CABINET OFFICE

strategy unit

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

Summary report

STRATEGY UNIT REPORT – NOVEMBER 2002

CONTENTS

Note: further detail can be found in the full report and annexes, which expand the arguments and provide extra source material.

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FOREWORD BY THE PRIME MINISTER

In many ways life today is far less risky than in the past. Yet risk seems to matter more than ever, partly because we are so much more aware of the risks we face, and partly because of the sheer speed of change in science and technology.

It will rarely be possible for governments to eliminate risks entirely. All life involves some risk, and any innovation brings risk as well as reward – so the priority must be to manage risks better. We need to do more to anticipate risks, so that there are fewer unnecessary and costly crises, like BSE or failed IT contracts, and to ensure that risk management is an integral part of all delivery plans. But we also need to be sure that innovations are not blocked by red tape and risk aversion, and that there is a proper balance between the responsibilities of government and the responsibilities of the individual.

Over the last few years we have radically changed our approach to risk. Bodies like the Food Standards Agency, the Human Genetics Commission and the Monetary Policy Committee have shown that more open processes, based on evidence, are more effective at handling risks and winning public confidence than secrecy. More recently, through the Civil Contingencies Secretariat, we have improved the way we prepare for threats of serious disruption to the UK. Right across government too we have introduced more rigorous methods to manage risks in delivery and big contracts.

But there is more we can and should do. That is why I asked the Strategy Unit to carry out this study. It has drawn on good practice and thinking around the world – from across government, the private sector, and other experts and commentators. The report sets out how government should think about risk, and practical steps for managing it better. It proposes principles to guide handling and communication of risks to the public – on which we are seeking views from all interested parties.

Risk management – getting the right balance between innovation and change on the one hand, and avoidance of shocks and crises on the other – is now central to the business of good government. I see the agenda set out here as an important part of our reform strategy, and encourage all involved to play a full and active part in putting the conclusions of this report into practice.

Tony Blair

Tony Blair

Key messages

1. The key messages from this study are that:

- handling risk[1] – both opportunity and threat – is increasingly central to the business of government. The accelerating pace of change in science and technology, and the greater connectedness of the world, are creating new responsibilities and demands;
- rising public expectations for government to manage risk are set against a backdrop of declining trust in institutions, declining deference and increased activism around specific risk issues, with messages amplified by the news media;
- governments need constantly to keep under review where responsibility for managing risk should best sit;
- governments across the world are now seeking to improve their handling of risk. In the UK, risk management has been found wanting in a number of recent policy failures and crises. Despite improvements across government, more needs to be done;
- successful risk handling rests on good judgement supported by sound processes and systems. Action is recommended in six main areas:
  - systematic, explicit consideration of risk should be firmly embedded in government's core decision-making processes (covering policy making, planning and delivery);
  - government should enhance its capacity to identify and handle strategic risks, with improved horizon scanning, resilience building, contingency planning and crisis management;
  - risk handling should be supported by best practice, guidance and skills development – organised around a risk "standard";
  - Departments and agencies should make earning and maintaining public trust a priority in order to help them advise the public about risks they may face. There should be more openness and transparency, wider engagement of stakeholders and the public, wider availability of choice and more use of "arm's-length" bodies such as the Food Standards Agency to provide advice on risk decisions. Underpinning principles for handling and communicating on risk to the public should be published for consultation;
  - Ministers and senior officials should take a clear lead in handling risk in their Departments – driving forward improvements, making key risk judgements, and setting a culture which supports well judged risk taking and innovation; and

[1] See annex 1 for selected definitions.

- the quality of risk handling across government should be improved through a two-year programme of change, linked to the Spending Review, and clearly set in the context of public sector reform (the Departmental Change Programme); and

- these recommendations aim to enable confident decision taking on risk and innovation, reduce waste and inefficiency, and lead to fewer unanticipated problems and crises that may undermine confidence and trust.

The changing nature of risk

2. Governments have always been concerned with protecting citizens from risks. However, in recent years handling risk has become increasingly central to the business of government. The language of risk is used to cover a wide range of different types of issue:

- direct threats – from the events of 11 September 2001, to the threat of chemical and biological attack, or accident;
- disruption – from industrial action, protest, or failure of transport or IT infrastructure;
- safety issues – arising from e.g. BSE; in connection with the Measles, Mumps and Rubella (MMR) vaccine; and other issues of risk to the public (rail safety, adventure holidays, flooding);
- risks to delivery of a challenging public service agenda;
- continuing debate and growing experience over transfer of risk (in capital projects and service delivery) to the private sector;
- ambitions to make the public sector more innovative, and better able to judge risks that might deliver high rewards; and
- the risk of damage to government's reputation in the eyes of stakeholders and the public and the harm this can do to its ability to carry out its programme.

3. Together these have forced a reappraisal of how government does its business and how it handles risk in all its forms.

4. These issues matter crucially to government because all states are, at root, guarantors of the security of their citizens – there to deal with the risks that individuals, families and communities cannot handle on their own. And expectations have risen – over time the public has come to expect fewer external risks (to health, physical security and financial security) while also wanting to be able to choose to take more risks which they themselves control, and to have access to high quality public services.

5. Governments have always faced risks and dangers of their own – unforeseen events, programmes going wrong, projects going awry. Such uncertainty is not new. But the nature of risk has changed for two fundamental reasons.

6. First, because of the increasingly rapid pace of development of new science and technology – "manufactured risks". These require governments and regulators to make judgements about the balance of benefit and risk across a huge range of technologies – from genetically modified food and drugs, to industrial processes or cloning methods.

7. The second new factor is the greater connectedness of the world, through an integrated global economy and communications system and a shared environment. This has brought huge opportunities. But it also means that citizens in the UK are potentially more vulnerable to distant events – ranging from economic crises on the other side of the world, to attacks on IT networks, diseases carried by air travellers, or the indirect impact of civil wars and famines. Globally interconnected infrastructure brings with it increased exposure to catastrophic events elsewhere, as shown, for example, by the events of 11 September. These systemic risks are now high on the policy agenda in many countries.

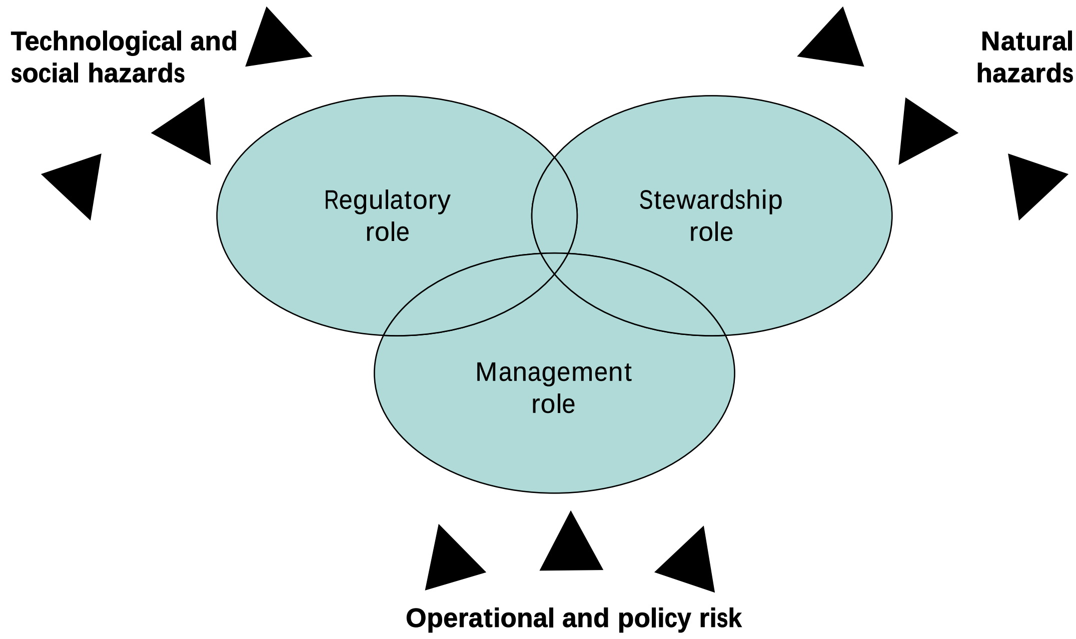
8. As a result of all of these factors, governments across the world are now seeking to improve their handling of risk.

