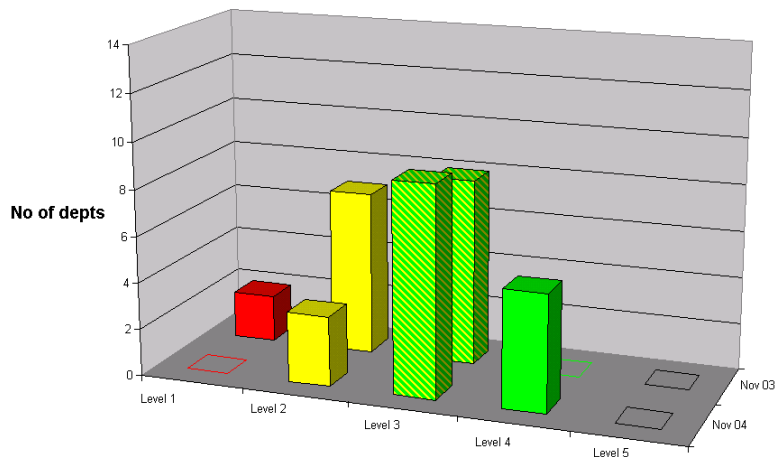
- **MOD** – recognition that risk management is as much about managing the upside as well as the downside, e.g. military doctrine and Smart Acquisition principles are as much about identifying opportunities as managing risks.
- **Defra** – risk is still predominantly seen as a threat rather than an opportunity, but Defra's Challenge Fund (now entering its second year) and the innovation element of the IBM contract are seeking to encourage greater innovation and well-managed risk taking. The Permanent Secretary has expressed a desire to see calculated risk-taking as part of the team award process in the future.
- **DFID** – considerable effort has gone into producing clear strategic objectives for work at country and regional levels. These examine options and risks and the roles of different actors. Risks are considered when looking for opportunities and analysing the drivers of change with whom DFID should work. The Negotiation Deliberation and Dialogue programme in Bolivia is an illustration of a high risk, innovative programme where the gains are worth the risks and the risks can be managed.

## 2.3. People

Are people equipped and supported to manage risk well?

Chart 3

People



32. Departments report that there is a **much greater understanding of the importance of risk management in most parts of the organisation**. There has been further **steady progress** in this area. Advice and guidance on risk management specific to departments' arrangements is generally available, in particular through electronic dissemination (i.e. intranet).

This is often augmented by seminars, workshops and individual training programmes as needed. **Changing the culture to encourage less blame and more innovation** is still recognised as a **significant challenge**. And Departments report that there is a **need to make the benefits of effective risk management more visible** to staff's everyday work, using real examples of where effective risk management has produced positive results. Some Departments also report that risk management is still a relatively new concept for many staff, and that further work is needed to continue raising awareness throughout the organisation. The Professional Skills for Government programme, launched on 20 October, might be an important lever, possibly by incorporating risk management as a key competence.

33. Departments are starting to see evidence of a risk management **culture that supports innovation**. It is acknowledged that it will take a long time to build the right culture, e.g. developing a non-blame culture where well-managed risk taking is rewarded and supported, without undue risk aversion. Further work in this area is being augmented by more focus on **communication** on risk issues within Departments.

### ➤ **HMCE:**

- awareness of risk management is apparent at all strategic, programme and operational levels throughout the Department;
- a 'network' of governance, risk and assurance teams is established across all Directorates, to act as the conduit to disseminate central messages, and also to coordinate Directorate contributions to Central Risk Register, Statement on Internal Control, Risk Management Assessment Framework exercises.

➤ **IR** – a series of workshops, developed as part of IR's SCS Development Programme, have been developed to tackle the cultural and behavioural barriers to effective risk management.

➤ **CPS** – there is now a core group of people with the skills and knowledge to manage risk, but culture change lags behind the development of policies and processes. There have been some successes in terms of real commitment with operational managers who have

seized on the benefits of risk management and have used the policies and processes effectively.

**MOD** – a record of delivery, including through well managed risk-taking, has long been central to promotion prospects in both the MOD civil service and the military. The bonus scheme now operating for civil servants also specifically rewards innovation with the successful management of risks that this will involve.

- **CO:**
  - a culture of risk awareness, in which effective risk management is fully embedded in day-to-day operations, is beginning to emerge, in particular due to the visible support for risk management at senior levels;
  - staff were asked to consider whether the Cabinet Office supports people who take managed risks in the recent Departmental staff survey;
  - a Risk Communication Strategy document has been produced by the Cabinet Office Communication Group and stresses how good communication is key to the effective management of risks.
- **NIO** – Information Service are actively working to ensure that risk management permeates right through the grades within the Division. In weekly meetings Senior Information Officer's are now actively addressing risks, which has been built into forward job plans and individual reporting systems.

**Defra** – staff survey information continues to confirm positive trends in risk awareness and the move away from the blame culture. The latest sample results show a strong upward trend in the numbers of staff who feel encouraged to identify and address risk locally: this has moved steadily upwards from a baseline of 43% (in July 2002), and now sits around 66%. The latest results on the blame front show a figure of 29% who feel they would be blamed if they took an action and it went wrong, steadily declining from a baseline of 58%.

- **HO** – a programme of workshops has been delivered to staff at all levels of the organisation, to ensure a shared and common understanding of the communication of risks within the organisation. There is significant evidence that risk issues are being raised at all levels within the organisation:
  - formally - e.g. via use of escalation processes – a recent example being where PSA programme level risks were escalated to corporate level; and also
  - informally – e.g. through greatly increased demand for specialist risk support with specific business challenges (as oppose to generic risk awareness training) from project and delivery teams.
- **DWP** – effective communication of key risk messages is being taken forward. Meeting agendas and minutes provide increasing levels of evidence that senior managers regularly discuss and review risks within and across their business areas and identify risks to be escalated to Executive Team as appropriate and provide feedback to staff.

**DH** – top-level culture of risk awareness and encouragement of identification of risk issues. This culture cascades in the areas where risk is critical to delivery objectives across the Department.

- **OFSTED** – an earlier risk assessment exercise had identified that middle managers felt that senior management were very aware of risk as an issue, and of the management tools that were available, but that this awareness had not filtered down into the lower levels of the organisation. A communication programme on risk management was

initiated to spread knowledge and understanding across the organisation. News items appeared on the Ofsted Intranet and a series of “playing your role in risk management” workshops were held in London and in the regional offices. These proved popular and are helping to embed the use of the processes at the divisional level. They are also succeeding in raising staff awareness of risk management.

- **Forestry Commission** – key for 2004/05 will be the cascading down of the strategy to staff at all levels. The issue is not so much embedding risk management but ensuring that staff understand the link to an overall risk management strategy and ensuring that staff take a balanced view of risk rather than being excessively risk averse or unrealistically optimistic.

34. Departments report an increasing demand for **risk support** – often tailored to local business needs. And there is more awareness among staff at most levels of the importance of risk management to corporate performance. **Consistency across various areas of departments and partner bodies** is increasing, but there is still work to do to, perhaps in particular in larger Departments. Several Departments are developing risk networks across the organisation. Many departments have a **dedicated person or team, supporting and challenging** other areas of the department. Departments are also recruiting **specialists** to help manage risks in specific areas, e.g. communication and reputation.

- **DTI** – efforts continue to extend the support network – for example the recently launched risk website is enabling ‘corporate risk knowledge’ to be captured and made accessible to a wider audience, as well as giving interested parties access to the wider risk expertise already available across Government.
- **HO** – there has been an exponential growth in demand for risk support, a significant proportion of which is for tailored consultancy to address specific risk challenges in business areas.

**HO** – have run risk simulation events to improve SCS handling of communications with the public about risk. They are now integrating this with a wider support programme to drive improvements in risk management capacity and skills. **Further information at Annex C.**

- **Defra** – in order to build strategic capacity in risk communication management, the Communications Directorate has recently appointed a specialist in this field to help the Department identify and resist threats to the value of Defra’s corporate reputation.
- **ONS** – Divisional Risk Co-ordinators have been identified for all ONS business areas. They champion risk at a working level, helping to ensure that the new risk database is full populated and assessing training requirements for their divisions. In the longer term, Risk Co-ordinators will provide a network for disseminating best practice throughout the office.
- **CO** – network of local risk co-ordinators in Management Units has been established with whom best practice and the latest developments from central government are shared.
- **DCA** – network of risk co-ordinators have been established across the department, responsible for promoting the use of the approved processes, and providing support, additional assistance and expertise.

35. Risk support activities by **central** departments include:

- Ministers: **Ministerial Breakfast** meetings chaired by the Chief Secretary to the Treasury have been organised by CMPS and HMT and have proved to be successful and an effective way of getting ministers to think about risk;

- Board level: **BP** made presentations to the **Non-Executive Director network** to raise awareness about risk;
- **Senior Civil Service:** Risk management was discussed at Spring Sunningdale. Various presentations to senior audiences;
- **Policy Makers:** courses about policymaking focus on innovation, delivering step performance improvement and the need to manage risks to achieve this.
- Events for **Risk Improvement Managers:** on e.g. horizon scanning, risk registers, policy, partnerships;
- **Disseminating good practice:** Public and GSI web sites contain many examples of good practice derived from reports to the PM and CST, plus examples from local authority, public and private organisations from presentations at RIM events, Cass Risk Hub seminars, National Audit Office reports etc; and
- **Seminars and conferences:** Marsh (a consultancy firm) ran two events for RIMs on culture change and embedding risk management; Cass business school run a number of useful seminars.

**36. Responsibility and accountability** for managing risks are being further developed. Although the link between accountability and personal objectives is not currently very strong, Departments are continuing to make risk management part of **competencies, training requirements and performance and reward criteria.**

- **Defra** – in one Directorate embedding good risk management is mentioned as a key element of all personal development plans of Grade 6s and 7s.
- **DWP** – considering the introduction of generic technical competencies, including risk management.
- **DFID** – there is a clear line management role to support staff to reach their objectives and manage risks to these. This is formalised through the Annual Assessment Form and Personal Development Plan reporting system and managers are able to feed up issues through the line managers to the Director. Support is given to staff through the appraisal system to ensure that they are supported in their handling of risk and that risk handling is balanced so that stress levels on individual staff is managed and monitored.

**DCMS** – risk management has been included in the Initial Statement for the SCS reward system for 2004-05. The SCS will need to demonstrate that they have taken personal responsibility for ensuring effective risk management within their areas of responsibility (including full compliance with the risk management and assurance process).

- **DH** – risk management has been included in the competencies framework for all staff.
- **MOD** – new Resource Management Competence Framework has incorporated all the latest thinking about best practice skills for risk awareness/practitioner/expert levels. In-house training courses are being revised to ensure that these skills form a core part of the learning points on the Department's Corporate Governance and Risk Management training courses. Risk management responsibilities feature increasingly in individuals' Terms of Reference.
- **HO:**
  - an ability to manage risks (both as a generic rather than simply a specialist competency) has been included as part of the core competencies following a recent review of the competency framework in the Home Office.
  - enthusiasm and engagement at a senior level within the Department has been sustained through targeted and innovative events and seminars. Development of risk management competence among senior staff being recognised as an integral element of the leadership programme.
  - job adverts for senior posts refer to the need to manage risk as appropriate.

- **FCO** – staff are encouraged to incorporate risk into their annual personal objective-setting processes. Progress against objectives, and the risks to their delivery, are reviewed during staff appraisals.

**CO** – linking risk management with personal objectives, responsibility and performance is one of the key elements of the risk programme within the Cabinet Office. The Statement of Approach to Risk explicitly encourages staff to undertake well-managed risk taking and the competence frameworks support this message.

- **Welsh Assembly** – there is a requirement for risk management to be explicitly set out in personal objectives and performance reviews.
- **DCA** – responsibility for managing risks is included in the DCA competency framework and leadership profile.

37. All departments report that **guidance** is available for staff – and that this is increasingly tailored to the requirements of specific business areas of the department. However, it is less clear how the guidance is applied in day to day business and to what extent this contributes to improved performance.

- **HO** – an updated risk management guide for Home Office staff was produced in July 2003. To date approximately 3500 hard copies have been requested and distributed across the Home Office group. A PDF version is available for download on the Home Office Intranet. CMPS has requested use of extracts from the guidance for their risk management course support materials.
- **ODPM** – one-page fliers have been developed to provide guidance on identifying and assessing risks and the effects of management strategies in the context of a number of processes, including the development of risk registers and in the context of planning.

38. Existing **guidance**, revised or updated where necessary, has been used to reinforce the key role played by effective risk management and the need to embed it as part of the normal business processes and procedures. Guidance has been provided through identification and dissemination of good practice from both public and private sector organisations (e.g. from BP and by RIMs). **HMT**, **RST** and **OGC** have been building on and revising existing guidance to emphasise risk management as a key, core component, e.g.:

- risk and risk management workbooks (to be published in 2005);
- delivery planning and lifecycle guidance ( to be published in 2005);
- revised ‘Orange Book’ published by HMT in October 2004;
- revisions to OGC Management of Risk (MoR) guidance and supporting professional qualifications (to be available in 2005/6);
- OGC Successful Delivery Toolkit; and
- HMT delivery planning guidance (linked to PMDU’s delivery toolkit).

39. Where relevant guidance did not substantially exist, it has been developed to assist departments, e.g.:

- a tool to assist evaluation of risk management performance – ‘Risk Management Assessment Framework’ (RMAF) – developed by RST and departments;
- management of early risks to delivery (a tool to assist policymakers) – developed by RST and NAO;
- managing risks in partnership working (see chapter 2.4);

- managing risk to the public appraisal guidance – linked to HM Treasury’s ‘Green Book’ (currently out for consultation); and
- guidance for the 2004 Spending Review.

40. Departments report that they are addressing **skills** development in risk management at a range of levels, both through specific risk **training** and by embedding into development and/or core skills courses. Two thirds of main Departments now rate their training as effective or very effective compared with none in 2000. In addition to CMPS risk courses, Departments have their own internal training programmes and often also use other suppliers. Demand from staff for training is increasing. And there is increasing demand for tailor made support, e.g. workshops. This indicates that risk management is being **seen as an important competence**. Departments report that more work will be done to further raise the awareness of the importance of risk management throughout the organisation.

- **FCO** – training is supplied to staff at all levels to ensure that risk management best practice is understood throughout the Organisation. Over 15 courses contain risk management modules, including Induction, Staff Development and Management Officer training. Training modules are tailored to the course to ensure maximum relevance, and all training courses have been recently reviewed to ensure that the training information is up to date. A separate half-day training course on performance and risk management is provided to 10-15 people, around 10 times a year.
- **Defra** – risk training is now an integral part of the Department’s Better Policy Training and PPM training programmes.
- **DTI** – headline achievements in relation to risk management training include:
  - integration into the annual Accelerated Development Programme for internally and externally recruited fast stream (ADP) (*40 learners since introduction*)
  - integration into induction junior management event (Managing in DTI) (*80 since introduction*)
  - integration into induction for middle management event (Team Leader Programme) (*40 since introduction*)
  - stand alone Risk and Better Policy Making developed and introduced (*35 since introduction*)

**DTI** - ensuring risk principles are embedded within training activities (primarily leadership and business skills as well as financial training in budget management and forecasting). A comprehensive training brief for risk management is now integrated within relevant leadership, business and financial training delivered by the Department’s main training providers (PTSC and FTC). This script is linked to the Orange Book principles and is designed to be flexible to the needs of a number of target audiences, including senior management.

- **DWP** – training in risk management has been assessed and post training analysis in key businesses is demonstrating a high take up with core staff and a sound understanding of risk management skill and responsibility., e.g. in Jobcentre Plus all Governance staff have received training on risk and separate, role targeted, risk training has been provided to new entrants and to the Jobcentre Plus Implementation Project fraternity. Provision of an e-learning package available to all staff: completion of the module is compulsory for staff involved in DWP programmes and projects and uses the assumption-based method. This package is supplemented with a 2-day training course.

- **GCHQ** – significant increase in awareness of centrality of risk management by all business unit heads and business managers. Additional training needs identified, to be addressed later this financial year
- **ODPM** – workshops enable people to understand the broader context in which they work, to identify dependencies, to share good practice and effective management strategies and to expose and discuss sensitive issues.
- **Scottish Executive** – further risk management seminars, training events and specific workshops; aiming to conduct their first risk management survey in the winter of 2004, and are involving NHS Boards, Local Authorities and NDPBs as well.
- **OFSTED** – a section on risk management has been built into the official Ofsted training programme for Divisional Finance Practitioners.
- **CO** – working to address the training needs of its staff through the increased provision of Risk Management workshops, offering tailored training on risk to individual Management Units.

41. The centre has assisted departments in addressing their training requirements. The Risk Programme approach has been to encourage departments and training suppliers to incorporate risk management as part of more general relevant training to encourage embedding. The **Centre for Management and Policy Studies (CMPS)** have contributed on a number of fronts:

- followed the approach of embedding risk management within existing and new courses where relevant.
- over 40 CMPS courses address risk.
- several new products have been developed to raise awareness about risk with senior and top managers.
- CMPS seek to ensure that all their Course Directors and Consultants address risk management in their training and development interventions where it is appropriate to do so. They are encouraged to keep up to speed with latest good practice and to present a consistent message.

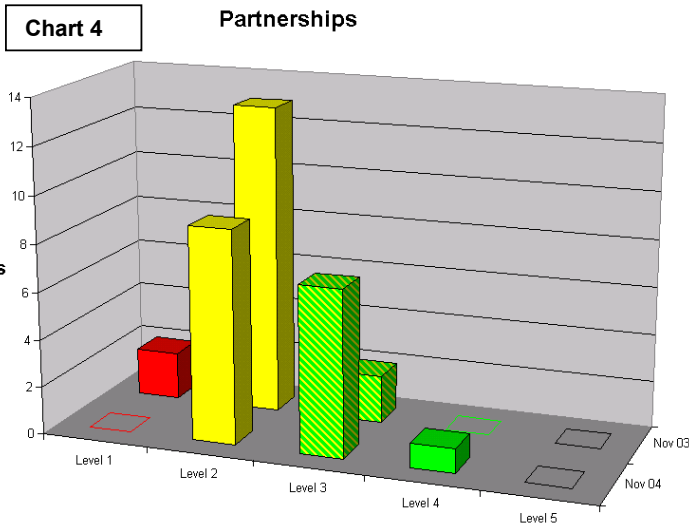
**CMPS delivery skills workshops:** Six delivery skills workshops about handling uncertainty and risk have been run between May 2003 and October 2004 (a further four are planned during the next year). Sir David Omand has spoken at every one (and is scheduled to contribute to the next run). Other speakers have included permanent secretaries and top managers from the private sector. The aims of the workshops are to enable members of the SCS to better understand the nature of risk and how to create and develop an environment in which risk management is embedded in the culture. 112 delegates (all SCS) have attended to date.

