

Risk: Good practice in government

Volume 2

November 2006

**Risk: Good practice
in government**

Volume 2

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FOREWORD

RISK: GOOD PRACTICE IN GOVERNMENT (VOLUME 2)

Last March, as part of work to progress government's capability to handle risk, we published a first volume of examples of good practice in risk management taken from across government. Government Departments have moved well beyond merely being aware of risk to increasingly considering risk in their decision-making and management. The examples of good practice published in March reflect this position.

We have now collated a second volume of good practice which seeks to build upon the first volume of good practice, by providing examples for areas of risk management under represented in that first volume, for example, risk in policy making; innovation; and quality of learning.

In the foreword to the first volume I stressed the need to ensure that we learn from good practice, and share our experience so far. The aim of publishing good practice is to encourage a culture of well-managed risk taking. Key to establishing such a culture is supporting the sharing and learning of good practice, that is, the development of a learning culture in government.

If we are to continue to raise our game in the delivery of public services, we need to foster a culture in which public employees are encouraged to innovate and to identify and exploit opportunity as much as they are encouraged to identify and manage threats and the consequences of failure.

With increasing pressure to ensure that government delivers better value for money to the taxpayer, learning lessons from each other through the sharing of good practice is an efficient and cost effective way of ensuring we neither "re-invent wheels", thus wasting valuable resource, nor ignore valuable lessons about the management of risk in the public sector.

Good risk management is about making a real difference to the lives of citizens and those responsible for delivering services. These examples prove this.



Sir Brian Bender

Permanent Secretary, DTI and Chair, Permanent Secretaries' Management Group sub-Committee on Risk

ANALYSES CATEGORIES

The areas of good practice covered by each example have been listed according to:

- Categories of Good Practice
- Risk Management Assessment Framework [RMAF] Categories
- Functional Groupings

a) Examples Analysed by Categories of Good Practice:

Ref	Example	Dept	Quality of Learning	Communication	Project Management	Innovation	Working with Ministers	Stakeholders – Joint Exercises	Stakeholders – Early Engagement	Senior Management Challenge	Risk Gap Identification	Portfolio Management	Policy	Piloting	Independent Review	Incentivisation	Horizon Scanning	Deployment of Resources	Contingency Planning	Board / High-level Reporting	Alignment of Risks & Planning	Governance	Culture / Soft Issues	
1.	Getting With The Programme	Comm & Local Govt		❖			❖					❖	❖					❖	❖	❖	❖		❖	
2.	Firelink	Comm & Local Govt			❖				❖		❖								❖					
3.	English Partnerships	Comm & Local Govt							❖			❖									❖			
4.	A Picture Is Worth A Thousand Words	Comm & Local Govt			❖						❖	❖		❖							❖			
5.	Reducing The Cost Of Co-operation	DCA					❖						❖						❖	❖				
6.	Keeping IT Working	DCA									❖								❖	❖				
7.	Raising The Bar	DCA																		❖				
8.	Charting New Waters	DCMS											❖											
9.	Engaging Stakeholders	DEFRA											❖											
10.	Partnership Delivery	DEFRA																						

	Quality of Learning					❖	❖					❖		
	Communication		❖	❖			❖	❖	❖	❖	❖		❖	
	Project Management		❖	❖	❖					❖		❖	❖	
	Innovation									❖		❖		
	Working with Ministers			❖						❖				
	Stakeholders – Joint Exercises		❖	❖	❖					❖	❖	❖	❖	
	Stakeholders – Early Engagement					❖	❖			❖				
	Senior Management Challenge	❖			❖									
	Risk Gap Identification													
	Portfolio Management	❖			❖				❖			❖		
	Policy		❖			❖								
	Piloting													
	Independent Review	❖							❖	❖				
	Incentivisation												❖	
	Horizon Scanning						❖						❖	
	Deployment of Resources	❖	❖	❖	❖		❖	❖	❖		❖		❖	
	Contingency Planning		❖										❖	
	Board / High-level Reporting	❖			❖						❖			
	Alignment of Risks & Planning					❖								
	Governance	❖		❖	❖									
	Culture / Soft Issues		❖	❖	❖								❖	
	Dept	DFES	DFES	DFES	DFID	DFID	DFT	DTI	DTI	DTI	DTI	DWP	DWP	ECGD
	Example	In A Class Of Their Own	All Change At Darlington	Improving The Quality Of Further Education	A Catalyst For Change	Disaster Risk Reduction	Learning The Lessons From Litigation	Tightening The Screws On Fraud	Managing Risk Consistently Across a Portfolio	Challenging Visions Of The Future	Making Every Penny Count	Getting Better At Sharing Information	A Good IT Xperience	Credit Where Credit Is Due
	Ref	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.

Examples Analysed by:

b) Risk Management Assessment Framework (RMAF) Categories, and c) Functional Groupings

Ref	Example	Dept	b) RMAF Groupings							c) Functional Groupings						
			Leadership	People	Policy & Strategy	Partnerships	Processes	Risk Handling	Outcomes	Human Resources	Technology	Information Mgt	3rd Parties	Project Mgt	Communication	Resources
1.	Getting With The Programme	Comm & Local Govt	❖									❖	❖	❖		
2.	Firelink	Comm & Local Govt						❖		❖		❖				❖
3.	English Partnerships	Comm & Local Govt				❖						❖	❖	❖		
4.	A Picture Is Worth A Thousand Words	Comm & Local Govt					❖							❖		
5.	Reducing The Cost Of Co-operation	DCA	❖		❖			❖								❖
6.	Keeping IT Working	DCA								❖						
7.	Raising The Bar	DCA		❖				❖							❖	
8.	Charting New Waters	DCMS	❖	❖			❖					❖		❖		
9.	Engaging Stakeholders	DEFRA		❖	❖	❖				❖		❖		❖		
10.	Partnership Delivery	DEFRA			❖	❖		❖				❖		❖		
11.	In A Class Of Their Own	DFES	❖					❖	❖			❖	❖			
12.	All Change At Darlington	DFES		❖					❖	❖		❖	❖	❖	❖	
13.	Improving The Quality Of Further Education	DFES	❖						❖			❖		❖		
14.	A Catalyst For Change	DFID					❖		❖		❖	❖		❖	❖	
15.	Disaster Risk Reduction	DFID			❖							❖		❖		
16.	Learning The Lessons From Litigation	DFT					❖	❖				❖				
17.	Tightening The Screws On Fraud	DTI					❖	❖				❖				❖
18.	Managing Risk Consistently Across a Portfolio	DTI					❖						❖			
19.	Challenging Visions Of The Future	DTI				❖		❖			❖		❖			
20.	Making Every Penny Count	DTI			❖									❖	❖	
21.	Getting Better At Sharing Information	DWP				❖	❖				❖	❖	❖			
22.	A Good IT Xperience	DWP						❖	❖		❖					❖
23.	Credit Where Credit Is Due	ECGD		❖						❖			❖			

ANALYSES CATEGORIES

24.	Reducing Fraud From Abroad	FCO				❖	❖	❖					❖		❖	❖	
25.	Lowering the Nation's Blood Pressure	Food Stds											❖		❖		
26.	Handling Self Asst On-Line	HMRC					❖			❖	❖	❖					
27.	Implementation of New Fin. Mgt System	HMRC				❖	❖			❖		❖	❖				
28.	Looking For Trouble	MOD					❖			❖							
29.	Doing It By The Book	MOD			❖							❖		❖	❖		
30.	Keeping IT Confidential	NIO		❖	❖				❖	❖	❖						
31.	Juvenile Justice	NIO				❖	❖					❖	❖	❖			
32.	On The Risk Radar	OGC					❖			❖			❖				
33.	Hints & Tips	OGC	❖				❖			❖			❖				

GETTING WITH THE PROGRAMME

[COMMUNITIES AND LOCAL GOVERNMENT]

1.1 In October 2005, the Office of the Deputy Prime Minister (ODPM), as it then was, welcomed a new Permanent Secretary, who had moved across from the Department for Education and Skills (DfES). In May 2006, changes in the machinery of government created Communities and Local Government. The Department drew its responsibilities from the old ODPM, Home Office and the Department for Trade and Industry (DTI), and Ruth Kelly was appointed Secretary of State for the new Department.

1.2 Both the new Permanent Secretary and the new Secretary of State were keen to change many of the existing practises in the new Department, and to introduce ways of working more effectively.

1.3 Communities and Local Government was relaunched on October 2, 2006, with changes to the operation and organisation of the Department. Whilst the Programme Executives had already been introduced earlier in the year, an opportunity was taken at the beginning of October to refresh their aims and membership, and further embed them at the centre of delivery in the Department. Although Programme Executives are not a new concept – both DfES and DTI have similar structures – they were new to the Department, and such a significant change required good communications with all staff in the department.

