



Risk: Improving government's
capability to handle risk and uncertainty

Annexes

STRATEGY UNIT REPORT– NOVEMBER 2002

Annexes

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ANNEX 1

PROJECT METHOD, TEAM, SPONSOR MINISTER & EXPERT GROUPS

Method: The project team carried out a range of research, including:

- Surveys of Departmental Board members and risk experts;
- Seminars and expert groups;
- Interviews with practitioners and external stakeholders;
- Joint working with a number of Departments;
- Work with a number of best practice private sector organisations;
- A trawl of risk management practice overseas;
- Commissioning a study by MORI into public attitudes to risk;
- Reviewing existing reports on risk issues (such as the Phillips report on BSE), and reviews on risk practice both in government and the private sector, and other reports and academic works.

PROJECT TEAM AND SPONSOR MINISTER

The report was prepared by a multi-disciplinary team, guided by a ministerial sponsor, and advised by a number of expert groups with government and non-government representation.

The project team comprised:

Tracey Burke – on secondment from the Welsh Development Agency

Jeremy Hotchkiss – on secondment from Office of the Deputy Prime Minister

Chris Howard – on secondment from PriceWaterhouseCoopers

Sarah Graham – deputy director, Strategy Unit

Sue Jenkins – independent consultant

Hugh Pullinger – project leader, on secondment from Department for Work and Pensions

Tracy Rubenstein – on secondment from the BBC

John Saltford – on secondment from the Public Record Office

The project team was supported by **Bernadette Makena-Wanjiku** – Strategy Unit and **Meirion Winmill** – Strategy Unit.

Additional input was provided by **Ruth Ingamells** – Strategy Unit, , **Paul Harris** – seconded from Rolls Royce, **Caroline Haynes** – seconded from PriceWaterhouseCoopers, **Rob Lloyd-Jones** – Strategy Unit and **Keith Palmer** – NM Rothschild and Sons.

Sponsor Minister:

The work of all Strategy Unit teams is overseen by a sponsor minister. **Barbara Roche MP**, Minister of State at the Cabinet Office and Minister for Women (now Minister of State at the ODPM), was sponsor Minister until June 2002, followed by

Lord Macdonald, Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster.

Expert Groups

Three expert groups, drawn from leading academics and practitioners, acted as advisory groups for each of the main strands of the project. The Strategy Unit and Social Market Foundation also held a seminar with leading journalists and other experts in February 2002 to discuss key issues relating to risk communication.

The three groups were:

Embedding Group

Brian Bender	Department For Environment, Food and Rural Affairs
Air Marshall Brian Burridge	RAF Strike Command
John Fuller	Civil Contingencies Secretariat
Peter Gershon	Office of Government Commerce
Joe Grice	Her Majesty's Treasury
Sally Hinkley	Corporate Development Group
Sir David Omand (chair)	Cabinet Office
Kate Timms	Health and Safety Executive

Principles Group

Professor John Adams	University College London
Mark Courtney	RIU
John Denning	Carillion plc
David Halpern	Strategy Unit
David Harrison	Partnerships UK
Lord May	Royal Society
Jane Milne	Association of British Insurers
Barbara Roche MP (chair)	Minister of State, Cabinet Office
Peter Ruback	Office of the Rail Regulator
John Self	Office of the Rail Regulator
Sue Slipman	Camelot
Dan Waters	Financial Services Authority

Communications Group

Tom Burke	Rio Tinto
Sir Liam Donaldson	Chief Medical Officer, DoH
Brian Gosschalk	MORI
Peter Graham	Health and Safety Executive
Sue Jenkins	Government Information and Communication Centre

Sir John Krebs
Barbara Roche MP (chair)
David Walker
Ken Young

Foods Standards Agency
Minister of State, Cabinet Office
Guardian Newspaper
DWP

Those attending February 2002 Social Market Foundation seminar

Professor John Adams	University College London
Kevin Cocker	Go Ahead Group
Selina Chen	Social Market Foundation
Philip Collins	Social Market Foundation
Simon Crine	ACPO
Matthew D'Ancona	Sunday Telegraph
Emma Duncan	Economist
Beth Egan	Social Market Foundation
John Gardner	Chemical Industries Association
Malcolm George	Connect PA
Sandy Henney	Thames Water
Gaby Hinsliff	Observer
David Jordan	BBC On the Record
Neal Lawson	Lawson Lucas Mendelsohn
Lord Lipsey	Chairman, Social Market Foundation
David Lloyd	Pearson Education
Peter Riddell	Times
Richard Ritchie	BP
Barbara Roche MP (Chair)	Minister of State, Cabinet Office and Minister for Women
David Wild	Nirex

ANNEX 2

DEFINITIONS

There are nearly as many different definitions of risk as there are types of risk. Table A.2.1 gives a few examples of the range of different definitions.

Table A.2.1 Examples of Definitions of risk and risk management

Risk	Source
The possibility of incurring misfortune and loss, to proceed in an action without possibility, to act in spite of the possibility (of injury or loss)	Collins Concise Dictionary
Something happening that may have an impact on the achievements of objectives as this is most likely to affect service delivery for citizens. It may include risks as opportunity as well as a threat.	National Audit Office
The uncertainty of outcome within a range of exposure arising from a combination of the impact and probability of potential events.	Orange Book
Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies.	Audit Commission
Risk is any event or uncertainty that may enhance or impede the Department's ability to achieve its current or future objectives.	Cabinet Office
A function of the probability of an adverse effect and the magnitude of that effect, consequential to a hazard(s) in food	Codex Alimentarius Commission (CAC) ¹
Risk is any happening which might stand in the way of the Department achieving its objectives or implementing its policies successfully. It is not just about adverse development or events but also about missing or failing to make the most of opportunities.	Department of Culture, Media and Sport
Risk is anything that could hinder the achievement of business goals or the delivery of stakeholder expectations. Risk can arise from failure to exploit opportunities as well as from threats materialising.	Highways Agency
Risk is a combination of the probability, or frequency, of occurrence of a defined hazard and the magnitude of the consequences of the occurrence.	DETR

One prerequisite for managing risk effectively is clarity and this begins with the meaning of terms. Many different definitions operate across Government. Moreover, 'risk' is often defined as a negative event, endangering the public and government business, not as an opportunity.

¹ The CAC provide an extensive list of risk definitions relating to food and food safety.

There are also a number of different definitions for risk management (anything from a simple tick box system through to a strategic corporate approach) as well as crisis management, contingency planning and uncertainty. We have therefore adopted the following definitions throughout the report for key terms and have tried where possible to align with OGC, who are developing what may well become a standard set of definitions.

Table A.2.2 Strategy Unit Project Definitions

Term	Definition	Source
Business Continuity Plan	A plan for the fast, efficient resumption of essential business operations by directing recovery actions of specified recovery teams	Office for Government Commerce (OGC)
Contingency Management	The process of identifying and planning appropriate responses to be taken when a threat (risk) actually occurs.	OGC
Crisis Management	Crisis management involves the decisions and actions necessary to pre-empt, respond and accelerate recovery through decisive moments to healthy outcomes. Any crisis will require: 1. An on-going assessment, anticipating potential or actual consequences together with an appreciation of the options open to decision takers; 2. The identification, co-ordination and delivery of resources ahead of surge, vital to crisis management; 3. Fully trained multi-disciplinary teams, acting with authority and responsibility in support of decision takers & thereby maintaining public confidence. Together these elements characterise effective crisis management.	Civil Contingencies Secretariat (CCS)
Enterprise Risk Management	This looks beyond traditional hazard and financial risks to the more significant but often ambiguous operational and strategic risks; recognising that good risk management can create competitive advantage and improve shareholder value.	Economic Intelligence Unit
Handling Risk	A broad term, including the processes of risk management but also embracing wider issues of government's roles and responsibilities and organisational culture.	Strategy Unit
Horizon scanning	The identification phase of an early warning system	University of Birmingham National Horizon

		Scanning Centre
Resilience	The ability at every relevant level to detect, prevent and, if necessary, handle disruptive challenges. (It comprises planning, learning, abilities and resources, watchfulness, co-ordination and co-operation. It needs to be sustained by culture.)	CCS
Risk	Uncertainty of outcome, whether positive opportunity or negative threat of actions and events. It is the combination of the likelihood and impact, including perceived importance.	OGC
Risk Assessment	The process and approach used to prioritise and determine the likelihood of risks occurring and their potential impact on the achievement of objectives. (This definition covers similar ground to the OGC term Risk Analysis – defined as ‘systematic use of information to identify threats and to estimate the likelihood of occurrence and severity of the impact and provide information to management such that decisions on optimal responses can be taken’.)	NAO
Risk Frameworks	A statement on the procedures and processes used for reaching decisions on the risks which departments are responsible for.	ILGRA
Risk Identification	The process for finding and specifying the key risks which face a department in terms of achievement of its objectives	NAO
Risk Management	Covers all the processes involved in identifying, assessing and judging risks, taking actions to mitigate or anticipate them, and monitoring and reviewing processes. Or as the OGC defines it - ensuring that the organisation makes cost effective use of a risk process. Risk management requires: processes in place to monitor risks; access to reliable up to date information about risk; the right balance of control in place to deal with those risks; decision making processes supported by a framework of risk analysis and evaluation	Strategy Unit/OGC
Uncertainty	The state or condition of being uncertain	Collins English Dictionary
Uncertain	Not able to be accurately known or predicted	Collins English Dictionary

ANNEX 3

SURVEYS OF DEPARTMENTAL BOARD MEMBERS AND RISK EXPERTS

A. BOARD LEVEL QUESTIONNAIRE

As part of the Strategy Unit Risk project's consultation and evidence gathering exercise, two board level workshops were held on 1 and 5 February 2002. Board members from 11 different Government Departments attended.

Following the workshops, attendees were given a risk questionnaire to fill in and a total of 17 completed questionnaires were returned.

The questionnaire outlined a series of possible recommendations and asked the respondents to comment and assess what the impact would be of each on their respective department's work and to grade it *High*, *Medium* or *Low*.

1. Decision-making

Recommendation: There should be an explicit appraisal of risks, as well as benefits and costs, in all the main business processes (e.g. Spending Review, policy making, business planning, change management, performance management and investment analysis).

Response: Respondents generally commented that there was already some implementation of this in most departments, though most also said that it was not always systematic or uniformly applied. One typical comment was "Need to find ways of active senior level engagement rather than a box ticking exercise".

High – 10; Medium – 6, Low - 1

2. Public engagement

Recommendation: Gaining a systematic assessment of the public's concerns and views on risks should be an integral part of all policy development programmes. Departments should carry out relevant public attitude surveys to inform policy option appraisal as well as delivery quality. Measures should be taken to incentivise public engagement with Government.

Response: Some noted that this was already being done in their own department. But the common response was "yes of course but..."

Specifically there were reservations because of the complexity of risk concepts and the volatility of public opinion. There was also a general feeling that not all policy development programmes were suitable for this level of engagement with the public.

High – 7; Medium – 6; Low – 3.

3. Openness and transparency

Recommendation: We need to make a reality of openness by setting out our risk management principles accessibly; explaining the basis for decisions and explaining the relative significance of risks and the level of uncertainty.

Response: Again, most respondents agreed in principle but with various reservations. Comments included; “But some issues could lead to panic if discussed openly”, “Long way to go to change culture on transparency and openness”, “Openness is not a virtue in itself”, and “Yes as far as possible, though in some cases public interest not served by complete transparency”.

High – 3; Medium – 8; Low – 4.

4. Building public confidence

Recommendation: To develop greater mutual trust, we need actively to develop access to more trusted sources of information for the public, make more active use of independent sources to communicate and provide greater support to experts to improve the accessibility and effectiveness of communication.

Response: A somewhat mixed reaction. Some were in complete agreement, some claimed to already be addressing this. Others were taking steps to address the issue, but a number had minor qualifications to make including one comment that, although the recommendation mattered, it should not be the overriding factor.

High – 8; Medium – 5; Low – 2.

5. Identifying emerging risks.

Recommendation: More systematic ‘horizon scanning’ is needed across Government as a whole; not just research, but more active identification of priority risks and explicit tracking of developments in priority areas, to identify emerging trends and highlight the potential impact on other parts of Government.

Response: General agreement that this was important and needed to be addressed. Various suggestions on this issue included one for external think tanks publishing a variety of views. Another respondent asked; “Do we sometimes miss the risks that are below the horizon? ... We need to tap into assessments of risks at all layers of the organisation.”