Government's roles and responsibilities

9. Government is responsible for dealing with two broad categories of risk: risks to the public and the wider UK interest, and risks to delivering its own business. In discharging these responsibilities, governments have three overlapping roles (see Figure 1):

- **Regulatory:** where individuals or businesses impose risks on others, government's role is mainly as regulator, setting the rules of the game.
- **Stewardship:** where risks cannot be attributed to any specific individual or body, governments may take on a stewardship role to provide protection or mitigate the consequences.
- **Management:** in relation to their own business, including provision of services to citizens, governments are responsible for the identification and management of risks.

Figure 1: Government roles



10. Normally, governments will seek to ensure that those who impose risks on others bear the consequences of so doing. Where responsibility cannot be attributed to any specific individual or agency, governments will aim to ensure that responsibility rests with those best placed to manage the risk. Government also has an important responsibility in balancing risks between different groups, and in protecting minority interests.

11. Where the consequences of a risk are too great for any one individual or business to bear, government may intervene to provide protection or the risk may be pooled (contrary to some expectations, the government's role in protecting people from risks they cannot handle themselves remains as important as ever). Government's role in pooling risks has evolved over time – and there have been moves in many countries towards more disaggregation of risk, for example through moves towards more funded pensions. Where the market cannot provide sufficient cover and the consequences are unacceptable, government may step in as insurer of last resort. It may also intervene where market provision is withdrawn in response to an external shock, for example through the Troika scheme for the airline industry in response to 11 September. Such cases should be seen as exceptions rather than the rule, and government should consider its exit strategy where it intervenes in response to market failure.

12. Growing public concern about risk has led to more pressure on government to play a regulatory role in relation to risk. At the same time, in many countries, there has been a trend away from universal provision towards encouraging greater personal responsibility, notably for financial and retirement planning. Governments must constantly monitor trends in public expectations and review existing models of public provision to decide where responsibility for managing risk best sits.

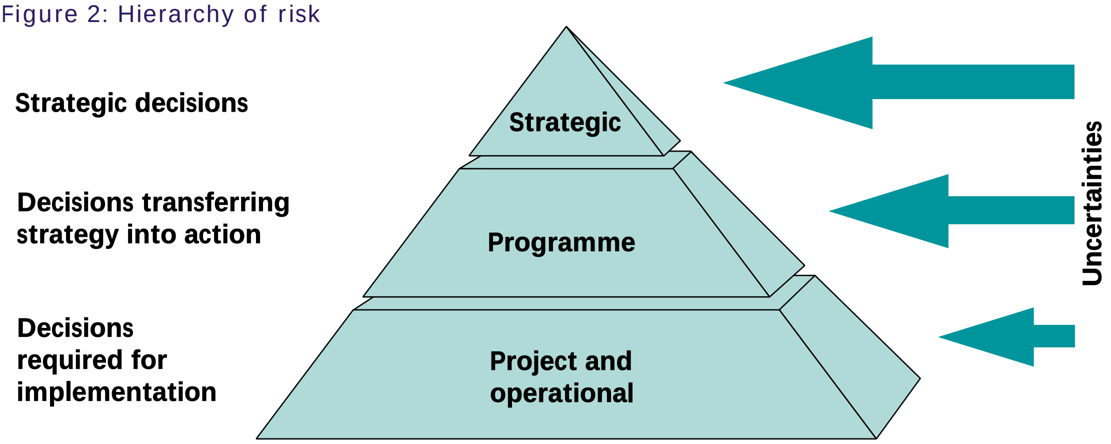
13. While governments will normally remain responsible for the outcome of the services they provide, they may transfer responsibility for achieving specific objectives to another body. In such cases, they need to define clearly where responsibility for managing risks should lie, and ensure that the partitioning of responsibilities does not undermine effective service delivery. Arrangements should recognise that, if things go wrong, people often still look to government to put them right (as shown, for example, in the UK rail industry, and in electricity provision in California).

Improving government's handling of risk – the challenge

14. Government needs to be able to handle risk at three levels: strategic, programme and operational/project level (see Figure 2).

15. At the strategic level, what is at stake is the government's political contract with the electorate and the coherence of its overall programme. Decisions will involve the formulation of strategic objectives, the resource allocation decisions to back them and assessment of policy options in response to changing circumstances. At the programme level, decisions are made on procurement or acquisition, funding, organisation, establishing projects, service quality and business continuity. And at the operational and project level, decisions will be on technical issues, resource management, managing schedules, managing providers, partners and infrastructure. Uncertainty tends to be greater at the higher levels.

Figure 2: Hierarchy of risk



16. In recent years government has faced significant problems in handling risk at each of these levels. At the strategic level, a notable example was the lack of preparation of alternatives to the Exchange Rate Mechanism (ERM) in the early 1990s. At the programme and operational level, although considerable progress has been made by many Departments, problems remain which have been highlighted in reports by the National Audit Office (NAO) and the Public Accounts Committee (PAC).[2] Risk management has been found wanting in many recent policy failures and crises. Examples include policies that have proceeded without a full assessment of their vulnerability to events, and major change projects, for example in IT, which have gone ahead without contingency plans. These are highlighted in the PAC report *Improving the Delivery of Government IT Projects.*[3] Inquiries such as those by Lords Phillips (BSE)[4] and Cullen (Ladbroke Grove rail crash)[5] also make recommendations for improving the handling of risk and communications with the public. While a number of these failures have been down to poor risk management, others raise concerns that public trust has been lost by a failure to be open about the nature of the risk.

17. The Strategy Unit study has confirmed this picture – members of the management boards of government Departments, and their risk experts, agree on the need for significant improvements. Analysis by MORI for the Strategy Unit[6] showed that the public expects government to be more open about risk issues – they seek reassurance from government, but are sceptical of what they are told unless they can clearly see it is not influenced by vested interests. They want openness and independent advice. High levels of public expectation are set against a backdrop of declining trust in institutions, declining deference, and increased activism around specific issues, with messages amplified by news media seeking market share and aiming to meet the demands of round the clock coverage.

18. And there are greater expectations in terms of corporate governance, with the provisions of the Turnbull Report[7] being adapted to the public sector, resulting in the requirement for Statements of Internal Control (SICs).