- through collaboration with the Emergency Planning College, CMPS have established the **Risk & Resilience Forum** to facilitate networking opportunities for the growing number of people with an interest in these issues. The network comprises a series of conferences and a virtual network accessible via internet – which to date has over 160 registered users.
- a research consortium about “**Innovation & Risk** in the Public Sector” in partnership with the European Centre for Business Excellence is being investigated. Business Excellence has recently been launched and is attracting much interest. NAO have said it looks to be a very useful project.
- take up of CMPS **courses that specifically focus on risk:**
  - Crisis - Managing the Unexpected: little increase in demand during past 18 months;
  - Management of Risk (OGC accredited): demand has doubled during past 18 months;
  - Managing Project Risk: little increase in demand during past 18 months;

- Risk in the Policy Area: very significant increase in demand during the past two years and extra runs have been scheduled for 2005.
- **New CMPS courses:**
  - Business Continuity Management: First three runs fully booked;
  - Confident Risk Taking: First run fully booked.
- **CMPS Conferences:**
  - Annual Conference for Audit Committees: First three conferences fully booked with over 100 delegates at each event;
  - Risk & Resilience Forum: First event over subscribed and virtual network has over 160 members;
  - CMPS run an annual conference about Efficiency & Performance Improvement (up to 300 delegates each year). At this year's conference in March they added a parallel stream about risk. They will also include a risk stream at next year's event in March.

## 2.4. Partnerships

Are there effective arrangements for managing risks with partners?



42. This has been a key priority for Departments over the past year. Departments report **improvements**, and the body of **evidence of good practice is increasing**. But Departments report that it is very difficult to achieve consistency in this area, partly due to the wide range of partner organisations. It appears that currently the rigour of partnership risk

management is still patchy. So this area **remains a key challenge**, and will be a **priority** for further work beyond the end of the Risk Programme.

43. The need to consider risks **along the whole delivery chain** is recognised, based on joint understanding of each others' objectives. There is increasing evidence of management of **cross-cutting risks** and the need for a better understanding and management of these among delivery partners.

- **DTI** – defined an overview of the DTI delivery landscape, which reveals the complexity of partnership arrangements.
- **ODPM** – working with senior representatives to develop a shared strategic direction for ODPM and its stakeholders through; stakeholder mapping, design and advice on best methods of managing engagement including tools and techniques, strengthening the expertise and skills of officials and sharing good practice

**ODPM** – within many implementation programmes, support to delivery partners has yielded benefits in reducing risk, e.g. by:

- targeting those authorities experiencing difficulties for additional support;
- buddying-up weaker Local Authorities with those which have already gone through the process;
- regular network meetings.

**Further information at Annex C.**

- **HMRC** – risk management is a fundamental priority in establishing future operational and policy links between the new HM Revenue and Customs and HM Treasury (as the parent Department), and other associated Agencies - the Serious Organised Crime Agency and the Revenue and Customs Prosecutions Office - which are to be established over the next couple of years.
- **DfT** – Transport Direct (delivering a multi-modal travel information system) have initiated a proactive approach to managing delivery partners and other stakeholders, which helps ensure buy-in throughout the project through two advisory boards involving senior policy

and IT officials to discuss the main issues and potential risks to the project. More detailed working groups have been formed in each transport sector to discuss data needs and other issues such as journey planning. These processes have helped the Transport Direct team to manage risks throughout the project, and to keep the project to time and on budget.

- **HMCE** – a ‘product manager’ network has been established to manage supplier interactions.

**DFID:**

- working relations with partner governments have been strengthened through the move to providing more budget support;
- there is joint working between Conflict and Humanitarian Affairs Department and FCO and MOD on conflict prevention which is a shared PSA target, this comes together in Sri Lanka where there are shared objectives.
- decentralisation has been a form of risk management ensuring that people in country can work with partners on the ground.
- close relationships with key journalists and media in the business have been forged to ensure that levels of trust are built up.

- **DWP** – evidence of a significant partner risk being escalated to appropriate risk registers and contingency arrangements being developed to protect public service delivery resulting in an improved traffic light assessment of delivering PSA targets.
- **Defra** – Permanent Secretary has just commended the ‘Managing risks with delivery partners’ guidance to all senior staff, and copies are being disseminated to them as well as all NDPBs, sponsor divisions and Executive Agencies. Follow-up risk workshops are being planned, and risk will be an important component of the ‘Delivery Through Others’ workshop being held with Defra’s delivery partners in early November.
- **FCO** and **DFID** conducted a peer review; providing an objective analysis of each Department’s risk processes, and recommendations on next steps for the Departments’ respective risk programmes.
- **FCO** – robust risk management strategies are embedded in the delivery plans of the PSA targets that the FCO shares with other departments (such as the Conflict Prevention target).

**DfT** – risk registers in all key areas now contain assessments of partnership risks, and most contain detailed action plans for managing these risks. In certain key policy areas, such as rail performance and strategy, improved performance and risk management throughout the delivery chain is now the Department’s most important policy. As part of the current business planning round, DfT are reinforcing the requirement for unit business plans to identify the extent to which delivery of objectives depends on external delivery partners and how the risk associated with them are being managed

- **HMT** – development of improved contingency arrangements with the other public authorities and the private sector for handling disruptions to the UK’s financial system.
- **Charity Commission** – employs a risk based approach to its operational casework, e.g. charity monitoring and visiting.
- **DMCS** – issued guidance on risk management aspects of working in partnership with NDPBs to Heads of Sponsor Divisions. They have been provided with a suggested list of questions to ask on risk as part of the ongoing dialogue they should have with their sponsored bodies. This guidance is being refreshed to address conflict of interest issues and will be reissued to all Heads of Divisions along with a copy of the HMT/OGC guidance.

- **DCA** – relationships with partners across the Criminal Justice System (CJS) are central to successful DCA programme delivery. DCA is working with risk co-ordinators across CJS to establish a forum and other mechanisms to improve communication and better co-ordinate CJS risk management activity.
- **OFSTED** – although much work remains to be done in putting into place effective arrangements for managing risks with partners, there are now plans in place to do this and resources will be allocated to focus on improvements in this area.
- **CPS** – a Criminal Justice System Risk Management Forum has been established. Its initial aims are to develop arrangements for partnered IT developments, including consistent risk management strategy, assessment and reporting.
- **CO** – evidence from the monitoring and reporting system suggests that the Department is managing the risks associated with external contractors. It does this through open dialogue with each service provider, including the close monitoring of the provider's key performance indicators and regular service level reviews. Contingency plans, often in the form of Business Continuity Plans, are routinely developed.

44. Departments are working with their **agencies** and **NDPBs** to improve handling of risk.

- **FCO** – all NDPBs are required annually to provide assurance to the ARC on the risk management frameworks surrounding use of grant-in-aid. Head of FCO Internal Audit Department maintains close contact with all the NDPDs' Audit Departments throughout the year.
- **Defra** – 'Partnership workers' have been appointed in each of the regional offices of the Rural Development Service, to take lead responsibility for partnering with other organisations locally, and partnership awareness training has been rolled out to key staff. Two new partnership-based posts have been created to lead the relationship with key partners (such as English Nature) nationally.
- **DH** – developing a new risk-based approach to performance management as part of its review of its arm's length bodies including agencies and NDPBs.

**Defra** – the successful launch of Open Access (the right of access to designated areas of mountain, moor, heath, down and registered common land) in the first two regions (South East and Lower North West) in September has opened up beautiful areas of countryside that were previously off-limits to the public – a key element of one of the Departments PSA targets. Good risk management has played a key role in this, which has depended heavily on co-operative working between Defra, Countryside Agency, Ordnance Survey and Planning Inspectorate staff.

- **HO**
  - during September the Risk Management Team carried out a review of NDPB and Home Office Sponsor unit relationships through series of one-to-one meetings with all Finance Directors and/or risk managers from NDPBs and their primary Home Office contacts in the Sponsor Unit. The aim was to identify key challenges from a partnership working perspective.
  - greater clarity and adequate coverage of roles and responsibilities for managing risks to Departmental objectives is being achieved through review of the Financial Memorandum and Management Statement for all Executive NDPBs. This will also reinforce the role of the Sponsor unit in managing risks as an inherent feature of their relationship with the NDPB and will be completed in January 2005.

45. Departments report a number of examples of managing risks with **local delivery partners**.

- **HO** – the local delivery ('Two Areas'), project: Efficient, effective delivery at the local level was being impeded by, e.g. too many different, often small pots of ring fenced funding; and inflexible rules on how and when money is spent. HO initiated the local delivery ('Two Areas') project, the outcome of which was to be an agreement with local areas on *what* they would deliver, with much greater flexibility on *how* they would do it. Key to risk management, therefore, was to persuade key stakeholders internally of the benefits of taking a risk to achieve change, as well as managing the risks. Learning points are now being applied to managing risks in other partnership projects, e.g. the Safer and Stronger Communities Fund. Also Whitehall-wide interest. **Further information at Annex C.**

**DTI** – Consumer Direct is a new national helpline. It is highly dependent on regional local authority partnerships to deliver the service. As a result, significant risks were managed with delivery partners. Service has now been launched in four pathfinder regions, and is meeting service level targets while handling more business than expected. **Further information at Annex C.**

- **ODPM** – as part of the Comprehensive Performance Assessment process, central government addresses the risk of poor performance in local government, whenever possible, through a process of non-statutory engagement. Financial risks are contained, and the onus to improve in a demonstrably sustainable way remains firmly with the Council. Because of the non-statutory relationship, ownership of the recovery process - and the risks inherent in managing it - remain with the Councils concerned. **Further information at Annex C.**
- **DH** – effective measures are in place with NHS for joint identification and consideration of high-level risks, through a monthly "Top Team" (the Departmental Board, and Strategic Health Authority Chief Executives) meeting which both provides early warning of risks to delivery and addresses their management.

46. Departments are engaging a **wide range of partners**, e.g. NGOs, voluntary sector, professional bodies, on managing risks.

- **Defra** – GM policy team recently took the opportunity of bringing together environmental and consumer NGOs for a pre-consultation workshop on the issue of co-existence of GM crops. Doing this helped to de-politicise some of the discussions and allowed those attending to refine the technical and practical content of the future consultation material. What Defra subsequently publishes should be more workable and evidence-based as a result.
- **DFID** – each engagement with an NGO is monitored through a memorandum that sets out risk requirements. NGOs provide a project framework similar to a DFID log frame that includes a risk assessment. NGOs submit a quarterly report on progress and advisers are sent to assess annually to ensure appropriate progress and use of funds. External consultants carry out an end of project assessment. Proportionality is critical to each of these processes.
- **DH** - other partners are also involved e.g. professional bodies, and voluntary sector partners, are regularly considered and their views on risks fed into the Department

47. Working with partners on risk management is helping **improve policy development** and **decision making**.

- **DH** – promoting active input from partner organisations in policy development through involving a number of policy teams in its Policy Collaborative programme, which is testing out improvement methodologies. Risk management has helped deliver considerable benefits in the NHS in the policy development context.

- **Defra** – continuing to develop the role and input of the newly-established Science Advisory Council to bring an important element of external challenge to bear on management of the ‘Trusted on Science’ Top Threat.

**FCO** – UKVisas work with other Departments (such as Home Office and Work Permits UK) to bring together expertise and to ensure that a single message is being communicated to their customers. For example, UKVisas are currently working with Work Permits UK to create a single decision making process so that an applicant gets a work permit decision and a visa decision together. Staff from other Departments (such as the Department of Work and Pensions) are seconded to UKVisas to ensure that Best Practice is shared.

- **NIO** – a risk identified by the Department’s Criminal Justice Reform Division was that the lack of confidence in the criminal justice system and the lack of engagement of stakeholders had the potential to undermine the implementation of the criminal justice reform process. An action plan was drawn up which identified the need to put in place and maintain an effective monitoring system. The monitoring system is used to inform the Criminal Justice Board (which comprises the key criminal justice agencies), the Ministerial Trilateral (the Ministers responsible for justice issues in the NIO and DCA, and the Attorney General) and the Justice Oversight Commissioner (Lord Clyde) thus ensuring the effective engagement by key delivery partners in the monitoring and implementation of the criminal justice reform process.
- **FCO** – where identified as a stakeholder, the FCO provides input into other Departments’ policy formulation. An example of this is EU Justice and Home Affairs Department providing a risk summary of the Home Office’s Identification Card implementation plan, which assessed the scheme from an international perspective

48. In October OGC and Treasury launched a **guide for managing risks with delivery partners**. This guidance is **being implemented** in a number of Departments. To date around 2,000 copies have been distributed and there is a very high rate of hits on the OGC web version. Departments report a need to do more to understand the joint nature of many such risks.

49. Departments are continuing to put in place a **variety of mechanisms** to manage risk with partners. Interesting and innovative ideas and examples of good practice are emerging but departments report that the **approach and scope is still inconsistent** and further development is needed. There is better **stakeholder involvement**. **Joint ownership** of risks and/or sharing of risk registers is increasingly common, but Departments report that flexibility to adopt different approaches to address particular business areas or different partnering arrangement needs to be retained. Where separate risk registers are maintained, some Departments report improved communication and monitoring at appropriate levels.

**DCMS** – Space for Sports and Arts Programme is an innovative collaboration between Government and three National Lottery distribution bodies. This was used as a case study at the launch of the HMT/OGC guidance “Managing risks with delivery partners”, 1 on 13 October. **Further information at Annex C.**

- **ODPM** – stakeholders are increasingly involved formally and informally in the development and delivery of policy, especially through project or programme boards (eg e-business, fire and civil resilience projects) and advisory or focus groups (eg Efficiency Review and guidance on LA trading powers). Their involvement has lead to improved

delivery solutions, to a better understanding of the importance of technical problems posed and to fewer changes following consultation.

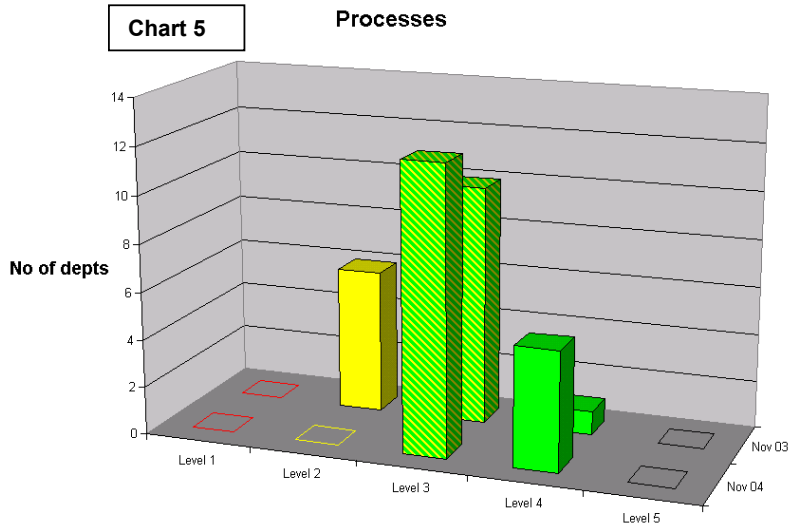
- **DH** – departmental core standard on governance of DH's arm's length bodies seeks assurance on bodies' ability to identify and manage risks to the achievement of their objectives.

**FSA** – the over thirty months (OTM) rule, one component of current BSE controls, provides a good example of stakeholder involvement in providing advice to the FSA on options for managing risks to the public. Analysis of risks and stakeholder and public involvement resulted in advice by the FAS to Health Ministers to replace the OTM rule with BSE testing. This example also provides a model for the use of scientific evidence in developing a proportionate approach to risk management. **Further information at Annex C.**

- **HO:**
  - programme and performance management arrangements are used widely to control risks associated with working with other organisations. For key Home Office priorities, contributions from other government departments are already made explicit at PSA level, e.g. on CJS and drugs, and this is being reinforced and extended through the SR04 PSAs.
  - in areas where risks are transferred to a partner organisation, accountabilities are established and capacity maintained to manage performance, and take action in the event of difficulty. For example, the UK Passport Service maintains a joint risk register with Siemens Business Services. Home Office and Sirius (the consortium charged with providing comprehensive IT services) maintain separate risk registers, reflecting the differing emphasis placed on the impact of risks. However, the respective risk registers are visible to both HO and Sirius Programme Offices, with joint risks reviewed on a monthly basis.
- **GCHQ** – all main business units and programme heads are challenged on risk management performance in quarterly reviews.

## 2.5. Processes

Do the organisation's processes incorporate effective risk management?



50. This is the **most developed capability**, as it was at the time of the second report to the Prime Minister (December 2003). And Departments have continued to **make further progress** in this area. All Departments have now implemented risk management processes in key areas, but are conscious that **further action is necessary to make these work**

**effectively** and in order for all staff to view the processes as an integral part of good management that helps them achieve their operational and strategic objectives. Visibility and engagement by top management help drive this forward. Staff are engaged on risk issues through a range of media e.g. through departmental notices, the intranet, and formal and informal meetings with external stakeholders.

- **HO** – risk management has been identified as one of seven core processes by the Board which has led to a number of critical improvements in risk management across a wide range of Departmental activity.
- **FCO** – almost every FCO process, from security assessments to policy formulation, incorporates a requirement to assess risks and to develop strategies to manage these risks. Both internal and external parties (including the NAO, BP, Shell and Marsh Inc.) regularly review the processes (using risk metrics, where possible) and recommend modifications to ensure that the processes continue to support objective decision-making

51. But **further embedding throughout the organisation is needed**, retaining flexibility of approach to suit specific business needs. There is high commitment for further embedding – often seen in the context of the wider organisation and business delivery. Reform and change programmes appear to be key drivers to achieve further embedding. Risk management processes are kept under regular review to reflect more developed thinking.