High – 10; Medium – 6; Low - 0

6. Crisis management

Recommendation: To reduce the development of major crises of which Departmental Management Boards or the Centre are unaware, we need to develop a clearer, shared understanding of notifiable triggers. These are needed both within Departments, when issues are to be immediately escalated to the Departmental Board, and when escalated to the Centre rather than led by/ held within Departments.

Response: Again, there was general agreement on this. Some respondents said that they had already incorporated this into their Department's procedures. There were also various comments on the difference between crisis and risk management, as well as other issues such as the difficulty of having triggers to define unforeseen circumstances.

High – 7; Medium – 7; Low - 2

7. Contingency planning

Recommendation: Specific contingency plans (including Business Continuity Plans) should be developed for major risks which outline, for example, sources of extra staff, IT capacity etc which Departments can invoke when events, which meet pre-arranged criteria, occur.

Response: There was universal agreement that this was a good idea and the majority of respondents noted that such measures were already in place in their own departments. However views were mixed as to its potential impact. Comments included "Whether there is a need to call on outside resources depends on the nature of the threat scenario. You shouldn't be dogmatic", and "Departmental contingency plans are well advanced. We need better linkage with Whitehall plans."

High – 5; Medium – 7; Low - 4

8. Managing risk

Recommendation: It is important to clarify the roles of the Centre and Departments. We suggest criteria for engagement of the Centre to assist with managing and mitigating four types of key risks.

In your opinion what is the relative importance of investment by the Centre in these areas:

a) Significant risks to key Government objectives (e.g. the territory currently covered by the PM's Delivery Unit).

Response: A mixed result, but with a majority opting for a medium impact rating. However most respondents expressed a degree of wariness about too much

involvement or interference from the Centre. The general view seemed to be that Departments should take the lead while the Centre should limit itself to taking an overview, without increasing bureaucracy. A typical comment was “There is a role for the Centre here. But surely it is for Departments to take the lead.”

High – 5; Medium – 9; Low – 3.

b) Risks which have the potential to become, or already are crises:

Response: With one or two exceptions, there was general agreement that this was a legitimate and important area for the Centre to be involved in, particularly if the crisis affected more than one department.

High – 9; Medium – 4; Low - 1

c) Risks which are not manageable by one Department alone because they:

- **require extra resources, or**
- **where they are inherently cross-cutting, i.e. where the severity is only apparent when viewed across the whole of Government and could benefit from a more co-ordinated approach to their mitigation (e.g. issues such as the recruitment of key skills).**

Response: Most respondents agreed that the Centre should have a role to play. Some felt that it should take the lead while others spoke more of it having a role as facilitator or co-ordinator. A couple however felt that either one department should take the lead, or a number of departments could agree to work together without the necessity of involvement from the Centre.

High – 9; Medium – 4; Low - 2

9. Active support from the Centre

Recommendation: The following are types of support, which the Centre could invest in, how would you assess their relative importance in improving performance?

- Better co-ordinated and more accessible guidance High – 4; Medium – 9; Low - 4
- A contingency resource and expertise which Departments can draw on in managing and arresting crises. High – 10; Medium – 3; Low - 4
- A shared, more established risk/crisis communications approach. High – 8; Medium – 8; Low - 1
- An expert resource in the management of risk to assist Department staff in improving the quality of implementation. High – 7; Medium – 8; Low - 3
- A more accessible and active approach to the sharing of good practice across Government. High – 7; Medium – 8; Low – 3

10. Strong leadership

Recommendation: Active sponsorship and leadership is required to achieve a change of culture and behaviour and realise the benefits of risk management. There should be senior level championing to ensure 'well managed risk taking' and that the right balance of risk and opportunity is struck in the Department's programme.

Response: There was general agreement on this with several comments that the recommendation was already being implemented within their own department. Responses included, "'senior level' must mean 'Board level'", "Need to avoid single issue special pleading", and "Yes, agreed, though we have so many senior level champions on so many issues..."

High – 11; Medium – 3; Low - 1

11. Risk management as a professional discipline

Recommendation: Risk management needs to be developed and maintained as a professional discipline (similar to project management and accounting) even though the activity should be an integral part of other management processes. As such, it should be supported by professional training and planned competence development to ensure best practice is developed and maintained across Government at all levels.

Response: There were a lot of reservations about this. While there were a few expressions in support for establishing centres of expertise, there was a widespread concern that if risk management were developed as a professional discipline it would become marginalised and seen as the responsibility of the professionals rather than the responsibility of all managers. This point was re-emphasised by several comments to the effect that risk management either is already, or should be, part of good general management practice.

High – 1; Medium – 6; Low – 8.

12. Competence

Recommendation: The capability actively to manage risk and take opportunities should be a significant competence against which individuals are judged in terms of performance, pay and promotion. This should be supported by consistent and coherent training and development support.

Response: General agreement on this recommendation, with one respondent noting, "I see this as top priority in capacity building". However there were some concerns about how this could be measured objectively and a warning that "people will start playing games with risk to further their own interests".

High – 10; Medium – 3; Low - 2

13. Accountability

Recommendation: The time has come to review the terms of reference, approach and perception of the role of external scrutiny bodies (e.g. PAC, NAO). These should be re-aligned with a more balanced approach to risk and opportunity. Current external scrutiny requirements might in future be supplemented by an audit trail of risk management judgements.

Response: Strong agreement with this and a concern expressed by many at the way risk is seen by the PAC and NAO. The feeling was that not enough was being done to support well-managed risk-taking.

One typical response was, "Would it be possible to re-consider the ToRs of the PAC? The Sharman report is of course relevant here". Another commented; "Agree – concerns about NAO/PAC scrutiny remain a significant deterrent to risk taking."

High – 11; Medium – 2; Low - 1

14. Your organisation: How confident are you in your organisation's management of risk?

- | | |
|--|---|
| ▪ Fully confident we employ best practice | 1 |
| ▪ Content, a few areas to be improved | 2 |
| ▪ Not happy, many areas fall short of best practice | 3 |
| ▪ Very concerned, our approach needs significant improvement | 4 |

Response: One respondent answered with a "1 & 2" and another with a 4. But the remaining respondents chose either a 2 (selected by six) or a 3 (selected by nine). The general view was either that things were ok, but still needed improvement - especially in enhancing the organisation's appetite for risk taking - or they acknowledged that there was a problem but thought that plans were in place to address the issue.

15. Additional comments

Most additional comments were positive about the workshop, which was felt to have been a useful and worthwhile exercise. There were also a number of other suggestions and comments made for the risk project to consider including, "The establishment of a Peer review process could be useful. We would see this as being a non-threatening and constructive review process appropriately supported by professionals." Another noted, "Unlike the private sector, which can choose to avoid many unquantified risks, the public sector often has no option but to accept risks."

Recommendations - Board Workshop Questionnaire responses

Board Level attendees' assessments of the impact of the recommendations on assisting their Departments' work are set out below. Where there is a clear majority view, this is shown **in bold**.

Recommendations	H	M	L
1. There should be an explicit appraisal of risks, benefits and costs in all the main business processes	10	6	1
2. Gaining a systematic assessment of the public's concerns and views on risks should be an integral part of all policy development programmes. Departments should carry out relevant public attitude surveys to inform policy option appraisal as well as delivery quality. Measures should be taken to incentivise public engagement with Government.	7	6	3
3. Need to make a reality of openness by setting out our risk management principles accessibly; explaining the basis for decisions and explaining the relative significance of risks and the level of uncertainty	3	8	4
4. To develop greater mutual trust, we need actively to develop access to more trusted sources of information for the public, make more active use of independent sources to communicate and provide greater support to experts to improve the accessibility and effectiveness of communication	8	5	2
5. More systematic 'horizon scanning' is needed across Government as a whole; not just research, but more active identification of priority risks and explicit tracking of developments in priority areas, to identify emerging trends and highlight the potential impact on other parts of Government	10	6	
6. To reduce the development of major crises of which Departmental Management Boards or the Centre are unaware, we need to develop a clearer, shared understanding of notifiable triggers, both within Departments or when escalated to the Centre rather than led by / held within Departments.	7	7	2
7. Specific contingency plans (including Business Continuity Plans) should be developed for major risks which outline sources of extra staff or IT capacity which Departments can invoke when events, which meet agreed criteria, occur	5	7	4
8. It is important to clarify the roles of the Centre and Departments. We suggest criteria for engagement of the Centre to assist in managing and mitigating four types of key risks :			
a) significant risks to key Government objectives (e.g. currently covered by the PM's Delivery Unit)	5	9	3
b) risks which have the potential to become, or already are, crises (where the CCS have a role)	9	4	1
c) risks which are not manageable by one Department alone because they require extra resources	9	4	2
d) where they are inherently cross-cutting, i.e. where the severity is only apparent when viewed across the whole of Government and		6	5

could benefit from a more co-ordinated approach to their mitigation			
9. The following are types of support, which the Centre could invest in, how would you assess their relative importance in improving performance? a) better co-ordinated and more accessible guidance	4	9	4
b) a contingency resource & expertise which Departments can draw on in managing and arresting crises	10	3	4
c) a shared, more established risk/ crisis communications approach	8	8	1
d) an expert resource in the management of risk to assist Department staff in improving the quality of implementation	7	8	3
e) a more accessible and active approach to the sharing of good practice across Government	8	8	1
10. Active sponsorship and leadership is required to achieve a change of culture and behaviour and realise the benefits of risk management. There should be senior level championing to ensure 'well managed risk taking' and that the right balance of risk and opportunity is struck in the Department's programme.	11	3	1
11. Risk management needs to be developed and maintained as a professional discipline (similar to project management and accounting) even though the activity should be an integral part of other management processes. As such, it should be supported by professional training and planned competence development to ensure best practice is developed and maintained across Government at all levels.	1	6	8
12. The capability to actively manage risk and take opportunities should be a significant competence against which individuals are judged in terms of performance, pay and promotion. This should be supported by consistent and coherent training and development support.	10	3	2
13. The time has come to review the terms of reference, approach and perception of the role of external scrutiny bodies (e.g. PAC, NAO). These should be re-aligned with a more balanced approach to risk and opportunity. Current external scrutiny requirements might in future be supplemented by an audit trail of risk management judgements.	11	2	1

B. RISK PRACTITIONERS SURVEY

Introduction

The Strategy Unit commissioned Axena and KPMG to carry out a web-based survey between February and April 2002. Some 11 private sector companies and nine Government Departments responded fully to the survey.

There were two parts to the survey. Part one was a response (using a scale of five from “Strongly Agree” to “Strongly Disagree”) to a series of best practice statements grouped into 11 themes. Part two gave respondents the opportunity to enter free text responses to a number of open questions.

The results of the survey are summarised below.