[2] For example, **NAO,** *The UK Passport Agency: the Passport Delays of Summer 1999,* October 1999; **DfES,** *Memorandum on Individual Learning Accounts*; and **NAO,** *Better Public Services through e-Government: Case Studies,* April 2002.
[3] **PAC,** 1st Report of 99/00, *Improving the Delivery of Government IT Projects,* January 2000.
[4] **Lord Phillips,** *The BSE Inquiry, Volume 1, Findings and Conclusions,* Stationery Office, 2000.
[5] **Lord Cullen,** *The Ladbroke Grove Rail Inquiry, Part 1 Report,* HSE Books, 2001.
[6] **MORI/Strategy Unit,** *Public Attitudes to Risk,* Research Paper, February 2002.
[7] **Institute of Chartered Accountants in England and Wales,** *Internal Control: Guidance for Directors on the Combined Code (Turnbull Report),* September 1999.

19. The UK Government is not alone in facing these pressures to raise its game. Similar factors – of trust and openness, external pressures for accountability, and new and unfamiliar risks – face the private sector[8] and other governments around the world.

Government is responding…

20. Government has taken up the challenge. Specific responses include establishing the Food Standards Agency as a public watchdog – at arm's length from Ministers – to protect against risks to public health, with power to publish information independently.

21. More generically, Departments have improved risk management to meet their own business needs and the demands of the public. Regulatory Impact Assessments (RIAs), which are required for legislation that impacts on businesses, charities or the voluntary sector, must include risk assessments. Departments have published Risk Framework Documents explaining how they manage risk to the public, and this has increased opportunities to learn from best practice. And the drive to improve corporate governance, with the requirement to produce Statements of Internal Control (SICs), has accelerated progress, further involving Heads of Department in their capacity as Accounting Officers.

22. At the centre of government, the Civil Contingencies Secretariat (CCS) of the Cabinet Office was established in 2001 to improve the resilience of central government and the UK in the face of disruptive challenges that can lead to crises. And the Prime Minister's Delivery Unit (DU) was set up to ensure the government achieves its delivery priorities, effectively managing the risks in key public services during this Parliament. Further reorganisation of the Cabinet Office, announced in June 2002, has provided a clearer focus on strategy and delivery.

…but more needs to be done

23. However, progress is uneven across government. There is plenty of good practice, but the coverage is not comprehensive. In particular, some of the application of risk management techniques has been mechanistic and not integrated into decision making at the highest level. There is not always sufficient demand for risk identification and management, for example, from Ministers and senior officials. There is scope for strengthening incentives for risk management (for example, by linking them to greater financial or management autonomy). Further, there is a perception amongst many senior officials that the Public Accounts Committee's high profile focus on policy and delivery failure (amplified by the media) inhibits innovation, despite the PAC emphasising its support for "well judged risk taking".

24. Key priorities for improving government's performance include:

- steps to improve capacity to handle risk (see paragraphs 25 to 56);
- improving communication about risk to the public (see paragraphs 57 to 62); and
- ensuring effective leadership and culture change (see paragraphs 63 to 65).

Improving capacity

25. There is risk – both opportunity and threat – in every aspect of government's work: policy making and decision taking; action and implementation; regulation and spending. Judgements, and the processes to support them, need to recognise this.

[8] **Economist Intelligence Unit,** *Enterprise Risk Management – Implementing New Solutions,* 2001.

Government needs to develop its capacity to handle risk, by:

- ensuring that decisions take account of risks (see paragraphs 26 to 30);
- firmly establishing risk management techniques (see paragraphs 31 to 32);
- organising to manage risk (see paragraphs 33 to 51);
- developing skills (see paragraphs 52 to 53); and
- ensuring quality (see paragraphs 54 to 56).

Ensuring that decisions take account of risks – embedding risk handling in key decision processes

26. Core decision-making processes in government include: the policy making process and the Spending Review (strategic level); business planning, programme management (programme level); and service management, project management (operational or project level). Generally, guidance for these processes addresses risk,[9] but this is not always well developed.

27. The NAO report, *Supporting Innovation*[10] and the PAC's *Managing Risk in Government Departments*[11] recommended that managing risk needs to be more clearly an integral part of the way government's business is done. There is further evidence to support this, for example, from the Office of Government Commerce's (OGC) Gateway Reviews of projects and programmes, where 63 per cent found weaknesses in risk management (the second most significant problem area, after skills shortages) and little evidence of lessons being learnt.

28. Although formal procedures such as RIAs exist in some areas, this study has additionally highlighted particular weaknesses in the policy development phase of the overall process of policy development and delivery; and the tendency for risk management to focus on reactive rather than proactive interventions, tackling symptoms not causes.

29. Improvements will require:

- earlier risk identification and assessment, at policy option and development stages;
- a wider scope for systematic risk assessment, including "soft" areas[12] – such as public perceptions, stakeholder views, likely stability of the external environment, political and reputational risk – as well as the more quantifiable risks (such as financial or economic risk), with greater availability of relevant and timely information; and
- continuing reassessment of risk and opportunities.

30. The lack of explicitness about risk issues and their management is a key concern. This undermines accountability and means that there is often no auditable trail of judgements about risks, making it impossible continuously to review risk judgements. This also inevitably creates difficulties for Departments when they are held to account by the PAC. The PAC has commented on this in several reports[13] and this may well be holding back innovation and service improvements by undermining confidence that innovative approaches can be well managed.

9 Examples include **Cabinet Office** and **Treasury**, *Your Delivery Strategy – a Practical Look at Business Planning and Risk,* 2001 and **Cabinet Office,** *Good Policy Making: a Guide to Regulatory Impact Assessment,* 2000.

10 **NAO,** *Supporting Innovation: Managing Risk in Government Departments,* August 2000.

11 **PAC,** *Managing Risk in Government Departments,* First Report Session 2001–02, November 2001.

12 Guidance on taking account of these issues is contained in **DEFRA et al,** *Guidelines for Environmental Risk Assessment and Management: Revised Departmental Guidance,* August 2000.

13 Reference to this is made in the PAC report, *Managing Risk in Government Departments,* op. cit.

Figure 3: The risk management process

Firmly establishing risk management techniques – ensuring that the underpinning tools and methods of risk management are established and applied

31. The use of risk management techniques has developed steadily in government. Guidance from the Treasury,[14] OGC,[15] the Cabinet Office,[16] and the Health and Safety Executive (HSE)[17] increasingly provides support for practitioners. The priority now is to integrate guidance, based on best practice, create a common language, and adopt simple structures as a basis for widespread communication (e.g. a simple description of the risk management process – see Figure 3).

32. In parallel with the private sector, risk is moving from being seen as a technical subject to being seen as a central part of management. However, this study, and interviews with Departments' Board members, revealed important gaps in: horizon scanning; continuing risk assessment in policy development and delivery; contingency planning (including ensuring consistency across Departments' Business Continuity Plans); central support for crisis management (including plans to augment Departmental resources in times of crisis); and building organisational resilience to threats. Contingency planning and crisis management have been highlighted by a number of reports by the NAO, such as on Foot and Mouth Disease.[18] And resilience is a significant area for development, highlighted by the events of 11 September. More attention to resilience at the planning stage may uncover cost-effective ways of reducing the need for expensive crisis response measures.

[14] **HM Treasury,** *Management of Risk: A Strategic Overview* (the "Orange Book"), January 2001.
[15] For example, **OGC,** *Management of Risk: Guidance for Practitioners,* May 2002.
[16] For example, *Your Delivery Strategy,* op. cit.
[17] **HSE,** *Five Steps to Risk Assessment,* 1998.
[18] **NAO,** *The 2001 Outbreak of Foot and Mouth Disease,* June 2002. The report highlighted the need for better contingency planning, identifying key areas for improvement, and recommended improvements in crisis management.