1.4 As their name suggests, Programme Executives are responsible for joining up programmes across the Department. There are currently nine Programme Executives – one for each of the big delivery challenges.

Programme Executive's responsibilities

Programme Executives are responsible for:

- Taking a long-term strategic view.
- Prioritising work.
- Matching resources to risks and priorities.
- Tracking the progress made on delivering key programmes.
- Managing risk.
- Solving problems.
- Promoting new ways of working.

Providing assurance to the Board.

Making progress

1.5 A number of different people, drawn from across a number of key related areas and delivery partners, sit on each Programme Executive. For example, the Department's 'Equalities' Programme Executive includes representatives from the Fire Division, who are working to widen the pool of people who typically become fire fighters as well as those directly responsible for the key programmes of the Equality PE.

1.6 It also includes members from other Government departments such as the Home Office and the Department for Work and Pensions, and non-executive members from outside Whitehall.

1.7 The key role of each Programme Executive is to set strategic direction, and resolve any key policy problems. Whilst they review progress, their main role is to set strategy and ensure delivery.

Why Programme Executives work

- They adopt a cross-department approach to the development and delivery of policies.
- They directly involve their delivery partners.
- They clearly set out what the delivery objectives, success measures, lines of accountability, and reporting and reviewing arrangements are.
- They ensure that the right sort of information is regularly made available, to track progress and show what's being delivered.
- They make sure the right people are in the right positions, particularly in regard to actually implementing any policies.
- They engage stakeholders, and encourage and respond to feedback.
- They put the right processes in place to manage resources to deliver.
- They actively manage risk.
- They build equality and diversity into the design and delivery of their work programme.
- They have effective communications.

They have a small senior membership, and are chaired by Director – Generals.

Pulling together

1.8 To help ensure that the relevant information reaches the relevant people at the relevant times, the Department has also introduced a standard reporting template. Each template gives Ministers, the Board and the Programme Executives themselves a snapshot of: the overall likelihood of delivery; any headline issues; progress to date; any delivery slippage, and what that could mean; and generally any problems, concerns or key milestones.

1.9 Reports are made monthly, and include information on any of the key issues that might be coming up over the next six or twelve months, as well as more immediate issues.

1.10 It's been a period of great changes for Communities and Local Government. But the introduction of Programme Executives has helped to join up the different elements of the Department, and ensure that people are pulling together to get things done.

How to introduce Programme Executives:

1. Get buy in from the whole senior management team.
2. Get a commitment to devote enough resources centrally to establish a programme executive, and support their work.
3. Work closely with the chairs of the Programme Executives, so that they know what their objectives are and how the Executive is meant to operate.
4. Arrange secretariat support, so the Programme Executives have help planning the delivery agenda and monitoring quality control, and also have the corporate knowledge required to challenge the information provided by managers.
5. Try to work on some early successes, so that the organisation recognises and appreciates how Programme Executives can really make a difference on the ground.
6. Review how the Programme Executives are working after the first six months, and then again after a year, and make any necessary changes.

2

FIRELINK [COMMUNITIES AND LOCAL GOVERNMENT]

2.1 Few things have changed as fast or as furiously as telecommunications technology. Every year brings another leap forward, and trying to keep up with the potential and the scope of the new technology available is often a full-time job in itself.

2.2 In 2001, what is now Communities and Local Government started to take steps to replace the ageing and disparate radio systems of the Fire and Rescue Services. These existing systems were becoming increasingly difficult to maintain and did not support the increasing need, post 9/11, for secure, reliable and flexible communication - in particular, radio communication between the three emergency services.

2.3 So getting a new system up and operational, within a relatively short timeframe, was imperative, especially as a number of emerging regional radio replacement programmes had been cancelled upon the introduction of *Firelink*.

Big Bang

2.4 Procuring any new technology is notoriously risky; there are so many unknowns involved, and so many potential things that could go wrong. Indeed, research by the National Audit Office identified that many government IT procurements fail to deliver because they followed a 'Big Bang' approach. This is an approach where the change from one system to another is carried out in one step, with no attempt to gradually introduce the change and thereby minimise any operational impact.

2.5 But when the question being posed is in relation to the provision of a communications system for the Fire and Rescue Services (FRS), failing to maintain an operational service is clearly not an option.

The challenge facing Communities and Local Government

- To introduce a single, digital radio system that would provide secure voice and data services, and meet post 9/11 national resilience operational requirements by 2009.
- To deliver the new system to a tight deadline.
- To maintain operational service throughout the switchover.
- To deliver the new system without putting undue strain on the resources of the fire and rescue service, the Department or the chosen supplier.
- To achieve value for money, in a limited market.
- To ensure that the project would deliver the necessary requirements, but still be affordable.

Operational Continuity

2.6 In the past, 'risk management' has often been seen as something that's done after the procurement process has finished. But Communities and Local Government understood that if they wanted to rise to the challenge of delivering *Firelink*, the FRS's new radio system, on time and on budget, a practical risk management system needed to be embedded in the process right at the start.

2.7 So one of the first things they did was to introduce, manage and fund an interim programme of risk assessments, to identify the components of the existing radio communication systems that were most likely to fail in the meantime. As part of the process to deliver the required level of operational continuity, the project team then introduced a replacement programme to address the highest risk areas in these legacy systems. They also arranged for periodic reviews to take place, to re-assess the risk areas.

2.8 A considerable part of the Operational Continuity (OpCon) programme of works was to replace ageing equipment on radio transmitters. This equipment ensured all the radio signals were at the same frequency to avoid communication black-spots due to interference.

2.9 If this equipment had not been replaced and had duly failed, it would have led to fire and rescue services being without wide area radio communications for potentially several months whilst system was replaced. This programme of OpCon was a prime example of the benefits of implementing a proactive risk management process at the outset of the procurement process

2.10 The interim programme has greatly reduced the likelihood of an existing local radio system failing before *Firelink* had been successfully rolled out.

Encouraging competition

2.11 Next, the Department turned their attention to the procurement process. To keep the competition as open as possible, it was decided to write the requirement for *Firelink* as an output-based specification. In other words, potential suppliers were not given instructions on how to deliver the service, but instead were informed that regardless of their preferred method, or technology, the solution would have to meet a specified number of criteria.

2.12 To avoid the 'Big Bang' problem, the Department opted for a phased delivery, to avoid the need for a complete swap over of systems in one go, that could greatly increase the risk of total system failure.

2.13 The contract was also designed to cover both the supply and support of the radio network and the equipment. This was done to ensure that a single prime contractor would be responsible for the whole service, which would prevent any confusion over responsibilities should any problems arise later on.

Involving end users

2.14 To ensure that prospective suppliers really would deliver the required level of service on the ground, and not just in the procurement exercise, the Department seconded a number of 'user representatives' into the project to help evaluate the bids.

2.15 This was useful in two ways: firstly, it ensured that the people who knew what the service really needed to deliver were on hand to choose the 'best fit' that would meet their needs. Secondly, it meant that when the system was being developed and rolled-out, it would already have the confidence of the end users.

2.16 The evaluation team also worked out the potential risks for each proposed bid and how much contingency funding would be required to address them. This information was used to develop a 'whole life' cost model, and it was this whole life

cost, rather than the core contract bid price that was used in the overall assessment of the bids.

The benefits of using risk management during the procurement process

Risk management helps to:

- Identify areas that will require close management or direction in order to achieve the required outcome.
- Provide realism in developing the project schedule.
- Enable more accurate cost forecasting.

Contract Award

2.17 After much deliberation, the Department procurement signed a contract for the supply and support of the FRS's new radio system, *Firelink*, with O2 Airwave on March 29, 2006.

2.18 By making risk management a priority throughout the procurement process, instead of an add-on after the fact, the Department is confident that *Firelink* will deliver on time and on budget, and prove that new technology can be successfully and smoothly introduced on a large scale.

How to minimise risks in procuring new technology:

1. Identify the major risks to the project – i.e. budget, timescale, quality, people constraints etc.
2. Take steps to mitigate those risks at the earliest opportunity – don't wait for the procurement process to be over before you try to tackle them.
3. Encourage competition by specifying 'what' needs to be delivered, not 'how' it should be done.
4. Involve end users and experts in evaluating bids.
5. Avoid the 'big bang' approach – opt for phased delivery instead.
6. Look at the whole life costs of each bid, not just the core contract bid prices.

3

ENGLISH PARTNERSHIPS [COMMUNITIES AND LOCAL GOVERNMENT]

3.1 English Partnerships is the UK's national regeneration agency. Its main function is to work with the Government to support high-quality sustainable growth in England.

English Partnerships' core objectives:

- To develop their portfolio of strategic sites.
- To act as the Government's specialist adviser on brownfield land.
- To ensure that surplus Government land is used to support wider Government objectives, especially the Sustainable Communities Plan.
- To help to create communities where people can afford to live, and want to live.
- To Support the urban renaissance by improving the quality of our towns and cities.