Survey Part 1

The top 10 statements in each sector attracting the most positive response were :

Private sector

1. A named member of our senior management is responsible for sponsoring risk management in our organisation
2. An organisation-wide risk review that incorporates risk identification and assessment is carried out at least annually
3. We are integrating risk management into the normal business processes rather than as a separate system in parallel with running the business
4. There is an expert adviser or “centre of knowledge” within our organisations to whom we can turn for support in improving our management of risk.
5. Senior management communicate the most significant emerging issues (opportunities and risks) facing the organisation to the management staff
6. I know my organisation’s plan for immediate response to a disruptive event
7. Simulation - These response plans have been rehearsed by senior management “live” in the last 12 months
8. Long term – The organisation has clearly identified and summarised the most significant long term issues that might give rise to future crises
9. The rapid reaction team know their roles in responding to a crisis
10. There is an emergency number/centre for co-ordinating any response

Public sector

1. The next major challenge to making risk management more effective in our organisation is: Moving from implementing systems and process to actually changing attitudes / culture to focusing on the main risks
2. The next major challenge is making risk management more effective in our organisation is: Moving from risk assessment to risk management
3. There is an expert adviser or “centre of knowledge” within our organisation to whom we can turn to for support in improving our management of risk
4. We assess the implementation of risk management within our organisation: in pockets of pro-active risk management
5. The main risk impact are explicitly assessed, prioritised and mitigating plans summarised in: all business cases
6. Integrating risk management into the normal business processes rather than as a separate system in parallel with running the business
7. My organisation has a risk management policy for the whole organisation
8. An organisation-wide risk review which incorporates risk identification and assessment is carried out at least annually
9. The consequences of priority risks materialising are assessed for their potential impact on achieving each of our main business objectives
10. The next major challenge to making risk management more effective in our organisation is: Moving from static assessments to dynamic use in decision making

The top 10 statements in each sector attracting the least positive response were :

Private sector

70. The real reason for seeking better crisis management now is that it is a current management fashion
69. Staff are appraised on the identification, assessment and management of risk and innovation as part of performance appraisal on their role
68. We assess the implementation of risk management within our organisation is: not implemented in a coherent manner
67. There is a tradition of issues becoming well developed and “late” before getting to the appropriate decision makers, who then have to fight fires
66. We assess the implementation of risk management within our organisation: in pockets of pro-active risk management
65. The next major challenge to making risk management more effective in our organisation is: Moving from an attitude of adopting risk management solely to comply with an external regulatory requirement to using risk management for decision making and resource allocation to business
64. The organisation has defined and communicated its appetite for risk taking in each area of activity

63. The next major challenge to making risk management more effective in our organisation is: Gaining senior staff commitment
62. We assess the implementation of risk management within our organisation: wide spread but incomplete
61. The risk assessment is explicitly reviewed at pre-determined key decision points throughout the process to track and report changes in
60. The main risk impacts are explicitly assessed, prioritised and mitigating plans summarised in: policy proposals

Public sector

70. The department has defined and communicated its appetite for risk taking in each area of activity
69. The real reason for seeking better crisis management now is that it is a current management fashion
68. Our organisation is active and competent in managing opportunities and innovation in a similar way to the effective management of risks (i.e. identified, assessed and progress regularly updated as an explicit Management Team agenda item)
67. The department Board has risk and risk management as a standing agenda item
66. Our organisation has invested in adequate skills, resources and training to introduce competence in the effective management of risk and risk communication
65. Simulation: These response plans have been rehearsed by the Management Team "live" in the last 12 months
64. Departmental staff are appraised on the identification, assessment and management of risk and innovation as part of performance appraisal on their role and responsibilities
63. We assess the implementation of risk management within our organisation: across the whole organisation
62. The policy development and implementation process is managed and conducted by the same multi-disciplinary team from "end to end"
61. Our organisation acts as competently as it could in acting on and internally communicating potential risks and opportunities
60. Managers are aware of the notifiable triggers to escalate emerging issues to senior levels

The more detailed responses by Section, including the relative ranking within each of the 11 Survey areas, follow. (The ranking of each of the 11 Areas is based on how far the organisations agreed with the statements within each which set out positive pictures of good practice. So a ranking of 1 means that this was the area where there was most agreement by the organisations concerned ie that they reflected good practice).

Section 1: Setting the Context

<u>Overall Rank Score: 5</u> <u>Private Sector Rank Score: 5</u> <u>Public Sector Rank Score: 3</u>
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There were two statements requiring a response here. These concerned the existence (or otherwise) of a risk policy and the consistent use of risk language throughout the organisation. Overall, public sector bodies rated it relatively higher than private sector ones. The main points here are:

- Most organisations in both sectors had a risk management policy. Only four (two public and two private sector) did not.
- There was also some uncertainty regarding the use of common language in risk. In total, nine of 20 respondents, most of whom were public sector organisations, disagreed about the consistent use of language.
- Overall, the private sector appears stronger in this area, particularly regarding the consistent use of risk language across the organisation.

Section 2: Use of Systematic Horizon Scanning

<u>Overall Rank Score: 4</u> <u>Private Sector Rank Score: 3</u> <u>Public Sector Rank Score: 4</u>
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The main points covered in the six statements here relate to risk assessment and response planning. Both sectors ranked it relatively similar and in the upper third.

- Most organisations have at least an annual risk review process
- Planning a response to emerging risks and opportunities is better in the private sector. Here, seven of 11 agreed with the statement on planning an approach to risk well while only three of nine public sector bodies did.
- The private sector is also much stronger in terms of senior management both receiving and communicating results of risk reviews. Only three of nine public sector bodies indicated they did receive regular reports, whereas only two of 11 private sector bodies indicated they did not.
- There was more consensus in both sectors on the relationship being made between risk and business objectives.
- Public sector respondents see regular reporting to senior management on compliance with external standards as a problem area. Only three public sector bodies agreed with the statement, whereas only two of 11 private sector bodies disagreed.

Section 3: Systematic Management of Key Risks

Overall Rank Score: 10

Private Sector Rank Score: 6

Public Sector Rank Score: 11

This is one of the two of 11 areas in the Survey with the greatest divergence between the two sectors' responses. The public sector ranked it lowest of 11; the seven statements here covered process, evaluation of risk and reporting.

- The private sector appears more structured in identifying actions to deal with key risks and monitoring/reporting on their delivery. Only three of nine in the public sector agreed that they matched actions to risks and reported on the delivery of the action as opposed to eight of 11 private sector.
- Communication is another area of relative strength in the private sector, as is the idea that risk is also about opportunity. Only one organisation of 11 (the same one consistently 'disagreeing') disagreed with the statements on communication. Six and four respectively (of nine) public bodies agreed with the two statements on importance and communicating.
- This theme continued in public sector bodies responding to how well they were managing opportunities and innovation. Only one agreed, whereas only two private sector bodies disagreed.
- Finally, risk appetite was not seen by any public sector body as having been defined and communicated while three agreed in the private sector.

Section 4: Sponsorship throughout the Organisation

Overall Rank Score: 1

Private Sector Rank Score: 1

Public Sector Rank Score: 1

- This was the top-ranked area in both sectors. The main issues addressed here are around clear responsibilities, use of an 'expert' source, regular review of risk and where the main focus lies.
- The public sector's problem here refers mainly to two areas. They do not see risk management as a standing board agenda item (only one of nine agreed) and only five saw a named individual responsible for risk management.
- Private sector respondents all agreed on the identification of a named individual for risk management.
- There were also two multiple-choice questions here. One related to where the main risk impacts were explicitly assessed; the other to whether managing risk is seen as a compliance activity or a major focus of management to achieve business objectives.
- On the first question, the main area of agreement among private sector respondents was about "investment / programme appraisals" (nine of 11 agree), and the area of least agreement concerned "policy proposals" (four agree). Public sector respondents agreed most in "all business cases" (seven of nine), and least in "all significant operational decisions" (five agree).

- Risk management in the public sector is perceived to be mainly compliance-related (five agree) and only three agree that it is a major focus of management in achieving business objectives. On the other hand, eight of 11 private sector bodies agree that it is a major focus of management.

Section 5: Managing Risk in Policy and Implementation

Overall Rank Score: 11

Private Sector Rank Score: 11

Public Sector Rank Score: 10

- This section was the lowest ranked overall in the private sector and second lowest in the public sector. It covers the end-to-end use of risk methods in policy development to inform and improve the process.
- The private sector response was on average more “neutral” (15 of 44 responses) whereas the public sector response was a mixture of “neutral” (15 of 36) and “disagree” (12 of 36)
- The private sector scored lowest on reviewing risk assessment at key decision points throughout the process to track changes affecting delivery. Only three of 11 agreed they had such processes, but only one of nine in the public sector had them too.
- Private sector organisations were more consistent than the public sector in having the same multi-disciplinary team in place until implementation (five of 11 compared with two of nine).

Section 6: How Well has Risk Management been Embedded ?

Overall Rank Score: 9

Private Sector Rank Score: 10

Public Sector Rank Score: 9

- Again, this area scored low all round. The private sector is stronger, both in absolute terms and in relation to the public sector, in integrating risk management and in identifying individual responsibilities for risks. Most (nine of 11) are embedding risk management in normal business processes, and eight of 11 had set out individual responsibilities for it. In comparison, the public sector’s figure was five of eight and four of eight.
- The areas of most weakness are people-related. Neither sector appears to have invested sufficiently in skills or to assess staff performance formally.
- Also, there were two multiple-choice questions relating to the next major challenge in risk management and how well it has been assessed.
- On the former, the private sector respondents see it as “moving from static to dynamic risk assessments” (eight of 11). The public sector is further back in the development cycle. They see it as “changing attitudes and cultures”.
- Risk management implementation is not well assessed in the private sector at any level. In the public sector the best response (six of nine) was “in pockets of pro-active risk management”.

Section 7: Management of Crises / Disruptive Challenges / Pre Crises Awareness

Overall Rank Score: 7

Private Sector Rank Score: 8

Public Sector Rank Score: 8

- This section scored in the lower half for both sectors. The Survey here moved more specifically into the area of crisis management.
- Private sector managers seem more aware of the long-term issues that might give rise to crises, and on short-term emerging issues becoming “hot”. Only one of 11 disagreed with either statement. But in the public sector, only four and three (of nine) agreed with each of the statements.
- Private sector managers scored better at flagging up ‘hot’ issues to the right level promptly than their public sector counterparts (nine agreed / two neutral) whereas only four of nine agreed in the public sector.
- Private sector managers also scored better on identifying “triggers “ to escalate emerging issues than their public counterparts.
- They also performed relatively better on getting to issues early and avoiding having to fight fires (only one agreed that fighting fires was an issue) whereas four public sector bodies saw it as an issue. Both scored high in “neutral” here too though (three and five respectively).
- On the one multiple-choice question both saw the real reason for seeking better crises management as to ensure more secure operations. Only one body in each sector disagreed.

Section 8: Building Resilience

Overall Rank Score: 6

Private Sector Rank Score: 6

Public Sector Rank Score: 6

- This section scored around the mid-point for both sectors. It covered the awareness of the relative strengths and weaknesses of responding to disruptive events which seem to be better developed in the private sector although plans to deal with weaknesses attracted a higher level of “neutral” scores in both sectors (four private / five public).

Section 9: Post Crisis Immediate Response Operations

Overall Rank Score: 2

Private Sector Rank Score: 2

Public Sector Rank Score: 4

- This section was the second-equal highest scoring overall and in the private sector and fourth in the public sector. It deals with plans to respond – simulation rehearsal, co-ordination agreements, rapid reaction teams etc.
- Public sector response to simulation rehearsal was low on both while the private sector seems far more prepared. Only one private sector body

responded that they had not rehearsed plans at management or rapid reaction team level while only one public sector body confirmed they had.

- The private sector was also better prepared with rapid response teams: eight of 11 responses compared to five of nine public sector responses.
- All bar one private sector bodies knew the immediate response plans. Only three of public sector respondents confirmed that they knew them.
- Sharing and co-ordination of response plans with other organisations was the area of most neutrality in the private sector response (three of 11) and the process for reviewing crisis events scoring six positive 'agree' and three neutral / two disagree. In both statements, the public sector managed only three "agree" scores of nine on each.

Section 10: Post Crisis Immediate Response Communications

Overall Rank Score: 2

Private Sector Rank Score: 3

Public Sector Rank Score: 2

- This area scored strongly. It ranked second equal overall / public sector and third in terms of private sector responses. It deals with communications strategy, contact points and people and an integration of communications into the response effort.
- Six of 11 private sector bodies agreed with all six statements on communications whereas only one public sector body did.
- One private sector body disagreed with four of the five statements and one was neutral on four of the five. Most public sector bodies were neutral.
- The area of most disagreement in the private sector relates to rehearsal of communications strategy plans. Public sector respondents also seem less convinced that the plans have been rehearsed or communicated to staff. (Two and three "agree" to each respective question out of nine respondents, as opposed to six and nine to each respective question out of 11 private sector respondents).

Section 11: Organisation – Wide Communication

Overall Rank Score: 8

Private Sector Rank Score: 9

Public Sector Rank Score: 6

- This section scored in the lower half all round. It covers the effectiveness of cross-organisation communications and event tracking to promote improved integrated responses.
- In particular it asked for responses to three statements on cross-cutting risks. These statements spoke of there being effective communication from the Centre and with other departments/business units to determine the impact on the organisation arising from issues emerging in other departments/business units.
- Only three private sector respondents disagreed with these three "cross-cutting" statements. Only three public sector respondents agreed with the

statement on effective inter-departmental communications, and just one agreed with each of the other two.

- Most of the public sector responses to the six statements were neutral. Of 54 possible responses, some 30 were neutral compared to 14 in the private sector. Only one in the public sector agreed with all six statements. Public sector respondents were generally neutral about the lack of a common view on prioritising emerging issues and tracking events (six of nine responses each).