Organising to manage risk – making sure that responsibility for handling risks is with those who can best manage them; that information flows support this; and that the risk management development programme is well managed

Organisational issues for Departments

33. Primary accountability for risk management lies with Departments' accountability for government programmes. Within Departments specific risks may be managed by agencies or outside bodies working in partnership with the Department (as with the Food Standards Agency or the Human Genetics Commission). Best practice is that risks should be managed at the lowest possible level within the organisations, with clear accountability established, and systems and processes designed to support that.

34. Key organisational issues for Departments include:

- ensuring risk ownership is aligned with accountability for delivery – and the extent to which placing responsibility on those accountable for results needs to be supported by a central expert resource;
- reporting arrangements – feeding up to the Board the results of risk self-assessments, as in many government Departments and elsewhere. For example, at Unilever, where significant risk themes are summarised into a corporate risk profile, which draws out the major risks for Main Board attention; and
- ensuring risk specialists are closely enough linked to policy and operational decision-makers to offer effective support.

35. Departments are at different stages of development of risk management, reflected in different arrangements. (For example, there is a path taken by some that involves moving towards more centralised management of risk during a period of developing risk awareness, followed by a re-embedding of risk with line functions.) Further developments need to recognise this and the existing agenda for change, especially on corporate governance. This study considers further measures for Departments and the supporting role of the centre of government. Risk will be a key strand in the Departmental Change Programme, which aims to bring all Departments up to the standard of the best.

Central support

36. The centre of government – No. 10, Cabinet Office and Treasury – will typically take a supporting role in managing risks, other than in exceptional circumstances where it may be involved in more hands-on co-ordination. This includes:

- providing the strategic context for decisions;
- assurance – regularly testing judgements about key risks and procedures;
- crisis management – co-ordinating action when risk is escalated beyond a certain level;
- co-ordination of communication and learning – in agreed circumstances, such as taking a strategic view of high profile risk communication issues;
- taking an overview of large-scale threats and opportunities;
- identifying risks that cut across Departments and are therefore less likely to be dealt with adequately, or at all

and ensuring that accountabilities are clearly understood and acted on;

- managing interdependencies between individual Departments' operations, where anticipation and/or resilience needs to be built up jointly; and
- providing a centre of risk management expertise.

37. This strategic, corporate approach is consistent with the findings of the Economist Intelligence Unit,[19] that in the private sector the predominant role of the centre is one of co-ordination and support.

38. Recent developments have significantly enhanced the capability for providing central support, most notably through the establishment of the CCS and the DU. These will need to:

- provide systematic assurance that key strategic risks are identified and are being managed effectively;
- develop a wider range of sources of information, beyond Departments' structures;
- identify or co-ordinate handling of risks, or areas of risk, across Departmental boundaries;
- assess the risk portfolio as a whole and judge the capacity to take on new risks; and
- ensure clarity about who does what on risk in government.

39. Feedback from Departmental Board members suggests there is support for the centre taking more of an overview of risks. But there were important caveats: "Departments have to own risks" and "too much central control is likely to be counter productive" were typical comments. There was a view that "efforts should be aimed at ensuring more joined up working", which was seen by one as "the classic case for the centre to assume the lead", and "the centre should have a co-ordinating role in re-deploying resources if the lead Department cannot accomplish this itself. For the cross-cutting issues the centre should decide which Department should be given the lead (and additional resources)."

40. The study has identified two broad groups of risk, where Departmental Board members feel central support is valuable:

- risks which have the clear potential to become, or already are, crises, where there is likely to be a rapid escalation of public concern (and where the CCS has a key role); and
- certain ongoing delivery risks: including significant risks to key government objectives (for example, the territory currently covered by the DU); and risks which are not manageable by one Department alone because they require extra resources, or where they are inherently cross-cutting. For example, where they are "composite" and the severity is only apparent when viewed across the whole of government and could benefit from a more co-ordinated approach to their mitigation (for example, the recruitment of staff with key skills).

41. The two categories are not mutually exclusive, but provide a framework for analysing the functions of the centre, and are broadly reflected in current organisational responsibilities.

42. **Crises:** The CCS has a clear role in anticipating and providing support for handling crises. It deals with civil domestic issues, complementing long-established arrangements for military and terrorist risks. The CCS has started to produce regular

[19] *Enterprise Risk Management*, op. cit.

horizon scans of potential disruptive challenges – "trends or sets of circumstances with potential to cause serious disruption to the running of the UK nationally or regionally" focused mainly on the next 12 months, but with occasional longer range items. Examples of the sorts of challenges covered would include those leading to transport disruption, industrial action, human or animal disease epidemics, social unrest and disruptive protests. This draws on a range of sources of information, including Departments, to identify and assess the risks. The Domestic Horizon Scanning Committee considers these assessments and ensures that the final approved assessment is passed to the relevant Departments to consider any necessary mitigation action or contingency planning. If a crisis does occur, the CCS Co-ordination Centre can provide enhanced support.

43. These arrangements are relatively new, and should be allowed to bed in. They need to be complemented by a capacity to review longer-term threats and opportunities, which the Strategy Unit is well placed to deliver, building on its current Strategic Futures work. The CCS and Strategy Unit should increasingly use their expertise to work with Departments to help them develop their own horizon scanning capabilities; and the CCS should also help Departments to develop their resilience to the threats which can lead to crises.

44. **Delivery risks:** In addition, the centre needs assurance that risks to the delivery of the government's programme are being managed, and should provide support where needed. Whereas crises are primarily about dealing with threat (the negative aspect of risk), managing delivery risks also covers "opportunity risk" – i.e. the issues which arise from seeking improvements (such as increased demand for scarce resources, difficulties with implementing and operating new services, including levels of public acceptance and media reaction). Failure to manage these risks will often not have such visible, immediate and high profile consequences, but the long-term impact can be equally significant. The Treasury and DU have key roles here.

Placing risk where it can best be managed

45. Responsibility for handling risk should lie with those best placed to deal with it. This can only be judged on a case-by-case basis, but criteria include:

- competence – who has the skills and experience and/or can best recruit and retain the right people?
- capacity – does the capacity exist? can it be developed?
- public interest – is there sufficient assurance that the public interest will be protected?
- value for money – which option will offer the best trade-off between costs and benefits?
- management – can the arrangements be adequately managed?
- subsidiarity – operational decisions will often be best made by those closest to service delivery.

46. Organisational change has been actively used to enable government to pursue better outcomes and better manage risk. This has involved placing operational responsibilities with a variety of bodies ranging from agencies within government Departments, NDPBs and local government, to private and voluntary sector organisations. It has also involved transferring policy responsibilities to others. For example, policy advice is now often

provided by outside bodies where specific technical expertise is involved, and government has relatively recently gone further by setting up the Food Standards Agency as an arm's-length body with a role to provide advice direct to the public without recourse to Ministers. The National Institute for Clinical Excellence offers guidance direct to patients, health professionals and the public on best practice. And even more radically, some policy decisions are now taken outside government, for example by the Monetary Policy Committee. Further use of arm's-length bodies may be particularly appropriate where risks to the public make trust a key issue.