3.2 In 2005, English Partnerships decided to review all of their risk management processes, with a view to developing a clear, corporate-wide risk management policy and strategy.

3.3 The review covered a number of different areas, ranging from management of delivery and achievement of targets, through to consistency of assessment and budgetary pressures.

3.4 Once the review was finished, English Partnerships decided that the organisation needed to do more to embed the identification of risks into its business planning, project appraisal and approval processes. To this end, they drew up a revised Risk Management policy and strategy, which was approved in May 2005.

'Scoring' risks

3.5 One of the first things they had to do was to help their staff to understand what constituted a serious risk, and how they could spot one. So, they decided to produce and send round universal definitions for 'scoring' risks. One table explained the risk criteria for 'impact', while a second table explained the criteria for 'likelihood'.

3.6 On the 'impact' table, for example, insignificant risks that would only cause negligible amounts of disruption, trouble, cost or embarrassment scored as a '1'. Fundamental threats and Exceptional opportunities, which included things like major loss of or improvement to services, and positive or negative national media coverage scored as a '5'.

Risk Criteria for Likelihood – extract

FACTOR	SCORE	THREATS - DESCRIPTION	INDICATORS
Almost certain	5	More than 80% chance of occurring	Regular occurrence; Circumstances frequently encountered
Likely	4	51% - 80% chance of occurring	Likely to happen at some point in the next 1 – 2 years
Possible	3	11% - 51% chance of occurring	Circumstances occasionally encountered
Unlikely	2	1% - 10% chance of occurring	Only likely to happen every 3 or more years
Rare	1	Less than 1%	Has happened rarely, or never before

3.7 Once they had the ‘score’ for a particular risk, both before and after mitigation, staff were then encouraged to plug their figures into English Partnership’s Risk Appetite table, which provided a clear picture of what risks were unacceptable.

Key to success

3.8 At the same time, English Partnerships also established clear lines of responsibility for risk management, and refined the gateway process, based on the OGC model, that required all projects to be examined at seven key stages. The key stages include: identification of need and definition of concept; thorough appraisal; allocation of resources; procurement; contract award; project completion; and final assessment.

3.9 They also added a new twist to a relatively established idea, and made their risk register available to staff on-line in the Project Control System. They recognised that people are sometimes loath to learn new software, particularly if they aren’t 100% convinced of its usefulness. So to counter this, English Partnerships implemented a training programme, that was attended by all the relevant delivery team members, in their own offices.

3.10 After the training, each participant also received user-friendly guidance notes, that would help them to put their training into practise.

ALARM Awards

3.11 English Partnerships’ efforts were rewarded very visibly earlier in 2006, when their Risk Management Initiative was awarded ‘Highly Commended’ in the Operational Risk category at the ALARM awards. ALARM is The National Forum for Risk Management in the Public Sector.

3.12 It took a lot of effort, and a fair bit of time, but a year on, English Partnerships has managed to convince its staff that using risk scoring and compiling risk registers is not a burdensome task, but an integral part of successful project delivery.

How to successfully introduce an on-line risk register:

7. Publicise the initiative in advance.
8. Visit all staff in their own offices.
9. Produce a comprehensive user guide, including colour screen shots of how the system actually works.
10. Provide a support and trouble-shooting service after implementation.
11. Carry out follow up sessions, to ensure that all staff are included in the process.
12. Combat the perception that risk registers are a 'tick box' exercise by explaining and emphasising the risk management cycle of identification, analysis, monitoring, review and reporting.

4

A PICTURE IS WORTH A THOUSAND WORDS [COMMUNITIES AND LOCAL GOVERNMENT]

4.1 It might be a cliché that a picture is worth a thousand words, but for Communities and Local Government, it's also proving to be a very useful risk management tool.

4.2 At the beginning of 2006, Communities and Local Government introduced the concept of 'Risk Maps' to the Department. The idea is very simple. Each map looks like an archery target with three rings. The rings equate to high, medium and low risks.

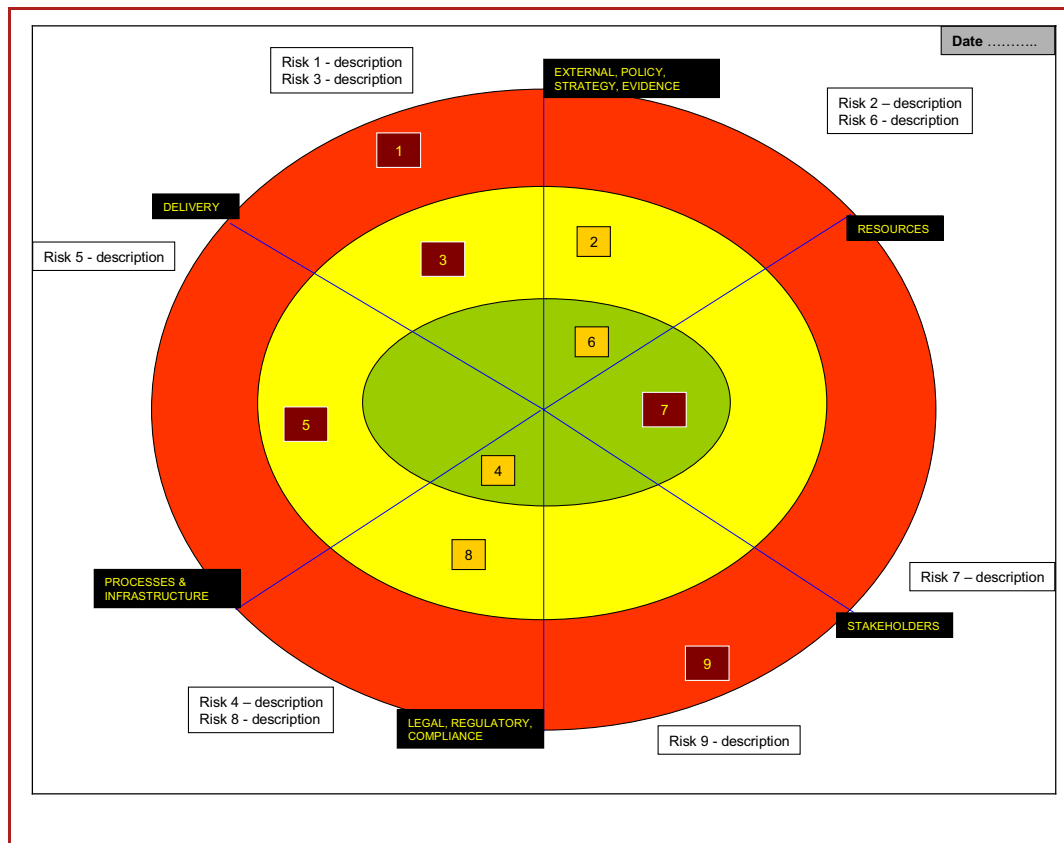
4.3 Different risks are numbered, then placed on the target according to their severity. Each number corresponds to the risk code in the risk register, which means that if someone wants to get more information on a particular risk, it's very easy to track down.

4.4 The risk maps themselves are meant to be placed at the beginning of the Department's risk register, where they can provide an 'at a glance' snapshot of current risks. The risk maps can be segmented into a number of categories, including broad risk area (eg finance, regulation, stakeholders), organisational area, delivery outcome, stakeholder group, objective – or any other category you care to mention.

4.5 To keep things as simple as possible, the risk maps are based on a PowerPoint template, which takes about 15 minutes to update.

Why the Department's managers like risk maps:

- They are simple to use and to understand.
- They paint an overall picture of the distribution and severity of risks, and how changes in policy or priorities can affect them.
- They make it quick and easy to re-analyse risks against different parameters.
- They enable managers to focus on the risks they need to discuss, without getting bogged down in too much information.
- They are making the discussion about risks, and mitigating risks, more focussed.



How to introduce risk maps to your organisation:

1. Pilot the maps first with managers in different parts of your organisation.
2. Listen to managers' suggestions for how to improve the process.
3. Work with managers to specifically adapt the model and process.
4. Give managers the scope to tailor the maps to their needs.
5. Keep the software simple, and ensure that any risk map templates are easy to update.
6. Use word of mouth – encourage managers who are already using risk maps to tell others about their positive experiences.

5

REDUCING THE COST OF CO-OPERATION [DCA]

5.1 In theory, if you are introducing a policy that you know will substantially affect another Government department, you have to take that impact into account.

5.2 In practise, however, the ministerial team at the Department for Constitutional Affairs (DCA) found that far too much of their time was being spent wrangling over who should pick up the bill for increased court costs and Legal Aid for other departments initiatives.

5.3 Things came to a head in 2003, when the Department was asked to implement the Criminal Justice Act 2003, but didn't receive enough money to cover the costs of doing so.