- **DWP** – processes followed differ across the Department as they have been designed to meet specific business needs, however they all adhere to the DWP risk management framework principles and policy.
- **DH** – arms' length body review is embedding measured risk sharing with partner organizations.
- **HO** – Group Executive Board agreed in July to a review of the strategic risk management processes within the Department. The programme of change being taken forward under

Departmental reform has been a key driver in ensuring that risk processes are reviewed and re-aligned with the needs of the business.

52. There is evidence of **greater integration** of risk management elements of e.g. **business planning, delivery planning, efficiency programmes, project and programme management, and performance management**, with improved cascading of risk management throughout the organisation.

- **DTI** – within this year’s Departmental business planning process objective delivery owners and financial controllers are being asked to complete a risk register before finalising the delivery plan. This will allow the assessment of risk to inform the decisions made about activities and in prioritising resource. To enable this, the DTI Risk Support Team facilitated a risk session in mid-October with Group Financial Controllers/Objective Delivery Secretaries to help start the process. Workshops will be held to explore individual objectives over the next two months.

**DWP** – Standing Business Instructions have been developed in consultation with policy owners, setting out the standards and principles by which strategies, policies and plans are developed and approved. Efficiency Programme has been placed in the heart of planning and performance and has its own risk register.

- **ODPM** – Innovations Forum, which brings together excellent and good local authorities, promotes best practice and new approaches to delivering local services covering integration, school improvement, community safety, governance, partnership arrangements and rationalising local targets.
- **Defra** – understanding of the cumulative impact of risks is improving. However, as there is no risk management executive information system for the Department (as a whole), there is no quick and reliable way of pulling a snapshot of the Department’s risk portfolio together. One of the non-executive members of the Audit and Risk Committee is taking forward work in this area, and other work is being taken forward at DG-level to integrate Defra’s strategy, business planning, resource allocation and accountability systems.

**DFID** – risk management cascades down to country offices to respond to the key divisional risks. This gives programme managers a tool to ensure that the divisional risks are being mitigated or tracked at country office level.

- **DfES** – overhauled the approach to manage high level risks to ensure risks are managed within the work programmes that they are associated
- **CO** – risk is being treated as one of the “cross-cutting themes” in the business planning round. As part of planning round submissions, Management Units have had to demonstrate: compliance with Risk Management Framework; that risks to their objectives have been identified; and that there are adequate arrangements in place within the Unit for managing those risks.

**DH** – risk management is embedded into the Department’s business planning process and, through the Policy Hub which reviews work on major policy developments, the key policy development proposals.

- **OFSTED** – the integration of risk management into the annual strategic and business planning process has proved to be particularly important as this prompts managers to think about risk as they plan their activities for the year ahead.

- **Welsh Assembly** – in developing the business planning and budgeting process for 2005-06, the guidance sets out the requirement for risk registers to be integrated into operational and divisional plans. This approach will help to identify explicitly the links between risks and divisional objectives.

53. Risk management helps **deliver key objectives**. There is evidence from some Departments that **Ministers** are involved in considering top risks. And Departments are increasingly considering **opportunities** when identifying risks.

- **Defra** – the application of risk management played a key role in helping Defra to select an outsourcing partner for the delivery of its IT requirements. The successful launch of the IBM partnership on 1 October was also due to Defra and IBM working together to de-risk aspects of the programme in the weeks before the commencement date.

**NIO** – during the Spring Review of the Good Friday Agreement the NIO's Political Directorate instituted a weekly review of risks that might destabilise the political process, looking at the nature of the risks and the way in which they might best be managed. Where appropriate, risks were referred to Ministers for consideration and decision. This has continued as a useful tool during the ongoing negotiations to try to achieve a political settlement.

- **HO** – standard template for identifying risks and opportunities in a structured way.
- **HMT** – undertaking a greater proportion of the Treasury's work as stand alone projects utilising project management approaches and disciplines including risk management. The Spending Review 2004 was managed on this basis and the feedback received from the Finance Directors of departments is that this approach was more effective in delivering a successful Spending Review. Another outcome of this approach has been that Spending Review 2004 was less costly to deliver than Spending Review 2002.

**HMCE** – new national approach to risk management across VAT, Excise and International Trade functions aims to manage, rather than react to, risks. Approach includes: a network of new Risk Management Teams; and a national Risk Deployment Centre initiative. **Further information at Annex C.**

- **DfES** – developed a process so that every quarter the Board reviews the long term structural (generic) risks facing the Department and those risks directly linked to the delivery of ministers' objectives (business).
- **National Archives (TNA)** – in caring for documents, TNA are moving from an emphasis on remedial action to preventative action. The approach to risk assessment will take account of a broad range of issues, from storage to access.

54. Department are continuing to develop their **risk registers**, which are increasingly used as tools to proactively manage risks, e.g. to ensure that critical risks are escalated to the appropriate level.

**MOD** – risk registers have moved from being bureaucratic overheads to value-adding management tools, and their content and relevance has improved as a result. A Departmental risk register, supported by operational-level risk registers, complements the Defence Balanced Scorecard.

- **DWP** – business level risk registers are implemented and reviewed throughout the Department. Meeting agendas and minutes provide increasing levels of evidence that senior managers regularly discuss and review risks within and across their business

areas and identify risks to be escalated to Executive Team. The escalation process has been reviewed and implemented and is now published on the intranet. This process will help in Strategic Risk Review Board and Executive Team discussions as responsibilities for assessing, reporting and managing identified risk can now be more clearly identified and assigned to the appropriate people.

- **MOD** – a new Excel software tool has been developed for the Royal Navy which processes risk register information offline and is able to output advanced management information reports for a variety of audiences. Sifting of data to reveal trends quarter by quarter, or by sponsor, business area, date, score and many other parameters is easily achieved. Processing and presentation of Board level information for each quarterly report now takes 1 person only 4 hours to complete. The possibility of ‘near real-time’ management information is close to being achieved. This software is flexible, reprogramming is a relatively simple task and presentation of focused information for different users is now available to all Fleet desk officers. The amendments to the risk register are aligned with the development of this software tool.
- **Defra** – there is growing evidence of risk registers being in place at lower levels in the organisation, and growing evidence of movement in the risks. There is also some evidence of risk registers being rewritten, from scratch, involving all team members (such as in Plant Health Division). There is a growing desire for an IT-enabled solution, to improve consistency and ease of use, but the process alone cannot not drive risk thinking - it needs to become part of the everyday language.
- **HO** – across the Home Office group corporate risks are managed and reviewed by the appropriate Management Board, and escalated where appropriate to the Group corporate risk register. The UK Passport Service is adopting an Enterprise Wide Risk and Assurance process, to support robust risk escalation procedures.
- **Land Registry** – undertaken a full review of the language used in describing risks to ensure that when discussing risks there were no ambiguities and to encourage a rationalisation of the number of risks within each risk register. Common language is now used to clarify and describe risk – this is much more easily understood by all involved and it is now possible to be much more focussed on all risks and to make an informed decision when compiling the Strategic (or Board level) risk register.
- **COI** – risks to business objectives have now been identified at corporate and operating unit level using consistently formatted risk registers.
- **OFWAT** – risk registers cover team/policy areas, specific projects and an overall corporate risk.

55. Risk management is now a central element of the policy management process in many Departments. The tool for policy makers on ‘[Early management of risk to successful delivery](#)<sup>6</sup>’ (develop by National Audit Office, OGC and the Risk Support Team) issued in March 2004 has provided a valuable impetus to improving arrangements for **risk management in policy making**. In a number of Departments discussion of risks now features in **submissions** e.g. to Ministers. There is further evidence of the importance of facilitating early recognition and management of risks to delivery, e.g. through better integration of communication and policy functions.

- **DWP** – set up of governance and risk management networks in businesses has enabled progress to be made in consideration of risk based business controls in policy resulting in efficiency savings in some areas.
- **FCO** – the Submission template was recently modified to include a ‘Risk’ paragraph, in which the drafter should include the risks to the success of the recommended policy, and suggest corresponding management actions. It has become standard practice to

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<sup>6</sup> See [http://www.hm-treasury.gov.uk/media/617/18/Early\\_Management\\_221104.pdf](http://www.hm-treasury.gov.uk/media/617/18/Early_Management_221104.pdf)

complete this paragraph, and it is not uncommon for submissions with little or no risk information to be returned to the drafter.

**DTI** is improving policy making through (**further information at Annex C**):

- pilot half-day workshops on risk in policy making – a further 100 staff to go through these;
- developing a policy project pool of over 100 staff to take on major areas of policy development - with risk management a key part of their work; and
- exploring how to cover risk explicitly in Ministerial policy submissions to ensure that risks have been properly addressed before policies are announced. This is also a catalyst for a wider debate by management of how the submissions process might be improved.

➤ **HO:**

- consultation processes have become more wide reaching and innovative to ensure that the department gather the views and opinions of all those likely to be affected by policy decisions. This helps reduce the risk involved. Recent exercises have included tools such as radio phone-ins, youth websites and public events, alongside more traditional consultation papers and workshops aimed at more specialist audiences. HO have increasingly used market research to help shape and develop policies - for example, work on anti-social behaviour under the "Together" banner was extensively 'market tested' before being rolled out.
- integration of communication and policy functions is now well advanced within the Department – with press office, marketing and internal communication directly consulted from policy planning through to policy implementation.

➤ **DFID** – all submissions within the Conflict and Humanitarian Affairs Department have a risk section and any submission not containing this information is returned for completion before consideration.

**HO** – Strategic Delivery Board (SDB) agreed in July 2004 to act as a high-level gateway for assessing key strategic risks to delivery of major new policies including their impact on the Department and other organisations prior to submission for DA or other external clearance. It has also been agreed that evidence of shared understanding of risks between ministers and officials will be a condition of SDB approval to proceed with implementation of a major new initiative within the Department.

➤ **EDGD** – relevant policy papers for Ministers and the management board are required to include and explicit reference to risks and associated mitigating action.

➤ **Charity Commission** – a section on risk management is included in all papers submitted to the Board and other senior management groups.

**Welsh Assembly** – a policy gateway tool has been developed to look at how proposed policies deliver against the Assembly's key objectives. This tool is used during the policy development stage, and requires pre-consultation – with the intention of arriving at good, joined up policy which is well considered and where the risks and rewards have been properly assessed.

➤ **Land Registry** – has implemented a risk assessment process specifically for policy that ensures that the whole process, from draft to implementation, now has risk assessment built in.

56. Risk management was a thematic issue in the 2004 **Spending Review**, to help ensure that plans emerging from SR2004 were underpinned by a good

understanding and management of the risks involved. Departments were asked to provide assurance that key risks were understood and would be well managed, and to provide an assessment of the risks (opportunities and threats) involved in the different options informed agreement of broad target areas, and the nature and level of targets. Departments were also asked to consider their “PSA as a whole”, judging the overall deliverability, and thus their ability to manage the aggregate risk to successful delivery. Evidence in departmental Spending Review submissions indicated that risks to delivery of objectives and targets were more systematically analysed and better understood by most departments. However there was more to do to ensure clear understanding of the aggregate level of risk taken on, and the capability to handle this level of risk. Departments are taking this forward. Risk issues were integrated into settlement letters to all main departments covered by SR04. This will need to be taken forward in delivery plans over the SR04 period.

- **HO** – in developing the SR04 Departmental Submission, the Department integrated a specific focus on risk at both strategic and programme levels into its proposals. Business areas were asked to analyse the risks associated with delivery and reform. At a strategic level an assessment was made as to the overall level of risk the department could carry. This included, for example, the risk of potential overload in pursuing challenging delivery targets and bold reforms simultaneously. The Department received positive feedback on its coverage of risk in the submission.
- **CPS** – assessment is part of the decision making process of the Spending Review, but further work is required to fully develop the way in which the management of risks are quantified and costed. Work has started on enhancing the current CPS risk management guide to support and improve implementation of risk management in Spending Review options analysis, delivery and policy.

57. Use of the Balanced Scorecard in **performance management** – often organised around corporate risks – has been found very useful by an increasing number of departments, and Departments are continuing to develop their use of this tool. Some Departments are also developing early warning systems, in particular for critical risks.

- **DWP** – new ‘balanced scorecard’ report has been introduced for Executive Team and Departmental Board allowing risks to be identified across a balance of key aspects.
- **Defra** – new procedures for quality assuring the Balanced Scorecard have been established. A Review Panel, jointly chaired by a Board member and a non-executive, and comprising a small senior team, spends a significant time each quarter analysing and challenging the information, in order to draw out recommendations and options for the Management Board to consider. The uptake of the balanced scorecard approach at lower levels, by a number of Directorates, should also act as an important driver for a more systematic review of risk downstream.

**MOD** – Department’s Performance Management System provides the strategic framework for the consideration of risks with the Defence Balanced Scorecard and lower level scorecards offering a starting point for the identification, evaluation, control and reporting of risk against a balanced assessment of Departmental objectives. Key Departmental objectives, performance indicators and targets are defined annually by the Defence Management Board (DMB) and cascaded to Top Level Budget Holders through Service Delivery Agreements. Performance is monitored and discussed quarterly at DMB meetings, including explicit consideration of key risks.

- **NIO** – the balanced scorecard at all levels in the organisation provides a starting point for the identification, evaluation, control and reporting of risks against a balanced assessment of the Department's objectives.
- **DTI** – integrating an assessment of risks within the Balanced scorecard reporting process, with the result that risks can now be effectively escalated to the appropriate level on an exception basis.
- **CO** – developing an early warning system, by using the Department's monitoring and reporting system to alert senior managers of objectives and risks rated as critical. This will replace much of the current routine "non-risk-based" information gathering about the status of Management Unit objectives and will operate alongside the new Balanced Scorecard.

58. Much work has gone into putting in place various measures to help successful delivery of **projects and programmes** across government, in particular by the **Office for Government Commerce (OGC)**. OGC has provided resource efforts to assist the Risk Support Team in **harmonising interfaces to departments** and ensuring **guidance** made available to departments is consistent with outputs from OGC.

59. **Gateway reviews**: OGC started Gateway reviews in 2001. Over 800 Gateway Reviews have been undertaken covering over 500 programmes and projects.

- Gateway reviews have enabled early identification of risks to the success of projects and programmes and enabled management action (and contingency plans) to be identified and implemented to increase likelihood of success.
- A red/amber/green traffic light system is applied to Gateway review findings to indicate likely project/programme success and assist with identifying key issues, priorities for action, success of control action.
- Gateway reviews are providing valuable information about the underlying weaknesses in programme and project management, and they are identifying these weaknesses at a much earlier stage than prior to the Gateway process. This provides an opportunity to take earlier corrective action at key decision points when there is still time to build strong foundations for success, reducing the need for continual fire fighting or even ultimate failure.
- Risk management features in each of the gates in the Gateway review process as an area for assessment. This ensures that risk management is high on the agenda for the successful management of programmes and projects.
- The NAO have found that 50% of projects classified as Red in February 2004 had improved to Amber in July 2004. Similarly 14% of projects moved from Amber to Green between those two dates.

60. OGC has established a programme to develop, coordinate and embed **Centres of Excellence (COEs)** in all departments to strengthen delivery of projects and programmes. OGC Embedding COE programme implemented the recommendations of the Improving Project and Programme Delivery report and Cabinet requirements for IT projects. COEs are now well established in all departments. The COE initiative has established departmental links between the Heads of COEs and the RIM network.

61. OGC's delivery guidance outputs covering programme, project, portfolio, benefits, procurement and contract management all have risk considerations as a

consistent theme, which will be continued through the 2005-06 improvement activities.

62. Project management (including risk management) is helping **Departments** deliver results.

- **HO** – there is evidence that PPM skills are increasingly being used across the office in non procurement, project and programme activities. Traffic light status of major programme and project portfolio is managed through a high level monthly report to the Group Executive Board which identifies key risks and their status. Actions following Group Executive Board review are fed back to the respective project sponsor and PPMSU who work with them if a project fails to demonstrate that the risk is being actively managed down.
- **DCMS** – Gateway reviews help provide assurance that risks relating to e.g. the Wembley project are being well managed. Wembley Review 3B was classified as green: “the Review Team is pleased to note that the management team and board are actively managing the risks. The risk management process is sound and underpins the management of the project. We commend the project team on the quality of their risk management documentation.”

**DfES** – OGC Gateway reviews is helping deliver the “need2know” project (an internet portal for young people), a key element of the government’s e-delivery strategy. Risks were addressed early on and the project is on track. **Further information at Annex C.**

- **DTI** – introduction of [projectcentre@dti](mailto:projectcentre@dti) has provided a central support to improve the delivery of the DTI’s policies and services by promoting project based working. During 2004 the projectcentre have further embedded the service they offer and to provide a more seamless service of project advice, guidance and assurance:
  - demand for the mentoring service has increased, and there has been an increase in attendance at the project management overview workshops
  - service has been extended to provide training for project sponsors and provided assistance to those running programmes
  - projectcentre is now the OGC gateway coordinator for the Department.Following the formation of the DTI’s project policy pool, all new projects have to be mentored by projectcentre and have to follow consistent processes. Projects are built into delivery scorecards and performance and risks are reported in line with standard performance management processes (i.e. by exception). In addition, projectcentre have developed stronger links with other government departments, in particular DfES, the Home Office and the Department for Constitutional Affairs to share examples of good practice. As a direct result, they are investigating the possibility of providing access to DfES’s intranet based e-learning package for project management.

**DCMS** – project based working is at the heart of the Department’s internal change management programme which began in 2002. Risk management is part of this. This project-based approach is helping DCMS meet PSA targets and reducing red risks.

- **HMCE** – developed a comprehensive knowledge centre for people involved in Change Programmes & Projects. The Business Change Lifecycle is the single co-ordinated source that sets minimum requirements in which risks are identified, analysed, controlled, monitored and reviewed for all business change programmes, not just IT.

