

**Department for  
Work and Pensions  
Risk Management Framework –  
Policy and Principles**

“Let our advance worrying become advance  
thinking and planning”.

- Winston Churchill.

*This document is an abridged version of the DWP  
Risk Management Framework, setting out the high  
level Risk Management Policy and Principles that  
are followed when applying risk management  
within the Department. A full version of the  
Framework, which contains procedural guidance  
for DWP Staff, is available from:*

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# Introduction

## DWP and Risk

1. The delivery of the Department's objectives is surrounded by uncertainty that both poses threats to success and offers opportunity for increasing success. Risk is defined as this uncertainty of outcome, whether positive opportunity or negative threat. Risk management includes identifying and assessing risks and then responding to them.
2. Risk management involves every one of us. For some of us this may be a technical role; maintaining risk registers, challenging the quality of their content, and providing a reporting and assurance role. For most people though it simply means doing the day job effectively and efficiently. It's about looking at what might stop us from achieving our objectives, deciding what can we do about that and then talking to the right people to ensure the right actions are taken to make it happen.
3. The benefits of managing risks include:



4. The risk management processes that we put in place are important, but we can only really start to embed effective risk management when we get the culture right. We need to talk to one another about the risks that affect us jointly. This in turn will lead to more of the right decisions being made at the right time.
5. The Framework sets out the policy, principles and concepts of risk management that have been endorsed by ET and also introduces a common approach to risk management that promotes the communication, shared understanding and reporting of risk.

## What is the Purpose of the Risk Management Framework?

6. The Departmental Framework gives a high level view of how the Department is organised and managed to deliver its aims and long-term strategic objectives. It clearly defines collective and individual accountabilities of Executive Team (ET) members for risk management.
7. The Risk Management Framework (RMF) supports the Departmental Framework and formally describes the Department's approach to managing risks, highlighting the core mandatory processes. The RMF explains how we provide accountable managers with assurance that risks are being managed or with the information they need to make decisions about risks. It provides the foundation to help us continuously improve our risk management capability in accordance with the Risk Management policy and principles. The RMF demonstrates how the management of risk should be integrated into our everyday thinking, behaviours, processes and business practices.
8. The RMF fully supports and is consistent with the Departmental Values that drive the culture required to deliver Departmental objectives.

## Drivers for Change

9. The previous version of the Risk Management Framework (RMF) detailed DWP's response to the Strategy Unit's initial two year risk improvement programme as described in its report [Risk: Improving government's capability to handle risk and uncertainty](#) published in November 2002. The Framework has been updated and endorsed by the Executive Team (ET) to ensure that it addresses the current challenges we face in further embedding risk management, building upon the good progress already made, and taking into account internal and external good practice. It is fully consistent with the [HMT "Orange Book" - Management of Risk: Principles and Concept](#) guidance, current challenges to DWP and the way we do business today.
10. We have consulted with our businesses to make sure that it is relevant and realistic. Also, RAD's strategic partners have helped us to incorporate best practice in risk management from the public and private sectors.

## **DWP Risk Management Policy**

11. ET has endorsed the following DWP Risk Management Policy and the associated set of Principles to be followed when applying risk management within the Department:

### **DWP Risk Management Policy**

Ministers are committed to improving the delivery of public services, encouraging greater innovation and risk taking to secure better value for money for the taxpayer. To achieve this, it is essential that we integrate the management of risk into our business processes and internal control environment.

The Department faces a great deal of risk and uncertainty all the time. This is due to its huge delivery agenda, ambitious Modernisation plans and the challenges faced by the efficiency programme. Further, the Department has responsibility for paying more than £110 billion in benefits annually to its diverse customers through a current national network of frontline offices supported by appropriate staff.

Risk management should not be a bureaucratic process. It is more about a combination of attitudes, behaviours and activities, which together form an environment in which risk considerations are part of what we routinely do.

Successful risk management is dependent upon having clear accountabilities. The Executive Team is committed to actively promoting an open and honest culture that encourages opportunities to be seized when the associated risks have been well thought through and managed. It is the shared understanding and communication of risk information that leads to informed decision making. We should look to reward innovation and support staff to handle risks both in an appropriate manner and more confidently.

In everything we do, we all need to be clear how much risk is acceptable. Ministers and the Executive Team are responsible for determining the amount of risk that is judged to be tolerable and justifiable within the Department. It is therefore important that the Department's attitude towards risk taking is clearly communicated.

We should encourage opportunities to be taken where there is a good chance that significant business or financial benefits or an improved service to customers outweigh any likely risks. Thus, the effective management of risks involves us all. We all have a role to play in identifying and managing the key risks and opportunities we face in the successful delivery of our business objectives, aims and targets. To allow us to make the changes needed to support improved risk management, all managers and staff should follow the agreed set of risk management principles, as listed below.

### **Risk Management Principles for the Department**

- Senior managers foster a culture to support well judged decisions about risks and opportunities, enabling innovation to be handled with confidence.
- The management of risk should be integrated into existing processes.
- Clear roles and definitions are agreed relating to the accountability, management, escalation and communication of key risks.
- Risks are to be managed at the lowest level at which the manager has the authority, responsibility and resources to take action.
- All managers encourage openness and honesty in the reporting and escalation of risks.
- Risk judgements are made on a consistent basis to inform the decision making process.
- The effectiveness of risk management is subject to challenge through independent assessment.
- The Department strives to continually improve the management of its risks.

By promoting and adhering to these principles, we will create the right environment to support the effective management of risk.

## Roles and Responsibilities

12. Everyone has a role to play in the management of risk but generally speaking there are three main groups of people with different, but complementary, roles:
  - Staff – are best placed to ensure that we consider risk when carrying out our normal duties – for example by identifying what might stop us achieving what we have set out to do. The open and honest communication about risks will help us ensure that line management are promptly made aware that something needs to be done to address them;
  - Managers - encourage and support staff in the identification and discussion of risk in their day to day business, and pro-actively deal with issues that are brought to their attention, informing senior managers where appropriate;
  - Senior civil servants – have a key role in promoting the open and honest culture to underpin effective risk communication, and need to ensure that the key risks are visible, owned and actively addressed by management. They are also required to provide assurance that key risks have been effectively managed.
13. The Department's Corporate Risk Management Team (CRMT) promotes the continuous improvement of the Department's risk management capability to support the achievement of strategic objectives. It also acts as a liaison point with internal and external stakeholders, and supports businesses in putting the principles into practice.
14. The businesses implement and take forward risk management in a way that complies with the DWP Risk Management Framework. Business risk co-ordinators and practitioners are the day-to-day risk management process specialists, responsible for overseeing the effective implementation of risk management within their business area.

## Risks to the Public

15. The Department is a major provider of essential services to the public and it is important that we ensure that risks that are likely to impact upon the public are well managed and appropriately communicated. The HM Treasury has issued [Managing Risks to the Public: Appraisal Guidance](#) (June 2005) that includes a set of Principles that government bodies are required to meet. DWP is fully committed to adherence to them. It is important when we consider the risks to achievement of our aims, objectives or targets that we also bear in mind potential impact on the public. The list of key public risks below is not exhaustive, and DWP businesses may identify other risks that need to be managed and communicated.
  - Inability to deliver full range of services to all our customers;
  - We do not make payment of appropriate benefits to customers within agreed timescales;
  - The information we provide to the public is not accurate or complete;

- Our Aims, Objectives and Targets are not fully achieved;
- Customer's personal data is not held securely;
- We do not comply with relevant legislation (e.g. Health and Safety, Data Protection, Freedom of Information etc).