Return to sender

5.4 So in 2004, DCA decided to set up a dedicated team to ensure that the financial impact of other department's legislative proposals on court costs and the Legal Aid budget would be looked at as early as possible.

5.5 Practically speaking, this new way of working means that all of the DCA's business units now have to get clearance from the DCA's Finance Team before a policy or proposal can be put forward to DCA's ministers for agreement.

5.6 Indeed, DCA's private office now has a strict policy of returning any submissions that haven't first been cleared by Finance.

The Memorandum of Understanding:

1. Together with the Home Office and the Attorney General, DCA has agreed, in principle, to having a Memorandum of Understanding on downstream costs.
2. The Memorandum states that the department that originates the policy will meet the 'net additional costs' of its partners.
3. 'Net additional costs' has been defined as costs, net of any savings or benefits that could happen as a result of the initiative.

Legal Aid Impact Test

5.7 DCA ministers have been very supportive of this new way of working. Now, the Regulatory Impact Assessments and Legal Aid Impact Tests (LAIT) have to be completed, before ministers will agree to supporting and / or clearing other departments' policies.

5.8 As well as saving the ministers a great deal of time, the Legal Aid Impact Tests are also proving useful in cross-departmental negotiations. Ministers are increasingly insisting that any additional legal aid costs should be met by the originating department, as part of an agreed way forward.

A costly affair

5.9 Having a clearer picture of the potential costs is proving to be helpful in other ways, too. There can be a tendency in Whitehall to try and fix problems by churning out new legislation. But implementing new legislation can be a costly affair, particularly when it could impact on the Legal Aid budget.

5.10 Now, though, the potential costs are being worked out much earlier on in the process, which is helping to paint a much clearer picture of the cost / benefit ratio for any particular policy. Instead of being presented with a fait accompli, DCA officials are now getting involved in policy discussions when they can still influence the outcome.

5.11 That could mean encouraging their colleagues in other departments to look at cheaper alternatives to regulation, where appropriate, or insisting that other departments make a commitment to foot at least part of the bill.

LAIT's impact on real policies:

Although the Legal Aid Impact Test (LAIT) was only introduced by DCA after the Terrorism Bill, it's already had a notable impact in other areas.

For example, before the Solicitor General's recent consultation on rape victims was published, they first had to complete a Regulatory Impact Assessment and agree costs with the DCA.

In a similar vein, the DCA has also recently agreed with the Home Office that they should cover any additional costs to the legal aid budget – estimated at around £450,000 – that come about thanks to changes introduced through their Proceeds of Crime Act.

Putting the finishing touches

5.12 Officials from the Department for Constitutional Affairs, the Home Office and the Attorney General are currently putting the finishing touches on the 'definitive' methodology for agreeing downstream costs between themselves.

5.13 In particular, there are still some questions over how to properly define 'net additional costs', given that the costs may have to be incurred long before the benefits or savings are realised.

5.14 But the work done to date has already helped to ensure that, when addressing the cost implications of new initiatives, there is a clear, structured approach which fairly allocates financial responsibility between CJS partners, and speeds the progress of criminal justice reform.

How to boost cooperation and cut costs:

4. Engage your partners in constructive discussions as early as possible.
5. Agree a methodology to estimate any genuine 'net additional costs'.
6. Using the methodology, agree when any necessary resources should be transferred across.
7. Make sure you have reporting processes and accounting systems in place that will enable you to monitor actual volumes, costs and benefits.
8. After an agreed amount of time, compare the estimated net additional costs to the actual net additional costs, and adjust the sums accordingly.

6

KEEP IT WORKING [DCA]

6.1 As part of their continuing efforts to improve the delivery of their IT services, the Department for Constitutional Affairs' e-Delivery Group decided to review the relationship between their IT Disaster Recovery Plans and the Department Business Continuity Management regime.

6.2 This review highlighted some significant gaps between the Department Business Continuity Plan's (BCP) requirements, and the Disaster Recovery plans in place for the IT services they use. For example, in the event of a disaster, a number of the BCPs relied on the immediate provision of an email service at an alternative site. This was an enormously optimistic expectation, and didn't really take into account the particular challenges and issues involved.

6.3 Therefore, at the beginning of 2006, the e-Delivery Group decided to establish a formal business-facing IT Service Continuity Team.

Setting reasonable expectations

6.4 One of the team's first jobs was to negotiate with others in the Department to set more reasonable expectations, and find out which areas of their service needed to be improved.

6.5 The team also worked with the business areas concerned to agree Key Performance Indicators, although the targets themselves are still to be agreed.

Key Performance Indicators:

- Percentage of business units covered by IT Service Continuity plans.
- Percentage of IT Services with Disaster Recovery Plans.
- Percentage of Disaster Recovery Plans tested within a rolling year.
- Number of risk assessments completed within a period.
- Number of business continuity incidents within a period.
- Percentage of services recovered within agreed Recovery Objectives.

Risk assessments

6.6 The team are also conducting a number of risk assessments on all DCA sites and services. The aim of these assessments is to identify threats to the continuation of IT services. These assessments cover a number of different aspects, including physical, technical and security risks.

6.7 The next stage is to develop mitigation plans, and for those risks that cannot be completely eradicated, to enhance the IT Service Continuity Plans to ensure they are able to respond to all identified threats.

Responding to Disasters

6.8 Since the team was set up, they have cut their teeth on a number of major incidents – which have helped to underscore just how much progress has been made.

6.9 For example, following a flood at Merthyr Tydfil Combined Court, the team was able to activate the required IT services at alternative sites within an hour, and to have additional PCs delivered within one working day. When a similar flood happened a couple of years ago, it took three to four days to get the IT up and running.

6.10 Another measure of the team's success is that continuity planning is now enjoying a much higher level of awareness across the department. The team has helped other business areas to really start thinking about what is really important to them in a disaster situation, and to be realistic about their requirements for IT recovery.

The challenges for IT Continuity Management:

- Money – disaster recovery can be expensive, and it's often the first thing to go in the event of a cash squeeze.
- Poor awareness about the need for business continuity planning.
- Not being given details of what is required – you can't work out an appropriate plan of action for business continuity if you don't know what will be required.

How to develop continuity management for IT

9. Set up an IT Service Continuity Team in your IT department.
10. If that's not possible, get hold of each business unit's business continuity plans, and understand what they are expecting to happen.
11. Undertake risk assessments to get a feel for the sorts of risks you might face, and where possible, reduce them.
12. Once you have IT Service Continuity Plans in place that meet the requirement of the Business Continuity Plans, test them again and again, to make sure they work and the people involved know what to do.

7

RAISING THE BAR [DCA]

7.1 As part of the Department for Constitutional Affairs' (DCA) wider efforts to bring the Legal Aid Budget down to more manageable proportions, in October 2005, the Department introduced a few changes.

7.2 Firstly, they introduced change to the Graduated Fee Scheme, that meant a different pay scale would be used for any cases that went over 10 days. At the same, DCA also introduced a change to the Cracked Trials and Guilty Pleas Scheme, which again was designed to provide the taxpayer with more value for money.

7.3 Neither of these changes were particularly popular with the barristers themselves, who threatened widespread action once the changes actually came into force.

7.4 The strike action could have been severely disruptive; so the DCA worked with its partners in the Criminal Justice System to develop effective operational contingency arrangements, to try and minimise the practical effects of the barristers' action.

Laying the Groundwork

7.5 One of the keys to DCA's success is that they didn't wait until the barristers took action to try to mitigate it. In the run up to October, a Contingency Planning Group consisting of officials from across the Criminal Justice System, DCA and Legal Services Commission (LSC) were encouraged to take a number of actions to try to minimise any disruption.

Nipping the problem in the bud

Before the threatened action began, DCA staff were encouraged to:

- Talk to and analyse stakeholders, to gauge their response.
- Set up governance arrangements to manage action and information.
- Plan potential scenarios, and then use them to inform contingency plans.
- Prepare and test their information collection system – the means by which they would know what was happening at the sharp end.
- Visit areas that were expected to be affected by strike action.
- Issue guidance to local managers on the different options available for handling disruption from Her Majesty's Court Service (HMCS), the LCS and the Crown Prosecution Service (CPS).
- Encourage HMCS to develop or adapt existing contingency plans.
- Make it clear what is expected of stakeholders, especially the Courts.
- Develop a single page briefing sheet for Ministers and officials that covered any key points.

No ‘one size fits all’

7.6 Another key is that of trying to impose a ‘one size fits all’ solution to contingency planning, the DCA instead empowered local areas to come up with local solutions that really worked for them.