**DTI** – benefits of Gateway Reviews to Office of Science and Technology management of PSA target on science and innovation: By linking Gateway Reviews with the ability of Research Councils to draw down funds, DTI has been able to ensure it releases significant funds only when the project is sensibly organised and managed, including detailed risk planning. (The actual delivery of and risk involved with the project, however, falls to the relevant Research Council.) **Further information at Annex C.**

- **FSA** – food borne disease strategy is an example of delivering a successful outcome through effective handling of cross-cutting issues using project management, including effective risk management. The strategy spans a very wide range of activities from farm to fork, so each individual area of activity is managed as a project in its own right. Key stakeholders are involved in monitoring delivery of the food borne disease strategy and advise on the practicalities of proposed measures. The strategy has been a notable success with an 18% reduction in food borne disease achieved so far (close to meeting the overall aim of 20% reduction by 2006). **Further information at Annex C.**
- **CMPS** – developed a series of short workshops to raise awareness of Project and Programme Management with fast streamers and policy makers.

63. The **Civil Contingencies Secretariat** have brought about improvements in arrangements for managing external threats and disruptive challenges: The team has produced the **first annual UK risk assessment** which identifies and assesses the risk of potential disruptive challenges to the UK over a five year timeframe:

- the CCS Capabilities Team manages the annual assessment, which encompasses all malicious threats and non-malicious hazards and involves all relevant Departments and Agencies.
- the CCS Assessments Team horizon scans for the full range of disruptive challenges bar terrorism, and this knowledge is reflected in the annual assessment.
- the annual risk assessment has led to the development of a set of resilience Planning Assumptions, agreed across Government, which summarise the types and scales of the consequences for which the UK should prepare. This preparation is taking place through the Capabilities Programme.
- seventeen work streams make up the Capabilities Programme, each developing a generic capability such as maintaining essential services, dealing with mass casualties, warning and informing the public etc, and each is managed by the relevant Government Department. CCS co-ordinates this activity.
- CCS continues to co-ordinate the work on the Capabilities Programme to improve the resilience of the UK to a wide range of disruptive challenges. The UK Resilience website at [www.ukresilience.info](http://www.ukresilience.info) has updates on outputs from the capabilities programme;
- CCS recently wrote to all departments to share their latest annual risk assessment so that departments could integrate these external risk assessments with their own risk management arrangements and plan accordingly.
- the CCS business continuity planning (BCP) network develops good practice guidance for Whitehall departments. A self-assessment and audit tool has been developed to assist departments in developing their BCPs. The tool, based around PAS56 (Guide to Business Continuity Management produced by the Business Continuity Institute and the British Standards Institute) is seen as the first stage in the development of a British Standard in Business Continuity Management and Cabinet Office has asked to become involved in the working group tasked with shaping the standard;
- CCS is currently planning a cross-Whitehall exercise to test departmental business continuity plans in the early part of next year.

64. **Departments** are continuing to improve their **resilience**.

- **Defra** – in June, Defra and the Environment Agency undertook a major exercise with partners to test the emergency response to severe coastal flooding in a number of regions (operation Triton). The lessons learned report from this, and from the Boscastle flood incident in August, will be used to amend the Lead Department Plan and to improve preparedness across Defra (including communications and facilities) and partnership working more widely (including with the new regional resilience tier).
- **MOD** – through Top Level Budget Holders, a cascaded system for ensuring that Business Continuity plans are in place, and that these plans are tested on a regular basis. Following a revamp of the Department's business continuity management policy, an in-year review by the Directorate General of Safety and Security was undertaken to ascertain how the policy is being adopted across the Department, what improvements are planned and to identify specific areas of risk and the measures being taken to mitigate those risks. The review revealed that all business continuity plans currently in place had been at minimum desktop tested and that there are no significant internal control problems.
- **DWP** – Departmental Business Continuity Framework outlines policy and guidance with the Departmental Business Continuity Plan setting out the priorities and responsibilities across DWP in the event of disruption to Departmental business. It tests its plans annually including using scenarios designed to test different components of its IT systems and processes. Executive Team members are kept up to date on the progress of rehearsals.

65. Departments report further progress with and innovative approaches to **managing risks to the public** and **communicating with the public** about risk. But this area remains a **challenge**.

**DTI** – approach to business continuity has been restructured to revise the chain of command and to benchmark against Cabinet Office guidance. Exercises are run to test the analysis of risk and the robustness of systems. Well-rehearsed contingency plans are in place for disruption to oil, gas and electricity supply - aligning with commercial partners (e.g. National Grid, Transco). This involves an assessment of risk (e.g. the exposure to fuel protests) and the development of appropriate strategies to mitigate the event and manage the consequences. **Further information at Annex C.**

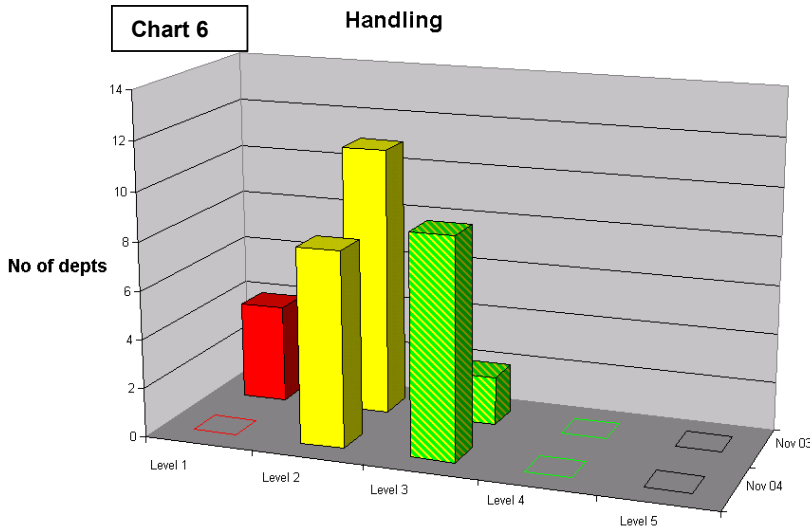
- **HO** – integration of communication and policy functions - with press office, marketing and internal communication directly consulted from policy planning through to policy implementation - helps to ensure that policy development is assisted by effective market research to test the likely public response. This has happened very effectively in:
  - planning for ID cards;
  - the next stages of police reform; and
  - the government's race and equality strategy.
- **DTI** – as Lead Government Department on a number of issues of national importance (e.g. civil nuclear disaster; oil, gas and electricity supply disruption; telecommunications failure; and postal services) DTI has taken steps to develop communication strategies to enable effective proactive and reactive engagement with the public, e.g. establishing a stakeholder alliance to discuss the risk to security of energy supply. DTI has been involved in exercises with industry to test security arrangements. Revised business planning process has enabled better understanding of risk within the DTI's planning activities and coherence to the management of communications risk. **Further information at Annex C.**
- **FCO** – developed mechanisms to respond more quickly and effectively to crises, e.g. (**further information at Annex C**):

- Rapid Deployment Team, ready to be sent to disaster areas to help the local Mission provide consular assistance; and
  - Emergency Response Team, to handle enquiries from friends and relatives following a major incident overseas where there may be British casualties.
- **Defra** – the release in October of the Environment Agency’s Flood Map is a major step forward in giving public access to information on the likelihood of flooding in local areas.

### 3. Are risks being managed well and is this helping to achieve better results?

#### 3.1 Risk Handling

Are risks handled well?



66. Departments are reporting an **increasing body of evidence** of effective risk handling in a **number of areas**. Improvements in capabilities to manage risks are beginning to have an impact on handling of risks. **Benefits** of managing risks are becoming clearer. But, **obtaining clear evidence of significant improvements in risk**

**handling across all core business areas is still a challenge**, and Departments report that this will be a **priority for further action** beyond the end of the Risk Programme.

- **DWP** – identification of risk handling and outcomes continues to be a major challenge for the Department where more work is required. However, progress has been made in this area with businesses beginning to actively bring together evidence in these categories. Collection and analysis is resource intensive to set up and links have not been clearly made between existing financial, performance and management information or data and risk management.

67. There is increasing appreciation of the importance of understanding and managing the **overall level of risk** in order to deliver successfully, in particular in the context of **major change initiatives**. Many Departments are linking this to longer term plans, and using risk management to **help prioritise resources**.

- **HO** – better understanding and management of the overall level of risk that the department is exposed to and its relationship to the capacity of the department to manage it. In developing the Home Office's Strategic Plan 2004-2008, HO explicitly explained the overall level of risk carried by the department and the choices made in developing its strategy.
- **HMCE** – increasingly looking at its overall portfolio of risk, and prioritising resources to areas that will really achieve objectives. HMCE has a risk-based strategic approach to all of their business activities, geared towards achieving defined outcomes (for instance proportion of collectable tax collected) rather than output measures (for example total amount of tax collected, which doesn't indicate whether the gap between collected and collectable tax has been narrowed).

**HO** – better consideration of the potential impact on the total portfolio of risks before a new initiative/project, etc, is taken on. For example, the Home Office Departmental Reform Programme Board explicitly manages risk related to organisational capacity to manage change. The Group Executive Board are carrying out work to look at how the focus of this risk might be broadened to enable the department to understand and manage the aggregate impact of all new reform proposals.

68. **Decision and policy making** are being improved further. Departments report more evidence of better **stakeholder involvement** and understanding of stakeholder issues, better management of strategic risks, and **earlier consideration of delivery issues** in policy development. A number of departments are taking an **integrated view** of risk management in decision and policy making processes. Nevertheless, it will be **important to identify clearer evidence in this area**.

- **HO** – risk management has recently played a key role in enabling well informed judgments and effective decision-making regarding the scope of the ID cards programme (particularly relating to viability of existing delivery timescales and risks associated with changes to the scope). A robust risk management process, which had been established at the earliest stages of the programme, also enabled the Programme Board to instigate work to reduce the overall degree of risk that the programme was exposed to. This work could be carried out on the basis of timely and accurate information regarding the nature and severity of programme risks which are regularly reviewed and agreed by key partner and stakeholder organisations.

**Defra** – fostering greater awareness of risk as an opportunity (**further information at Annex C**):

- on the basis of a risk assessment, Defra continued to allow imports of *cooked* poultry meat during the avian influenza outbreak in Thailand. This enabled most of the trade to continue, and avoided unnecessary damage to the Thai economy and people.
- used the risk of Defra's accounts being qualified by the National Audit Office as an opportunity to re-engineer many financial processes: e.g. 'Buy4Defra', an e-procurement initiative.

- **FCO**:
  - policy formulation has become more risk-aware due to the inclusion of a section on risk in the submission template.
  - a risk-based approach to policy has been utilised in managing HMG's relationship with the Government of Gibraltar.
- **NIO** – strategic handling of high level risks associated with political development has benefited from more formal arrangements for handling risk.

**ODPM** – introduction of LOGASnet, (Local Government Grants Authorisation System), a new, web-based payments system to assist with the processing of claims for, and the calculation of, housing subsidies and grants for local authorities in England totalling some £4.3 billion a year, has significantly improved business processes and reduced risks. **Further information at Annex C.**

- **DTI** – an exercise was led by the Energy Strategy Unit starting in the Autumn last year, and culminating in a report to No 10. The rationale was to establish how far existing

energy policies would deliver the four major goals set out in the Energy White Paper, to inform decisions made in Spending Review 2004. This was in effect a risk-management exercise led by DTI - but with a much wider impact across Whitehall. Other steps are being taken to embed active risk management in the way the White Paper programme is managed this year.

- **MOD** – new initiatives being implemented include smarter approvals and management of acquisition risks; improved management of scientific and information risks; a revised approach to collective security; and embracing business continuity management planning as an integral part of good management.
- **National Archives** (TNA) – aim to ensure the survival and resilience of government information with the development of standards on electronic records management systems and metadata. TNA are instrumental in facilitating cross-government working and exchange of data.

69. Risk management is contributing to **improved planning, target setting and delivery handling**. A more systematic approach to risk management, e.g. in business planning and in developing delivery plans and procedures, is helping to ensure key risks are identified and addressed throughout the delivery chain and hence help **allocate resources** and **deliver objectives** (e.g. PSA targets). Several Departments are reporting that improved compliance with planning systems and procedures help improve risk handling in business delivery. But **lack of consistency** is still an issue – within and between Departments – with good results in some areas but limited results in other areas.

- **DWP** – corporate areas have reviewed current controls around policies and assessed mandatory checks to ensure they manage the risks they were intended to. The outcome has been that five mandatory checks that were not effectively mitigating risks have been removed. The review of checks has enabled businesses to have checks that suit the business needs. The Disability and Carers Service have removed various redundant checks.

**FCO** – developed a “Post Risk Matrix”, validated by external experts (including Shell and BP), to clearly see which Posts require attention and how best to use the resources available. The matrix uses a consistent approach to quantify the risk to all Posts in FCO’s Overseas Network. This has been shared with DFID which uses it as a risk analysis tool. **Further information at Annex C.**

- **HO** – risk handling in business delivery has moved on significantly. Compliance with systems is now widespread and the focus of leadership activity is now shifting to ensuring the benefits envisaged by the implementation of these business systems materialise. An example of the successful implementation of this approach is the application of a suite of measures that together reduce the risk that police performance will lead to a failure to achieve one or more PSA targets. The suite of measures includes timely performance data, analytical capacity to interpret the results and a proportionate and staged intervention process. A similar approach is being implemented for Drug Action Teams and Crime and Disorder Reduction Partnerships.
- **FCO** – Board review of risks to PSA delivery has enabled the development of strategies to mitigate risks to their delivery. The 2004 Autumn Performance Report (APR) correspondingly indicates that the FCO is on target to meet the majority of its SR2002 PSAs
- **IR** – in order to minimise any disruption to IR customers when Tax Credits claims were renewed in 2004-05, all business areas involved in the process were consulted and up to

date, realistic risk mitigation plans were put in place. These, allied to regular reviews of progress and updated forecasts, enabled peaks in demand to be met in a controlled way.

**HO** – the Department's central allocation process specifically identifies and reflects key priorities alongside ongoing operating pressures from its core businesses. Steps have been taken to strengthen the financial skills base in the core department and these will be built on further. Recommendations regarding resource allocation as part of the 2006-07 and 2007-08 planning round are being developed based on analysis of the impact of options on corporate risks and the overall departmental exposure to risk.

- **ODPM** – continues to show improvement in the overall likelihood of delivery of the Department's 7 PSA targets. Since the monthly reporting of PSAs to the Board, the level of risk has been reduced by about half. Risks are also being actively managed with some 40% of risks being removed from the reports having been managed to a level which no longer requires reporting to the Board. A number of Bills were successfully delivered despite risks associated with late changes in policy; gaining stakeholder engagement and buy-in and procedural difficulties in Parliament (e.g. Fire and Rescue Services Act 2004). Several challenging targets have also been met, involving managing risks around resource constraints, the capacity of delivery partners, changing priorities and live testing of risk scenarios, e.g. 23,000 new affordable homes delivered through the Housing Corporation. **Further information at Annex C.**
- **MOD** – risk assessment now underpins all the Department's key delivery objectives and enables senior management to have confidence that these important programmes will deliver the benefits sought.

70. Departments are continuing to introduce and further develop **risk-based approaches** in the way they work. This is **encouraging well-managed risk taking**.

- **HO** – Home Office Group have carried out equal pay risk assessments. The experience of equal pay litigation has provided an emergent understanding of what the issues are for the department. As case law develops, so has the department's response. From a Human Resources perspective, HO are now using policy impact assessments as a proactive method of moderating the risk of future litigation. For example, with the circumstances found within the Prison Service, there is currently an impact assessment being handled within the non-Agency Home Office. **Further information at Annex C.**

**DFID** – Tanzania Country Office has taken forward the programme of Poverty Reduction Budget Support with 75% of their spending framework going through Government of Tanzania systems. Decisions to adopt this approach were taken after risk assessments, following DFID procedures on managing fiduciary risk. Gains from giving budgetary support were judged to outweigh the risks to DFID funds, and measures to address weakness were agreed with the Government of Tanzania. **Further information at Annex C.**

- **HMCE** has adopted risk-based strategic approach for all core business activities, centred on identifying and then prioritising activities on areas of greatest risk. **Headline Strategies** are geared towards achieving defined outcomes. This is delivering real results, e.g.: Tackling Tobacco Smuggling Strategy has enabled Customs to reduce the illicit market share from 21% to 18% in 2002/03 (compared to a projected 34% in the absence of a strategy); and protect some £3 billion of revenue for the Exchequer. **Further information at Annex C.**

**DTI** – Insolvency Service has agreed a less risk averse approach to the way in which staff are expected to deal with and realise certain assets. One general principle is that the overall cost of realising an asset should not outweigh the benefit to the estate and, ultimately, creditors. **Further information at Annex C.**

- **DFID** - risks to the Department are minimised by horizon scanning, strong reporting and strong management practices. Internal administrative risks have been minimised through clear procedures, guidance, training and monitoring. The Asia director has set a clear risk appetite on managerial issues, which help country offices know what standards and procedures are expected.

71. There is further evidence that risks are being better managed in major **projects** and **programmes**. The OGC-led **Centres of Excellence** and project and programme management techniques appear to be helping support this improvement.

- **DWP** – established a lessons learnt database, aimed at the entire programme and project community but available to all on the intranet. A dedicated team is now in place to capture and disseminate lessons and DWP are looking at the optimum way that lessons learnt becomes an intrinsic part of programme and project start up. DWP is working with OGC to develop pre-emptive help for a programme in its start up phase. The DWP ‘Bond’ Programme is the pilot for this OGC initiative and will draw on best practice from Gateway Reviews.

**DfES** – Education Maintenance Allowance (EMA) has been a mission-critical project for DfES. Major risks were managed, e.g. by commissioning a series of independent reviews in addition to the usual OGC scrutiny. Results: Both the assessment and payment aspects of service have worked well on introduction. And, by the end of September 2004 almost all core groups of schools and colleges (more than 2300 institutions) were successfully hosting the EMA project. **Further information at Annex C.**

- **NIO** – risk management and Gateway reviews are helping deliver large programmes, e.g.:
  - Causeway Programme, which involves the introduction of a complex shared IT system with a number of partner bodies required an involved risk management process to ensure co-ordinated and comprehensive analysis and contingency planning for risks at all stages. Throughout this process Causeway has maintained a risk group which involved the six main criminal justice organisations, to ensure that all joint risks were reviewed and monitored by all relevant stakeholders; and
  - The FLAX programme, set up to roll forward the new internal IT and communication programme, has progressed from an amber to a green rating under the Gateway review process.