ANNEX 4: PUBLIC ATTITUDES TO RISK

In February 2002, the MORI Social Research Institute was commissioned by the Strategy Unit to conduct desk research into public attitudes to risk. The review was not meant to provide an exhaustive coverage of the available data on risk, but to provide an overview of some key issues.

This annex uses both the MORI data and material taken from academic literature and other reports in the field.

‘Risk’ covers a wide range of different issues facing the public and it should be expected that there are many different ways of responding to them. Subjective concerns are inherent in any judgement about risk, and factors such as the degree of control the individual feels over the risk, fear and uncertainty, and demographic differences have to be recognised as well as judgements over the frequency and seriousness of the risk. Furthermore, different people will view these factors in different ways according to their differing social and cultural values and behaviours.

Categories of risk that face the public

There have been a number of attempts to categorise the different types of risk that people can encounter during their lives. The table below shows one way of classifying the range of risks facing the public²:

Category	Definition / examples
Fatality	Death
Morbidity	Injury, accident, disease, illness
Deprivation	Poverty, homelessness
Aggression	Crime against person or property
Incivility	Stigma, Discrimination
Infringement	Violations of privacy, violations of due process
Damage	Environmental damage, negative externalities to environment, property

Perceived and virtual risks

In a number of recent cases that have caused public concern (for example, radiation from mobile phones), it has been difficult to demonstrate conclusively a link between cause and effect. One way of classifying them is to differentiate between directly perceived risks, risks perceived through science, and “virtual risks” that cannot be directly perceived³:

Category	Explanation	Examples
Directly perceived	Risks that are dealt	Crossing the road, riding a

² <http://www.cabinet-office.gov.uk/innovation/2001/risk/scope.shtml>

³ Adams et al, in *Taking Account of Societal Concerns about Risk*. HSE: September 2001

risks	with intuitively and instinctively – “day-to-day” risks that we do not subject to a conscious cost-benefit analysis before undertaking	bike, playing football, eating sugary foods
Risks perceived through science	Risks that are identified and managed by science	Diseases such as polio, TB
Virtual risks	Risks that are neither proven nor disproven by (conventional) science	The link between MMR and autism, mobile phones, alternative therapies, etc

Complexity, uncertainty and ambiguity

One leading academic⁴ has identified that governments face particular challenges in handling and communicating about risk where:

- The issues are complex;
- There is more than one hypothesis that explains the facts; or
- The risk itself is uncertain or unknowable.

What do people feel at risk from?

MORI’s qualitative work for the Better Regulation Unit (BRU) asked people to come up spontaneously, without prompting, with a list of risks. Many people viewed risk as an *everyday occurrence*, and as might be expected they came up with a broad range of categories, including: personal safety, health, financial, environment, retirement (especially among older people), factors affecting children (especially among parents) and Europe.

Every month for the last 20 years MORI has asked people to say spontaneously what they think are the most important issues facing Britain. This data demonstrates the wider context that needs to be considered when examining attitudes to risk and uncertainty. The findings are that concern about public services – particularly health and education – has risen since the 1980s, while spontaneous mentions of unemployment have fallen. Worries about defence and foreign affairs, on the other hand, peak at times of war (the Gulf in 1991, Afghanistan in late 2001), but are otherwise quite low on the list.

The results from the MORI survey for the BRU revealed that when prompted with a list of risks, crime, health, and unemployment were picked out as the issues that most worried respondents. When asked about financial risks in particular, losing their job is seen as the most serious risk, followed by recession in Britain and an inadequate pension.

⁴ Renn, presentation at the Kings College Risk Forum, 15 March 2002

It seems clear that people view a wide range of issues as possible risks to themselves and their family, and how they rank them will obviously depend on the choices they are presented with, as well as their own values and judgements. A great deal of work has already been done in looking at how people make these judgements about risk.

How do people make judgements about risk?

According to a recent working group looking at risk for the Hazards Forum, a proper understanding of risk needs to integrate “the natural, chemical, biological, medical and physical sciences, engineering and technology with the social, legal, political, economic and psychological sciences”. Recent literature has also focused on the need to realise that people make judgements about risk in a *subjective* rather than an *objective* manner⁵.

Rather than search for a “risk Richter Scale”⁶ (which allows risks to be easily compared to one another), more sophisticated analysis is required. This needs to take into account all the different factors that will feed into someone’s judgement about a risk, but also appreciate how these factors will vary from person to person (for example, the “risk thermostat” model developed by Adams *et al* (2001)).⁷

All of the following have been identified as key factors when looking at judgements of risk:

- **Frequency and seriousness.** Studies have shown that people tend to underestimate the number of deaths due to frequent, but less vivid or unusual dangers, and overestimate the numbers of deaths caused by less frequent, but more vivid or sensational risks. There is some disagreement on this issue, as other studies have shown that the public is able to make more accurate estimations of the relative dangers of different risks. Nevertheless, the level of damage potential associated with a risk will be an important factor, as will the level of fear associated with it.
- **Degree of control** – and is the risk *voluntary or imposed*? In general, people are more likely to accept the consequences of risks that they take willingly, and are therefore within their control, than risks over which they have no choice. For example, people may be prepared to accept a higher level of risk when travelling by car than when travelling by train⁸. A complication for the Government is that what might be viewed as a free choice by one person (the right to drive a car, or

⁵ **Pidgeon, Hood, Jones, Turner, Gibson:** *Risk Perception in Risk Analysis, Perception and Management:* Report of a Royal Society Study Group, 1992

⁶ **House of Lords Sub-Committee on Science and Technology,** Third Report, 1999

⁷ **Adams *et al*,** 2001

⁸ This concept is examined in **Fischhoff, Slovic, Lichtenstein** *et al*, *How Safe is Safe Enough? A psychometric study of attitudes towards technological risks and benefits*, Policy Sciences vol 9, 1978; The Chief Medical Officer has identified similar differences in the public and media reaction to the Hatfield rail crash and to deaths associated with the use of infusion pumps in medical procedures. See *FST Journal*, vol 17, July 2001

smoke in a train carriage) may involve imposing an involuntary risk on someone else (the risk of being hit by a car, or suffering from passive smoking)⁹.

- **Personal risk vs. a risk to society.** People may view these two risks very differently – the level of control, for example, is likely to be higher for a personal risk than it is for one that faces all of society. Risks that fall on certain groups of society ‘unfairly’ are also likely to be viewed with more concern.
- **Demographic differences.** There are many examples of these, such as parents feeling particularly concerned about risks that face their children, while older people are more likely to say they are concerned about retirement.
- **New risks vs. familiar risks.** People are likely to react more strongly to ‘new’ risks, than those in which they believe they already fully informed (such as the dangers of over-exposure to the sun). On the other hand, a risk with “**track record**” is likely to be judged more dangerous than one without.
- **The rewards from undertaking the risk** or alternatively, what needs to be given up in order to avoid the risk
- **Effects of exposure delayed in time** People are likely to have particular concerns about risks where the effects are delayed, or inflicted upon future generations (risk of genetic changes being passed on)¹⁰
- **Human failure vs. natural causes.** People are less accepting of risks due to human failure than they of risks from natural causes.¹¹
- **The importance of political and cultural beliefs** – the importance of this factor for Government is to recognise that there will be a plurality of different responses to different risks in society.

Research has shown that the public is not a single entity, and that perceptions can vary considerably from individual to individual. There have been a number of attempts to categorise different attitudes to risk, including the use of cultural theory¹², which distinguishes between:

- Egalitarians, who see the balance of nature as fragile, distrust expertise and strongly favour public participation in decisions;
- Individualists, who see nature as robust and want to make their own decisions;
- Hierarchists, who see nature as robust within limits and want well-established rules and procedures to regulate risks; and
- Fatalists, who see life as capricious and attempts at control as futile.

⁹ Adams et al, 2001

¹⁰ *Risk: Analysis, Perception and Management*, Royal Society 1992, p101 (adapted from **Otway and von Winterfeldt**, *Beyond acceptable Risk*, 1982)

¹¹ *ibid*

¹² **Douglas M**, *Risk and Blame: Essays in Cultural Theory*. Routledge, 1992

While any attempt to classify individual responses to risk is likely to be simplistic, they can provide some pointers towards the likely range of reactions to certain risks among different interest groups.

Public Attitudes towards Science

A number of studies have highlighted low levels of public awareness of scientific methods relating to risk and uncertainty. Individuals are more likely to focus on what the consequences would be if something happened to them individually, rather than on the likelihood of it happening to them, which they are unlikely to be able to assess¹³. Both the Phillips Report and House of Lords Science and Technology Committee Report on Science and Society recommended that Government could do more to educate the public about risk.

MORI's Chairman Bob Worcester presented the following research-based theses to the committee¹⁴.

- The British public tends to judge the value of scientific advances by their end purpose.
- Scientific developments aimed directly at achieving improvements in human health care are the most valued by the public.
- Ignorance about the way in which science is regulated and restricted leads many of the public to assume that the regulation is insufficient, and this in turn makes them more likely to be hostile to science.
- The majority of the public say they "trust" scientists", but whenever a scientist's employer or sponsor is mentioned, the veracity of the source becomes highly relevant: the scientists trusted by the highest proportion of people are those working for environmental NGOS.
- Significant numbers of the public are prepared to use their power as consumers to put pressure on those involved when they object to a scientific procedure or principle.

Trust and Openness

In 1999, the MORI / BRU survey highlighted the public's desire for more openness with nine in ten agreeing that 'the Government should be more open about how it makes its decisions'¹⁵.

The importance of trust in providing the information is also crucial, both in terms of believing the truthfulness of the source communicating the risk, but also in terms of having confidence that they can and will act to reduce the risk (which in turn will be linked to one's social and political beliefs).

MORI data demonstrates that the public places different levels of trust in different groups in society, and is also sophisticated enough to look beyond the immediate messenger to take into account the identity of his or her sponsor. MORI's monitoring 'trust' question, asked since 1983, shows that doctors and teachers are the most trusted groups in our society, while journalists, politicians and business leaders are viewed with much more scepticism. It is interesting that the relative positions have

¹³ See e.g. **Fischhoff, Lichtenstein, Slovic** et al, *Acceptable Risk*, Cambridge, 1981

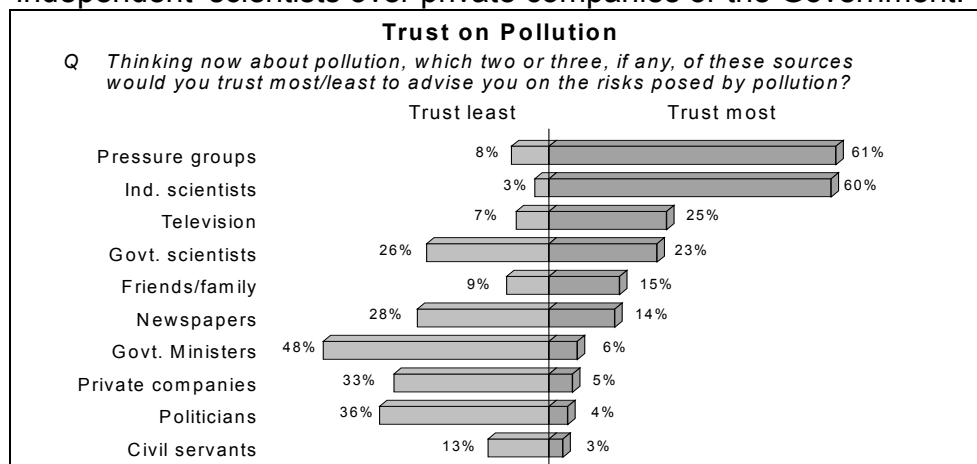
¹⁴ **Worcester, Bob**: *Public Attitudes to Biotechnology in Great Britain*, chapter in *Perceptions of Biotechnology: Public Understanding and Attitude* ed **Miller**, 2001

¹⁵ **MORI/BRU**, 1,015 British adults 16+, 9-19 January 1999

not changed greatly over the last 20 years, with the exception of civil servants who have improved their veracity scores.