47. Where partnerships with other private/public/voluntary sector organisations are used to deliver services, there are management issues which could be better handled:

- the PAC has highlighted the need to improve understanding of the risk management systems of partner organisations,[20] both in terms of confirming quality and in terms of having an integrated approach. It would be possible to use a risk management standard as the basis for accrediting partners' risk management arrangements;
- recent rail incidents have highlighted the need for clear accountability for managing risks, especially when there may be a complex pattern of organisations involved in service delivery;
- the PAC[21] has also emphasised the need to ensure a continuing link between successful risk management by contractors and their level of reward; and
- contract management should include clear monitoring arrangements and supporting information to allow confident remedial action if necessary.

48. There is also a case for developing further approaches to contracting with partners, especially where the aim is primarily to deliver a service rather than, for example, a large-scale capital project. This might involve shorter contract periods, more flexible contracting arrangements and lower transaction costs than are typical with Private Finance Initiative (PFI) arrangements.

Departments working together – networks and peer review

49. Improving performance will require more systematic learning and sharing of experience. Establishing effective networks is judged as an important way of helping Departments to develop quickly through sharing best practice. There are the beginnings of these networks, linked to contact lists held by the Risk Management Steering Group and the Inter-departmental Liaison Group on Risk Assessment. But there is a strong case that these should be strengthened, rationalised and publicised. It is particularly important to facilitate contact between those responsible for leading development of risk management practice in Departments. The centre has a role to play in establishing, and initially in running, such a network.

50. This could be supported by the development of an IT-based knowledge network, growing from current Cabinet Office web-based tools (the Risk Portal and the Policy Hub's knowledge pools), and by the Public Sector Benchmarking Service's website (which is developing a substantial body of information on best practice in risk management).

51. A specific role for the networks would be to provide peer group reviews and challenges. Peer review has been a growing area in government, but has been hampered

[20] **PAC,** *Managing Risks in Government Departments,* op. cit.
[21] **PAC,** *42nd Report: Managing the Relationship to Secure a Successful Partnership in PFI Projects,* July 2002.

by lack of availability of suitable reviewers. The network would provide a ready source of expertise, but this would have to be underpinned by an understanding that peer review work is part of the participant's job – justified on the basis that there would be reciprocal gains. Peer review could also be used within Departments, where there may well be several centres of risk expertise (e.g. within audit, projects and programmes and individual delivery organisations and, we hope, increasingly in policy areas).

Developing skills – making sure that those involved in decision making are equipped to give due weight to risk issues, and that they are supported by professional expertise as necessary

52. As risk management needs to be embedded in the way government takes decisions and acts, the skills to ensure this is done need to be developed very widely. Crucially, managers at all levels need the skills to judge and manage risks successfully. And they need to be supported by those with skills in designing and maintaining the systems and processes of risk management.

53. There is currently no common core framework on which to base training and other learning opportunities, or an overarching strategy for developing skills. Specialist support is also in short supply, often leading to a reliance on consultants. Competency frameworks could be further used and developed to ensure that risk management skills are more overtly valued and applied.

Ensuring quality – through application of standards and benchmarking

54. Some other countries, notably Australia, New Zealand and Canada, are ahead of the UK in establishing quality standards for risk management[22] and ensuring consistent application across government. These standards define the risk management process (including steps such as: establish the context; identify, analyse, evaluate and treat the risks; communicate and consult; monitor and review) and the activities that underpin it, providing guidance on tools and techniques.

55. Australia leads the way in using this approach as a way of benchmarking progress, linking this to financial incentives (in their case, involving discounts on the insurance premiums paid by government bodies).

56. As noted above, a risk management standard could facilitate external accreditation of partner organisations' risk management systems. Importantly, a risk management standard also provides the basis for a common language for understanding and communicating risks.

Handling and communicating about risks to the public

57. Citizens face many day-to-day risks to their health, property, well-being and environment. Many of these are accepted willingly, and with a fair amount of understanding. Others can be prevented or contained through regulation or other measures such as public health care. But many risks are by their nature hard to understand, and in some cases the evidence on their gravity, and their interaction with other kinds of risk, is constantly changing. Government's most important role in this area is to ensure that the right people have balanced information, at the right time and in a user-friendly form, to decide how best to control their exposure to the risk or judge the

[22] Risk Management Standards first appeared in Australia and New Zealand in 1995 (now AS/NZS 4360:1999), then in Canada in 1997 (CAN/CSA-Q850:1997).

action that government is taking on their behalf. For government to be able to discharge this responsibility, it is vital that it is trusted. As recent examples such as BSE and MMR have demonstrated, this depends in turn on a track record of openness and reliability. Government needs to work closely with the media, who are often government's main channel of communication with the public on risk issues, to ensure accurate and impartial coverage.

58. Trust is more likely to be strong when:

- institutions are clear about their objectives and values;
- there is openness and transparency around decisions;
- decisions are clearly grounded in evidence;
- public values and concerns are taken account of in making decisions;
- sufficient information is provided to allow individuals to make balanced judgements; and
- mistakes are quickly acknowledged and acted on.

59. Important lessons have been learnt about the value of evidence-based decision making, openness and engagement, proportionality, consistency and targeting. These have been highlighted as part of the reform agenda,[23] and steps have been taken to define how to tackle risks that cannot be predicted with certainty. *The Code of Practice on Access to Government Information*[24] has increased the transparency and visibility of risk decisions, and these requirements will become statutory when the Freedom of Information Act 2000 comes fully into force in 2005.

60. More specifically, guidance by the Chief Scientific Adviser, Department of Health and the Inter-departmental Liaison Group on Risk Assessment (ILGRA)[25] has helped to identify good practice in scientific policy making and risk communication, and this practice has been spread through networks such as ILGRA. A number of Departments and agencies are taking a lead in incorporating these principles into their handling of risks to the public. For example, the Department for the Environment, Food and Rural Affairs (DEFRA) has recently announced that it will facilitate a public debate on GM crops. In addition, the CCS is taking a number of steps, in conjunction with the news media, to improve the communication and reporting of risks during emergencies.

61. More needs to be done to avoid mistakes in the future. In addition, the government's approach to handling risks to the public needs to become:

- more open, particularly in cases of uncertainty;
- more transparent about the processes it has used to reach its decisions; and
- more participative, by involving stakeholders and the wider public at an earlier stage in the decision process.

62. In the recent past, arm's-length bodies, such as the Monetary Policy Committee, Food Standards Agency and Financial Services Authority, have shown that they may be better able to sustain public trust and effective decision making, and that people are more likely to trust local and more visible sources of information such as GPs. There may be scope for extending the role of bodies of this kind in other areas where issues of risk to the public are paramount. Studies have shown that people are more likely to tolerate a risk when they feel that they are in control, raising important issues about choice.

[23] Examples include **Better Regulation Task Force,** *Principles of Good Regulation,* October 2000, and **Cabinet Office,** *Better Policy Making,* November 2001.
[24] **Lord Chancellor's Department,** *Code of Practice on Access to Government Information,* Second Edition, 1997.
[25] References are given in the full report.

The role of leadership and culture change

63. A sharper focus on risk needs to be led from the top by Ministers and Permanent Secretaries. The report identifies a number of roles for key leaders:

- driving implementation of the improvements in risk management set out in this report;
- taking key judgements and providing clear direction, for example in prioritising risks for action;
- defining the appetite for taking on further risk;
- supporting innovation;
- ensuring clear accountability for managing risks; and
- ensuring that managers are equipped with skills, guidance and other tools.

64. The experience of many leading private and public sector organisations is that getting the culture right is essential to managing risks and opportunities effectively.[26] Values identified as contributing towards effective risk management include a focus on delivery, openness to new ideas, and learning from mistakes. Effective internal communication is also essential to ensure that key messages get through.