72. Departments continue reporting improvements in managing **strategic risks**, e.g. with examples of improved **contingency planning**, and better **horizon scanning** helping to address external risks. Some Departments report that the **potential impact of risks is being reduced** by better anticipation from improved analysis of risks and learning lessons from previous events.

- **DWP** – Strategic Risk Review Board reviews the DWP Strategic Risk Register before going to Executive Team and Departmental Board, to prioritise and ensure the relevance of the strategic risks identified and that details of mitigation plans are up to date. The

Strategic Risk Register (SRR) was discussed at key executive meetings across the businesses prior to the meeting. Several Strategic risks have been de-escalated and fewer events are being escalated to the SRR due to improved risk management in businesses.

- **FCO** – at British Council's Tehran office, the Business Risk Management Framework has been effective in improving how the office has managed risk, highlighting that the inclusiveness of the system meant that staff no longer viewed risk management as a separate area of responsibility.
- **DTI** – futures workshops have been held with leading external futures thinkers and senior management to identify 'external unknowns'. Over the next three months, as part of the refresh of the DTI Strategy, Strategy Unit will be reviewing and updating the key factors which influence the strategy. The refreshed strategy will form the basis of the Department's input to Spending Review 2006. The output from the risk workshops will be a key input to this project, which will include cross department workshops.

73. There is evidence that some Departments are improving their management of **risks to the public**. And they are developing the way they **communicate about risks** and how they handle **risks to their reputation**. There is emerging evidence that staff want more ownership of risks.

- **HO** – in many policy areas, delivery of objectives is directly linked to the public playing a greater role in managing risk. For example by helping the public protect themselves from crime, overall crime figures are being reducing as well as making the public feel safer - the vehicle crime campaign has achieved this very effectively over the last three years - and HO are looking to expand this to other areas of acquisitive crime in the coming year, focusing on those times and places when people are at their most vulnerable or 'optimum moments'. There is strong evidence from market research that the public takes such messages seriously and does respond positively to them.

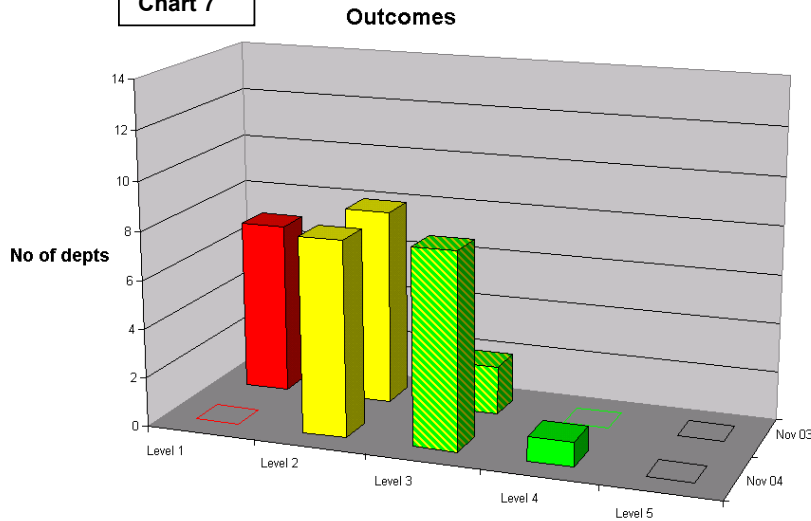
**DFID** – building up close contact with development journalists has reduced the risks of sensationalising issues in the media. Greater freedom has been given to people to speak to the press, which allows more 'good news' stories to be fed to the press. This is an example of setting a high-risk appetite. At country level staff want more ownership over risk - a suggested way of doing this is to make calculated risk taking a Personal Development Plans objective and part of the role of Head of Office.

- **DH** – 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.
- **DFID** – press office has been restructured in the last two years to cope with the risks it handles on a daily basis. The pyramid structure of the office was inverted as the number of high-level staff increased and numbers of support staff fell. New recruits were experienced media and press officers or journalists. All staff have been trained in risk management. More support is given to staff through the appraisal system to ensure that they are supported in their handling of risk and that risk handling is balanced to manage and monitor stress levels on individual staff. This professional approach to managing external communication has been expanded across the organisation through guidance for Heads of Country Offices to support them in handling both local and UK press. A training programme for Heads of Country Offices and local press officers is being prepared. The result of this has been clear and consistent messages being delivered by the Department.

### 3.2. Outcomes

Does risk management contribute to achieving outcomes?

Chart 7



74. As in previous reports most Departments find it **difficult to establish clear links between risk management and improvements in specific areas**. Clear empirical evidence of significant improvements in performance solely due to improved risk management is difficult to identify and assess. Currently Departments report limited evidence that risk management has

improved achievement of corporate aims and objectives. But there is an **increasing number of examples where risk management has been a key component in helping achieve outcomes**. As risk management becomes better embedded in core processes these links may be easier to identify, although this will take a significant period of time stretching beyond the end of the Risk Programme. Identifying interim measures may help – such as reductions in risk ratings of objectives or Gateway reviews of projects. Departments report that communicating evidence to staff to help convince them of the benefits of risk management is crucial. Work is underway in a number of Departments to gain a clearer picture of risk management's contribution to successful achievement of outcomes.

- **DFID** – a culture of active, explicit and systematic risk management is well underway. The Department is increasingly ready to allocate financial resources to activities which have a high risk of not achieving their objectives provided that the potential benefits to success (e.g. in contributing to the achievement of the Millenium Development Goals) are proportionately high and that risks are managed sensibly. The management of off-track targets and the fiduciary risks associated with budget support have been clarified and further embedded.

**MOD** – active management of risk is now fundamental to the effective achievement of Defence objectives, and is central to the way business is conducted within the Department. It informs operational decision-making, contingency planning, investment decisions and the financial process, and risk forms an integral element of the Defence Management Board's performance reviews.

- **DH** – there is now more assurance and challenge about risk management from several sources, which is driving up the quality of risk handling. Overall, this is contributing to the achievement of successful outcomes.

- **HO** – as risk management capability improves across all areas, an increasing body of evidence is pointing to continuing improvement in risk handling, leading to improved outcomes. There is a significantly increased body of evidence of improvement.
- **Defra** – much of Defra’s effort over the life of the Risk Programme has been concentrated on the capabilities side – getting the guidance in place, establishing more robust processes and building the competence and confidence of managers to manage risk, not just minimise it. Now beginning to see the fruits of this investment in risk handling and outcomes.

75. There is further evidence of **improved delivery** and **achievement of business objectives**. Some Departments are reporting significant improvement in the likelihood of delivery of PSAs.

- **FCO** – Africa Directorate created the “at risk” Register of Posts in 2003. The Register is a list of Posts in Africa Directorate that are considered to be “at risk”. This decision is based on seven criteria, including morale, resource levels and the nature of the operating environment (whether, for example, there is a high terrorist threat). Posts judged to be at risk are provided special attention from the Directorate and from HR Directorate in order to help them address their problems and get off the list. The Register is reviewed once a quarter in order to assess how each Post is doing, whether there is more assistance required, and whether Posts should be added or removed. The Register has been successful in identifying and addressing the issues of certain “at risk” Posts, resulting in a more effective Overseas Network. FCO are looking to roll it out across the rest of their Global Network.

**DfT** – first section of the Channel Tunnel Rail Link, a £1.9bn PPP project, was delivered on time and on budget in September 2003. The original plan was to transfer certain risks to the private sector but, following a review, the Department reallocated some of these risks to ensure a more robust deal. Throughout the project, the Department managed the retained risks whilst closely monitoring the transferred risks. Through regular reporting and review meetings, risks were managed at the right level with senior management having a sight of the status of the impact and probability of key risks on a monthly basis. The risk management knowledge gained from section 1 of the project has been transferred to the management of section 2.

- **DTI** – Energy Group led a programme of work to strengthen language in the EU constitution about the right of member states to exploit their natural resources. The success of the exercise depended heavily on influencing through the Department’s own EU networks together with very close working with lawyers, FCO negotiators and policy teams in Treasury (on tax implications). The final treaty contains changes inspired by the UK. The project was successful not least because it helped to manage the immediate risk to new investment in the North Sea caused by stories (reported in the press) that the EU would be able to intervene in UK Continental Shelf licensing.
- **DFID** – management of risk to the PSA targets being achieved has improved significantly over the last two years by improved target setting and reporting.
- **HO** – the likelihood that HO will deliver each of its priorities (PSA and non-PSA) is assessed internally on a monthly basis by delivery teams at programme level, and the Performance Board challenges this assessment. An assessment for the office is made quarterly as a component of the Balanced Scorecard and the key findings of interest at corporate level are reviewed by the Group Executive Board. An external assessment is completed twice a year. The improvement in the likelihood that HO will deliver its targets has been significant.

**DFID** – Managing Emergency Assistance: The response to the Bam earthquake exemplifies the risk management processes in place to ensure a rapid and appropriate response to an emergency, which maximises the chances of a successful operation. DFID’s Conflict and Humanitarian Affairs Department (CHAD) aim to prepare their response within six hours. During this time a decision to respond is obtained from the Secretary of State or the Head of Department, depending on the size of the emergency. CHAD uses that time to:

- Call up planes that are on standby for chartering
- Send experts to airports with equipment to maximise speed of response
- Contact British Embassy or UN to gain assessment from the location
- Obtain other intelligence relating to the emergency
- Obtain an invitation from the host government – this is awaited not requested
- Assess the appropriate response

- **NIO** – the Criminal Justice Reform Division identified the risk that hostility in Parliament could significantly delay the passage of the Justice Bill. A plan to reduce this risk was drawn up which included consultation with all political parties, agreeing appropriate amendments in order to build up good will, and working closely with the Whips Office to ensure the legislation received a smooth passage. The outcome was that the Bill went through ahead of schedule in April and received Royal Assent in May.

**CPS** – recorded some successes in the delivery of business outcomes – PSA targets are on trajectory and key business change initiatives have passed the relevant OGC gateway reviews and are largely on target for successful implementation. Those that comprise the Criminal Case Management Programme demonstrate to effective management of risk with Criminal Justice System partners. Effective risk management has also contributed to the successful roll out of the department’s Case Management System which operated in every CPS ‘front office’ in England and Wales.

- **MOD** – difficulties associated with the levels of medically downgraded personnel were highlighted to the Naval Personnel board through the risk register. A mitigation plan was implemented, including the establishment of a Standing President for the Medical Board of Survey and a shift in resources for the Navy’s Waiting List Initiative. In conjunction, these actions have allowed better management of the Medical Board of Survey process (reducing the waiting time for personnel medically discharged from the Naval Service) and reduced the length of time to recover certain categories of medically downgraded personnel back to full fitness for task.

**DH** – successful delivery of a range of demanding delivery targets - in particular, the PSA targets to March 2004. There have been no major failures of risk management. DH is actively managing risk with its stakeholders and that this is contributing to the achievement of successful outcomes. Evidence from successful negotiation of winter pressures, and delivery of 2003-04 key outcomes including financial control and ambulance time targets.

- **IR** – six months prior to implementation of the new Stamp Duty Land Tax the Department recognised the risk that the IT system might not be ready in time, and developed comprehensive contingency arrangements based on manual processing. When it became clear that the IT system would not be delivered on time, these contingency arrangements were put into effect, and successfully introduced Stamp Duty Land Tax on time. NAO commented that “the success of the interim, manual arrangements is a credit to those involved.”

- **OGC** – improved risk management has been a critical success factor to the successful delivery of projects in OGC’s corporate Workspace Programme. OGC have undertaken two projects to refurbish, modernise and get better value for money from the working environment across the OGC Estate, and are in the process of delivering a third. In the delivery of the second project, the team were able to better identify and respond to potential problems and “head off” issues that might have otherwise arisen and impacted on successful delivery. This led to successful delivery of the project within time, cost and quality constraints.

76. Risk management is helping deliver improved **financial outcomes**.

- **HMCE** – risk management has contributed to improved results across a number of areas, e.g. VAT receipts at the end of 2003/04 were £2.5 billion ahead of the 2003 Budget forecast.
- **DH** – NHS counter-fraud service identified £478m benefits from counter-fraud work.

**HO** – analysis of risks has allowed managers to deploy resources more effectively, underpinning increased value for money by reducing expenditure on disproportionate contingencies. This forms part of the Department’s wider approach to inculcating close attention to Value for Money in mainstream management and of its approach to delivering improvements worth £1,970m by 2007-08.

- **DWP** – set up of governance and risk management networks combined with audit reports and consequent action in key areas of the DWP has enabled progress to be made in consideration of risk based business controls in policy resulting in efficiency savings in some areas (CSA and Jobcentre Plus).
- **NIO** – within the Department’s Financial Service Division, risk management techniques have been used in recent years in an effort to refine and improve the Departments level of financial control. An example of improved outcomes, and indeed also considered a measure of excellence in the financial field, can be found in the reduction of what is know as ‘management letter points’ made to the Accounting Officer. In the last four financial years the number has fallen from 37, 25, 14 and to 6 in 2003/04.

77. Robust risk management is helping **deliver projects and programmes**. Some Department report that the **project success rate** is increasing.

- **DWP** – risk management is helping deliver critical programmes, e.g.: the Universal Banking Programme and the Modernising Appeals Programme. **Further information at Annex C.**

**MOD** – pragmatic, uncomplicated approach to risk management has worked very effectively to help deliver the redevelopment of the Ministry of Defence Main Building on Whitehall. Although a full benefits evaluation has yet to be carried out, early indications are that this has been a success; the PFI delivered a redeveloped building on cost and ahead of contract, a leading edge IT system has been delivered and staff are sharing information more and adopting more effective working practices, with a 20% higher occupancy level than before, achieved in less cramped conditions. **Further information at Annex C.**

- **HO:**

- evidence from several projects that adopting the lessons learned approach as input into the planning and design phases of a project is leading to more successful delivery of projects. The Procurement of Infrastructure Development and Support (IPIDS) project within Immigration and Nationality Directorate, for example, has learned extensively from similar infrastructure projects, with the result that recent Gateway Reviews have been rated Green and it has been nominated for an OGC Successful Delivery Award. This is particularly impressive for a type of project that has been notoriously problematic across government. The PPM Centre of Excellence for the Home Office are championing the same approach across the Office using IPIDS as one of many successful examples.
- between Nov 03-March 04, there were 16 OGC Gateway reviews completed, with a further 23 completed between April-September 04. In the early set of reviews the split between rated recommendations was Red 21%, Amber 53% and Green 26%. However the most recent set of reviews have shown a marked reduction in Red rated recommendations – they have dropped to 10.5%, Amber have also dropped to 34.5%, with Green rated recommendations now accounting for 55%.

78. Departments are engaging **stakeholders** constructively to realise benefits through appropriate risk management. There is further evidence that management of **risks to the public** is improving and that risk management is helping **increase public trust**. But this is still a **priority area for development**.

- **MOD** – there has been a significant change in stakeholder perception and visibility of risk and the benefits that risk management can provide.

**FSA's** strategy recognises that gaining and retaining public trust and confidence by being open about risks and uncertainty is vital to successful risk management. Where there are clear risks to public health, FSA will step in and act but otherwise, FSA offer consumers informed choice about potential risks they may face in relation to food. Research indicate that institutional trust generating processes has been a significant contributory factor the finding that UK consumers have more trust in food than consumers in other European countries. **Further information at Annex C.**

- **DH** – actively managing risk with its stakeholders and this is contributing to the achievement of successful outcomes. Evidence from successful negotiation of winter pressures, and delivery of 2003-04 key outcomes including financial control and ambulance time targets.
- **FSA** – following comments from interested parties that mixed messages were being given to consumers on the risks and benefits of consuming fish, FSA undertook risk-benefits assessment with help of experts. FSA then provided new advice to the public, recommending for the first time maximum levels at which the health benefits clearly outweigh the possible risks from dioxins. Delivery of advice was maximised through live webcasting of press briefing. **Further information at Annex C.**

**HO** – risk management process and innovative and comprehensive approach to tackling the UK manifestation of the world-wide phenomenon of football hooliganism is increasingly perceived as a model of best practice within EU and beyond. It is highly praised within European forums and by overseas governments and police forces. HO advice is in high demand from Interior Ministries in Europe and beyond on all aspects of the strategy. **Further information at Annex C.**

- **Defra** – successful launch of Open Access (the right of access to designated areas of mountain, moor, heath, down and registered common land) in the first two regions (South East and Lower North West) in September has opened up beautiful areas of countryside that were previously off-limits to the public – a key element of one of the Departments PSA targets. Good risk management has played a key role in this, which has depended heavily on co-operative working between Defra, Countryside Agency, Ordnance Survey and Planning Inspectorate staff.
- **HO** – recognised the risk of failure of their strategy for addressing anti-social behaviour if they did not influence and equip others to take action, and the public to take a stand against the problem. Risk has been managed through effective partnership working, consultation and responding to what people said is needed. Have come a long way in tackling anti-social behaviour. People are using the tools given to them – for example anti-social behaviour orders, dispersals and closure of crack houses, and local people are regaining control of their neighbourhoods. **Further information at Annex C.**

## 4. Key challenges and plans for further improvement beyond the end of the Risk Programme

79. Key common challenges identified by Departments can be found in the Final Report to the Prime Minister (separate document). And the National Audit Office has set out recommendations for action to further improve risk management in their October 2004 report '[Managing Risks to Improve Public Services](#)'<sup>7</sup>.

### 4.1. Departmental plans for further improvement beyond the end of the Risk Programme

80. These are significant challenges. Departments report progress in all areas (chapters 3 and 4), and have made a good start in addressing NAO recommendations, but it is clear that there will be an enduring need for attention here. All contributing Departments have plans in place to address key challenges and to improve further.