TRUST IN PEOPLE							
Q. "Now I will read you a list of different types of people. For each would you tell me if you generally trust them to tell the truth, or not?"							
	'83	'93	'97	'99	'00	'01	'02
Tell the truth:	%	%	%	%	%	%	%
Doctors	82	84	86	91	87	89	91
Teachers	79	84	83	89	85	86	85
Clergyman/Priests	85	80	71	80	78	78	80
Professors	n/a	70	70	79	76	78	77
Judges	77	68	72	77	77	78	77
Television news readers	63	72	74	74	73	75	71
Scientists	n/a	n/a	63	63	63	65	64
The Police	61	63	61	61	60	63	59
The ordinary man/ woman in the street	57	64	56	60	52	52	54
Pollsters	n/a	52	55	49	46	46	47
Civil Servants	25	37	36	47	47	43	45
Trade Union Officials	18	32	27	39	38	39	37
Business Leaders	25	32	29	28	28	27	25
Politicians generally	18	14	15	23	20	17	19
Government Ministers	16	11	12	23	21	20	20
Journalists	19	10	15	15	15	18	13
Base: C. 2,000 British Adults Aged 15+				Source: 1999-2002, MORI/BMA; 1983-1997, MORI/The Times			

It can also be seen how people trust different groups to tell them about specific risks e.g. pollution. In each case, the public values "independence"; pressure groups and 'independent' scientists over private companies or the Government.



Perceived inconsistencies are quoted as damaging people's trust in official statistics and this is particularly true when it comes to communicating uncertainty. Nine in ten

agree with the statement that, “When the Government is unsure of the facts, it should nonetheless publish what information it does have available”.

The Role of the Media

As one of the most important sources of information about risks, the role of the media in communicating risk messages should also be looked at. Television news, and documentaries, are viewed as much more trustworthy than newspapers, where people are more sceptical about their reliability (see the figures above). Television news is particularly likely to be trusted when people can “see” an expert giving his views (as long as they believe he or she is “independent”).

Amplification by the media

Media interest in an issue is likely to be triggered by similar factors to those giving rise to public concern¹⁶. Media coverage has also been found to simplify and amplify existing or latent public concerns – causing more dramatic or sensational risks to be overestimated, and less dramatic ones to be underestimated¹⁷. Recent research done for the Health and Safety Executive and other Departments supports that evidence and suggests that the media can only amplify a risk if they resonate with an existing public mood¹⁸. A number of commentators, including the Royal Society, have suggested that the media should be encouraged to behave more responsibly when reporting about risk and uncertainty. However, the House of Lords and House of Commons Select Committees have both concluded that the onus is on those responsible for communicating about risks to learn to communicate better and to work with the media as they are¹⁹.

Dissent is particularly difficult to handle because dissenters often get disproportionate airtime within media campaigns. Members of the public do not always have sufficient information or criteria to help them reach informed decisions about how to weigh up the opinion

The Role of Scientists

A MORI survey of scientists for the Wellcome Trust and the Office of Science and Technology also demonstrates that scientists believe they have a duty to explain their research and its implication to policy makers and the public²⁰.

However, there are barriers to this that need to be overcome – a lack of media training, for example, lack of time, or perceived lack of knowledge or interest among the wider general public. Furthermore, even scientists are liable to view different groups with some distrust, just as the general public does. While nine in ten scientists say they would trust other scientists working in universities when communicating their research, only a third say they would trust ‘government scientists’, three in ten say they would trust government advisory bodies, and just 14% would trust scientists working for pharmaceutical companies.

¹⁶ See e.g. **C M Kristiansen**, *Newspaper Coverage of Diseases and Actual Mortality Statistics*, European Journal of Social Psychology vol 13, 1983

¹⁷ See e.g. **Combs and Slovic**, *Newspaper coverage of causes of death*, Journalism Quarterly v56, 1979

¹⁸ **Petts, Horlick-Jones, Murdock et al**, *Social Amplification of Risk: the Media and the Public*, HSE 2001

¹⁹ **House of Lords Third Report**, paragraph 7.34; House of Commons *Fourth Report*, paragraph 59

²⁰ **Mori**. Wellcome Trust 1,540 British Scientists Dec 1999 – March 2000

The role of Government – a paradox in people's view?

The data considered so far has set out some fairly clear messages for Government in the way it handles risk. People expect it to be more open, consistent and accurate in the way it provides information and handles uncertainty. They want to be able to make up their own minds on the risks facing them, and how they handle them – they do not want to be told blankly that they can or cannot take a certain action. However, the overall picture is not as simple as this.

It has already been noted that people are also looking for reassurance from government - they want to know what is the official line. They believe government has a role in reducing panic and acting to legislate against dangerous risks. Sixty-one per cent of the public believes that “The Government should do more to protect people by passing more laws that ban dangerous activities”, and the figures indicate that an automatic desire for legislation and direct intervention can often be seen when looking at the views of the public as a whole. (To some extent, this may reflect differences between individual attitudes to risk and group attitudes to risk).

Finally, there is one more twist. Despite the fact that there is clearly support for direct action by the Government to act on risk, the public are often then sceptical about its impact. This manifests itself not just in the lack of trust in the openness of Government, but also a feeling that the actions taken often do not succeed in preventing the risks. Only 48% agree with the statement, “I am confident that the Government will act generally in the public interest”, while 33% disagree.

While these results need to be viewed while bearing in mind the different groups and values that exist in society, it clearly poses a challenge for Government. More research is probably necessary to examine this in more detail, and to look at ways to overcome it, but the data examined so far seems to indicate that Government needs to combine the principles of openness, reassurance, and an appreciation of the different values in society in a two-way dialogue with the public on risk.

Even if a communications campaign is successful in raising awareness of a risk, it will not necessarily result in people changing their attitudes to accommodate the risk – especially where it involves significant lifestyle changes.

The role of expectations will make it even harder to measure the impact of a Government intervention on risk, as people adjust their behaviour in anticipation of changes to the degree of risk they face. For example, some studies have shown that the introduction of ABS brakes in cars have not led to the expected reduction in accidents, as people take advantage of the reduced risks to drive faster. It has also been suggested that the introduction of seatbelts has transferred the risk from car-drivers (now even better protected, and so perhaps more likely to drive less carefully) to cyclists and pedestrians (who are now more at risk from car drivers). This is known as the “risk-compensation” hypothesis – and this too can be filtered through a framework of different cultural groups in society, all of whom respond to the opportunities for risk transfer in different ways

ANNEX 5

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B. USEFUL WEBSITES

Audit Commission

<http://www.audit-commission.gov.uk>

Codex Alimentarius Commission (risk and other definitions related to food)

<http://www.fao.org/docrep/W5975E/w5975e07.htm>

Canadian Government's Risk Frameworks

http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/riskmanagement/rmf-cgr01-1_e.html

Centre for Analysis of Risk and Regulation:

<http://www.lse.ac.uk/Depts/carr/Default.htm>

Charity Awareness Monitor (CAM)

http://www.futurefoundation.net/notforprofit/awareness_first_page.htm.

CMPS (Corporate Development Group)

<http://www.cmps.gov.uk/>

Comcover (Australian Department of Finance and Administration)

<http://www.finance.gov.au/comcover>

Department for Culture Media and Sport

<http://www.culture.gov.uk/>

Department for Environment, Food and Rural Affairs

<http://www.escience.defra.gov.uk/horizonscanning/>

Food Standards Agency

<http://www.food.gov.uk>

Green Alliance

<http://www.green-alliance.org.uk/Home.htm>

Health and Safety Executive

<http://www.hse.gov.uk/>

Her Majesty's Treasury

<http://www.hm-treasury.gov.uk/>

House of Commons

<http://www.parliament.uk/commons/>

ILGRA:

<http://www.hse.gov.uk/dst/ilgra/ilgra.htm>

National Audit Office

<http://www.nao.gov.uk>

National Forum for Risk Management in the Public Sector (ALARM)
<http://www.alarm-uk.com>

Office of Government Commerce
<http://www.ogc.gov.uk/>

Policy Hub (site being developed by the Strategy Unit)
<http://www.policyhub.gov.uk/default.jsp>

Public Risk Management Association
<http://www.primacentral.org>

Public Sector Benchmarking Service
<http://www.benchmarking.gov.uk>

Regulatory Impact Unit:
<http://www.cabinet-Office.gov.uk/regulation/index.htm>

Risk Portal
<http://www.cabinet-office.gov.uk/risk/>.

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UK Resilience
<http://www.ukresilience.info/home.htm>.

Strategy Unit
<http://www.strategy.gov.uk>

Support for Risk Management in Government
<http://www.risk-support.gov.uk>

ANNEX 6

Attached overleaf are summary details of the OGC Gateway Process. An electronic version of this leaflet can also be accessed directly via the OGC web site at:

<http://www.ogc.gov.uk/sdtoolkit/library/bpbriefings/gatereviews.pdf>

Gateway to success

Review teams

The Project Owner (PO) or Senior Responsible Owner (SRO) uses the Project Profile Model to determine the level of risk associated with a project. For large, complex, and other high-risk projects the review team leader is appointed by OGC and leads a review team independent of the department. For medium-risk projects, an independent team leader is appointed by OGC to lead a review team drawn from independent departmental staff. For low-risk projects, departments appoint the independent leader and team members from within the department.

The teams vary in size but typically are between three and five people. Each review takes about three to five days, with a complete report being provided to the PO/SRO before the team leaves the site. The targeted review is designed to avoid any delay to the project.

Supporting guidance and training

Guidance and training is available to support the Gateway Process:

- a leadership guide for managers and practitioners sets out the purpose and criteria for each Gateway. A project model is provided that identifies where reviews should occur during a project lifecycle
- a work book for each Gateway provides questions to support each review
- a Project Profile Model, suitable for projects involving the procurement of services, construction/property management and IT-enabled business change is available to enable project risk to be assessed before the start of each Gateway review
- a one-day workshop is available for both review and project teams, covering preparation, planning and carrying out a Gateway review
- a Best Practice Toolkit provides electronic versions of the workbooks and links to relevant sources of best practice, tools and techniques (available on the OGC website and in CD-ROM format).

What should you do next?

- Ensure that POs and SROs are aware of the Gateway Process and are using the Project Profile Model to identify the risk level for their projects.
- Ensure that plans are developed to implement the Gateway process for all appropriate projects within your department, its Executive Agencies and NDPBs.
- The application of the Gateway Process to a project that has reached Gateway 3, 4 or 5 without having been through an earlier Gateway Review should be discussed with the OGC Gateway team (tel: 020 7211 1396). Gateway Reviews of non-IT projects at Gateways 3, 4 and 5, and IT projects at Gateways 4 and 5, are only undertaken at the request of the department's Accounting Officer.
- POs and SROs need to schedule Gateway Reviews into their project plans and to contact the OGC Gateway team as soon as a requirement for a review is established. A copy of the completed Project Profile Model should be sent to the OGC Gateway team at Gateway.Helpdesk@ogc.gsi.gov.uk. The OGC Gateway team needs 6-8 weeks' notice of a review in order to undertake the necessary planning and team selection. The Gateway Process incorporates a facilitated planning meeting which takes place before the review and is chargeable to the project owning department. Gateway Reviews are free of charge except Gateway Review 0 for projects.

The Office of Government Commerce looks forward to supporting your success.

