

THE DEPARTMENT FOR CULTURE, MEDIA AND SPORT

RISK MANAGEMENT FRAMEWORK

INTRODUCTION

1. This document fulfills the commitment, under the Modernising Government Action Plan, co-ordinated by the Cabinet Office, for all departments to make public the framework and procedures they use for reaching decisions on the risks for which they are responsible. The framework covers the full range of risks faced by the Department but only those external risks in our policy areas which could affect the public and might warrant some form of government intervention. It also shows how the Department is addressing risk in the wider sense of anything which might stand in the way of the achievement of the Department's objectives or the successful implementation of its policies.

2. The framework describes:

- the role of the Department and its activities;
- the Department's regulatory activity to address the risks in the Department's policy areas which require some kind of government intervention;
- the role of risk management in the regulatory process and the formal impact assessments it employs;
- how the Department is building risk management into its policy making and business management processes.

The Department has reviewed and revised the risk management framework first published on its website in September 2000.

THE ROLE OF THE DEPARTMENT

3. The Department is responsible for Government policy on the arts, sport, the National Lottery, the Millennium, libraries, museums and galleries, broadcasting, music, film, press freedom and regulation, the built heritage and tourism. It is also responsible for the listing of historic buildings and scheduling ancient monuments, for the export licensing of cultural goods, for the Government Art Collection and for one executive Agency, the Royal Parks Agency. Following the June 2001 General Election the Department took on the additional responsibilities of alcohol and entertainment licensing, gambling, censorship and video classification, horse racing, the Commonwealth Games and the Golden Jubilee. The Department acts as sponsor for a wide range of public bodies operating in these sectors.

Aim and Objectives

4. Departmental policy is guided by the aim:

"to improve the quality of life for all through cultural and sporting activities, and to champion the creative and leisure industries"

and four central themes:

- promotion of quality and excellence;
- making these available to the many not the few;
- raising standards of education and training;

- helping to develop the jobs of the future.

5. To achieve its aim, the Department in partnership in others, works to:

Objective I: sustain and develop quality, innovation and good design; create an efficient and competitive market, including by removing unnecessary regulation and other obstacles to growth so as to develop the tourism and creative industries; and promote Britain's success in the fields of culture, media and sport at home and abroad.

Objective II: broaden access for all to a rich and varied cultural and sporting life and to our distinctive built environment; and encourage conservation of the best of the past.

Objective III: develop the educational potential of the nation's cultural and sporting resources; raise standards of cultural education and training; and ensure an adequate skills supply for the creative industries and tourism.

Objective IV: ensure that everyone has the opportunity to develop talent and to achieve excellence in the areas of culture, media and sport.

Objective V: maintain public support for the National Lottery and ensure that the money raised for good causes supports DCMS's and other national priorities.

Objective VI: promote the role of the Department's sectors in urban and rural regeneration, in pursuing sustainability and in combatting social exclusion.

In carrying out these objectives the Department will seek maximum value for money in using its human and financial resources, and in encouraging partnership with others.

The Department's priorities are:

- enhancing access to a fuller cultural and sporting life for **children and young people**;
- opening our institutions to **the wider community**;
- maximising the contribution which the **creative and leisure industries** can make to the economy;
- **modernising delivery** by putting the consumer first.

THE ROLE OF RISK MANAGEMENT IN THE REGULATORY PROCESS

6. Risk assessment and management have a key role to play in the regulatory process. Many policy and regulatory decisions are concerned with the management of risks to the public health and safety and the environment. Assessing risk involves identifying hazards or situations which can lead to harm or detriment and estimating the likelihood that the harm will occur, usually with a specific population in mind.

7. The key question for government are which risks require intervention and what form should such intervention take. The on-going challenge is to protect the public, including vulnerable groups, and the environment properly, whilst keeping restrictions on personal freedom and choice, and costs to business, acceptably low. In so doing the government must also secure the trust of the public that the arrangements in place are adequate to ensure that they, and the things they value, are secure.

8. The Department is represented on the Interdepartmental Group on Risk Assessment (ILGRA) chaired by HSE. (See ILGRA Website: www.open.gov.uk/hse/dst/ilgra.htm.) This is an informal committee of officials from all major Government Departments responsible for developing policy on, and promoting the practical application of, risk management and risk assessment.