81. Departmental comments on specific aims and targets (which refer to the Risk Management Assessment Framework) include:

- Beyond the end of the programme we are setting an improvement objective to reach an aggregate score of 26.5 across all capabilities and in handling and outcomes by 2006 and a longer-term aspirational target of 29.
- The Department's initial aim following the end of the risk programme is to move all businesses to a level 3 in all areas by the time of the next assessment. Our longer-term objective is still to achieve level 5 as indicated in previous reports. We are confident that we can meet our short-term aim of level 3 but our confidence in achieving a level 5 over the longer term is still only moderate given the efficiency targets that the Department is working to.
- The next checkpoint for us is 31 March 2005, when our 'Quality of risk management' measure in our balanced scorecard has a target of reaching green (i.e. Level 3 ('Implemented in all key areas') for the 'Leadership', 'People', 'Strategy & Policies' and 'Processes' elements of the Risk Management Assessment Framework, and Level 2 ('Implementation planned and in progress') for the 'Partnerships' element).
- level 3 in capabilities by end March 2005.
- level 4 in all 7 areas by SR2006.
- level 3 in capabilities, 2 in outcomes.
- would like to achieve level 4 for each of the RMAf scores by 2007.
- 3s in Leadership, Strategy, People, Processes and Risk Handling. 2s in partnerships and outcomes.
- Minimum level 3 in each capability by SR2006. Aspirational target of level 4 in all categories.
- by Dec 2004, plan to progress to level 4 for processes and people.
- by June 2006 aim for level 3 scores in all RMAF categories. Long term aim of level 4 (will set target date in June 2006, but will probably not be before end 2008).

82. At the time of the July report to the Chief Secretary there appeared to be some concern about the prospect of moving from level 3 to level 4. Currently, 8 of 17 main and 8 other Departments have judged that they have achieved level 4 in at least one

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<sup>7</sup> See [http://www.nao.org.uk/publications/nao\\_reports/03-04/03041078.pdf](http://www.nao.org.uk/publications/nao_reports/03-04/03041078.pdf)

capability (there is a total of 36 level 4 scores, up from 13 in June). Five contributing Departments have assessed that they have achieved level 4 in Risk Handling or Outcomes. Embedding effective risk management will be a key challenge beyond the end of the Risk Programme.

#### **4.2. Risk support beyond the end of the Risk Programme**

83. Several **Departments are talking to other Departments** – often those with similar organisational structures and/or business activities. They share and discuss each other's: risk policies, frameworks and action plans; corporate risk registers; assessments and scores. **Peer review** has been undertaken by FCO and DFID. Discussions on risk management are also taking place between Departments in relation to e.g. shared PSA targets/joint projects.

84. In consultation with Risk Improvement Managers and central Departments, the Risk Support Team has developed a proposal for **arrangements to support further improvement in risk management beyond the end of the Risk Programme**. The Chief Secretary will be seeking a mandate from the Prime Minister to implement these. The proposal is available in Steering Group and RIM papers, on the [GSI risk support web site](#)<sup>8</sup> or on request from the Risk Support Team.

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<sup>8</sup> See <http://www.hm-treasury.gsi.gov.uk/gfm/RST/index.htm>

## Annex A: Managing risks to the public – progress and further work

The publication of the *Principles of Managing Risks to the Public*<sup>9</sup> in September 2003, supported by guidance on *Communicating Risk*<sup>10</sup>, set out the government's agreed approach to managing risks to the public as being:

- Open and transparent communication,
- A high degree of public involvement,
- Proportionate and consistent decisions,
- Evidence-based decisions,
- Responsibility for managing risks allocated to those best placed to control them.

Implementing these principles into the day-to-day business of departments is a significant undertaking that requires active involvement of policy, communications, and analytical staff in Departments, supported by Risk Improvement Managers.

During the Risk Programme, an increasingly systematic approach to implementing the *Principles of Managing Risks to the Public*, led by a sub-group to the Risk Programme Steering Group, has generated activity in the following areas.

### ▪ **Communications**

A cross-departmental network of Communications Directors was established to provide leadership and support to embed risk communication in day-to-day business of Departments and promote the need for risk communication to be a part of general risk management strategies.

### ▪ **Policy-making**

Appraisal guidance on managing risks to the public is being consulted on and is intended to be included in the *Green Book, Appraisal and Evaluation in Central Government*. The guidance is designed to help policy-makers address the risks that the public faces, and also its perceptions of risk.

A tool for policy makers on early management of risks to successful delivery was published in March 2004.

Work has been undertaken with other areas of government with an interest in policy-making, i.e. Cabinet Office and Office of Science and Technology, to reinforce the link between horizon scanning, research, communications and policy-making. This will continue in the Professional Skills for Government initiative next year.

### ▪ **External threats**

The Civil Contingencies Secretariat has undertaken a risk assessment of the top 80 disruptive threats to the UK for the first time and communicated widely. This process is supported by cross-government horizon scanning and resilience building

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<sup>9</sup> [http://www.hm-treasury.gov.uk/media/CBD/D8/risk\\_principles\\_220903.pdf](http://www.hm-treasury.gov.uk/media/CBD/D8/risk_principles_220903.pdf)

<sup>10</sup> <http://www.ukresilience.info/risk/index.htm>

## Progress in Departments

Examples of progress in Departments can be found throughout chapters 2 and 3, in particular in paragraphs 65, 73, and 78. There is evidence of good initiatives and of an increasing awareness of the need to raise the profile of this area and improve performance, e.g.:

- Some departments are working to create **greater public access to information on risk** - the release in October of the Environment Agency's Flood Map is a major step forward in giving public access to information on the likelihood of flooding in local areas.
- Some departments are also **providing staff with innovative training opportunities** to practice for managing potential threats to the public - the Home Office ran a scenario based event for policy and communications officials which led to valuable lessons in managing risks to the public.

However, improving management of risks to the public is recognised by many Departments as a key challenge that will continue after the end of the Risk Programme. A number of specific actions are proposed, including:

- The CCS annual risk assessment and horizon scanning reports should be reflected in departments' risk management arrangements
- Communications Directors should take the opportunity provided by the Freedom of Information Act to consider longer-term issues around moving towards a more open and transparent culture.
- HM Treasury should support the roll-out and promotion of the Managing risks to the public appraisal guidance and provide support for decision makers concerning public risks and perceptions.
- Promotion of the *Principles of Managing Risks to the Public* and the GICS guidance *Communicating Risk* should continue by the Treasury, RIMs in departments and communications directors to ensure that they continue to have a high profile.

## Annex B: Glossary

<b>Contributing Departments</b>	
<b>Charity Commission</b>	Charity Commission
<b>CO</b>	Cabinet Office
<b>COI</b>	Central Office for Information
<b>CPS</b>	Crown Prosecution Service
<b>DCA</b>	Department for Constitutional Affairs
<b>DCMS</b>	Department for Culture, Media and Sport
<b>Defra</b>	Department for Environment, Food & Rural Affairs
<b>DfES</b>	Department for Education and Skills
<b>DFID</b>	Department for International Development
<b>DfT</b>	Department for Transport
<b>DH</b>	Department of Health
<b>DTI</b>	Department of Trade and Industry
<b>DWP</b>	Department for Work & Pensions
<b>ECGD</b>	Export Credits Guarantee Department
<b>FCO</b>	Foreign and Commonwealth Office
<b>Forestry Commission</b>	Forestry Commission
<b>FSA</b>	Food Standards Agency
<b>GCHQ</b>	Government Communication Headquarters
<b>HMRC</b>	HM Revenue and Customs
<b>HMCE</b>	HM Customs and Excise
<b>HMT</b>	HM Treasury
<b>HO</b>	Home Office
<b>HSE</b>	Health and Safety Executive
<b>IR</b>	Inland Revenue
<b>Land Registry</b>	Land Registry
<b>MOD</b>	Ministry of Defence
<b>National Archives</b>	National Archives
<b>NIO</b>	Northern Ireland Office
<b>ODPM</b>	Office of the Deputy Prime Minister
<b>ONS</b>	Office for National Statistics
<b>OFSTED</b>	Office for Standards in Education
<b>OFWAT</b>	Office of Water Services
<b>Scottish Executive</b>	Scottish Executive
<b>Welsh Assembly</b>	National Assembly for Wales

<b>Others</b>	
<b>CCS</b>	Civil Contingencies Secretariat
<b>CMPS</b>	Centre for Management and Policy Studies
<b>CST</b>	Chief Secretary to the Treasury
<b>NAO</b>	National Audit Office
<b>NDPB</b>	Non-Departmental Public Body
<b>NHS</b>	National Health Service
<b>OGC</b>	Office of Government Commerce
<b>PMDU</b>	Prime Minister's Delivery Unit
<b>PPM</b>	Project and Programme Management
<b>PSA</b>	Public Service Agreement
<b>RIM</b>	Risk Improvement Manager
<b>RMAF</b>	Risk Management Assessment Framework
<b>RST</b>	Risk Support Team
<b>SCS</b>	Senior Civil Service

## Annex C: Examples of good practice

A number of Departments have contributed in-depth examples of good practice, which might provide learning points for others. These examples may later be linked to the online, interactive version of the RMAF that is being developed.

### People

#### **HO: Integrating training with wider support programme for staff**

A second **risk simulation event** designed to **improve SCS handling of communications with the public about risk** was delivered in October. A follow-up event from the first simulation event took place in July where participants watched filmed action from the day and drew out key learning for how to handle risk in crisis and non-crisis situations. Resources have subsequently been secured to **integrate the senior management event with a wider support programme to drive improvements in risk management capacity and skills** at team level within the organisation. This staged approach to risk management support is represented diagrammatically in the **Risk Management Training Cycle for priority areas** (see attached diagramme).

### Processes

#### **DTI: Benefits of Gateway to OST management of PSA target on science and innovation**

##### *Context*

OST is responsible for part of the PSA target on science and innovation, including ensuring that that UK researchers have access to the facilities required to keep at the cutting edge of science. As a result of the large scale of some of these facilities, OST is one of the few parts of the DTI that is funding large projects and using Gateway.

The majority of OST's money is channelled through the seven Research Councils, and the process of obtaining each large facility (whether through purchase or construction) falls to one or other of the Councils. As non-Departmental Public Bodies, they have in theory an arms-length relationship with DTI as the parent department, but in practice the DTI is involved throughout the project. In addition, because large facilities have "lumpy" cost profiles, it is difficult for Councils to be able to fund them fully from their own budgets. The DTI therefore holds a central fund for large facilities in OST (the Large Facilities Capital Fund, LFCF), and releases funding from it following, amongst other things, satisfactory progress through Gateway 1.

##### *Process*

All DTI-funded large facilities projects are required to go through a Gateway review. The individual Councils perform this review, although support is provided by the DTI

where the Councils are unfamiliar with the process. Gateway itself is a useful process for identifying risks within a project. The requirement to develop and maintain risk registers for projects is an essential part of any sensible project management system, but the fact that this is assessed at Gateway reviews helps to ensure that this part of the process is taken seriously. People who have gone through Gateway have reported the process to be useful from a project point of view.

Through this exercise, OST have learned that care is needed to ensure that reviews classified as 'red' (i.e. where things need to be tackled immediately before the project can continue to the next stage) are not used to mean the project is at risk or failing.

### *Results*

**By linking Gateway Reviews with the ability of Research Councils to draw down funds from the LFCF, the Department has been able to ensure it releases significant funds only when the project is sensibly organised and managed, including detailed risk planning.** The actual delivery of and risk involved with the project, however, falls to the relevant Research Council.

## **HMCE: New national approach to risk management in VAT, Excise and International Trade**

The Department has introduced a **new national approach to risk management** across each of the three main compliance functions – VAT, Excise and International Trade – which **aims to manage, rather than react to, risks.**

- The **introduction of a network of new Risk Management Teams** aims to increase tax yield by assisting businesses that want to comply with their obligations, whilst dealing effectively with those businesses that deliberately fail to comply.
- The **Risk Deployment Centre** initiative is being implemented nationally to **fundamentally improve the deployment of resource against areas of risk.** The RDC will undertake threat assessments and analysis to improve the profiling of resources to risk, and so enhance the flexibility and responsiveness of operational deployment forces.

## **DTI: Improved policy making**

DTI followed up a lunchtime seminar on risk and success in policy making, hosted by our Permanent Secretary, with **pilot half-day workshops on risk in policy-making.** These received good feedback that they **demystified the subject** and **provided tangible help on developing policy.** We are therefore making all DTI staff aware of further workshops this autumn and have a budget to take a further 100 staff through the workshops.

A **policy project pool of over 100 staff** is being set up in DTI to take on major areas of policy development. The pool will develop policies using a strong project methodology, including gateways where appropriate, with risk management being a

key part of their work. DTI is discussing with the pool how risk management can be incorporated in the success profile they are developing for staff in the pool, and how risk management will be covered in the training being developed for staff that resource the pool.

DTI have the SoS's agreement to **cover risk explicitly within Ministerial policy submissions**. This process has been the **catalyst for a wider debate by management of how the submissions process might be improved**. The work, for which we are expecting to get the formal go-ahead shortly, will also include how submissions deal with evidence base, options, financial and manpower consequences, and the individual needs and preferences of Ministers. A major outcome of the revised submissions will be to ensure that risks have been properly addressed before policies are announced.

### **DfES: "need2know" - OGC Gateway reviews help deliver projects and programmes**

The aim of the need2know project was to **develop an internet portal for young people providing information on health, relationships, learning, work, law, money and travel**. It was **one of the key elements of the government's e-delivery strategy**. Over 2000 people were involved in the development of the portal – from the content to branding and marketing to governance.

The project was **gateway reviewed at an early stage and was deemed to have a red status** due to the absence of an effective business plan, unrealistic timescales, significant under-resourcing and the uncertainty over future funding. **These concerns were addressed early** in the project by:

- Renegotiating the project scope and launch date with Ministers;
- Securing additional staffing resource and funding;
- Developing a robust business plan that would stand up to significant scrutiny.

The **measures taken**, along with the introduction of the use of project management methods and techniques appropriate to the scale of the project, **ensured that the project was awarded a green status at the next gateway review**.

### **Food Standards Agency's food borne disease: Using project management to deliver a successful outcome**

The FSA's food borne disease strategy provides a good **example of delivering a successful outcome through effective handling of cross-cutting issues using project management, including effective risk management**. The strategy seeks to deliver the Service Delivery Agreement **aim of reducing the incidence of food borne disease by 20% over 5 years by 2006**. Since the **strategy spans a very wide range of activities** from farm to fork, **each individual area of activity is managed as a project** in its own right within the overall programme of the strategy. Implementation of the strategy is managed by a Project Management Board (chaired at Director level) that meets every 8 weeks. A programme leader, responsible for securing delivery of the strategy co-ordinates the whole programme and each project area has an identified lead individual within the Agency, who is responsible for drawing up and delivering a project action plan, with clear objectives, budgets, timetables and measures of progress.

In addition, **each project lead is required to identify the risks that threaten the delivery of the project and achievement of its objectives.** Risks are prioritised according to their potential impact and the likelihood that they will occur and recorded in a risk matrix. This matrix also lists the countermeasures that will need to be taken to avoid, mitigate, minimise or contain each risk and so increase the likelihood of the project delivering its objectives successfully. The **risk matrices for all projects form a risk register for the strategy** which is reviewed at six-monthly intervals to ensure that risks, priorities and related countermeasures are still appropriate and effective in addressing the risks involved. In addition to the internal Project Management Board, a Consultative Group, consisting of members of the main stakeholder groups, monitors delivery of the strategy and advises on the practicalities of proposed measures. The Consultative Group also plays a key role in securing the involvement of wider stakeholder groups in developing and implementing the strategy.

The food borne disease strategy has been a **notable success with an 18% reduction in food borne disease achieved so far.**

### **Defra: Exercising contingency plans and learning lessons from events**

Exercise Hornbeam (a **simulated Foot and Mouth Disease exercise**) took place in June, and comprised ten **table-top exercises** and a two-day **real-time exercise**, involving 500 people in HQ and regional offices.

- Trained on BBC Online's homepage, this exercise has undoubtedly contributed to the Department's emergency preparedness, for staff at all levels within Defra, and has helped build better contacts and improved co-operation with local authorities, the police and other stakeholders.
- The exercise showed progress since the 2001 outbreak, in the processes, structures and communication systems that had been brought into effect.
- A number of key issues have been identified and are being addressed, and will underpin the revised FMD contingency plan, which is due to be laid before Parliament in July 2005.

### **MOD: Developing Greater Civilian Resilience**

MOD has no formal lead Department role in responding to a crisis in the UK. However, because the **Armed Forces represent a critical national resource with valuable skills and experience** it is likely that they would be called upon to act in support of the civil authorities in the event of an emergency or crisis.

MOD has therefore been **fully engaged in cross Government efforts** to develop greater civil resilience, including through close engagement with the Civil Contingencies Secretariat and Lead Government Departments as appropriate. MOD has also worked closely with colleagues in lead Departments and the civil authorities to introduce clarity on roles and responsibilities in response to a crisis, leading to greater understanding of the tasks that members of the Armed Forces are able to perform. To facilitate this, a network of Joint Regional Liaison Officers

(JRLOs) has been introduced to work alongside local emergency planning networks, both as a source of advice and experience in crisis management, and to ensure that when necessary the Armed Forces can work effectively in support of the civil emergency services.

**Key successes have been development of more robust contingency plans to make best use of military resources in the event of a range of disruptive challenges in the UK (such as for the provision of emergency fire cover) and emergency support provided in response to flooding in Boscastle in August.**

## **DTI: Managing risks to the public**

Post September 11th, the DTI has established one team to provide a coherent approach to the management of emergency planning, business continuity and security policy. This team engages with policy and delivery teams across the Department to assess risk and develop appropriate strategies. This model has been adopted elsewhere within Government.

Well-rehearsed **contingency plans** are in place for **disruption to oil, gas and electricity supply**. The DTI's own plan **aligns with commercial partners** (e.g. National Grid, Transco) and the Department works closely with industry to identify key areas of vulnerability and to develop plans. This planning **involves an assessment of risk** (e.g. the exposure to fuel protests) and the **development of appropriate strategies to mitigate the event and manage the consequences**.

There is a progressive alignment with the Cabinet Office / Civil Contingencies Secretariat (CCS) guidelines on resilience issued in late 2004. This guidance has provided a positive benchmark for assessment of the existing arrangements within the DTI. This has confirmed the validity of practices underway and also ensured consideration of the crisis and the accompanying communication strategy.

The Department also **collaborates with industry in desktop and scenario exercises to test contingency arrangements**.