Specific risks that were addressed:

- Solicitors might not be willing to step into barristers shoes.
- Barristers from other, non-strike areas may be unwilling to break the strike.
- Few CPS solicitors with Higher Court Advocacy rights had previous trial experience.
- Demonstrating that barristers were engaged in ‘overbooking’.
- Difficulties getting Court Lists agreed and published in a timely fashion.
- Strike action could cause a backlog in Courts.
- Stroke balance between detail and speed of Court Reports.
- Reporting System missed the Archer Case, that was featured on the front page of the Times – incorrectly – as having been affected.
- Difficulty in establishing Junior Barristers’ opinions.

7.7 The following options are contingency plans that were actually put into effect by some of the different areas, to counter the strike action:

- **Use barristers who are still accepting work** – not all barristers were refusing to take on new work, or to accept returned briefs. Some of the areas that experienced a considerable amount of strike action brought in barristers from other areas. The LSC and CPS helped to ‘link up’ willing barristers with the appropriate regions.
- **Write to local providers to alert them to the potential damage being done to future relationships, if the action was sustained** – a letter was sent to those Chambers who were taking action that stated that if they continued, the CPS was likely to use other Chambers in the future. By the same token, the LSC could also send similar letters to those solicitors who were refusing to progress a particular case.
- **Use CPS solicitors with Higher Court Advocacy rights to progress cases** – solicitors have always been able to appear in county courts. A few years’ back, a new law was passed that enabled suitably qualified solicitors to appear as advocates in the higher courts, too. One contingency plan suggested using these ‘quasi barristers’ for doing pre-trial and uncontested work.
- **Conduct hearings administratively** – instead of going to court, some hearings could be, and were, progressed administratively, by Court Staff. For example, Bar Clerks were relied on more than usual to set court lists.

Barristers return to work

7.8 Broadly speaking, the contingency plans worked very well. While there were still pockets of strike action, most notably in the Midlands and South Wales, the contingency plans meant that they were confined to those particular areas, and within a short time, pressure quickly built on the barristers to return to work.

How to successfully manage a strike:

13. Plan ahead – think of a number of possible scenarios, and design your contingency plans appropriately.
14. Co-ordinate contingency planning centrally, but give people the flexibility to manage any specific problems at a local level – what works in one place might not work in another.
15. Keep the channels of communication open – keep a close ear to the ground so you can spot any changes in public, stakeholder or strikers' opinions.
16. Hold daily meetings, to keep on top of latest developments and to share information and 'what works' between different areas.
17. Get public opinion behind you by publishing all the relevant information and clearly communicating why contentious changes are for the wider public good.

CHARTING NEW WATERS [DCMS]

8.1 Every ten years, the BBC's Royal Charter comes up for review by the Government. Given that the issues that are up for discussion include things like funding, programming and the future direction of the BBC, the Department for Culture, Media and Sport (DCMS) decided that this time, the process should be opened up to the public, as much as possible.

8.2 The latest review, which began in 2003 and will conclude in the final months of 2006, spanned a particularly difficult time for BBC and Government relations. It was clear from the outset that the review would need to be handled with an unprecedented degree of sensitivity, transparency and openness.

8.3 That was by far the biggest challenge facing the DCMS' BBC Charter review programme. But with a lot of careful planning and a willingness to try new things, the Department managed to turn this into a catalyst for much greater stakeholder involvement.

Putting the public in the driving seat

8.4 Ministers at the Department for Culture, Media and Sport set the tone by deciding very early on in the process to put the public squarely in the driving seat for the review. So where many normal Government consultations could expect to have a few hundred replies, DCMS decided that they had to get as many people involved as possible.

8.5 To this end, they held a very broad consultation, that included deliberative and qualitative research, and quantitative surveys. And their efforts paid off. Over the course of the three year review, DCA had more than ten thousand direct responses to their consultation; several thousand more people participated in their targeted research and events; and well over one hundred thousand people visited their website.

8.6 The most innovative part of the whole consultation process was arguably the fourteen public debates on a whole range of relevant issues, including funding, governance and the public purpose of the BBC, which were chaired by Lord Burns and the independent review panel.

DCA's approach to managing the risk:

From the outset, Ministers made it clear that the review would result in a strong BBC, that was independent of the Government.

The public play an unprecedented role in the discussions, with hundreds of thousands of people having their say.

All the evidence presented to the review would be made available to the public.

Instead of imposing a solution, the Government would adopt a new role, and harness the power of stakeholders to facilitate the public debate.

An independent review panel was appointed, chaired by Lord Burns, to ensure that the debate centred on evidence, and not just opinion.

A more inclusive approach

8.7 Many Government consultations bring together a group of ‘experts’, who know the subject inside and out but don’t always know what the man on the street is thinking. But the review team felt that a much more inclusive approach was needed for the review of the BBC charter, particularly as the BBC had traditionally played such an important role within British society.

8.8 So the guest list for the fourteen debates, which were webcast live over the Internet, included members of the public, as well as the big hitters in broadcasting and the media. In many ways, the inclusion of ‘real people’ came as a bit of a surprise to the industry experts. But it added a dimension of reality to the debates, and made sure that the discussions were firmly anchored in the reality of what people really thought about the BBC.

Transforming the review process

8.9 By including the public at every level of the debate, and making it a cardinal rule that assertions had to be backed up by concrete evidence, the DCMS pulled off a complete transformation of the review process.

8.10 Instead of it being seen as a partisan, secretive process, which pitted the BBC against the DCMS, the review process became an open debate involving the public, stakeholders and the BBC, with the Government playing the role of ‘honest broker’.

8.11 The DCMS published its findings in 2004, in a report called ‘What you said about the BBC’, which showed that while there was strong support for the BBC, there were still lots of things that the public wanted to change. That report formed the basis for Lord Burns’ seminars, which in turn informed the production of the Green and White papers, and ultimately, the BBC’s new Royal Charter.

8.12 Today, the BBC’s new charter has been approved by the Queen, and the broad consensus is that the review was fair, open, and reflective of what the public itself wanted.

How to harness the power of the public in policy making:

1. Make a clear commitment to openness, and everything that entails – including the possibility that the public might not say what you expect.
2. Publish all the results, evidence and raw data, to allow others to draw their own conclusions.
3. Make an effort to genuinely engage the public – use a variety of mediums, and talk to a range of different people, not just the usual suspects.
4. Do your best to demonstrate to the public how their views have been used.

ENGAGING STAKEHOLDERS [DEFRA]

Small technologies, big questions

9.1 Nanotechnologies – applying the science of very small particles - will almost certainly involve some of the most exciting, innovative and risky technological developments of our generation. With the potential to affect nearly every material known to human kind, they will bring significant benefits to consumers, the environment and the economy. Current applications include much smaller hard drives on personal computers and additives to diesel fuel, designed to deliver improved mileage, but the future scope seems almost boundless.

9.2 The products and applications of nanotechnologies are at the same time so new that uncertainties surround their potential human health, environmental, ethical and social effects. When you're dealing with a set of technologies that could be applied to literally millions of different things, understanding these potential uncertainties is an enormous task. And it is one that Defra has wasted no time in getting to grips with through a growing programme of research and policy development.

Giving stakeholders a central role

9.3 Central to Defra's activities in this area is a programme of stakeholder involvement. This has been designed to enable a wide range of interested and affected parties to discuss and inform key policy issues.

9.4 There are very few clear cut 'rights and wrongs' in developing policy in this very new and rapidly expanding area. Difficult decisions include, for example, the focus of particular research projects and the order in which they should be undertaken. And then there are complex debates surrounding the most appropriate forms of control and how Defra can best work with industry to manage potential risks while continuing to address scientific uncertainties.

9.5 Stakeholders possess valuable knowledge and views about these and other issues, and their involvement is therefore critical to making the best possible policy decisions.

9.6 To this end, the Department identified a number of key stakeholders and experts from across academia, industry and civil society groups, such as Greenpeace, and invited them to participate in a series of all day meetings. Around 30 people attended the first meeting in the summer of 2005.

Avoid stakeholder fatigue

9.7 The meetings are issue-driven, and only called when Defra has something concrete and critical it needs to discuss. This is a key strategy to reduce 'stakeholder fatigue' in a society that is placing increasing demands on stakeholders to help shape policy.

9.8 Not only have the meetings influenced the Department's thinking, and provided a forum in which to make the reasoning behind this thinking transparent, they have also enabled stakeholders to appreciate each other's position more clearly. Although it will never be possible to reconcile these views completely, nor is this necessarily

desirable, this should at a minimum facilitate more informed, and thus effective, future discussions about final policy outputs, including levels of acceptable risk.

How to effectively engage stakeholders on issues of risk

1. Risk communication needs to start early. It's as much about putting in place a fully transparent and inclusive decision-making process, as it is communicating one-way messages about current scientific understandings. People will only trust advice on risk if they have confidence in the process from which it was derived.
2. Piggy-back off other people's knowledge - get suggestions from other experts and stakeholders in the field about who else to invite along to any meetings.
3. Only hold meetings when you have something concrete to discuss, and structure any discussions accordingly.
4. Make certain to respond to stakeholder concerns, even if it's only to say, "we can't do this because..."; it will encourage stakeholders to participate in future meetings/events.
5. Give stakeholders ownership of the engagement process – allow them to influence the agenda.