65. Despite recent efforts, government is still regarded by many observers – both within and outside government – as having a risk-averse culture. It has also been criticised by the NAO as frequently being unaware of the risks it takes. While the nature of government's business often requires it to be more cautious than many commercial organisations, there are avoidable factors that could hamper well-judged risk taking. These include:

- mismatches between lines of accountability, responsibility and authority to act;
- the nature of performance incentives and management regimes in use within Departments. There may be scope for making greater use of incentives to reward positive risk taking and underline personal responsibility for avoiding crises; and
- a perception that the PAC and NAO remain a significant deterrent to risk taking. While the PAC and NAO have both taken steps to support the development of well-managed risk taking, concerns were raised about the high profile given to failure in their reports and the need for greater recognition of the context in which decisions under scrutiny were taken.

Conclusions and recommendations

66. A comprehensive programme of change to improve risk management across government is needed. This would build on work already under way in Departments, and have a two-year timetable to tie in with the 2004 Spending Review. The aim would be to provide clear direction, with rationalised guidance and support, and to track progress.

67. The common aims of this programme include: fewer surprises to the public and government, and better managed impact of unexpected events; higher levels of safety and confidence; fewer direct costs resulting from failure to anticipate risks; better understanding of risks and trade-offs (both by the public and government); a better balance of risk and opportunity; and greater clarity of responsibilities and ways to best manage risks.

[26] This was strongly emphasised by a number of organisations consulted by the Strategy Unit, including Unilever, Reuters, Diageo, BP, the Strategic Rail Authority, and a number of government Departments.

68. **We recommend action in six key areas.** This is summarised below. The full report sets out more specific detail and an implementation plan.

The numbers in square brackets refer to the specific recommendations in the full report and the page numbers in italics refer to their location.

1. Handling risk should be firmly embedded in government's policy making, planning and delivery.

1.1 There should be an explicit appraisal of risks, as well as benefits and costs, in all the main decision processes including: policy making; the Spending Review – with risk assessments attached to Public Service Agreements (PSAs) and risk embedded in delivery plans; business planning; project and programme management; and performance management. Criteria should be developed to ensure risk assessment effort is proportionate to the potential risks. [1, 2a–e, 3a–c, 4a–c, 5, 6a–c: *pp.32–37*; 12, 13, 14, 15: *pp.48–50*]

1.2 The Treasury should support Departments to ensure that new delivery plans, produced by Departments as part of the 2002 Spending Review, include enhanced coverage of risk and resilience to threat. The DU has already been developing this approach for risks to key objectives on health, education, crime and asylum, and transport. The Treasury, the DU and the CCS should work together with Departments in autumn 2002 to ensure that: delivery plans are in place for all Departments; these adequately address risk, balancing the need to invest in resilience with the pursuit of other objectives; and cross-cutting risks are identified and accountability for action established. Monitoring arrangements should track risk assessments and progress with mitigation plans, reporting to the Ministerial Committee on Public Services and Public Expenditure (PSX). [3a–c: *p.35*]

1.3 Departments should ensure that plans are underpinned by an assessment of resilience to threat, and actively develop their resilience to ensure there is the capacity to respond flexibly to potential risk. [3b: *p.35*]

1.4 Strategic risks should be regularly considered by Departmental Boards and the Civil Service Management Board (CSMB). The responsibility for handling and reporting risk should be aligned with accountability for delivery. Non-executive directors should play an important part in helping to identify strategic risk and provide an independent perspective on the level of risk faced and the adequacy of measures to address risk. [1a: *p.32*]

1.5 A combination of top down and bottom up approaches to risk assessment is recommended, for example, combining a risk review by a designated team with risk self-assessment. [10: *p.45*]

1.6 The Treasury should explore whether risk management can be improved in relation to property and liability risks, through the use of "captive insurance" arrangements. A pilot could explore the costs and benefits of insurance against current non-insurance arrangements. [7: *p.38*]

1.7 Where responsibility for risk is transferred to a partner organisation, accountabilities should be clearly established by Departments, and capacity maintained to manage and monitor performance and to take early action in the event of difficulty. OGC, the Treasury and OPSR should consider steps to improve risk handling where partnerships with the private and voluntary sectors are used to deliver services:

- benchmarking against a standard could be used for accreditation of partner organisations' risk management arrangements; and
- further approaches to procurement of public services from the private sector should be explored, to complement PFI. These might involve shorter contract periods and more flexible contracting arrangements. [30a–c: *p.65*]

2. Government's capacity to handle strategic risks should be enhanced.

2.1 The CCS should continue to develop its key role in relation to potential disruptive challenges to the running of the UK, identifying and assessing the key risks within a 12-month horizon, ensuring that adequate mitigation action and contingency planning take place, and providing additional support and leadership where crises occur. Priority should be given to: improving integration of business continuity plans; supporting the delivery of improved resilience across government; updating crisis management arrangements, including those for augmentation of Departmental resources in times of crisis; and learning lessons from past crises. [20, 21, 22, 23, 24: *pp.53–55*]

2.2 The work of the CCS in identifying and assessing disruptive challenges to the UK should be complemented by a longer-term horizon-scanning role for the Strategy Unit. The CCS and the Strategy Unit should work with Departments to help them develop their horizon-scanning capabilities, including the use of scenarios and simulation events. [17: *p.52*; 18: *p.53*; 26: *p.59*]

2.3 There should be a greater focus on tracking potential cross-cutting risks, by those with special expertise. For example, the Social Exclusion Unit, working with the Neighbourhood Renewal Unit and the Regional Co-ordination Unit, could consider playing a larger role in tracking risks including: new groups becoming eligible for benefits or likely to become socially excluded; or towns and cities failing to regenerate or facing economic problems because of over-dependence on declining industries. [19: *p.53*]

2.4 As the work of the CCS develops, it should complement the work of the Treasury and DU in identifying and monitoring risks to the delivery of the government's business programme. [25: *p.55*]

3. Risk handling should be supported by good practice, guidance and skills development.

3.1 Guidance from the Treasury, the OGC and Cabinet Office should be integrated, developed, promoted and maintained in line with developing good practice in Departments, and UK and international standards, drawing on the recommendations of this study to provide a simplified standard for government risk management. This should build on current developments, progressively providing a common framework and language. Benchmarking arrangements should be developed on the Australian Comcover model, and improvements linked to financial and management freedoms, such as earned autonomy or delegated financial authority. [9: *p.44*; 11: *p.46*; 16: *p.*51; 36: *p.73*]

3.2 The “standard” should be the basis for skills development and used to develop a common language for understanding and communicating on risk. Departments and the Corporate Development Group (CDG) should review their core training and development programmes to ensure that risk is adequately covered. Networks should also be used to spread good practice. Departments should consider the need for developing in-house specialists to provide support to those managing risks. [33, 34, 34a, 35: *pp.68–71*]

4. Departments and agencies should make earning and maintaining public trust a priority when dealing with risks to the public.

4.1 As a first step towards earning public trust, government should publish its principles for handling and communicating about risk to the public. These should be subject to widespread consultation. [37: *p.84*]

4.2 Departments should implement these principles, as part of their wider plans for improving risk management. This will be particularly important where the Department’s business is directly related to handling risks to the public, such as safety or health. Action plans should cover the following areas:

- public access to information about risks that affect them;
- two-way communication to enable early and widespread involvement in decisions on key risks;
- targeted consultation, informed by systematic identification of the risks most likely to cause public concern;
- availability of choice for individuals in managing the risks that affect them;
- procedures for communicating in crisis conditions; and
- use of information provided by trusted impartial sources.