During 2004 key personnel from the Department, assessed by consultants, ran through responses to a **global fuel crisis**. An emergency response team from the Energy Market Unit joined press officers and representatives of the UK Petrol Industry Association, the Petrol Retailers' Association, the Tank Storage Association, the Federation of Petrol Suppliers and major oil companies. Working through a fictitious scenario under pressure assisted the Department to identify areas for further work, the options and trigger points for crucial decisions.

Within the DTI's Business Group, **business continuity champions have been appointed to liaise with key sectors of industry**. By raising awareness of continuity issues, supported by guidance, there is an expectation that appropriate steps will be taken to address any identified weaknesses.

For sectors where the Department has responsibility for overseeing continuity but where the arrangements in place are not as mature / transparent as elsewhere (e.g. Telecoms), the DTI is developing 'mutual support' arrangements. The DTI, in

collaboration with OFCOM, is able to act as a hub to share lessons learned across industry.

The Department's approach to business continuity has been restructured to revise the chain of command and to benchmark against Cabinet Office guidance. Exercises are run to test the analysis of risk and the robustness of systems.

### **DTI: Communicating risk to the public**

There is positive evidence within the Department of an increased awareness of 'risk' and its implications on how the DTI plans for, and executes, communication with its wider stakeholders.

As Lead Government Department on a number of issues of national importance (e.g. civil nuclear disaster; oil, gas and electricity supply disruption; telecommunications failure; postal services; chemical weapons convention inspection; and space debris) the DTI has taken steps to develop communication strategies to enable effective proactive and reactive engagement with the public:

- A **stakeholder alliance** has been established to **discuss the risk of security of energy supply** and the Department has been involved in **exercises with industry to test security arrangements**.
- Working with stakeholders the Department's Communications Directorate is taking the lead in developing a network to share information and debate issues around resilience. Beginning with the Institute of Directors, the Department have facilitated a workshop involving industry representatives and experts (including London Resilience and the Cabinet Office Civil Contingency team). Subjects raised include training on resilience for business leaders and regional based networks to enable ongoing communication with IOD members on resilience. The IOD is actively co-operating with the DTI on a Director's Guide to Information Security.

The **revised business planning process within the Department has provided stronger leadership and enabled better understanding of risk** within the DTI's planning activities and **coherence to the management of communications risk**. The **Communications Unit is working more closely with policy groups and objective owners** and resources have recently been allocated to develop a communications and marketing plan to accompany each objective within the Department's delivery plan. Existing plans are already subject to communications audits

### **FCO: Meeting security needs of overseas Posts**

The Post Risk Matrix provides the FCO with a **coherent basis for assessing and meeting the security needs of Posts in the FCO's Overseas Network**. It combines an assessment of the terrorist threat in the host city (the likelihood of threat occurring), with an appraisal of the Post's vulnerability, based on factors such as existence of safe-away, secure glazing etc. (the potential impact of the threat). The **result is a matrix that uses a consistent approach to quantify the risk to all**

**Posts in our Oversea Network, allowing the department to clearly see which Posts require attention and how best to use the resources available. External experts, including Shell and BP, have validated the matrix. It is included in the Executive Committee papers every month, and is periodically presented to the Board.**

### **FCO: Responding more quickly and effectively to crises**

A **Rapid Deployment Team (RDT)** is on permanent stand-by, **ready to be sent to areas that have suffered a man-made or natural disaster in order to help the local Mission to provide on the spot consular assistance to British victims and their families.** The core Teams, which include a Press Officer, are trained to deal with consular crises. The Teams can be augmented by specialist staff from within the FCO to provide help with business continuity and other Post recovery issues

An **Emergency Response Team (ERT)** is on call 24/7 **to handle enquiries from anxious friends and relatives following a major incident overseas in which there may be British casualties.** If the number of calls is beyond the capacity of the ERT, enquiries can be switched to the Metropolitan Police Casualty Bureau, which has a much larger capacity. The performance of the ERT is continually reviewed to ensure that it meets requirements.

## Partnerships

### **DCMS: Space for Sports and Arts Programme**

The Department's approach to the **sponsorship of its NDPBs and the Space for Sports and Arts (SSA) Programme** were presented as case studies at the launch event for the joint HMT/OGC guidance "Managing risks with delivery partners" on 13 October 2004. The Department fits the Prime Ministers model of a small strategic centre at the heart of a significant delivery network. The SSA programme is an **innovative collaboration between Government** - the DCMS and the Department for Education and Skills - **and three National Lottery distribution bodies** - Sport England, the Big Lottery Fund and the Arts Council England. Funding for the programme is £134 million - £79 million from the Government's Capital Modernisation Fund and £55 million from the National Lottery.

### **FSA: Managing risks to the public – BSE controls**

The Food Standards Agency's (FSA) review of the **over thirty months (OTM) rule**, one **component of current BSE controls**, provides a **good example of stakeholder involvement** in providing **advice to the FSA** on options for **managing risks to the public**.

It also provides a **model for the use of scientific evidence in developing a proportionate approach to risk management**.

FSA began the review with an **open public meeting**, following which they established a **Core Stakeholder Group** (with representatives of different industry sectors, enforcers and consumers), supported by an **expert risk assessment group** which brought together the best national and international expertise on BSE. The review **addressed** both considerable **scientific complexity (and uncertainty)** and "difficult" issues such as the **cost of the current risk management measures per life saved**. The process included a further open meeting and a 12-week **consultation** on the recommendations of the Core Stakeholder Group before they were put to the FSA Board for consideration. The **Board then discussed the issues at an open Board meeting which was also webcast**. The outcome of the review was **advice by the FSA to Health Ministers** that it would be justified **on grounds of the food-borne risk** to consumers and proportionality to **replace the OTM rule by BSE testing**.

### **DTI: Consumer Direct programme**

Consumer Direct is a new national helpline. The Consumer Direct programme is **highly dependent on regional local authority partnerships** to deliver the service. This was identified and then monitored as a **significant risk** during the pathfinder evaluation and implementation phases. To mitigate the risk, the programme was **planned and managed to internally communicated milestones, which were ahead of the publicly communicated delivery commitment**, providing

contingency against slippages. The pathfinder regions have subsequently delivered on time and the **programme was launched ahead of schedule**.

Although pilot operations had indicated a need for the service, the **level and nature of demand was unknown**. This was identified early on as a **significant risk** to the launch of the service and brand. To mitigate the risk of volumes being higher or lower than expected, the **DTI and the pathfinder regions worked with the local authority partners** to agree a number of calls to existing services that would be transferred to Consumer Direct during launch, providing a known level of business that could be planned for. The LA calls were transferred to the centers **for a period prior to the launch** of the service to the public, **enabling the operations to resolve any teething and capacity issues** without damaging the brand. The **service has now been launched in the four pathfinder regions and is meeting service level targets while handling more business than expected**.

## HO: The local delivery, 'Two Areas' project

### What needed to change?

Home Office staff were made aware of increasing concerns by those working at the local level that efficient, effective delivery was being impeded by:

- Too many different, often small pots of ring fenced funding
- Inflexible rules on how and when money is spent
- Cumbersome, time-consuming monitoring and reporting requirements
- Piecemeal announcements and sometimes conflicting demands from the centre to the local level on policy and funding at different times of the year, with unrealistic expectations of the local level on how, and how quickly, they could respond
- Many targets and sub-targets, with limited prioritisation.

This was impacting on outcomes and imposed an opportunity cost both to local areas and central government resulting from the time and effort spent managing these processes.

### What was the response?

In response, the Strategic Delivery Board initiated the local delivery ('Two Areas') project, the outcome of which was to be an agreement with local areas on *what* they would deliver, with much greater flexibility on *how* they would do it.

This would be a pilot, intended to provide early lessons for a wider range of areas.

Agreements have been negotiated with Bradford and the London Borough of Hammersmith and Fulham. They contain:

- A pooled budget for community safety for at least two years
- Clear performance management, with light touch reporting
- Agreement on improved partnership working, both at local level and between the Home Office and the local level

- Priority outcome targets, with some stretch, to be reviewed in year 2.

The success of this project will be measured in terms of:

- Improved outcomes as measured against our PSAs
- Improved ways of delivering outcomes
- Better relationships with the two areas
- A model for wider application.

## How risk was managed to achieve change

The **success of this project relied upon taking risks in the first place**, i.e. lifting ringfences, prioritising certain targets and developing a more open relationship with local partners. And **yet there were also risks associated with maintaining the status quo**, namely a risk of poor outcomes if we did not address the impediments to delivery, and a risk that the current climate of localism and devolved decision-making would make change inevitable but leave us less well prepared for it.

Key to risk management, therefore, was to persuade key stakeholders internally of the benefits of taking a risk to achieve change, as well as managing the risks.

Important **ways in which risks have been managed** include:

- **Just two areas were selected initially**, in consultation with Government Offices. Both have significant challenges (eg were high crime quartile, had crack problems and one, (Bradford) was also medium risk for community cohesion). But both had also demonstrated a capacity to cope with a new approach. Hammersmith and Fulham has an “excellent” CPA rating and was working on freedoms and flexibilities through the Innovations Forum to pioneer new ways of working with government. Bradford had recently turned around its performance with a tightly focused executive of its CDRP/DAT. The combination of challenge and capacity was significant. We wanted to look at areas whose performance plays an important part in enabling us to deliver on our PSAs, and areas that had shown they were able to innovate.
- The project had the **backing of a number of senior managers** in the Home Office, and was championed by Leigh Lewis, who is chair of the Strategic Delivery Board and Permanent Secretary for crime, policing, counter-terrorism and delivery. From an early stage, it won the backing of ministers. This was essential in influencing others to be willing to *take* risks.
- At local level, the **local authority chief executive** and the BCU Commander were signed up.
- The agreement was a **two way process**: - Bradford signed up to a number of stretching targets in return for increased freedoms and flexibilities. These included targets on an overall reduction in crime, violent crime, anti-social behaviour, repeat victimisation and community cohesion. These were negotiated by encouraging local partners to consider what their top priorities are, through in depth discussions internally and with the Government Office on what seemed both stretching and achievable, and a review of trend data on recent performance.

- **Evidence that delivery was likely to *improve* as a result of the project was important in influencing staff** internally to be persuaded of the value of lifting ringfences on funding.
- **Delivery Managers have been appointed in both areas to oversee the implementation** of the agreements. Working closely with the Government Offices, they can identify emerging risks and take steps to mitigate them. Key to their role is to develop open and transparent working relationships with the two areas, which means that problems should become apparent before the risk gets too great.
- The project is **subject to an ongoing, action-learning evaluation**, so that early lessons should inform this and related work, and enable any initial problems to be addressed.

### Early benefits or signs of improvement

- There has been significant **interest in this project across Whitehall**. In particular, this project has helped drive wider piloting of Local Area Agreements being taken forward jointly by ODPM the Home Office and a range of other government Departments.
- We are **now putting in to practice what we've learned in terms of managing risks in partnership** in developing arrangements for the Safer and Stronger Communities Fund, mini local area agreements and, the 21 wider local area agreement pilots have agreed jointly with ODPM and OGDs.
- Both of the 'Two Areas' have been **selected for the pilot phase of Local Area Agreements**. In the case of Bradford, at least, this would not have happened in the absence of the local delivery project. Local partners are extremely pleased about this – it alone will contribute to more open relationships that should improve our understanding of how we can work most effectively with local partners.
- The experience of negotiating the agreements has **informed many other pieces of work throughout the Home Office**, particularly in the developing arrangements for implementing our SR04 PSA targets at local levels.

### ODPM: Support for local delivery partners reduces risk

Within many implementation programmes, **support to delivery partners has yielded benefits in reducing risk**. For example, **establishing advisory groups and a National Planning Forum** provided early thinking on issues and helped the consultation process run more smoothly. Several PSAs have benefited from the work the Office has done with GOs, **sharing experience** and **developing performance management systems**. Another example is the work to **help LAs prepare their option appraisals of their housing stock action**. This included:

- **targeting those authorities experiencing difficulties** for additional support and input. Authorities most seriously at risk have an individual strategy drafted that provides highly tailored support from Community Housing Task Force, GOs and ODPM;
- **weaker LAs are buddied-up with those which have already gone through the process;**
- about every 4-6 weeks, **network meetings are held with those in the region going through process**. These meetings focus on process issues, problems

and problem solving, identifying and dealing with risks, good practise issues, short cuts etc.

## **ODPM: Engagment with poor and weak local authorities**

Since the introduction of CPA in late 2002, ODPM has been working with poor and weak Councils through a process of engagement by regionally based Directors of Local Government Practice, who are senior practitioners drawn from local government. Their role is to advise Ministers on the ability of such Councils to effectively manage their own recovery and to broker the provision of any support that they might need in order to do so.

**Poor performance in local government carries many risks for central Government.** Tolerating it is liable to heighten public dissatisfaction with unacceptably poor local services. Equally though, engineering Government led and funded solutions (through, for instance, statutory intervention) is potentially very costly and politically damaging to the Government, and can be depicted as being at odds with its policy of strengthening local democracy. Statutory intervention also carries the added risk of successful legal challenge and places the onus on Government to demonstrate that it is acting reasonably.

**To minimise these risks, wherever possible the Government manages its relationship with poorly performing authorities through a process of non-statutory engagement.** This process, which is managed through the vehicle of the Council's own recovery plan, **effectively limits risk by ensuring that the accountability for improvement remains with the Council concerned**, and any Government resources devoted to improvement are both modest in scope and carefully targeted on clearly identified areas of weakness. In this way, **financial risks are contained, and the onus to improve in a demonstrably sustainable way remains firmly with the Council.** The fact that the relationship is, wherever possible, non-statutory in nature also means that **ownership of the recovery process - and the risks inherent in managing it - remain with the Councils concerned.**

## **Risk handling**

### **Defra: Fostering greater awareness of risk as an opportunity**

Avian influenza in Thailand – imports of poultry products: Trade in fresh poultry meat from Thailand was blocked because of the **risk of highly pathogenic avian flu entering the EU** by this route. There would be significant consequences for human health, animal health, the rural economy and the environment if we had to cull and dispose of millions of birds. **Other importing, non-EU countries blocked all imports of fresh and cooked poultry meat**, disrupting their food supply. However, **on the basis of a risk assessment on heat-treated meat, we continued to allow imports of cooked poultry meat.** This enabled most of the trade to continue, securing the supply of meat for our processors, retailers and consumers. It also avoided unnecessary damage to the Thai economy and people.

**Financial management:** We have used the serious risk of Defra's accounts being qualified by the NAO as an opportunity to re-engineer many of our financial processes. **For example, Buy4Defra, an e-procurement initiative, gives us more reliable data (that is automatically produced, more accurate and provided more quickly than by manual methods), which all helps the necessary faster closing of Defra's accounts.**

### **Home Office: Equal Pay Risk Assessments**

Equal Pay risk assessments of reward systems have been carried out within the Home Office Group. The approach taken has been in the form of:

#### **Equal Pay Reviews**

In 2002 the Cabinet Office asked all government departments and agencies to proceed with Equal Pay audits of their pay systems. Within the Home Office Group, the department and its agencies have been carrying out these audits. They have been called Equal Pay Reviews.

The Prison Service, non-Agency Home Office and the UK Passport Agency provided their reports and produced in 2003. The FSS completed their assessment in 2004 and the Police services are currently undertaking reviews.

Throughout the equal pay review process there has been transparency with staff and employee representatives.

The equal pay reviews have found that most of the department's pay systems are within the accepted Equal Opportunities Commissions Code of Practice on equal pay. Where there has been an identified issue, the department has generated action plans to address the situation.

#### **Mitigation of Equal Pay Risks**

**(a) Accountability for Equal Pay lies with the HR Directors within the Home Office** - Equal Pay litigation and issues are overseen with specific HR staff have policy responsibility to handle - Richard Earl, Prison Service and Paul Parkinson, non-Agency Home Office.

**(b) Equal Pay Action Plans** - these have been developed as a consequence of the equal pay audit with the prime aim of addressing any business concerns about equal pay. These action plans have been shared with employee representative bodies. Examples of the non-Agency Home Office and Prison Service Action Plans are attached at Annex A and B respectively.

**(c) Modernisation of reward programmes** - within the department, pay systems have been reviewed on an annual basis and there has been specific modernisation to address equal pay issues. For example, in the non-Agency Home Office the introduction of structure pay progression, together with shorter pay ranges has addressed the potential equal pay problems.

**(d) Human Resources experience is deepening** - the sharing of best practice between HR Pay Policy teams. Expertise exists on HR teams on handling equal pay issues. There are also meetings with Treasury Solicitors and Counsel over specific equal pay cases, thereby increasing the department's technical know-how on equal pay legislation. There is an active dialogue between the department and the Cabinet Office.

**(e) Consultations with employee representative bodies** - for example, within the non-Agency Home Office there is a joint management and Trade Union equality proofing group that meets bi-monthly to handle any equal pay concerns.

**(f) Pay awards are equality proofed to evaluate the impact of reward policy decisions taken through the collective bargaining process** - for example the non-Agency Home Office equality proofing group evaluates pay awards.

### **Wider Lessons about Risk Management Process**

The experience of equal pay litigation has provided an emergent understanding of what the issues are for the department. As case law develops, so has the department's response. From a Human Resources perspective, we are now using **policy impact assessments as a pro-active method of moderating the risk of future litigation**. For example, with the circumstances found within the Prison Service, there is currently an impact assessment being handled within the non-Agency Home Office. The question of cross Agency pay comparisons within a Home Office Group has been raised and Human Resources is investigating the legal position.

### **DWP: Risk management is helping deliver critical programmes**

Risk management identified the escalating costs of the **Modernising Appeals Programme** and enabled the DWP to re-think its strategy and make a **decision to refocus** the programme before contractual agreements were entered into, and to

ensure future direction **supported the decision to transfer the Appeals Service** to the Department of Constitutional Affairs.