10.1 It's no secret that Defra is a department that has a great deal going on. With the Department's reform agenda continuing apace, resulting in some far-reaching changes to the size and shape of the Department's policy core and the way Defra delivers its services, Defra's Directors were concerned to improve the way risks were being managed between the Department's business/policy areas and their delivery partners.

10.2 Consequently, Defra's Management Board endorsed this area as a priority for development, and asked its Risk Improvement Team to assist.

Room for improvement

10.3 Since August 2005, the team has been offering a 'risk partnership workshop' as an opportunity to bring together sponsors in the Department and their Non-Departmental Public Bodies (NDPBs) and other partners to 'talk risk'.

10.4 These half-day workshops are externally facilitated, and have been taking place at the DTI's 'Future Focus' innovation centre. The aim of the workshops is to encourage participants to develop a shared understanding of the threats and opportunities on both sides of the partnership, by reviewing the risk environment in which both parties operate. The workshops are also providing both sides with an opportunity to discuss their current risk relationship, and to highlight what's working well, and what's preventing progress.

10.5 Once the air has been cleared, and the main issues identified, the next stage is to define what needs to change, and how.

Benefits of the workshops

The workshops provide:

- Independent facilitation, not "from the centre" - which helps tackle uncomfortable situations and greatly improves the communications between the parties.
- A neutral and innovative environment which enables participants to achieve positive and concrete end results in a very short period of time.
- Interaction and participation – discussion is a two-way street. Defra is not 'telling delivery bodies what to do', but issues can still be aired openly and honestly without being confrontational.
- Excellent networking opportunities.

10.6 Instead of leaving awkward situations between Defra and her delivery partners to try and sort themselves out, the workshops are helping to actively defuse problems, and promoting a feeling that it's in everyone's best interests to work together to minimise risks.

End results achieved in a short period of time

10.7 According to one facilitator, who worked with a contractor and a supplier during a recent workshop, the day helped to: “Neutralise an uncomfortable situation between the two parties, which resulted in participants engaging more constructively and enabled them to establish their risk register with agreement and ownership.”

10.8 According to the facilitator, it was important to get common understanding of what is meant by ‘risk’ at an early stage in the workshop, for real breakthroughs to occur in the working relationship. The facilitator also commented that the use of a ‘Group Systems’ type of software, which enabled some parts of the proceedings to be done anonymously, and having a facilitator, meant that the end results were achieved in a very short period of time, especially compared to the more conventional, meeting-type approach.

Talking to delivery partners:

1. Provide a neutral venue, so there’s no initial concern about being on someone else’s ‘turf’.
2. Make it as easy as possible for participants to be honest about the real problems – people are more likely to open up if they know they’ll be given a fair-hearing.
3. Keep the focus on problem solving, not apportioning blame – once you know where things have gone wrong in the past, put the emphasis on what can be done better in the future.



IN A CLASS OF THEIR OWN [DFES]

11.1 By any measure, the plan to open or have in the pipeline at least 200 Academies by 2010 is challenging.

11.2 First of all, there are all the delivery management considerations related to the Academies, which is a £5 billion Department for Education and Skills (DfES) -led 'education transformation' programme.

11.3 Then, there is the innovative nature of Academies themselves, which have inevitably given rise to a lot of heated debate both in the media, in the wider education sector, and beyond.

11.4 Announced in 2000, Academies are publicly-funded, independent local schools that provide a first-class, free education. They are 'all ability' schools, established by sponsors from business, faith or voluntary groups working with partners from the local community.

11.5 As well as providing the best opportunities for the most able pupils and those needing additional support, Academies also have a key part to play in the regeneration of disadvantaged communities, raising educational standards and improving diversity in schools.

11.6 Their independent status gives them the flexibility to be creative in their management, governance, teaching and curriculum and to find innovative solutions to meet local needs. However, as always, the more innovative and original the project, the greater the risks involved.

Providing enough horse power

11.7 In 2004, DfES carried out a 'root and branch' review of what was then called the Academies Division. The Department was keeping a watchful eye on the initiative, and realised that it needed to be overhauled if it was to succeed. As a result of the review, a Director of Academies was appointed to strengthen strategic management of the now Academies Group.

New management structure

11.8 DfES moved swiftly to review all of the new Group's policies, processes and roles. They set up a number of projects to develop and implement more effective delivery processes for Academies.

11.9 They also introduced a two-tier programme governance framework, consisting of: the Operations Board - responsible for individual Academy projects, including controlling progress between stages of development - and, the Strategy Board - responsible for the overall shape of the programme and programme-level risks, such as the Group's capacity to deliver. Lastly, DfES decided to introduce a greatly simplified risk management process, including a clear risk escalation process.

11.10 As all of these changes began to take effect, the Academies Programme was visibly reinvigorated.

Moving away from bureaucracy

11.11 Before the review and subsequent changes, one of the biggest problems was the enormous amount of bureaucracy involved with actually sorting out the sponsorship and delivery of an individual Academy.

11.12 Following the review, DfES has split the process up into a number of distinct phases, which means that once potential Academy projects have been identified, it's much more straightforward to go from that point to actually delivering an Academy.

Academies - a new way of working:

- Rationalise management processes and systems.
- Put a new structure and processes in place and divide each Academy project within the programme into four phases:

Brokerage – identifying sponsors and, engaging with key and wider stakeholders.

Feasibility - during this stage, the project team prepares detailed plans, including an educational vision and model, and an outline building design, and formally consults with the local community.

Implementation – detailed design and delivery of each individual Academy.

Open – the Academy is formally handed over to the School's Senior Management Team and Governing Body, and the school is open for business.

- Appoint a Director of Academies to strengthen strategic management.
- Create separate boards to oversee delivery operations and strategy.

More than just buildings

11.13 Through the early identification of risk, and the willingness to act on the findings of the review, the Academies Group appears to have tackled the two biggest obstacles facing the programme to date, namely the complexity of its management processes and systems, and delivery leadership.

11.14 Now, the Group is working to communicate its vision of Academies more clearly to communities, parents and other stakeholders, because it's not just about opening a building: it's about instilling a whole new ethos into education

11.15 (As at the end of September 2006) there are currently 46 open Academies, and another 84 in development.

How to ensure an initiative delivers:

1. Be clear about what your initiative actually entails, and the wider issues that could help or hinder it.
2. Develop a set of clear messages for all stakeholders, and make sure that the messages are relevant to each stakeholder's particular interests.
3. Keep an eye on the initiative's progress. If it's not working the way it should, find out why, and then act on your findings.

12.1 For some time, the Department for Education and Skills (DfES) has been moving away from the direct delivery of services, so that it can concentrate more on the policy side of things. An example of this was when, in 2005, it was agreed that the Student Loans Company (SLC) would take on responsibility for delivering the work of the DfES European Union (Student) Means Testing and Student Support teams based in Darlington. To manage these changes, DfES and SLC set up the Joint Darlington Change Project.

12.2 The SLC is a Non-Departmental Public Body based in Glasgow, jointly owned by the Secretary of State for Education and Skills and the Secretary of State for Scotland, and was set up to administer the payment and collection of student loans following the 1990 Education (Student Loans) Act.

12.3 SLC's main functions are the payment and recovery of student loans and payment of tuition fee contributions to universities on behalf of the DfES, the Scottish Executive, and the Department for Employment and Learning in Northern Ireland.

Smooth transition

12.4 Moving a group of people en masse to a new job, organisation and location can be fraught with potential difficulties.

Risks to the Darlington Change Project:

- Many of the 35 or so staff concerned might not want to transfer or second from DfES to SLC. This could lead to a loss of skills, expertise and business continuity.
- Staff could become de-motivated before and during the transfer of functions, leading to a drop in the quality of their work.
- The move might not be successfully completed by the tight deadline.
- The reasons for the change might not be communicated properly, leading to wider stakeholder dissatisfaction.
- The project might not have enough funding to pay for SLC's increased accommodation, IT and staff costs.
- Undergraduates and graduate students might not get their loans on time.

12.5 To counter this, the DfES policy project team made an enormous effort to get senior management and staff from both the Department and SLC involved in the planning and development of the transition process at the earliest possible opportunity. To this end, SLC was contacted within a couple of days of the decision to transfer responsibility being made, and the communications between the two organisations – and between management and the staff – was always very open and honest.

A problem shared....

12.6 The change management team made an effort to be onsite in Darlington, so that they were visible and approachable, if anyone had any questions or concerns. Any

information to staff was given as a joint announcement, and DfES and SLC also put together a joint change management plan.