Information on these arrangements should be widely available, for example in Departments’ Risk Framework Documents and, where relevant, actively explained. [38, 38a–h: *pp.85–89*]

4.3 Action by Departments should be underpinned by clear government-wide guidelines on risk communication, initiatives to improve levels of public understanding about risk concepts, and work with the media and regulators to improve the accuracy of reporting of crises. [39, 40, 40a: *pp.89–90*]

4.4 Departments should consider where giving greater responsibility to arm’s-length bodies in policy making could help in handling risk and building trust. This may be particularly appropriate where risks to the public make trust a key concern. [30: *p.64*]

5. Ministers and senior officials should take a clear lead in improving risk handling.

5.1 Ministers and senior officials should take an active lead in: driving implementation of the improvements in risk management set out in this report; taking key judgements and providing clear direction, for example in prioritising risks for action, and in defining the appetite for taking on further risk; supporting innovation; ensuring clear accountability for managing risks; and ensuring that managers are equipped with skills, guidance and other tools. [41: *p.94*]

5.2 They should aim to foster a culture in which well-judged decisions about risks and opportunities can be made, and where innovation can be handled with confidence. [42: *p.101*]

5.3 In addition, they should ensure that decision makers are supported by an audit trail that provides a clear and balanced account of their risk judgements and risk management actions in the light of the information available at the time. This may be validated by independent review, for example by using the OGC Gateway. This will help to improve the quality of decisions, build confidence, and reduce the risk of subsequent criticism. [43: *p.101*]

5.4 Ways should also be explored to provide a more balanced focus on overall Departmental performance, to avoid undue focus on failure, for example by the media and PAC. We recommend that CSMB should look at this, bearing in mind the opportunity to pull together the current demands already made on Departments for end-of-year reporting. [44: *p.102*]

5.5 The Cabinet Office, supporting the Cabinet Secretary, should ensure that the risk management programme is incorporated into the broader public service reform agenda, recognising the need for wider culture change. In particular, this should consider the ability of Departments to foster innovation. [45: *p.103*]

5.6 In parallel with this activity, the Risk Support Team, together with risk improvement managers within Departments, should promote and champion the spread of values needed to support effective risk management within government. [46: *p.103*]

6. The quality of government risk management should be improved through a two-year programme of change, linked to the Spending Review timetable, and clearly set in the context of public sector reform.

6.1 A two-year programme of change should be established, linked to the Spending Review timetable and that for the production of SICs. The programme should include the following strands (integrating the Strategy Unit recommendations with existing initiatives): communications with the public; embedding risk (in Spending Review, policy making, etc); leadership and culture change; skills; guidance, standards and benchmarking; corporate governance. This is primarily for Departments to deliver, but with central support, as part of the Cabinet Secretary's overall reform programme. [27: *p.62*]

6.2 Departmental Accounting Officers should ensure that there is a senior official with delegated responsibility for encouraging and supporting change. This risk improvement manager could: provide a focal point for driving change; be part of a cross-government network – sharing best practice and learning; and be a potential source of peer review.

This role should be closely linked to delegation of accountability for corporate governance. [29: *p.62*; 32: *p.66*; 34a: *p.70*]

6.3 Existing central risk functions should be rationalised to support the delivery of the programme:

- An Implementation Steering Group should be established (replacing the various existing groups – Risk Management Steering Group, ILGRA, and Risk Advisory Group) to drive change over the two-year period leading into the next Spending Review (2004). This group should draw together the main interests across government and be chaired by an authoritative figure who might be a member of CSMB appointed by the Cabinet Secretary. Progress should be reported regularly to PSX and the CSMB, leading to a full review of the position at the end of the two-year programme. [28: *p.62*]
- The Steering Group should be supported by a small, time-limited, multi-disciplinary team based in the Treasury – the Risk Support Team. The team should be drawn from existing sources of activity (including the Treasury, OGC, HSE, Cabinet Office, Government Information and Communication Service (GICS)) who would: lead or co-ordinate strands of the programme; monitor progress and the effectiveness of the new arrangements; provide a central expert resource; review and co-ordinate advice and guidance on risk management; help establish and support the interdepartmental network of risk improvement managers; and lead a review to further rationalise current central responsibilities and initiatives. [8: *p.38*; 31a–c: *p.66*]

Implementation, costs and benefits

69. The recommendations aim to improve the way government manages risk through a two-year programme of change linked into the next Spending Review (2004). It will be overseen by an Implementation Steering Group, supported by the Risk Support Team.

70. Departments will be responsible for taking forward most of the report's recommendations – integrating responsibility for improvements with accountability for delivery; but they can look to the Risk Support Team for support and guidance in developing their risk management capabilities. They will also receive enhanced support from the Treasury and DU (on risks to the delivery of their plans) and the CCS and the Strategy Unit (on horizon scanning for strategic risks, and help with contingency planning and handling crises). An overview of the proposed arrangements is set out in Figure 4.

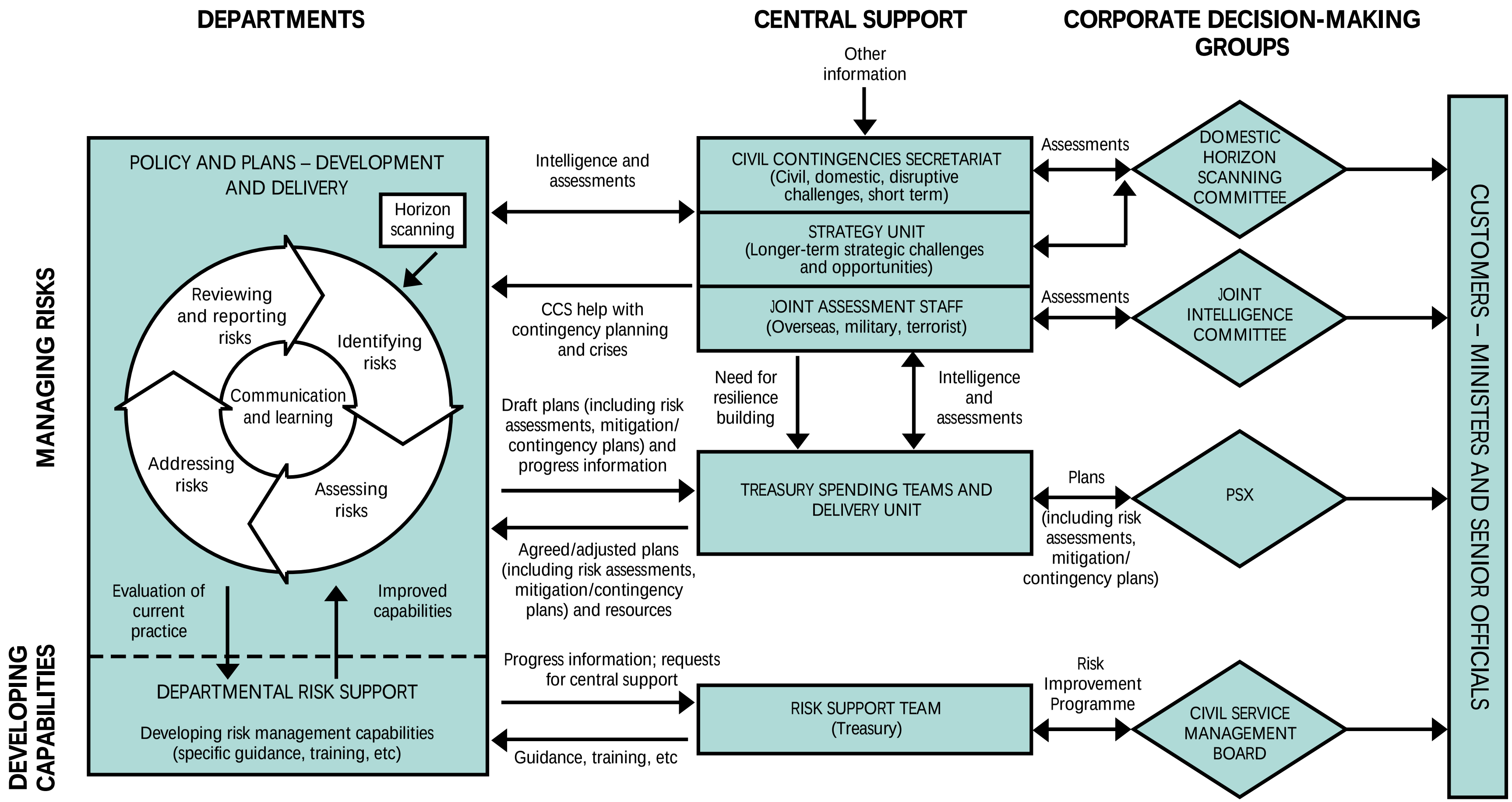
71. Ministers, Permanent Secretaries (or Chief Executives) and their Boards will be vital in leading change, in particular to help support changes in behaviour. We recommend some specific actions they can take.