9. ILGRA has set out the following key points that should be addressed in risk-based decision making:

- does the risk warrant intervention by Government?
- what factors contribute to the risk?
- assess the risk, having gathered information and taken account of expert advice as necessary.
- how should uncertainty be handled?
- what are the options for managing the risk?
- are there any constraints eg EU and international obligations?
- what are the costs and benefits of the options?
- what factors will determine the decision on risk management?
- how will the risk management decision be implemented?
- how will the effectiveness of the action taken be evaluated?
- does it fulfil the principles of better regulation?
- have stakeholders views and values been taken into account?

Regulatory Impact Assessments

10. Any regulatory proposal likely to have an impact on businesses, charities or the voluntary sector requires a Regulatory Impact Assessment (RIA) before it is considered by Ministers. The RIA is a short structured document which is published together with primary, secondary and EC legislation. It briefly describes the issue that has given rise to the need for legislation: the risks, the costs and benefits of the proposal, who is affected and the non-regulatory options. Updated guidelines on the structure and form of RIAs including how risk can be incorporated are set out in the Cabinet Office *Good Policy Making Guide: A Guide to Regulatory Impact Assessments*.

11. The Department ensures that RIAs are produced when necessary and also employs other formal procedures where appropriate eg Environmental Impact Assessments and Health and Safety Impact Assessments.

Economic Appraisals

12. Economic appraisal of the options available to achieve an objective provides a basis for informed decision making and ensures the decision represents the best available value for money. Risk may be associated with various aspects of option appraisal including the quantification and timing of expected costs and benefits.

13. The Department's guidance on the appraisal of expenditure decisions, *"The White Book" Option Appraisal of Expenditure Decisions: A Guide for the DCMS and its Sponsored Bodies* discusses the techniques available to analyse and quantify risk, in line with the Treasury guidance, *"The Green Book" Appraisal and Evaluation in Central Government*.

Office of Government Commerce (OGC) Gateway Reviews

The Department adopts the OGC's Gateway Review process when undertaking projects which are novel, high value or have or could potentially have, significant risks for the Department. The level of risk involved in the project determines whether the Gateway Review process is run internally or

should involve participation by OGC representatives. This level of risk is determined by using a risk profile, and for projects with a risk profile above a certain threshold, OGC involvement is mandatory.

REGULATORY ACTIVITY

14. The regulatory activity to address external facing risk in the Department's policy areas can be summarised as follows:

Public Service Broadcasting

15. The Government aims to sustain strong public service broadcasting to help underpin quality and to ensure that all consumers have access to varied programming which caters for the full range of interests in society. This is particularly important when a wide range of new kinds of channel are entering the market. The public service broadcasters are the BBC, Channel 4 and the Welsh Fourth Channel, S4C, and they are independent of the Government. The Government seeks to ensure that the BBC keeps to the terms of the Charter and Agreement, approves new services and sets the licence fee and grants which support the BBC and S4C. The ITC licences and monitors Channel 4.

16. Although primarily commercial broadcasters, ITV and Channel 5 also have significant public service broadcasting obligations incorporated in their ITC licences. These relate to quality and diversity of programming; the provision of services for viewers with sensory disabilities; equal opportunities; and training.

Commercial TV and Radio

17. To increase choice for viewers the Government works with the commercial broadcasters, the ITC and the Radio Authority on a variety of issues to ensure that the legislative framework helps promote innovation and competition in television services and encourages the development of new channels.

18. The Broadcasting Act 1990 sets out the duties and responsibilities of the ITC and the Radio Authority in licensing and monitoring analogue services. When digital television technology was developed the Broadcasting Act 1996 was needed to enable the ITC to licence and regulate digital terrestrial services and the Radio Authority to license audio broadcasting services. The 1996 Act also changed the framework governing who can own television and radio licences. The Government has published the draft Communications Bill which sets out the Government's proposals for the future framework for broadcasting and telecommunications regulation. It hopes to appoint the Chair and other members of the Office of Communications during the summer so that OFCOM can prepare to assume regulatory functions from the existing regulators after the Communications Bill receives Royal Assent.