12.7 Instead of doing it ‘to’ staff, right from the start DfES and SLC made a real effort to do it with them. Consequently, risks were jointly identified, assessed and managed from very early on.

12.8 Change Project ‘Strand Leaders’ were appointed within both organisations, and given the job of leading management through the changes required in their particular area, or ‘strand’.

12.9 For example, one strand leader was responsible for sorting out all the IT issues; while another was tasked with ensuring that the many Human Resources issues were being properly identified and dealt with. Yet another was responsible for communicating with students, universities, and the 150 English Local Authorities, to tell them about what was happening and why, and to reassure them that students would still get their loans on time.

12.10 Each strand leader was given a number of checkpoint targets, and was expected to deliver against them by a particular deadline.

Making the move attractive

12.11 At the same time, the Joint Darlington Change team worked hard to keep the approximately 35 members of staff who were affected motivated.

12.12 As well as reassuring staff that they would keep the same terms and conditions, and have the same rights as in their previous jobs, the management team also gave them the option of coming back to work for DfES, if things didn’t work out.

12.13 No-one was made redundant as a result of the consolidation. If DfES staff were not keen on being seconded to SLC, they were given the option of finding work in another part of the Department or the wider Civil Service.

High marks for the handover

12.14 Throughout the handover, customer service was maintained. No files or information were lost in the move, and no backlog of loan applications developed.

How to ensure a successful handover:

1. Get the key partners and stakeholders involved as early as possible.
2. Keep the channels of communication open and honest – make sure that staff are being given information in a timely way, so they don’t have to rely on the grapevine for news.
3. Make it a real ‘joint’ effort. Put together a joint management plan and make joint announcements, so that staff can see that both organisations are singing from the same sheet.
4. Base your project manager(s) onsite, so they are visible and accessible to staff.
5. Make it easy for staff to tell you what they really think – hold workshops and site meetings with them.
6. Give staff some options to choose from – if they are dead set against moving somewhere else, make sure you can offer them an acceptable ‘plan B’.

13

IMPROVING THE QUALITY OF FURTHER EDUCATION [DFES]

13.1 The new Quality Improvement Agency for Lifelong Learning (QIA) was established in April 2006, to raise standards across the learning and skills sector. QIA brings together the former quality improvement activities of the Learning and Skills Development Agency (LSDA), the DfES Standards and Skills for Life Units, the Learning and Skills Council (LSC) and the Adult Learning Inspectorate (ALI).

13.2 What's more, it was expected that replacing all these different organisations and units with one body would lead to economies of scale, and help DfES to save £26 million by 2007-08.

13.3 But while there was a clear business case and rationale for the QIA, changes of this magnitude are never easy for those involved.

What could have gone wrong

If things went wrong, the new organisation ran the risk of:

- Not having a clear vision.
- Not being supported by the further education sector.
- Not being able to streamline the further education sector enough, or not being able to deliver better quality or savings.
- Alienating staff and potential staff, by not effectively communicating with them.
- Not having the resources it needed to effectively manage the new services it was providing.

It's not what you say...

13.4 It was understood very early on that the inevitable friction and hostility that comes from shutting down or changing the remit of existing organisations was probably the single biggest challenge to delivering the project on time.

13.5 So DfES and LSDA made a point of investing a lot of time in regular face to face meetings with staff, being open and honest about potential risks, issues and problems, and sharing those risk and issues with all of the key partners involved.

13.6 Within a couple of days of the plans being announced, DfES got the main stakeholders together, and briefed them about why the new organisation and associated changes were required, and what their specific role would be in the process.

13.7 A real effort was also made to explain the rationale for the new body to staff affected, so they would be more willing to make the necessary changes for the 'public good'.

13.8 At the higher levels, Ministers were kept fully involved with the design and development of the QIA, right up to its launch. And a national Advisory Group was set up by the project team, which regularly brought together the Chief Executives of the key partner organisations.

Lift off

13.9 This open, honest, partnership approach really paid off. QIA was successfully launched by DfES Ministers in April 2006, with a huge amount of support from the sector and without disrupting existing further education provision and services.

How to successfully launch a new Agency:

1. Get the main stakeholders round the table as early as possible.
2. Spend some time to scope out and plan the project, and again, involve stakeholders in the process.
3. Make an effort to talk to people face to face, and encourage them to give you honest feedback – residential events work well, as people can relax and really say what they think.
4. Keep staff members and stakeholders fully informed about what's happening at every key stage of the project.
5. Regularly share any risks and issues with your key partners – make it a point to have a full and frank exchange of concerns and worries throughout the project.
6. Focus on people, not paperwork - you only need enough project documentation to get the business done. If your paperwork is 'fit for purpose', it's good enough.

14

A CATALYST FOR CHANGE [DFID]

14.1 Even before the Efficiency Programme had been unveiled across Whitehall, the Department For International Development (DFID) was exploring how they could free up more of their resources for frontline activities.

14.2 This work was primarily taken forward by the 'Catalyst' team. The four year Catalyst Programme was launched in 2004 and was given the task of co-ordinating delivery of the Department's various corporate change projects. To help it along, Catalyst was given £70 million of capital investment and a mandate to ensure that each project would bring the maximum amount of benefit to the Department.

Risks managed by Catalyst:

- Ensuring effective budget management within the Catalyst programme.
- Avoiding technical IT issues seriously impacting the QUEST knowledge sharing project by bringing project management for QUEST and the CARIS IT infrastructure projects together.
- Mitigating the risk of DFID staff not complying with, or failing to buy into, the QUEST project.
- Ensuring that DFID staff received clear and consistent messages by developing a co-ordinated Catalyst communication plan which included input from senior managers.

Killing two birds with one stone

14.3 One of Catalyst's first tasks was to look at how best DFID should implement the Government directive that every Department should have an Electronic Document and Records Management System (EDRM) in place by 2004. At that time, DFID was already in the process of developing their new system, called QUEST.

14.4 The first thing the Catalyst team did was to identify the risks involved. A key risk was that DFID staff wouldn't use the system. In the year when DFID was at the forefront of events like Live8 and Gleneagles, the team felt that it was expecting too much to then also ask staff to effectively learn a new way of managing information.

14.5 Secondly, as DFID's staff are spread across a number of different locations both in the UK and around the globe, they faced a bigger risk of the QUEST technology itself failing to work, particularly in remote country offices reliant on satellite links.

14.6 The Catalyst team solved this latter problem by combining QUEST with a separate project to refresh the IT infrastructure and desktop. In so doing, they killed two birds with one stone: they ensured that QUEST would definitely be compatible with the existing IT infrastructure; and they also ensured that the IT infrastructure would be able to cope with additional demands being placed on it by the QUEST project.

Virtual space

14.7 The next stage was to look at encouraging DFID's staff to actually use the system once it was in place. To this end, Catalyst introduced a number of different IT tools including Instant Messaging and 'TeamSite'. DFID has many staff on many different

teams who work in geographically distant locations. TeamSite offered teams a virtual space where they could work on a document or project together in real time, making amends and viewing the latest versions at the same time as their colleagues.

14.8 It was a big hit with staff and, all of a sudden, people were a lot more interested in finding out about QUEST and the other things it was capable of doing.

14.9 To capitalise on the interest, Catalyst ensured that there was a strong emphasis on training and support in each office. The training involved a mix of briefing on how to use the new system and a reminder on the basics of records management and Freedom of Information.

14.10 Staff were also sent a 12 week implementation plan ahead of time, which gave them a list of suggested milestones and actions to follow as they counted down until the QUEST system went live.

Crushing filing cabinets

14.11 The Catalyst Team also recognised that there was a real need to make people aware of what was coming in more creative ways, too. When QUEST was introduced, it wasn't just going to change the job of each office's filing person. It was also going to revolutionise the way that even the Heads of Office related to, and dealt with, their information.

14.12 So the Team got DFID's Permanent Secretary involved and staged a classic PR stunt, broadcasting footage of him crushing a filing cabinet with a forklift truck. On a more prosaic note, they also arranged for floorwalkers to cover every square inch of DFID's offices for two weeks post-implementation so that they were on hand to help any member of staff who was struggling to use the new QUEST system.

Half way there

14.13 While there were some glitches, particularly in some of the more remote offices, overall DFID's staff were happy with the combined roll-out of QUEST and new desktop, and are starting to see benefits from the new system.

14.14 Catalyst still has a couple of years left to run and is currently involved in managing the risks and maximising the benefits for a few more of DFID's big change programmes. Future projects include the implementation of ARIES, DFID's new financial management, procurement and performance reporting system, as well as an HR transformation project.

14.15 But whatever the challenges ahead, DFID is confident that they have the right Catalyst for implementing successful changes.

