

Risk and Regulation Advisory Council

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The Risk Landscape

Interactions that shape
responses to public risk



Introduction

Numerous groups get involved with public risk, including Ministers, civil servants, parliamentarians, the judiciary, the insurance sector, the media, subject-matter experts, single issue lobby groups, standards setters, compliance officers and risk managers. These 'risk actors' and the interactions between them, make up the 'risk landscape'.

In general, risk actors make a very positive contribution to society. However, in certain circumstances, their behaviour may cause problems. Many will see, and want others to see, a risk in a particular way and may, consciously or unconsciously, distort the views of others. In these cases certain risk actors can become 'risk-mongers' – people or groups who conjure up or exaggerate risks inappropriately. Sometimes this will be in order to create some kind of advantage for themselves, such as financial gain, attention, power or even job security. Often it will be well-intentioned but misguided.

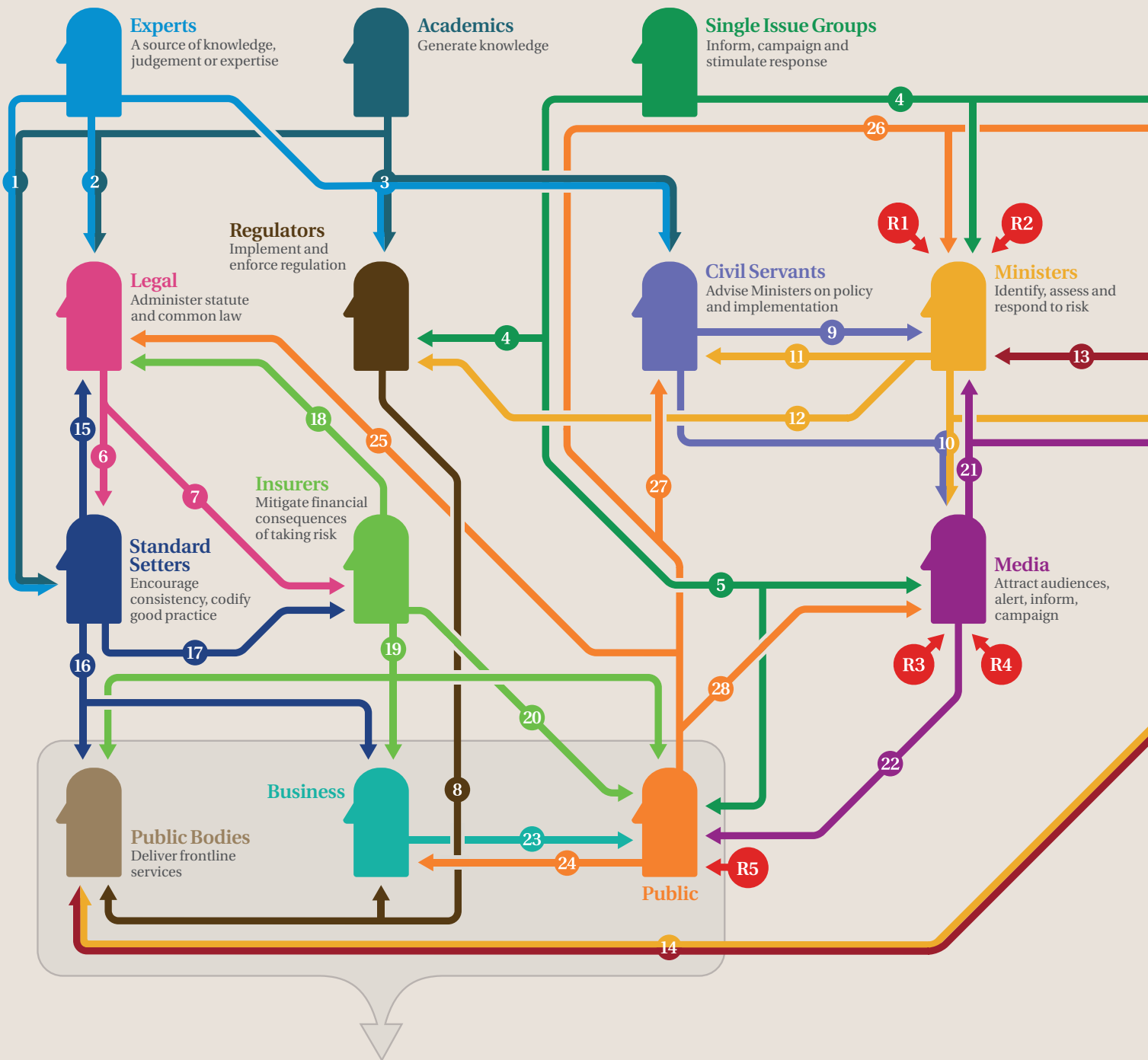
In order to understand and highlight some of the most important relationships between risk actors and how they influence perceptions of, and responses to, public risk, the Risk and Regulation Advisory Council has produced a map of the risk landscape.