The **Universal Banking Programme** has been subject to four **OGC Gateway reviews** between February 2002 and October 2003 with the Gate 5 review scheduled for w/c 25 October 2004. These have been **valuable opportunities for optimising delivery success**. They provided the programme with a **sounding board and challenge** for their views **on the key risks and issues**. On many occasions they also **provided leverage in getting key decisions made**. At the first review in 2002 of the programme the rating was "Red" and a comment from the review team was "*the magnitude of the inherent challenge was daunting*" and observed that the programme was "*very high risk*" and "*positioned where it should have been 6 or even 12 months ago*". Review recommendations and action plans were rigorously adhered to and subsequent reviews of the Universal Banking Programme **moved the traffic light/RAG status through Amber to Green**.

### **ODPM: Delivery where substantive risks were managed**

Despite **risks** associated with late changes in policy; gaining stakeholder engagement and buy-in and procedural difficulties in Parliament **a number of Bills were successfully delivered**, including the Fire and Rescue Services Act 2004. **Several challenging targets have been met, involving managing risks around resource constraints, the capacity of delivery partners, changing priorities and live testing of risk scenarios**. Targets met included:

- 23,000 new affordable homes delivered through the Housing Corporation; 10,000 key workers into affordable housing; decent homes 2004 milestone of reducing number of non-decent homes by 500,000 between 2001-04 and project sign-off for 6 low-demand pathfinder schemes and funding agreements issued for Growth Areas programme.

### **DFID: Managing fiduciary risk in Tanzania**

The DFID Tanzania Country Office has taken forward the **programme of Poverty Reduction Budget Support (PRBS)** with 75% of their spending framework going through Government of Tanzania systems. **Decisions to adopt this approach were taken after an initial risk assessment, with a more comprehensive fiduciary risk assessment in 2003, following DFID procedures on managing fiduciary risk**.

It was assessed that the **gains from giving budgetary support** (which include sustainability, building up an efficient public finance system, local control of implementing policy priorities) **outweighed the risks to DFID funds, and measures to address weakness were agreed with the Government of Tanzania**. The **identified risks will be closely monitored and continue to form part of our dialogue with the Government of Tanzania**.

The DFID Tanzania office was **given every support** by the DFID Africa Director to undertake this approach as **increasing budgetary support levels was a key**

**objective** of his Director's Delivery Plan and **innovation to meet these objectives is encouraged and rewarded.**

**Risks have been managed by working closely with the Tanzanian Government and with other donors**, sharing information and assessments, co-financing, and working together to ensure success. **The Head of Office in Tanzania has been recognised for calculated risk taking.** The move to PRBS and policy engagement has developed staff expertise in risk assessment and management, which have benefited other members of the team.

### **HMCE: Risk-based strategic approach to core business activities**

HMCE has transformed the way it discharges its responsibilities. It adopts a **risk-based strategic approach** to all of its core business activities, centred on identifying and then prioritising activities on areas of greatest risk. Each of the Department's headline Strategies is geared towards **achieving defined outcomes** (for instance proportion of collectable tax collected) rather than output measures (for example total amount of tax collected, which doesn't indicate whether the gap between collected and collectable tax has been narrowed). This is **delivering real results** – the **VAT Compliance Strategy** has contributed to VAT receipts for 2004 being more than £2.5 billion ahead of forecast. The **Tackling Tobacco Smuggling Strategy** has enabled Customs to reduce the illicit market share from 21% to 18% in 2002/03 (compared to a projected 34% in the absence of a strategy); reduce the volume of smuggled cigarettes by 2.5 billion sticks; and protect some £3 billion of revenue for the Exchequer. The aim to reduce the illicit UK market share in **oils** to 2% by 2006 is also well on track.

### **DfES: Educational Maintenance Programme - risk management is helping deliver mission critical programme**

Launching the Education Maintenance Allowance (EMA) has been a **mission-critical project** for the Department. Robust evaluation results from pilots shows that the scheme (which essentially involves incentive payments to 16 to 19 year olds) can have a major impact on levels of participation in post-16 education. A successful national scheme would do much to address a long-term structural issue for the UK economy. But there **were major risks to successful implementation.**

EMA implementation was overseen by a broadly based project board comprising DfES, other government department and non-government representatives. As well as formal representation for key stakeholder groups (such as the Association of Colleges) users who would actually be at the sharp end of delivery were involved. So too, in due course, were staff from the private sector contractor eventually appointed to administer the scheme.

The project was acknowledged from the outset to be challenging, with particular concerns about whether the proposed timetable (project set-up Summer 2002, with delivery in 2004) was too aggressive. So **in addition to the usual OGC scrutinies, the project team commissioned a series of independent reviews, following an initial assessment of the risks inherent in the timescale.** Reviews looked at ICT

development, fraud, stakeholder management, and the overall health of the project. Crucially, there was agreement that the project team would report periodically to the Permanent Secretary and Ministers as to whether the scheme could be delivered on time to acceptable standards, with a pre-agreement that if the risks became too great a decision would be taken to put back the start date.

There was a lengthy risk register for the project reviewed by the project board each month. But throughout the life of the project, there were three key risks on which attention focused; the work plans and resources for the EMA project were very much geared to these areas:

- **Setting up application processing and payment systems:** There were serious risks that an acceptable standard of system could not be implemented in the timescale available. To combat this, the team worked extensively on development of a highly-specified business model prior to negotiations with potential suppliers. The appointment of a supplier was made after a rigorous procurement in which both internal buying expertise and external advice were deployed. The Department then set up transparent and effective management for its relation with Capita PLC (the supplier eventually appointed), with formalised contract management arrangements but a collaborative approach to resolving issues. Clear escalation procedures were in place, with regular monitoring by senior DfES and Capita executives. There was involvement of end users in the design of products; a robust testing and trialling strategy; and real-life testing of systems in a geographically limited area in June 2004. **Both the assessment and payment aspects of service have worked well on introduction.**
- **Engaging schools and colleges:** Schools and colleges play a key role in the running of EMA, because it is an essential feature of the scheme that payments should be stopped if a student breaches their learning agreement (e.g. by missing classes). There were major risks of schools and colleges being unwilling or unable to play their role. To combat this, school and colleges representatives were consulted in detail about the design of the EMA business model and about guidance issued to institutions about the running of the scheme. The project's communications strategy placed great stress on school and college staff as a target audience, and in autumn 2003 we ran an extensive series of regional conferences attended in total by more than 2000 people. We agreed with the Learning and Skills Council (LSC) that the 47 local LSCs would lead in developing local partnerships to help schools and colleges prepare for EMA, and appointed a regional field team of secondees drawn from the education sector to support and monitor this activity. Readiness check lists for self-assessment were provided to schools and colleges, and local partners encouraged to identify and work with high-risk institutions. **By the end of September 2004 almost all our core group of schools and colleges (more than 2300 institutions) were successfully hosting EMA.**
- **Fraud:** The project team has worked extensively to understand the exposure of the EMA system to fraud and the mitigations that are appropriate. Anti-fraud measures were discussed extensively in the negotiations with suppliers, and subsequently the Department and Capita worked to develop the strategy to a finer-level of detail. Fraud risks and their mitigations are set out formally in a fraud risk framework which is regularly reviewed by a subgroup

accountable to the project SRO. The risk framework is kitted in to the overall change control mechanisms for the project, to guard against the risk that changes to the business model inadvertently increase fraud exposure. There has also been work done to quantify the monetary extent of fraud risk, and to understand how the scheme could be vulnerable to organised crime.

## **DTI: Embracing a more commercial approach to risk taking within the Insolvency Service**

### *Context*

The Insolvency Service has decided to take a **less risk averse approach to the way in which it will deal with assets that form part of an insolvency estate.**

Historically Official Receivers (ORs) have not felt able to exercise much discretion in the realisation of the assets of insolvent individuals or companies. The Enterprise Act, and The Services Strategic Objective of providing a better deal for all stakeholders has led the Service to considering the risks of embracing a more commercial or value for money approach.

### *Process*

A cross-regional group of ORs (plus OROS and Technical Section) has been set up to look at the Service's current guidance and policy on asset realisations in bankruptcy and liquidation cases. This follows up and builds on earlier work carried out by a cross-grade group on the same topic.

### *Results*

The Service has **agreed a less risk averse approach to the way in which staff are expected to deal with and realise some assets.** One general principle is that the **overall cost of realising an asset should not outweigh the benefit to the estate and, ultimately, creditors.** The group continues to evaluate further related matters, assessing operational gain against reputational and financial risks.

## **ODPM: New, web-based payments system has reduced risks and improved business processes**

In February 2004, ODPM implemented LOGASnet (Local Government Grants Authorisation System), a new, web-based payments system to assist with the processing of claims for, and the calculation of, housing subsidies and grants for local authorities in England totalling some £4.3 billion a year.

LOGASnet was designed to replace the Grants and Subsidies Payments System (GASPS2). A replacement system was considered necessary if the Office was to continue, over the medium term, to pay Housing Revenue Account Subsidy (HRAS) and other housing grants to local authorities in an efficient and timely manner, and in line with Ministers' changing policies.

LOGASnet has significantly improved business processes. For example, GASPS2 was reliant on the manual transfer of information with local authorities having to supply claim data by means hard copies or floppy disks. LOGASnet has significantly removed the risks of delay and loss of information by being an e-enabled system. LOGASnet utilises the Government Secure Intranet and so provides a reliable, resilient environment by means of a recognised and secure ICT infrastructure. If LOGASnet is used as a solution for ODPM wide grant and subsidy programmes, it will improve business processes and reduce residual risks.

## Outcomes

### **FSA: Managing risks to the public – Risks and benefits of eating fish**

In June 2003, Food Standards Agency (FSA) asked its advisory committees the Scientific Advisory Committee on Nutrition and the Committee on Toxicity to examine the available evidence and to **weigh the risks and benefits to health from consuming fish**, with particular reference to oily fish, in order to **develop coherent dietary advice to consumers**. This was **following comments from interested parties that mixed messages were being given to consumers on the risks and benefits**.

There is a large body of evidence that suggests that fish consumption, particularly of oily fish, **reduces cardiovascular disease risk**; furthermore, there is also evidence that increased fish consumption **might have beneficial effects on fetal development**. Balanced against this however, are the **possible detrimental effects associated with the environmental contaminants found in fish**.

An **expert group, drawn from members of the two scientific committees, examined all the available evidence** and reported its findings and recommendations in June 2004. Based on these findings, the FSA has **provided new advice to the public, recommending for the first time maximum levels at which the health benefits clearly outweigh the possible risks from dioxins**. To maximise the impact of delivery of this advice, the press briefing of FSA advice was simultaneously **webcast live on FSA's website**.

### **HO: Tackling Anti-Social Behaviour**

In our **strategy for addressing anti-social behaviour**, we have recognised the **risk of failure if we do not influence and equip others to take action, and the public to take a stand against the problem**. Delivery of our anti-social behaviour strategy relies heavily on local authorities and to lesser extent police forces.

We have removed excuses for inaction by identifying the powers and tools that local partners need to tackle this problem, and where possible providing them. We have worked to overcome the risk that the powers will not be taken up by going for heart and minds through a campaigning approach; and high quality training and advice: the TOGETHER actionline, website, step by step guides, action days and academies.

We have pushed up the demand for action with public facing messages and events, the "Taking a Stand" awards, briefings to MPs and councillors, publicising successful action and maintaining the momentum through Trailblazer areas.

**Through effective partnership working, consultation and responding to what people tell us is needed, we have come a long way in tackling this problem.** The result is that **people are using the tools that we have given them** – for

example anti-social behaviour orders, dispersals and closure of crack houses, and **local people are regaining control of their neighbourhoods.**

### **FSA: Gaining and retaining public trust**

From inception, Food Standards Agency (FSA) set out to **establish new levels of openness** in the way they discharge their responsibilities for food safety and food standards in the UK. This **strategy recognises that gaining and retaining public trust and confidence by being open about risks and uncertainty is vital to successful risk management.** FSA aim to be honest and clear on uncertainty: we say what we know about the risks and what we don't know, and we offer considered advice in a clear and straightforward manner without recourse to scientific jargon. Where there are clear risks to public health, FSA will step in and act but otherwise, FSA offer consumers informed choice about potential risks they may face in relation to food.

The FSA Board and senior management actively promote openness and transparency in **evidence-based** policy-making. The **FSA Board holds all its food policy meetings in public**, with these meetings now **webcast**

The FSA's Annual barometer 'Consumer Attitudes to Food Standards' provides evidence that this approach is working. It suggests that **year on year, progress is being made in establishing the reputation of the FSA as a trusted source of information** on food safety and standards. Furthermore, over the four years of data, there has been a consistent perception that food safety had improved in each successive year. Evidence collected elsewhere supports these findings. **Research carried out for the European Commission in 2003 found that UK consumers had more trust in food than consumers in other European countries.** The report's authors conclude that a significant contributory factor to this is the **institutional trust-generating processes in place.**

### **HO: Football Disorder Strategy**

The **highly successful** football disorder strategy is based on **engaging and empowering relevant agencies and interest groups to play an active role in delivering mutual objectives.** For example, in addition to tough banning order legislation and effective policing. The Home Office works closely with supporters to encourage them to take responsibility for their behaviour and reputation (self-policing) and with overseas police, civil authorities and media to help them create an environment that minimises the risk of disorder. The HO strategy is open, transparent and inclusive and also highly focused. The success of Euro 2004 is testimony to what is being achieved.

The strategy is based on ongoing and detailed analysis of the character and dynamic of the phenomenon and public perceptions and concerns. The strategy is **designed in part to minimise the impact on local communities** and the success of this approach is demonstrated by football disorder no longer being perceived as a local policing priority even in areas containing football stadia.

**Football strategy and matters associated with civil contingencies, are accorded a high priority by the HO and a multi-agency media strategy is in place (local and national media)** designed to communicate and influence the perceptions of the general public. This is done directly and indirectly (for example, through training ordinary local fans to act as media spokespersons at a local level)

HO works with policing and other agencies to continually assess the potential impact of domestic and international events on public order and community tensions. HO funds a small police unit to monitor local community tension levels around the country to help inform HO strategies, policy development and media handling. During the recent Iraq conflict, HO was able to monitor public mood at every level and encourage local police forces and other agencies to minimise the impact on community tensions.

In the public order, police co-operation arena, notably the football disorder strategy, the approach is based on prompting multi-agency and multi-faceted initiatives as part of an overarching HO co-ordinated strategy - integral to this approach is analysis of the potential impact of each component and how that will assist wider aims and objectives.

**The risk management process and innovative and comprehensive approach to tackling the UK manifestation of the world-wide phenomenon of football hooliganism is increasingly perceived as a model of best practice within EU and beyond.** It is highly praised within European fora and by overseas governments and police forces. **HO advice is in high demand from Interior Ministries in Europe and beyond on all aspects of the strategy.** HO strategy is also praised by independent bodies (like the Independent Football Commission, football Supporter groups etc) in addition to the police, football authorities, and media.

## **MOD: Risk Management in the MOD HOME Programme**

The Head Office Modern Environment (HOME) Programme is a **modernisation programme based around the redevelopment of the Ministry of Defence Main Building on Whitehall.** The scope of the redevelopment includes the transformation of the building into a modern, flexible workplace as well as introducing a new IT system with leading edge Information Management tools. A comprehensive change programme has supported staff through the transition, training them to adopt new skills and encouraging more effective working practices. Nearly 3200 MOD Head Office staff moved back to Main Building over the summer of 2004.

Integrating the work-strands of HOME has been the main aim of the Programme, providing a framework to ensure a coherent and coordinated approach to delivery. We have found that **a pragmatic, uncomplicated approach to risk management has worked very effectively.** For example, our **assessment of impact has been based on a weighted combination of time, cost, quality and dependency factors.** **Quality is often difficult to evaluate, but we link this dimension of impact directly to the delivery of benefits that are fully defined and owned**

**within out Benefits Management Framework. This made the risk evaluation much more real and understandable to the workstream managers, none of whom were programme management professionals.**

**The process in which the risks have been gathered, scrutinised, discussed and then made visible to our Programme Board has been fundamental to the success of our approach to risk management.** Risks were generated and remain owned by the workstream managers but offered up as part of their monthly status reports. These were amalgamated and reviewed at programme level to provide consistency and challenge to the owners – this provided a quality check often leading to risks being modified or added. The amalgamated risk register was then discussed by the collective workstream managers and Director providing a common understating across the programme. Finally, the top risks were reviewed by the SRO and Programme Board. This latter stage of high level visibility provided a spotlight that normally ensured that effective mitigation was in place so that it could be reported to the Board, leading to its actual probability/ importance being reduced.

**One example of where this process was fully effective was in ensuring a joined up approach to the induction of staff back into the building – a task that involved a large number of stakeholders.** The original risk focused on the lack of coordination between each element of the induction process, i.e. welcome material, floor walking and training. This resulted in a workshop, where the whole process was mapped out and an integrated approach agreed. Subsequently specific risks were identified for each element of the process, an example being the fit out of the training rooms. The delivery of these training facilities was critical to the reoccupation sequence and by managing this risk, we enabled all parties (contractor, and our own training and building managers) to work together in a coordinated manner.

Although a full benefits evaluation has yet to be carried out, **early indications are that the HOME Programme has been a great success; the PFI delivered a redeveloped building on cost and ahead of contract, a leading edge IT system has been delivered and staff are sharing information more and adopting more effective working practices, with a 20% higher occupancy level than before, achieved in less cramped conditions.**



## Annex E: Risk Management Assessment Framework for Other Departments

1 Leadership	2 - Risk strategy and policies	3 - People	4 Partnerships	5 - Processes	TOTAL (max 25)
3	3	3	3	3	15
2	2	2	2	2	10
2	3	3	2	3	13
3	3	3	2	3	14
4	3	3	3	3	16
4	4	3	2	3	16
4	3	3	4	3	17
3	3	2.6	2	3	13.6
4	4	4	3	4	19
3	3	3	3	3	15
2	3	2	2	3	12
4	4	4	4	4	20
4	3	3	2	4	16
4	2to3 (2.5)	4	3	4	17.5
4	2	3	3	3	15

6 - Risk handling	7 - Outcomes	TOTAL (max 10)
2	2	4
-	-	-
2	2	4
2	3	5
3	4	7
4	3	7
2	3	5
2.5	2	4.5
4	3	7
3	3	6
2	2	4
3	3	6
-	-	-
3	2	5
4	3	7

Cumulative Total
19
10
17
19
23
23
22
18.1
26
21
16
26
16
22.5
22