Office of Government Commerce
Fleetbank House
2-6 Salisbury Square
London, EC4Y 8AE

OGC Service Desk: 0845 000 4999
Email: ServiceDesk@ogc.gsi.gov.uk
Website: www.ogc.gov.uk

OGC Best Practice

Gateway to success

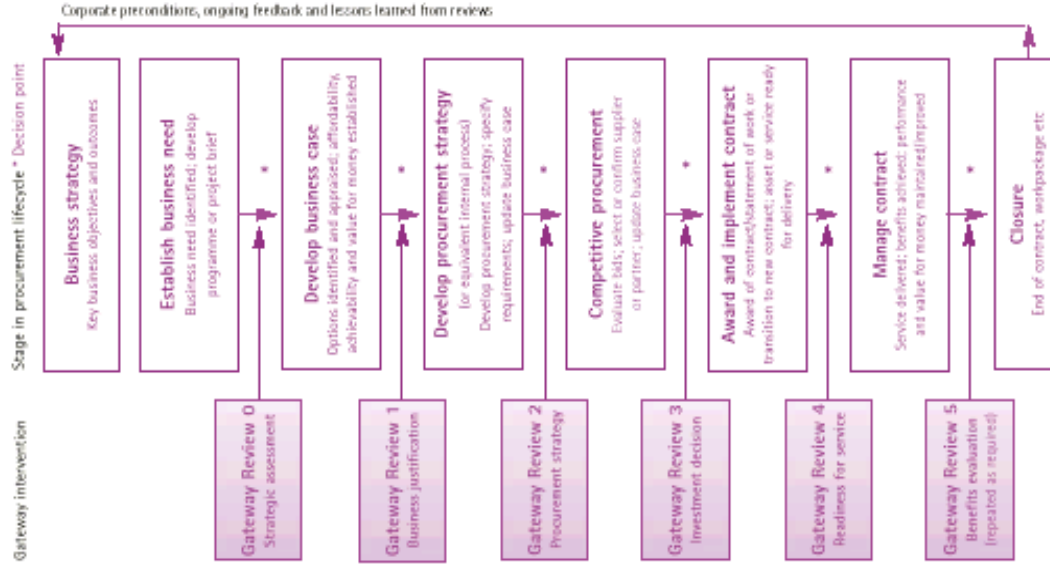


OGC
Office of Government Commerce

Overview of the Gateway Process

Gateway to success

designated for your success



Introduction

New procurement projects in civil Central Government are subject to Gateway Reviews. The process applies equally for those organisations that already have strategic partnering arrangements in place. The Gateway Process examines a project at critical stages in its lifecycle to provide assurance that it can progress successfully to the next stage. It is designed to be applied to projects that procure services, construction/property, IT-enabled business change projects and procurements utilising framework contracts.

The Gateway Process meets the requirements of the Gershon Report on government procurement and the Cabinet Office report *Successful IT: Modernising Government in Action*. It is also consistent with *Achieving Excellence in Construction*.

What is a Gateway Review?

In simple terms, it is a review of a procurement project carried out at a key decision point by a team of experienced people, independent of the project team. Procurements are any finite activity designed to deliver a government requirement and involving government expenditure.

The Gateway Process is based on well-proven techniques that lead to more effective delivery of benefits together with more predictable costs and outcomes. The process considers the project at critical points in its development. These critical points are identified as Gateways. There are six Gateways during the life cycle of a project, four before contract award and two looking at service implementation and confirmation of the operational benefits. The process emphasises early review for maximum added value.

Gateway 0 may be applied at the start up of a programme or a project. It is expected at the start up of a programme and is recommended practice for a major project that is high risk.

What are the benefits?

The Gateway Process provides assurance and support for POs and SROs in discharging their responsibilities to achieve their business aims:

- the best available skills and experience are deployed on the project
- all the stakeholders covered by the project fully understand the project status and the issues involved
- assurance that the project can progress to the next stage of development or implementation
- achievement of more realistic time and cost targets for projects
- improvement of knowledge and skills among government staff through participation in review teams
- provision of advice and guidance to project teams by fellow practitioners.

Reports and accountability

The review report is for the PO/SRO and it will be their decision to authorise project progression or implementation of recommended remedial actions. OGC retains copies of review reports in order to identify and disseminate generic lessons learned.

OGC has conducted Gateway reviews of projects to a value in excess of £18 billion. The feedback from Accounting Officers and POs/SROs has been highly supportive.

ANNEX 7.

CASE STUDIES FROM THE PUBLIC AND PRIVATE SECTOR OF RISK MANAGEMENT AND RISK COMMUNICATION

Annex 7A: Case Studies of Risk Management

During the course of the project, the project team looked at a number of case studies of good practice. Not all of these could be included in the final report and so just five have been selected, from both public and private sectors.

1. Strategic Rail Authority
2. Inland Revenue
3. Unilever
4. BP
5. Food Standards Agency

There has been and continues to be considerable debate on the extent to which the practices of the private sector can be applied in the public sector and vice versa. It is the view of the project team that whilst there are significant differences between the sectors, they can learn from each other and that best practice can and should be shared.

1. Strategic Rail Authority (SRA)

The development of risk management within organisations often follows a common path, from compliance with outside requirements to becoming a central focus of the way the Board prioritise management of the business. This trend has occurred in many private sector organisations, the SRA are a good public service example of this journey towards greater maturity in managing risk.

Background

The SRA existed as a shadow body prior to 1st February 2001 and in November 2000 recruited a Head of Internal Audit who was tasked by the Board to ensure that the SRA was Turnbull compliant by the Target date 31st March 2001. This implementation started in January 2001 and was successfully achieved by the Target date (in 90 days) with their accounts being signed off by the external auditors on that basis.

The **Mission** of Internal Audit is to foster a strong culture of assurance within the SRA which satisfies all stakeholders that;

- the organisation is credible
- it can be relied upon to deliver its objectives; and
- it effectively manages its risks.

Approach and management

In the SRA, sustainable risk management is driven by the demand for assurance from above. The approach is to monitor the organisation's priority risks and report the level of control to the Board for each key risk area:

- corporate and strategic risks - leadership, major stakeholders, corporate governance, regulatory and legal requirements
- business delivery risks – Railtrack/Network, infrastructure, passenger and freight
- asset management risks - financial and physical, human, external working relationships and information management
- major impact mitigation – Crisis Management, BCP, use of Insurance.

The Chairman requests SRA Executive Directors to provide assurance that:

- each Directorate maintains a Risk Register of their most significant risks supported by risk identification and assessment processes, which will ensure the most significant risks are escalated to Directorate level
- progress of action plans is tracked for significant risks and reported monthly to the Executive on an exceptions basis.
- each major project, including system developments, will establish and maintain a risk register, using appropriate risk management practices and escalating significant risks to the relevant Directorate level register
- discussions of risk will be included in project progress reporting
- proposers of all significant expenditures will undertake appropriate risk identification, assessment and mitigation, as part of their responsibility to ensure decision-takers are well informed and given a balanced view
- risks that materialise, near-misses and major control failings will be reviewed and reported to the relevant level to ensure improvement in future practices, and
- post-investment appraisals will include descriptions of risk, how they were mitigated and any control failing or risks that materialised. Also, risks encountered during the project are compared with the perception of risk held at the start of the project.

Position as of February 2002

The Executive has moved the SRA risk assurance focus for priority risks in one year from compliance and probity issues to business delivery issues. They have moved from focusing on financial and control risks at the beginning of 2001/2, to using the Executive risk reviews to address priority business risks in early 2002, including ones that relate to managing the external reputation of the organisation, managing market relationships with business partners and developing new contracting arrangements. Increasingly, their approach to risk management is becoming the way they approach all their management tasks.

This risk assurance manager role has now been re-designated the Director of Risk Assurance and directly reports to the Executive Chairman rather than reporting through the Finance Director.

2. Inland Revenue

Background

The Department sought to establish risk management as an integral part of good corporate governance, namely corporate management and accountability and the achievement of departmental objectives.

Approach and management

The Department acknowledged that safeguards against impropriety and irregularity in central government organisations have long been in place and this would build on existing practices and procedures rather than a separate and new initiative.

The benefit of this approach is that risk management is seen as an integral part of strategic planning and is embedded into the Department's project appraisal and monitoring mechanism. In identifying the top risks and aligning them to the Department's key objectives, the Department's top management has acted corporately in accepting and sharing the risks. The concept of collective wisdom has been used bringing together those people at the top level and other levels who know the operation, politics and risk to identify the Department's top risks, rather than a tick box or number crunching exercise.

Senior sponsorship was essential and took the form of a note from the Chairman to Board Members and senior directors acknowledging that risk management is already an integral part of Departmental objectives. The Modernising Government Programme and the Turnbull Report were cited as the two major pressures that had raised its profile. The two Deputy Chairmen endorsed the need to introduce corporate stewardship of risk management and align it to strategic planning. The high profile responsibility of risk management and corporate governance was acknowledged in allocating the key responsibility to the Director of Finance.

Where a risk is identified, the Department draws on a variety of sources to quantify it and assess whether the cost / benefits of intervention are justified. Where possible, the Department enters into consultation before a proposal is fully implemented. This may be informal consultation of user group, a formal consultation document or a technical discussion paper. The can also initiate a formal review of existing legislation.

Having set the mechanisms in place, the culture is further embedded by periodic review of the Department's key risks at Departmental Management Committee, which is chaired by the Chairman.

3. Unilever

Approach

Risk management is part of the Unilever culture changing initiative 'Path to Growth'. In brief, the three pillars of risk management in Unilever are:

- Control Risk Self Assessment
- Business Planning/Performance Management, and
- Corporate Risk Management

Control Risk Self Assessment - this is undertaken within the specialist functional disciplines of the company, with exception reporting to ensure the strong management of operational and technical quality. This is largely challenged and validated by peer review and line challenge.

Business Planning/Performance Management - risk assessment and risk mitigation planning are a natural and explicit part of business planning and progress is reviewed within the regular performance reporting cycle. As an absolute minimum all business unit boards of directors are required to undertake a full risk re-review each year as part of the forward planning exercise.

Corporate Risk Management - positive assurance is sought from the businesses and the main risk themes across the organisation are drawn out. Corporate Risk Management collect an annual return from each company board which gives:

- formal positive assurance from the business units of compliance with corporate policies and exceptions from corporate policy compliance, and
- a short report of the top priority risks to each business.

The significant risk themes are then summarised into a corporate risk profile, which draws out the major risk themes for main board attention.

In addition, the quality of application of all corporate policies, including compliance with the risk management regime, is reviewed by internal audit as part of their review of business controls.

The separation of roles and responsibilities with Unilever is crucial:

- line management responsible for managing risk,
- corporate risk management facilitating the risk management process and drawing the corporate picture together to be addressed by the main board, and
- quality assurance of application of the approach by peer/ line and internal audit scrutiny.

4. BP

Approach

The process of risk management has for a long time been directly linked with the business processes. Business proposals and business performance are considered in direct conjunction with the associated risks, and are handled by the same individuals, naturally drawing on risk management experts where required.

The key elements of the BP approach that have assisted the creation of a better risk management process have been identified²¹ as the following:

Networking – the practice of networking permeates BP and is the back-bone of its risk management approach.

²¹ **Peter Davies, Peter Jennings, Katherine Stovring:** *Risky Business – Risk Management in the UK Government*. Paper prepared for Strategy Unit, April 2001

Knowledge sharing – a culture of sharing information has been developed which allows more knowledge and expertise to be applied to activities

Accountability – making people responsible for the delivery of performance and risk management

Transparency – delayering and increased clarity in expectations and accountability has meant people are clearer about what is expected of them

Empowerment – BP entrusts a great deal of power of decision making onto its staff and this has been one of the factors that has made risk management and accountability more real.

Corporatism – A major culture change programme has removed ‘turfism’ and led to a culture focussed on the best interests of BP.

Senior management commitment

Senior management have long understood that for an organisation to have effective risk management, it must be driven by senior management, with clear expectations as to how it will be delivered. The commitment is demonstrated very openly, for example, through press releases, annual reports and press announcements

Culture

The culture of senior management is focused on having accountability, but not a blame culture. People are expected and encouraged to raise risks that appear on the horizon. It is their view that a mechanistic approach to risk management will not deliver the best risk management. It will not capture those risks that require creative thinking to be identified. Instead it gives a false sense of security that the processes will be all that is needed to do.

Crisis management

BP recognises that many crises involve several different parts of a given organisations and therefore ensures that the various crisis management teams have copies of each others’ contingency plans and contact details for the individuals that can be readily called upon in the event of a crisis.

5. Food Standards Agency Checklist

The Food Standards Agency’s checklist for decision-making, mentioned in paragraph 5.37, is set out below:

- Not all questions are applicable to every situation. On each occasion ask first: “Is this question appropriate to this particular issue/incident?”
- At the end of any review in which this checklist is used, ask the question “What lessons (if any) have we learnt which might affect our future management of risks?”

The key principles

1. Getting the facts right
2. Keeping an open mind
3. Applying rigour
4. Acting openly
5. Involving stakeholders

Identifying a risk

1. Getting the facts right: Are we being slow in identifying new risks?
Are we adequately tracking emerging information on known risks?
2. Keeping an open mind: Are we taking account of those with different views to our own?
Are we prepared to reopen issues where new facts emerge?
3. Applying rigour: Are we assessing priorities for attention, and allocating our time sensibly between them?
4. Acting openly: Are we being open and honest about our agenda?
5. Involving stakeholders: Are we checking with relevant stakeholders what information they have?