72. An outline implementation plan is set out in the full report.

Costs and benefits

73. In the longer term, the benefits across government of measures to improve risk management are expected to more than cover the costs. The financial benefits alone of a new approach to risk management could be vast, for example by:

Figure 4: Government risk handling



- avoiding or reducing the scale of crises (the total direct cost of the Foot and Mouth Disease outbreak to the public and private sector is estimated at over £8 billion[27]);
- reducing the likelihood of project and programme failure (for example, the Benefits Payment Card, £127 million; passport computer system, £12.6 million);
- reducing the cost and time taken in dealing with hostile media campaigns (such as MMR); and
- reducing the scale of losses arising from, for example, property and liability risks (a feasibility study has estimated a potential saving of up to £640 million a year from introducing captive insurance, risk pooling arrangements).

74. The OGC Gateway process, involving risk assessments, to be applied to projects is expected to save £500 million a year. The financial benefits of better risk management will accrue jointly to Departments and the contingency reserve.

75. In addition, there are likely to be significant non-financial benefits, including:

- increased reassurance for the public;
- increased ability for the public and government to make appropriate choices in the face of uncertainty; and
- increased likelihood of achieving policy outcomes, quickly and fully, especially where these require the support of the public to be effective (such as vaccination).

76. There will be resource implications for Departments and the centre (the Treasury and Cabinet Office). The scale of these will be lessened to the extent that action on risk is already under way or planned. For many Departments and central functions, this report is likely primarily to involve a refocusing of current efforts. However, some extra investment may be involved for:

- Departments – appointing risk improvement managers and any support (though much of this may be in place to implement Corporate Governance changes); and improving systems and processes and communications with the public. The scale of cost will depend on the size of the Department, its stage of development and the nature of its business.
- Centre – some extra costs, primarily from: the new Risk Support Team which may require up to six staff initially; CDG developing and delivering extra training materials; the Treasury/OGC developing risk management standard and benchmarking.

77. These may be offset by some savings, accruing over the two-year period, through rationalising existing activity and from the benefits of effective risk management. More detailed cost/benefit analysis of programme activities should be undertaken by the implementation team.

Monitoring and evaluating progress

78. The information drawn together by the Strategy Unit study team, and the NAO's survey in *Supporting Innovation* (shortly to be updated by the Treasury), provides a baseline against which to judge progress. We recommend that Departments and the centre should establish regular monitoring arrangements to assess internal and external satisfaction with progress. The Strategy Unit surveys could be repeated to assess confidence within government. There could also be public satisfaction surveys, repeated at regular intervals.

[27] **NAO,** *The 2001 Outbreak of Foot and Mouth Disease,* op. cit. p. 13.

ANNEX 1: DEFINITIONS

Risk is most commonly held to mean "hazard" and something to be avoided. But it has another face – that of opportunity. Improving public services requires innovation – seizing new opportunities and managing the risks involved. We define risk as uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. It is the combination of likelihood and impact, including perceived importance.

Risk management covers all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress. Good risk management helps reduce hazard, and builds confidence to innovate.

Risk handling is used as a broader term including the processes of risk management, but also embracing wider issues of government's roles and responsibilities, and organisational culture.

ANNEX 2: PRINCIPLES OF MANAGING RISKS TO THE PUBLIC

Government should follow five principles[28] in managing risks to the public:

- Openness and transparency
- Engagement
- Proportionality and precaution
- Evidence
- Responsibility

Government will be open and transparent about its understanding of the nature of risks to the public and about the process it is following in handling them

Government will publicise its assessments of risks that affect the public, and explain what data, assumptions, values and methods it has used, and how it will handle the risk. When information has to be kept private, government will explain why. Where facts are uncertain or unknown, government will make clear what the gaps in its knowledge are, set out clearly the assumptions it has used, and outline the action it is taking to fill the gaps. It will be open about where it has made mistakes, and what it is doing to rectify them.

Government will seek wide involvement of those affected by risks in the decision process

Government will actively involve a wide range of representative groups, and the public, throughout the risk identification, assessment and management process. Two-way communication will be used in all stages of policy development, risk assessment and risk management.

Government will act proportionately in dealing with risks to the public, and will take a precautionary approach where necessary

Action taken to tackle risks to the public will be proportionate to the level of protection needed, consistent with other action, and targeted to the risk. Regulations on risks to the public will meet the principles set out in the *Principles of Good Regulation*. Government will apply the precautionary principle where there is good reason to believe that harmful effects might occur, and where scientific evaluation of the consequences and likelihood reveals such uncertainty that it is impossible to assess the risk with sufficient confidence to inform decision making. Decisions reached by invoking the precautionary principle should be actively reviewed, and revisited when further information that reduces uncertainty becomes available.

Government will seek to base decisions on all relevant evidence

Government will identify and assess risks to the public as a core part of its business. It will aim to ensure that all relevant factors have been taken into account, including perceptions of risks faced and public concerns and values. It will seek impartial and informed advice wherever possible. Where it receives conflicting advice, it will clarify the issues through open discussion. It will not use the absence of evidence alone to prove the absence or presence of threat, and will acknowledge alternative interpretations of the available evidence.

Government will seek to allocate responsibility for managing risks to those best placed to control them

Where possible, government will ensure that those who willingly take risks also bear responsibility for the consequences. It will consider the need to regulate where risks are imposed on others. It will aim to give individuals a choice in how to manage risks that affect them, where this does not expose others to unacceptable risk or cost.

[28] These principles are intended to complement existing published frameworks, including: the Freedom of Information Act; the Code of Practice on Access to Government Information; the Principles of Good Regulation; and guidance on the production of Departmental risk frameworks.

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