Broadcast content

19. The broadcasters and the regulators, the BBC Governors, the ITC, the Radio Authority and the Welsh Fourth Channel Authority are responsible for what is broadcast on television and radio. The ITC and the Radio Authority publish codes on programme, advertising and sponsorship content and look into complaints from viewers about unfair treatment, invasions of privacy by programme makers and the requirements for balance and accuracy in reporting.

20. The Department sponsors and supervises the Broadcasting Standards Commission which hears complaints from the public about broadcasters and researches public attitudes towards programmes and adverts on television and radio.

21. In the UK there are stringent controls on pornography and broadcast programmes are subject to the general criminal law. The European Commission's "Television Without Frontiers" Directive prohibits broadcasters in the EC from transmitting pornographic television services in certain

circumstances. This, together with powers in the Broadcasting Acts 1990 and 1996 means that we can take action to restrict access to foreign broadcasters who transmit unacceptable material.

22. The rights to broadcast sports events are owned by the sports governing bodies. The Government believes that the rights holders are best placed to negotiate with the broadcasters. However there are some events of national importance which should be available to all. These events are protected by the provisions in the Broadcasting Act 1996 and a list including all the finals of Wimbledon, the Olympics, and the Football, Cricket and Rugby World Cups has been drawn up by the Government.

The press

23. The Department is responsible for issues relating to press regulation and editorial standards in the print media. The Government believes that effective self-regulation remains the best way of ensuring high editorial standards and has no plans to introduce legislation to regulate the press. The Government expects the press to abide by the rules and commitments enshrined in its own Code of Practice, as administered by the Press Complaints Commission. DCMS continues to monitor the effectiveness of the system of self-regulation and suggest ways it might be improved, as and when necessary.

The National Lottery

24. The Department sponsors the National Lottery Commission, a non-departmental public body, which is responsible for regulating the National Lottery. The Commission is headed by five Commissioners appointed by the Secretary of State. Its role is:

- to ensure that the Lottery is being run with all due propriety;
- to protect players' interests; and
- subject to satisfying the first two criteria, to ensure that as much money as possible is raised for the Good Causes.

25. In fulfilling this role the National Lottery Commission grants the licence to run the National Lottery and to promote lottery games as part of the National Lottery. It also has the power to terminate licences, to fine for breaches of contract and to seek an order from the High Court to enforce licence conditions.

Sports Ground Safety

26. Following a series of disasters with significant loss of life at football grounds in the 1970s and 1980, the Government enacted progressively stricter legislation for ensuring the reasonable safety of spectators. This included the Safety of Sports grounds Act 1975, the Fire Safety and Safety of Places of Sport Act 1987 and the Football Spectators Act 1989. The system, insofar as it relates to Premiership, Football League and international football grounds in England and Wales, is overseen by the Football Licensing Authority.

27. The FLA faces two main kinds of risk:

- the possibility of spectators experiencing anxiety, injury or worse from a variety of safety hazards; and
- its own procedures and audit trail for identifying and promoting good practice, monitoring performance, noting deficiencies and enforcing safety requirements.

28. In summary, each designated sports ground must have a safety certificate from the local authority. This sets the permitted capacity, subject to numerous conditions relating to the configuration and state of the ground and the safety management, procedures, equipment and personnel. These conditions have regard to the ground management's own risk assessments, the Guide to Safety at Sports Grounds (revised and updated by the FLA) and specific FLA advice.

29. The FLA keeps under review the preparation, contents, issue, monitoring and enforcement of the safety certificate by the local authority. This is mainly achieved by inspecting grounds both on match and non-match days, participating in each local authority's inter-agency Safety Advisory Group and analysing records and injury statistics. In December 2001 the FLA published a major guidance document on safety certification. This serves as the yardstick against which, under the oversight of the FLA, the local authorities measure their performance, identify any shortcomings and implement any necessary improvements. The guidance is freely available on the FLA website.

30. The FLA is also responsible for enforcing the government's requirements on all-seated grounds (Premiership and First Division grounds) and standing accommodation (Second and Third Division grounds). This is achieved by means of a licence issued directly to the club or ground management.