The risk landscape map is necessarily generic. To ensure that the complexity of the diagram does not become a barrier to understanding, it only represents the most important interactions. For any given public risk some parts of the diagram will be more important than others and some may be irrelevant.

The risk landscape map can, however, be used:

- As a starting point for policy-makers who want to explore direct and indirect influences on their own policy area, understand the motivations of, and influences on, the different risk actors and, by doing so, develop more effective policy or communication
- As a tool to help communicate some of the important interactions between risk actors that drive responses to public risk, and show where intervention and risk communication could be most effective. An interactive version of the risk landscape has also been developed and should be particularly helpful in presentations, allowing a presenter to highlight and focus attention on particular parts of the map

The Risk Landscape



The behaviour and actions of Business, Public Bodies and the Public are shaped by the interactions shown in the Risk Landscape



Influences

- 1 Standards informed by specialist knowledge
- 2 Court decisions informed by specialist knowledge
- 3 Policy informed by specialist knowledge
- 4 Pressure Ministers, Regulators and Other Politicians to take action
- 5 Raise awareness/concern about issue
- 6 Legal uncertainty can create opportunity for standards creation
- 7 Judgments partly determine insurance risk and inform premiums
- 8 Set and enforce rules and provide guidance
- 9 Policy decisions informed by advice
- 10 Encourage positive coverage of policy
- 11 Set policy direction
- 12 Set statutory remit
- 13 Scrutinize and challenge Ministers' actions, issue directives
- 14 Determine funding and set remit
- 15 Standards used as a guide to acceptable practice
- 16 Best practice and guidance made available
- 17 Pricing and offers of cover informed by compliance with standards
- 18 Out of court settlements prevent legal principles of case being tested
- 19 Actions affected by insurers' advice, availability and conditions of insurance
- 20 Out of court settlements encourage litigation
- 21 Pressure on Ministers and Other Politicians to act
- 22 Raise awareness of and sensitivity to risks
- 23 Raise awareness of risk and potential solutions
- 24 Demand for products or services to mitigate risk
- 25 Public opinion influences appeal court judgements
- 26 Pressure Ministers and Other Politicians to take action
- 27 Impact of policy on society influences Civil Servants' recommendations
- 28 Interests and concerns of Public influence Media content

Risk alarms

- R1 Events raising or exposing risks (e.g. 9/11, banking crisis, publication of WHO report highlighting health risks)
- R2 Emerging risk issues (e.g. security of energy supply, pandemic flu, domestic security)
- R3 Newsworthy stories which highlight risk (e.g. flooding, bird flu, child abduction)
- R4 Individuals or groups, who stand to gain from elevating concerns, raise anxiety/highlight issue (e.g. Conservation Groups, NIMBY campaigners)
- R5 Issues of concern to the Public (e.g. environmental, health, education, safety issues)

Compositions

- Experts:** Individuals widely recognized as reliable sources of technique or skill
- Academics:** Individuals from an academic institution who are widely recognized as reliable sources of technique or skill
- Single Issue Groups:** Formal and informal groups of individuals (e.g. charities, pressure groups)
- Legal:** Judges, courts and the legal profession
- Regulators:** Bodies set up by government with power to set and enforce rules in a particular area (e.g. HSE, FSA)
- Civil Servants:** Civil Servants of central government departments
- Ministers:** Central government Ministers
- Other Politicians:** National politicians who are not Ministers, local and international politicians
- Standard Setters:** Agencies which disseminate formal advice on how risk should be managed (e.g. BSI, ISO, professional bodies and industry groups)
- Insurers:** Insurance brokers and underwriters
- Media:** Print, broadcast or internet media
- Public Bodies:** Public Bodies, which are not part of central government (e.g. Local Authorities, NHS, NDPBs)

The risk landscape – further explanation

Interpreting the landscape map

Each risk actor is represented on the map by a coloured ‘head’ icon. The influences it has on other actors are shown by the numbered arrows in the same colour. A short description of the influence is given in the key.