Assessing the risk

1. Getting the facts right: Are we using our in-house scientific expertise?
Are we consulting scientific experts representing all major viewpoints?
Are we taking steps to clarify areas of scientific uncertainty?
2. Keeping an open mind: Are we taking account of conflicting views?
3. Applying rigour: Are we undertaking a formal risk assessment?
Are we distinguishing adequately between known risk and areas of scientific uncertainty?
4. Acting openly: Are we publishing our risk assessment, and the facts underpinning it?
Are we being open and honest about areas of uncertainty?
5. Involving stakeholders: Are we asking stakeholders to contribute to the risk assessment?

Deciding what action to take

1. Getting the facts right: Do we have all the relevant (including economic) facts available?
2. Keeping an open mind: Are we listening to all interest groups – consumers, enforcement agencies, producers, special interest groups – before deciding what action is appropriate?
Is there a case for reconsidering our decision? Do we need to do so?
3. Applying rigour: Are we considering all the relevant options for action?
Are we weighing up their costs and benefits rigorously?
Are we considering their practicality and enforceability?
4. Acting openly: Are we publishing our decision, and the assessments underpinning it?
5. Involving stakeholders: Are we explaining to stakeholders why we have decided on the particular action?

Implementing the decision

1. Getting the facts right: Are we taking steps to find out about the impact of our decision?
2. Keeping an open mind: Are we allowing for changes in the light of experience?
3. Applying rigour: Are we following through our decision rigorously and effectively?
Are we ensuring that it is clearly understood by consumers, producers and enforcers?
4. Acting openly: Are we publishing our implementation plans?
5. Involving stakeholders: Are we allowing for feedback from stakeholders?

Monitoring and reviewing the impact of the decision

1. Getting the facts right: Is the decision having the intended effect?
Do we need to review it?
2. Keeping an open mind: If it is not having the intended effect, is that now important?
Have the circumstances which led to the decision changed since it was made?
3. Applying rigour: Is the implementation of the decision being rigorously enforced if appropriate?

4. Acting openly: Are we publishing the results of the enforcement?
Are we being open about the impact of the decision?
5. Involving stakeholders: Are we obtaining feedback from stakeholders on the impact of the decision?
Are we consulting stakeholders on any review of the decision?

Annex 7B: Case Studies of Risk Communication in Government

1. Food standards in Denmark and BSE

The Danish Food Standards Agency has a general policy of sending out immediate warning notices to the media, industry, NGOs and other interest parties about all potential risks to health or consumer safety. It sends out warnings that might be considered alarmist elsewhere, such as the results of first stage routine BSE tests, which frequently throw up false positives.

The trust which has been built up by the climate of openness over a long period of time in this area has ensured that the notices are treated factually in the media and are not whipped up into consumer scares. The results of this were evident in the Danish response to the Foot and Mouth Disease outbreak in the UK, where information on the risks and consequent controls was disseminated rapidly and in a way that was believed. This greatly alleviated public concerns on the issue and ensured that there was a more measured reaction in Denmark than elsewhere in Europe.

2. Food standards in Sweden and the “Red Bull” energy drink

In August 2001 there was widespread coverage in Sweden of the death of a young woman, allegedly linked to the drinking of the “Red Bull” energy drink. The Swedish National Food Administration (NFA) responded with a statement, made available on their website. The statement summed up previous assessments, both by the NFA and the EU Scientific Committee on Foods (SCF), expressing doubts about the safety of energy drinks but stated that the NFA had decided not to ban Red Bull. However it stated the NFA will continue to follow scientific developments, conduct a new risk assessment and support the SCF in its work on energy drinks.

The statement, which presented the evidence, rather than a recommendation, is typical of official Swedish communication on risk which is guided by principles of transparency and openness. It was successful because it was balanced, but mainly because the NFA has gained the trust of the Swedish public on issues of food safety.

3. The UK Food Standards Agency: openness and engagement in practice

The Food Standards Agency was set up in 2000 to protect public health and consumer interests in relation to food. It was established as a response to consumer concerns about the way that food safety decisions had been taken.

Since its establishment, the Agency has worked in an open and accessible way. It has a policy of debating and deciding on risk issues in public, and holds open Board meetings. Wherever possible, it seeks people’s views before reaching conclusions. It aims to explain the reasons for its decisions and advice in a straightforward manner, and aims to be candid where there is doubt.

The Agency has an explicit aim of increasing public confidence in food safety standards in the UK. Since 2000, public awareness of the Agency has risen from 57% to 71% in 2001 and confidence in the Agency increased significantly in 2001, with 61% of UK consumers who were aware of the Agency being confident of the Agency's role (compared to 55% in 2000).²²

4. Transparency and consistency in HSE's decision making process

The Health and Safety Executive (HSE) set out its framework for decision-making in its publication 'Reducing Risks, Protecting People'²³. The document aims to explain how it decides what controls to put in place to address occupational hazards. It covers the process HSE follows, the protocols it adopts and the criteria it applies in the decision process.

'Reducing Risks, Protecting People' is aimed at anyone with an interest in how HSE operates – particularly those whom it regulates. By informing its stakeholders of its approach, HSE hopes to improve understanding of the issues involved and to stimulate an informed debate on how it should handle health and safety risks.

Since its publication in December 2001, the document has sold over 1,600 copies. The discussion document, published in 1999, generated around 10,000 hits on HSE's website.

5. Improving stakeholder involvement in DEFRA's risk management strategy

The Department for Environment, Food and Rural Affairs (DEFRA) held a seminar for about 50 of its stakeholders in February 2002. This gave DEFRA valuable feedback on the principles and processes proposed in its risk management strategy. In small-group discussions, stakeholders were asked to suggest how DEFRA could improve its engagement with stakeholders on issues of risk and uncertainty. Amongst their responses, stakeholders suggested the following:

Be more prepared to expose stakeholders to its thinking on issues of risk and uncertainty over the short, medium and long term, including releasing risk register information on relevant topics;

Encourage a relationship where stakeholders are more fully involved and where the contribution of each sector is clearly recognised;

Seek to capture more effectively public values through such things as citizens' juries, etc; and

²² Food Standards Agency, Consumer Attitudes Survey 2001.

²³ HSE, *Reducing Risks, Protecting People*, HSE Books, 2001

Encourage a process of stakeholder involvement that is ongoing and iterative. Stakeholders also provided an important perspective on the key threats to DEFRA's objectives. The risks they identified have helped the Management Board to home in on the key threats to the Department.

6. The Human Genetics Commission

The Human Genetics Commission approach to public involvement in complex and controversial policy issues is an example of good practice in open government and developing two-way dialogue with the public leading to enhanced public trust.

The HGC Public Involvement Subgroup has just finalised the Public Involvement Strategy, which contain a number of principles that aim to meet or exceed Government best practice in consultation and openness. These include:

- setting new standards of openness, accessibility and inclusiveness for its meetings;
- making its findings and the evidence and reasons for its advice public;
- working with other groups, including the media, to ensure that the public is aware of the issues and the various points of view;
- seeking the views of stakeholders before submitting advice to Government and taking account of the views expressed (an example of this is the consultative panel of people affected by genetic disorders, which enables HGC to seek the views of those with a condition, their carers and family members);
- working to achieve public trust that social and ethical considerations are being taken seriously;
- encouraging people to give it their views and listening to others;
- making effective use of the Internet to promote its work, provide a information resource and an avenue for dialogue.

7. Public involvement in the Environment Agency's Folkestone to Rye Coastal Defence Strategy Study

The Folkestone to Rye Coastal Defence Strategy Study was conducted to reduce the risks to people and the environment from flooding and coastal erosion. Commissioned jointly by Shepway District Council and the Environment Agency in partnership with consultants HR Wallingford, the Strategy recommends the provision of sustainable coastal defence measures.

In finalising the Strategy, a series of meetings and road shows provided opportunities for stakeholders to participate in shaping the future management of the coastline. Information was also made available thorough the internet at www.folkestone-rye.net. At each road show the key findings of the study were on display and members of the project team available to discuss issues. The road shows were widely advertised and designed to achieve maximum attendance levels by a careful selection of venues and dates, including weekends in high tourism areas so as to capture input from recreation interests. The road shows proved a popular and accessible means for inviting comment and over 1000 visitors were recorded, representing a diverse spectrum of stakeholders from MPs to local residents.

In the region of thirty or so concerns or aspirations expressed at the road shows, reflecting both common and site-specific issues, are considered in the final Strategy Study. For example, the predicted impact of changes in geomorphology on the capabilities of local fisherman to launch their vessels will now be studied in greater detail. In so far as these concerns related to coastal defence issues, the Strategy incorporated the information provided by consultees and offered solutions and feedback where feasible.

8. Environment Agency consultation on Magnox

The Magnox consultation process provides a good example of extended consultation and greater openness in practice. British Nuclear Fuels Limited (BNFL) applied to the Environment Agency for authorisations to dispose of radioactive wastes for each of its eight ageing Magnox power stations. The Agency approached the consultation offering a more open and accessible consultation process. Members of the public were invited to discuss the proposals for each site at public meetings. Local surgeries (one-to-one meetings with Agency staff) were held before and after each public meeting, providing opportunities for a more informal exploration of the issues of concern. The package of consultation documents was made available on the Agency's website and as a CD-ROM, in addition to the conventional paper format. Where additional concerns were expressed – for example, over a proposal for a small incinerator – the Agency organised further meetings for local people, and extended the submission deadline for comments.

While the consultation generated interest around specific local issues such as the incinerator, no national campaigns developed and, in general, polarised positions were avoided. The opportunities to discuss concerns individually with inspectors, and the willingness of the Agency to hold additional public meetings were appreciated by local people. Some of the lessons from the Magnox consultation – such as the need for technical information to be presented in a way that is more accessible for lay people - have been taken on board in subsequent consultations on nuclear sites, specifically in the recent Sellafield consultation.

ANNEX 8

MANAGING RISK IN OTHER COUNTRIES

The Risk Project explored how governments in other countries dealt with risk. Our main focus was on OECD countries and our information came from a number of sources including published material, personal contacts and government sources.

Overall summary: Few governments have yet established explicit and comprehensive risk management strategies, the natural exception is in the area of national security. Where risk management has developed beyond this more traditional area, it has been most typically done on an ad-hoc case by case basis and often in response to a particular issue.

Exceptions to this general situation can be found in Canada, New Zealand and Australia (and to a lesser degree Finland). These countries seem to have taken concrete steps actively to implement comprehensive strategies for risk management across government. They also make clear that their work on this is an on-going process.

In the case of the United States, outside of the area of national security, various State and Federal Government Agencies have established organisations and methods to deal with and manage risk. Examples include CIPRA, the California Institute for Public Risk Analysis (www.cipra.com), the US Department of Agriculture's Risk Management Agency (www.rma.usda.gov) and the US Department of Energy's Center for Risk Excellence (www.riskcenter.doe.gov)

1. Is there an identifiable risk management strategy across Government?

Canada has done some fairly advanced thinking in this area. For example the Treasury Board's strategy document "Integrated Risk Management Framework"²⁴ and Assistant Deputy Minister Working Group on Risk's March 2000 report "Risk Management for Canada and Canadians".²⁵

Elsewhere, the Australians established Comcover in 1998 to ensure better risk management throughout Commonwealth, State and local government (www.finance.gov.au/comcover).

Both Australia and New Zealand have established the Australian and New Zealand Joint Risk Management Standard (AS/NZS 4360:1999) which has helped establish common processes and practices throughout government.

Most other countries however do not appear to have such a strategy explicitly in place. While some have developed crisis management tools over recent years,

²⁴ Treasury Board of Canada Secretariat, *Integrated Risk Management Framework*, 2001

²⁵ Privy Council Office, *Risk Management for Canada and Canadians*. Report of the ADM Working Group on Risk Management, Ottawa, 2000

primarily to deal with security or economic crises, there is usually no comprehensive risk management structure across the administration.

2. Have any statements been made about the Governments' approach to risk in the last year from senior politicians or civil servants?

Summary: Where public statements have been made by Ministers about risk issues they tend to refer to specific crises, September 11 being the paramount recent example.