31. The FLA undertakes an annual full-scale risk management review. This covers both the main areas of risk referred to above. The review identifies all the significant risks to spectators, whether appropriate action has been taken to reduce them to a reasonable level or mitigate their effect and what further action and / or ongoing monitoring is required. It also examines whether the FLA is maintaining sufficient records and audit trails to a reasonable standard. The findings of the review are reflected in the operational tasks and performance indicators in the FLA's annual business plan. The FLA records the action that it has taken, along with the outcome, in its published Annual Report.

Gambling

32. The Department is responsible for the law governing gambling in Great Britain, and for its effective regulation. It sponsors the Gaming Board for Great Britain, which regulates gaming and lotteries; the Horserace Betting Levy Board (HBLB), which regulates on-course bookmaking; and the Horserace Totalisator Board (the "Tote"), which has an exclusive licence to provide pool betting on horse races.

33. The Secretary of State published on 26 March 2002 a document setting out the Government's proposals for the reform of gambling law [provide link to document on website]. This explains the main risks which gambling brings about and the measures which the Government believes are necessary and proportionate to control them. The main risks are: involvement of children in gambling and the exploitation of vulnerable adults; criminal infiltration of gambling operations; and the provision of gambling products and services which are unfair to players or which involve the concealment of information which they need to make a proper judgment about how they gamble. The proposals in the decision document are intended to address all these risks.

34. The Gaming Board, the HBLB and the Tote all advise the Department on the risks in their sectors which may require legislative or other government intervention, both via their annual reports to the Secretary of State and through ad hoc reports. The Department can also draw on specialist expertise available in the industries, for example, the Gambling Review Body, which prepared a report for the Secretary of State, and which was published in July 2001. The proposals in the Review Body's report are embodied in the decision document published on 26 March. The report pulled together information and evidence from a wide range of sources, including the police, and made recommendations for the better regulation of sectors which lie outside the remit of the Gaming Board, the HBLB and the Tote.

BUILDING RISK MANAGEMENT INTO THE WORK OF THE DEPARTMENT

35. The Department is committed to improving the way policy is made and the practical results it delivers. Policy decisions need to be informed by taking account of key issues arising from the DCMS's Mission.

36. The Department's Action Plan prepared in response to the *Modernising Government* White Paper includes a Better Policy Making Strand which is designed to ensure that DCMS has the structure to develop policy proposals for Ministers that are creative and pragmatic, take account of external factors and opinions, reflect best practice, are based on sound and relevant evidence and take

account of wider Government objectives. The Department has prepared a clear and easy to use, electronic checklist for policy makers, based on the Cabinet Office and other departments' checklists, covering the issues to be considered and provides guidance on best practice so that effective advice can be provided to Ministers.

37. Although risk assessment has been traditionally concerned with the management of risks to the public, management of risk is also part of good policy making. The Department takes a risk based approach to internal control to satisfy the recommendations of the Turnbull Committee which were implemented across central government from 2001-02 onwards. In line with the recommendations of the NAO report *Supporting Innovation: Managing Risk in government departments* the Department will strive to embed risk management into business management processes.

How the Department is implementing the Turnbull Committee recommendations

38. The Department has responded to Turnbull and the guidance from the NAO as follows:

- Developed its risk management policy.
- Identified the key strategic risks which threaten its aims and objectives and allocated responsibility for managing those risks.
- Risk management workshops are held as part of the business planning process, so that individual Divisions identify risks to their aims and objectives and the controls to manage them.
- A Departmental Risk Register which records all high level risks identified by Divisions as part of the DCMS's high level business plan.
- Project risk registers for individual projects undertaken by the Department.
- Risk based approach to internal audit.
- Audit Committee, which provides an independent review of the assessment and management of risk processes to ensure its adequacy and to assess the implications for the assurances given in the Statement of Internal Control.
- Finance and Planning Committee, which is responsible for developing the system of risk management and for examining and challenging the outputs to ensure that risk management supports the achievement of Departmental objectives.
- Funding Agreements with sponsored bodies which consider the risks inherent in delivering DCMS aims and objectives.
- Sharing its risk management policy and key strategic risks with its sponsored bodies.