Both intentional and unintentional influences are shown. In some cases, a risk actor will set out to produce a particular response. For example, a single issue group may try to encourage a response which it favours. In other cases, however, the influence is unintentional, or has unintended consequences. For example, standards may be used by other actors in a way that the standard setters never intended.

The complex nature of the system of interactions means that influences are often exerted via an indirect route and an influence on one actor may have ‘knock on’ effects on others. The risk landscape allows possible indirect effects to be explored to get a better understanding of how an action in one part of the system might put pressure on a risk actor in another part of the system to respond in a particular way.

As well as influences from other risk actors there are external influences that can produce a response on the part of a particular risk actor. We refer to these as ‘risk alarms’ and some important examples are shown in the map. These risk alarms can prompt a response from a particular risk actor which, in turn, may influence the actions or perceptions of others.

Ultimately, the risk landscape influences individuals or organisations responsible for a public risk – usually business, public bodies or the public – to respond in a particular way.

The risk actors

To give a little more detail on the composition, roles and key interactions of the risk actors shown in the risk landscape, a brief description of each is given below.

Note that an individual can be a member of more than one risk actor group. For example, an insurer will also be a business, a regulator is also a public body and an expert is also a member of the public.

Experts and academics

The role of experts and academics is fairly self explanatory – they provide skill or knowledge in their particular area of expertise. Experts and academics play an important role in the risk landscape, aiding other risk actors – for example lawyers, civil servants and standard setters – and helping to ensure well informed decision-making.

Experts and academics can, however, also use the risk landscape for their own advantage. They might raise issues in the media to enhance their reputation, or create standards which increase the value of their expertise – safety standards requiring the inspection of trees, for example.

Single issue groups

Single issue groups include all formal and informal not-for-profit, non-government groups with a specific area of interest. They range from large charities to informal groups of local residents opposing planning proposals in their neighbourhood.

Many single issue groups will pursue their objective directly (e.g. a charity might fund research into a specific health issue) but they will often also try to raise awareness and concern about their issue with the public – directly and via the media – and put pressure on politicians and regulators to act in a way that favours their cause.

Legal

The legal actor group is very broad and diverse. It includes judges, courts and the legal profession but there are, of course, many subgroups, for example, the various types of court – criminal/civil, first instance/appeal – which may differ in their approach to risk. Broadly speaking, the role of this group with respect to public risk is to interpret and administer the relevant law wherever there is an actual or potential civil or criminal liability.

The legal group, therefore, has an important influence over anyone responsible for such a public risk, in particular, determining who is liable and the amount of any settlement. Typically, their influence is exerted via insurers for whom the magnitude of the risk is crucial in deciding when and on what terms to insure a customer (e.g. public liability insurance).

Regulators

Regulators are bodies set up by government with the power to create and enforce rules in a particular area. Examples include the Health and Safety Executive, the Food Standards Agency and the Financial Services Authority.

Regulators can have a direct influence on the response to public risk as they set and enforce regulations with which businesses and public bodies have to comply. In a similar way to Ministers, regulators can come under pressure to act when a risk issue emerges in their area. The Financial Services Authority, for example, came under pressure to act quickly during the banking crisis.

Civil servants

This risk actor group covers all civil servants working in central government departments. The focus is on those civil servants who advise Ministers directly but it is recognised that they are supported by many others with specialist skills and knowledge.

The role of civil servants with respect to public risk is to provide advice and guidance to Ministers which is credible, valuable and in the public interest and to implement the policy course decided upon.

In carrying out this role, civil servants will have to take account of political considerations but their key function is to advise Ministers on which course of action is most in the public interest. They actively take steps to understand and take into account impacts on the whole of society, not just vocal groups or those with a specific interest. Nevertheless, doing nothing can be an unattractive option to civil servants, even when it is the ‘best’ course of action, as intervention is sometimes seen as enhancing careers.