Again, it appears to be the governments of Canada, New Zealand and Australia that have given more visible attention to the general issue of handling risk. In Australia Pat Barrett, the Auditor-General, has spoken several times on the importance of risk. In Canada, Mel Cappe, Clerk to the Privy Council and Secretary to the Cabinet (i.e. head of the Civil Service), has given the issue particular prominence. In one example from June 2001, he remarked in a speech to public service executives "What has to change are our management commitments to our staff in support of risk-taking, creativity and a focus on people".²⁶

3. Is there a Cabinet Committee or Minister with responsibility for risk?

Summary: In Spain the Minister of State equivalent in the Ministry of the Interior is the key figure and the Interior Ministry's Directorate General for Civil Protection is the government body most directly involved with day-to-day risk management.

Elsewhere, there do not seem to be committees or Ministers with this specific responsibility, although in Canada the Treasury Board Secretariat appears to take the lead in this area. In Korea, the Presidential Commission on Emergency Planning would play a role in a major security-related crisis and there is also a Minister responsible for management of natural disasters, but not for risk management as such. Furthermore in France, although there is no Minister of Committee responsible for risk, the Minister of the Interior would normally lead on crisis management.

Generally however, it seems that responsibility for different risks lie with different departments with most attention given to security risks.

4. Is there a unit, group or Department responsible for identifying future risks to the Government as a whole? (e.g. terrorism, recession etc). If so, what are the key risks?

Summary: Generally countries we surveyed have tended to create units to look at risk in specific areas rather than to build up a picture across the board. For example

²⁶ **Cappe, Mel.** Speech to the Association of Professional Executives of the Public Service of Canada (APEX). Symposium. On risk, June 2001

the Economic Advisory Council in Denmark or the Security and Defence Committee in Finland.

An exception is Canada where in February 2001 the Office for Critical Infrastructure Protection and Emergency Awareness (OCIPEP) was set up to focus on this area generally.

In New Zealand, while there is no one organisation with exclusive responsibility for identifying whole-of-government risks, it is an important part of the work of three central agencies: the department of the Prime Minister and Cabinet, the State Services Commission, and the Treasury. Each in their own way has responsibilities for identifying risks in certain sectors.

Currently the United States has an Office of Homeland Security and a Homeland Security Council, both set up in the weeks following 11 September to deal with the threat of further terrorist attacks on the country. However in June 2002, President Bush proposed the setting up of a new Cabinet-level Department of Homeland Security with an annual budget of \$37 billion and 170,000 staff drawn from other agencies.

Although primarily concerned with combating the threat of terrorism, the new department would also be responsible for mitigating the effects of natural disasters. Currently this latter task is the responsibility of the Federal Emergency Management Agency (FEMA) but under Bush's plan, FEMA would become a central component of the new department. In total, the new Department would take responsibility for more than 100 different agencies with the aim of providing a unified homeland security structure.

5. What principles guide the Government's approach to communicating with the public about risks that affect them? Is there a published policy? (If so, please supply).

Summary: Most countries do not appear to have such principles in place. But there are exceptions including Canada, Finland, New Zealand and Australia. In Canada the 'Integrated Risk management Framework' sets out principles for communication of risk and consultation with interested parties that are essential to supporting sound risk management decisions.

This is also the case with the Australian and New Zealand Joint Risk Management Standard which states that communication and consultation should be undertaken at every step involving both internal and external stakeholders.

In the United States the proposed Department of Homeland security would co-ordinate communications with state and local governments, private industry, and the public about threats and preparedness.

Elsewhere, both Sweden and Denmark have general policies of maximum openness when dealing with the public.

6. What examples are there of successful Government communication with the public about a risk and what are the reasons for its success?

Summary: Examples of this commonly concern warnings over food or drink safety.

The Danish Food Standards Agency is particularly notable. It has a long established policy of issuing immediate warning notices for all potential risks to consumer safety and possible health risks. This seems to have helped the agency attain a reputation for being trustworthy. As a result, media coverage of their warnings tends to be treated in a factual manner without being translated into consumer scare stories. There is a similar situation in Sweden where the National Food Administration also appears to have gained the trust of the public (see Annex 7B for further details).

Elsewhere we found examples from New Zealand of successful government communication: the Mount Ruapehu eruption in 1995/96; a terrorist threat to the Golf Open in January 2002 and the policy of consulting the public on environmental risk. With regard to the last example, new obligations for consultation about environmental risk in the last decade appear to have led to local and regional councils putting a great deal more effort into involving the public on such matters. In all of these cases risks were successfully communicated to the public without causing undue concern.

7. Where risks affect more than one Government Department, how is communication co-ordinated?

Summary: In most of the countries that we looked at, a specific department usually takes on the leading role in such circumstances, or else a committee is set up specifically to deal with the problem.

In France the Ministry of the Interior normally assumes this role. In the Czech Republic it would usually be the National Security Council.

In the United States, organisations like FEMA and the Office of Homeland Security are currently responsible for co-ordinating communications concerning threats from terrorism or natural disasters.

With regard to New Zealand, institutional arrangements have been in existence for the last fifteen years to ensure that risk issues in particular are considered interdepartmentally to the greatest extent possible.

An important part of this is known as the Domestic and External Security Co-ordination system (DESC) which was set up to manage risk and uncertainty in the area of public safety and security. It is essentially a management structure based on two separate levels that interact closely. First there is a strategic level comprising of DESC Ministers and Chief Executives in central government which assesses an overall situation and approves high level policy. There is also an operational level, managed by the lead department, which closely monitors the situation, interacting with local authorities and co-ordinating resources on the ground.

8. People Related: Is risk-taking behaviour in civil servants encouraged and rewarded?

Summary: In general we did not come across much evidence to suggest that civil servants are particularly encouraged or rewarded for taking risks. In many countries it is reported that risk averse behaviour remains the norm, though in Denmark and Finland there were felt to be signs of change,

A rare example of the importance of this issue comes again from Canada where Mel Cappe said “I would rather see creative failures than stupid successes.”²⁷

²⁷ Cappe, Mel *op cit*

ANNEX 9

THE PRECAUTIONARY PRINCIPLE (ADAPTED FROM ILGRA'S POLICY GUIDELINES²⁸)

1. The precautionary principle provides a framework for action by governments where there is a threat of serious or irreversible harm even where there is scientific uncertainty about the nature and extent of the risk. The UK, along with other developed countries, is committed to using the precautionary principle.
2. The principle is based on Principle 15 of the 1992 Rio Declaration, which states:
"where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."
3. There is no universally accepted definition of the precautionary principle. Since Rio, it has been included in a number of international agreements in a variety of formulations that reflect the substantive context and the negotiating circumstances of the individual agreements.
4. The Government commissioned the Inter-departmental Liaison Group on Risk Assessment (ILGRA) to develop guidance on a more consistent approach to application of the principle across Government. The guidance was published in June 2002, and is available on ILGRA's website.
5. ILGRA's guidance recommends that the precautionary principle should be invoked when:
 - there is good reason to believe that harmful effects may occur to human, animal or plant health or to the environment; and
 - the level of scientific uncertainty about the consequences or likelihood of the risk is such that the best available scientific advice cannot assess the risk with sufficient confidence to inform decision-making.
6. ILGRA's guidance also recommends that:
 - The precautionary principle should be distinguished from other drivers that require caution such as society's view on the extent of protection afforded to children or others considered to be vulnerable, or the wish to ensure that conventional risk assessment techniques deliberately over rather than under-estimate risk.
 - Action in response to the precautionary principle should accord with the principles of good regulation, i.e. be proportionate, consistent, targeted, transparent and accountable.
 - Applying the precautionary principle is essentially a matter of making assumptions about consequences and likelihoods to establish credible scenarios, and then

²⁸ Interdepartmental Liaison Group on Risk Assessment (ILGRA), *The precautionary Principle: Policy and Application*, 2002 (<http://www.hse.gov.uk/dst/ilgra/pppa.htm>)

using standard procedures of risk assessment and management to inform decisions on how to address the hazard or threat.

- Decision-making should bring together all relevant social, political, economic and ethical factors in selecting an appropriate risk management option.
- Invoking the precautionary principle shifts the burden of proof in demonstrating presence of risk or degree of safety towards the hazard creator. The presumption should be that the hazard creator should provide, as a minimum, the information needed for decision.
- Decisions reached by invoking and applying the precautionary principle should be actively reviewed, and revisited when further information that reduces uncertainty becomes available.

7. A similar approach has been taken in the EU. In December 2000 at the Nice Summit, Heads of Government endorsed a General Affairs Council Resolution on the precautionary principle. This provided that:

- use must be made of the precautionary principle where the possibility of harmful effects on health or the environment has been identified and preliminary scientific evaluation proves inconclusive for assessing the level of risk;
- the scientific assessment of the risk must proceed logically in an effort to achieve hazard identification, hazard characterisation, and appraisal of exposure and risk characterisation;
- risk management measures must be taken by the public authorities responsible on the basis of a political appraisal of the desired level of protection;
- all stages must be conducted in a transparent manner, civil society must be involved and special attention must be paid to consulting all interested parties as early as possible;
- measures must observe the principle of proportionality, taking account of short-term and long-term risks; must not be applied in a way resulting in arbitrary or unwarranted discrimination; and should be consistent with measures already adopted in similar circumstances or following similar approaches;
- measures adopted presuppose examination of the benefits and costs of action and inaction, and the examination must take account of social and environmental costs and of the public acceptability of the different options possible; and
- decisions taken in accordance with the precautionary principle should be reviewed in the light of developments in scientific knowledge.

ANNEX 10

ORGANISATIONS CONSULTED

Aberdeen University
Association of Local Authority Risk Managers
British Nuclear Fuels Ltd
BP
Black Mountain Consultancy on Crisis Management
Cambridge University
Carillion PLC
Diageo Plc
European Policy Forum
Friends of the Earth
Green Alliance
Halcrow Group Ltd.
Institute of Actuaries
King's Risk Forum
KPMG
Lancaster University
London Business School
London School of Economics
MORI
National Consumer Council
Newcastle University
Northern Foods PLC
OECD
Oxford University
Parliamentary Office of Science and Technology
Partnerships UK
Pittsburgh University Strathclyde
Queensland Government
Regester Larkin
Reuters
Science Policy Support Group
Shell UK
Social Market Foundation
Strathclyde University
UMIST
Unilever
University of Warwick
University of East Anglia
Warwick University
Zurich Municipal Management Services

Government Bodies

Better Regulation Task Force
Civil Contingencies Secretariat (CCS)
Corporate Development Group (CDG)
Department for Culture Media and Sport
Department for Education and Skills
Department for the Environment, Food and Rural Affairs
Department for International Development
Department of Trade and Industry
Department of Health
Department of Transport, Local Government and the Regions
Department for Work and Pensions
Economic and Domestic Secretariat
Employment Services
Environment Agency
Financial Services Authority
Foreign and Commonwealth Office
Food Standards Agency
Government Information Communication Services
Government Legal Service Risk Group
Health and Safety Executive
Her Majesty's Treasury
Home Office
Human Fertilisation and Embryology Authority
Human Genetics Commission
Inland Revenue
Inter-Departmental Liaison Group on Risk Assessment
Lord Chancellor's Department
Law Officer's Department
Ministry of Defence
National Audit Office
NHS Executive
No 10 Downing Street
Office of the Deputy Prime Minister
Office for Government Commerce
Office of Public Sector Reform (OPSR)
Office for Science and Technology
Prime Minister's Delivery Unit
Regulatory Impact Unit
Strategic Rail Authority
Northern Ireland Office
Scotland Office
Wales Office

ANNEX 11

THE ROLE OF THE STRATEGY UNIT

The Strategy Unit exists to provide the Prime Minister and Government departments with a project-based capacity to look creatively at strategic long-term issues. It acts as a resource for the whole of Government and tackles issues that cross public sector institutional boundaries.

It was created by a merger of the Performance and Innovation Unit (PIU), the Prime Minister's Forward Strategy Unit, and part of the Policy Studies Directorate of the Centre for Management and Policy Studies (CMPS).

The unit carries out long-term strategic reviews and policy analysis, which can take several forms:

- long-term strategic reviews of major areas of policy;
- studies of cross-cutting policy issues;
- strategic audit; and
- working with departments to promote strategic thinking and improve policy making across Whitehall.

Project work is carried out by mixed teams drawn from inside and outside Government, the private and voluntary sectors, universities, NGOs, and local government.

The director of the Unit is Geoff Mulgan. The Strategy Unit reports to the Prime Minister through the Cabinet Secretary.

There is more information about the work of the Strategy Unit and its projects on its website: www.strategy.gov.uk