Ministers

The role of Ministers is to identify, assess and respond to public risk. When the profile of a risk is raised, Ministers are usually expected to react. Pressure to do so may come from the public, media, other politicians, lobby groups, events or emerging information about the importance of a risk.

Ministers will want to be seen to respond appropriately and take into account perceptions and priorities of the public and single issue groups, making an objective response to a public risk issue more difficult.

Other politicians

This risk actor group is very broad and covers any politician who is not a Minister. This includes local councillors, backbench MPs, MEPs and members of the House of Lords.

In common with Ministers, this group also has a role to play in identifying, assessing and responding to public risk but what this means in practice will vary depending on the type of politician. Local politicians may have a direct role in managing public risk, national politicians will scrutinize and challenge Ministers' actions and EU politicians will play a role in passing EU directives which may require Ministers to act.

Standard setters

Standards include technical product specifications, management systems, approved codes of practice and guidance notes, as well as formal standards produced by standards bodies such as BSI. A very wide range of organisations and groups – including business groups, regulators and government – can, therefore, act as standard setters.

Standards are predominantly used to encourage consistency and codify good practice. Doing so may have many benefits including improving international trade, improving efficiency, eliminating the need for regulation, clarifying what is required to comply with legislation, spreading business risk and building consumer and stakeholder confidence. However, when an insufficiently broad range of people is involved in their development or when they are used inappropriately, for example when used needlessly in procurement contracts, standards can place unnecessary burdens on those affected.

Insurers

The insurance risk actor group comprises insurance companies who underwrite risks and brokers who act as intermediaries between the insurance companies and their customers. Insurers provide products which mitigate the financial consequences of taking risk and can have an important effect on customers' and potential customers' behaviour by providing insurance which is conditional on the insured meeting certain conditions or complying with certain standards; providing advice to customers, based on the insurers experience, on how to manage the risk most effectively; or mitigating the financial risk of participation in certain activities (e.g. dangerous sports).

Insurers' interaction with the courts is also an important aspect of the risk landscape. In particular, settling claims out of court does not allow legal principles to be tested and there is a belief that it may also encourage claims.

Media

All media organisations have a need to attract and retain audiences and are, therefore, strongly influenced by what interests their target audience.

Factors that affect the likelihood of media interest in a particular public risk story include:

- who is at risk
- whether the risk is hypothetical or can be connected to an actual event
- whether a good image is available
- the existence of conflict
- the possibility of blame

Consequently, some risks will be highlighted more readily than others and some will go largely unreported. This is likely to affect the profile of public risks in a way that may not be rational or proportionate when viewed purely from the perspective of the probability and magnitude of the risk.

The behaviour and actions of business, public bodies and the public are shaped by the interactions shown in the risk landscape.

Business

Business comprises all commercial organisations that provide goods or services to consumers or other businesses. As with public bodies, their responses to risk will often be shaped by other risk actors, for example, insurance companies may require a minimum level of building security before insuring a business's stock or equipment.

Some businesses have a role in offering information, products or services to help mitigate risk, such as selling safety equipment or advice.

Public bodies

Public bodies include all public sector organisations such as schools and hospitals. Many deliver front line public services and need to manage risk for themselves and the public. Their responses to risk are often shaped by the actions of the other risk actor groups, for example, standard setters publishing health and safety codes of practice that they are expected to follow.

Public

There are a number of characteristics of the public that are important to an understanding of the risk landscape. In particular, the public are not 'objective' in the type of risk they are concerned about. For example, they are likely to be more concerned about risks which are imposed on people compared to those that are undertaken voluntarily – passive smoking as opposed to 'active' smoking – and about exotic risks compared to commonplace risks. Such characteristics are important when considering the public interaction with other risk actors.

What concerns the public will, of course, shape what the media cover and this will have knock on effects for others in the risk landscape. The public will also exert direct pressure on politicians over risks that concern them

Information sources

The content of the risk landscape map is based on research commissioned by the Risk and Regulation Advisory Council into the following risk actor groups and their influence on public risk:¹

- Insurers
- Media
- Judges, courts and the legal profession
- Civil servants
- Politicians
- Experts
- Standard setters
- Public

The Council also ran half-day events, which were independently facilitated, involving members of these groups, to check key results from the research. We have also drawn on other research commissioned by the Council and public risk examples to inform and test the risk landscape.

¹ See