How to be a successful Catalyst for change:

1. Focus on the end benefits of a particular project from the word 'go'.
2. Understand that it's not just about introducing a new IT system, but also about introducing a business change.
3. Be realistic about how people are going to react to your project – it could be anything from apathy to anger to enthusiasm.
4. Involve senior management in driving the change at an early stage.
5. Make an effort to proactively manage change. If you are asking people to do something new, make it easy for them by giving them any training and support they need.
6. Be honest about the potential benefits to be had, and also the potential problems.
7. Give people as much notice as possible about what is coming.
8. Have a pilot, so that you can identify any areas of weakness and work out how to manage them.
9. Sequence change properly, so staff aren't overburdened.
10. Make communicating a priority – and come up with creative ways to get your message across.

15.1 When the Asian Tsunami struck at the tail end of 2004, it heralded the start of a series of enormous natural disasters. The Tsunami was followed a few months' later by the humanitarian crisis in Niger, Hurricane Katrina and the earthquake in Pakistan.

15.2 Coincidentally, just three weeks after the Asian Tsunami, the international community gathered in Kobe, Japan for the World Conference on Disaster Reduction (WCDR). The Conference had been in the pipeline for many months. But the scale and enormity of the disaster that had struck South Asia meant that suddenly, disaster risk had a very high profile, and had rocketed up much nearer the top of the international community's agenda. The conference was attended by Ministers from around the world who wanted to show the importance they would now place on reducing disaster risk.

15.3 Around 3,000 representatives from UN agencies, national governments, donors, civil society movements, scientists and media attended the conference, which concluded with 168 member states signing up to the Hyogo Framework for Action (HFA). The HFA committed the signatories to doing more to tackle disaster risk between 2005 and 2015.

More needed to be done

15.4 As far back as 1997, the Department for International Development (DFID) had made a public commitment to reduce disaster risk in its White Paper from that year. In the following years, DFID went on to support a number of international organisations who were tackling disaster risk reduction, including a variety of United Nations agencies and the International Federation of the Red Cross / Red Crescent. But after the Tsunami, it was clear to everyone in DFID and the wider international community that more needed to be done.

15.5 In a related development, DFID had produced a scoping study a few months before the Tsunami, which explored evidence on the linkages between poverty alleviation, development and disaster risk reduction (DRR). The study also established why DRR is often not part of development policy and planning, and set out the threat disasters pose to achieving the Millennium Development Goals (MDGs) by 2015, in particular the target of halving extreme poverty.

Reducing the burden of disasters

15.6 That paper subsequently informed DFID's new Disaster Risk Reduction Policy. Building on the work that had already been done, DFID spent around nine months consulting with various Non Governmental Organisations (NGOs), UN agencies, multilaterals, like the World Bank, and other donors to ensure that others' work in this and related areas and their opinions were taken into account. The extensive consultation was necessary in order to: ensure buy-in from key stakeholders and enable effective implementation of the policy; and recognise the cross-cutting nature of DRR and ensure the policy would contribute to sustainable development in the long term.

Overarching objectives of DFID's Disaster Risk Reduction Policy:

- To support an improved international system and strong institutional structures at the national and regional level, aimed at reducing risk in disaster-prone countries.
- To promote the more effective integration of risk reduction into development and humanitarian policy and planning.
- To reduce the vulnerability of the poor through building capacity and livelihood resilience to disaster risk.

Staying focussed

15.7 DFID's Disaster Risk Reduction Policy was launched in March 2006. On a practical level, it aims to provide guidance to DFID staff on what Disaster Risk Reduction is, why it is important and how it can be better integrated into DFID's programmes and policies.

Putting DRR into practice on the ground:

- The DRR approach has been integrated into DFID's Country Assistance Plans (CAPs), including for Bangladesh, Ethiopia and Zimbabwe. This will continue as more Country Plans are ready for review;
- 'Focal points' have been created in 14 DFID disaster prone countries. The focal points enable those rolling out the policy in London to ensure their approach is informed by country-level knowledge. It facilitates better coordination and a more joined-up approach within DFID as a whole.
- DRR training courses have been developed for DFID staff, with the first pilot being rolled out in December 2006.
- Increased financing for DRR has been demonstrated through commitments to several programmes including with the World Bank, ISDR, ProVention Consortium, the Red Cross and NGOs.
- DFID's Secretary of State made 'The 10% Commitment' in December 2004 to invest 10% of funds spent on humanitarian response to a disaster, in Disaster Risk Reduction. That commitment has now been realised in three scenarios, including the Tsunami (£7.5m), Pakistan (£5.8m) and Yogyakarta (£500k). While DFID recognises that it's not ideal to wait until after the disaster has happened to invest these funds, the 10% commitment has provided DFID with a window of opportunity to engage with governments and other stakeholders in the wake of a disaster, and to encourage them to invest more in this area.

How to get people to sit up and take notice:

- Use any opportunity that comes your way to raise the policy's profile.
- If an event happens that suddenly makes your policy a lot more relevant, seize the moment.
- Find out what is already being done, and build on it.
- If a great deal of work is already being done by others, don't duplicate it.
- Consult as widely as possible, to see what is really required.

16

LEARNING THE LESSONS FROM LITIGATION [DFT]

16.1 Following the high-profile Railtrack litigation, where Railtrack shareholders brought legal action against the Secretary of State for Transport, and the Mersey Travel Judicial Review, the Department for Transport's Legal Services Directorate decided to produce some new guidance on litigation best practise.

16.2 There are always a number of sensitivities surrounding litigation, so while the legal department steered clear of specific examples or references, it did focus on a number of lessons learnt by those lawyers which might be helpful for others involved in litigation in the future.

An abridged guide to DfT's Litigation best practice:

1. Get the department's lawyers involved as early as possible where a decision or action is likely to be challenged – and remember that anything you write may become the subject of litigation.
2. Maintain a proper paper trail of all negotiations and discussions with third parties – make contemporary notes, and use follow up letters or emails to ensure that all parties are agreed, and no-one has the wrong end of the stick.
3. Have a clear idea of who is responsible for what – there should be a clear division of roles and responsibilities at the start between lawyers and policy officials.
4. Don't underestimate the time, effort and research that will be required to put together an effective case – try not to move key members of staff until the litigation has finished and stick to any agreed timetable.
5. Discuss with Legal Services Directorate as early as possible who should conduct the litigation, having regard to the level of resources required to be committed, the nature and expected length of the litigation – should it be Treasury Solicitors, or an external firm?
6. Prepare to disclose any documents in order to meet your disclosure obligations to the court, or to meet any requests under the Freedom of Information Act – give yourself enough time to track down and review any potentially relevant documents. Where a challenge is likely, all relevant e-mails and hard copy documents must be saved in their original format, and lawyers should be consulted for specific advice on the legal obligations.
7. Remember that the court requires full disclosure of any relevant documents to explain the decision-making process, which may well include Ministerial submissions and other Ministerial correspondence.
8. Ensure that any evidence given on behalf of the Department is entirely factual – remember that witnesses can't be 'coached' (although they can be supported), and that any witness statements must be a true reflection of the evidence.
9. Keep the Communications Directorate in the loop – where necessary, agree lines to take with the Secretary of State that can be shared with the media.

The implications for risk management

16.3 Of course, the litigation guidance has also helped to illuminate an important area of risk management. Consequently, it's been used as a springboard by the Department for Transport's Risk Management Team, as well.

16.4 The Team highlighted a number of related risk management issues, and sent it around the Department together with the original litigation guidance.

Risk Management Practise:

- Engage Ministers, and ensure that the Department has had 'the right sort of conversations' at the right time – the emphasis here is on making decisions in the right way, and with the correct standards of propriety.
- Reduce the risk of having decisions or key policy announcements judicially challenged by following the guidelines set out in the Litigation best practise.
- Learn the lessons from the past, and incorporate them into future risk management practices.
- Where partners are involved in the policy and / or decision making process, share best practise with them.
- Ensure that you are communicating risk effectively, both internally and externally, so that people can take appropriate steps to minimise it.

16.5 The Litigation Guidance was only introduced in March 2006, so it's still too early to be able to point to any notable successes that have occurred as a result. But the Department for Transport is confident that when key policy documents are published in the future, the risk of being legally challenged on a major decision – and being unable to successfully defend such a challenge – are now very much smaller.

17

TIGHTENING THE SCREWS ON FRAUD [DTI]

17.1 When a payment to a supplier of £8 million failed to arrive, the Department for Trade and Industry's Finance & Resource Management (FRM) team in Billingham quickly realised that something more sinister was happening.

17.2 Their hunch was right: in November 2005, one of the workers responsible for processing and authorising payments to the DTI's suppliers had tried to defraud the department of £150k. His plan was quite simple. He created a fake company, with a very similar name to one of DTI's partner organisations, and raised a couple of fraudulent purchase orders, for £50k and £150k respectively.

17.3 The DTI regularly pays this particular organisation many millions of pounds of month. As the name on the phoney invoices was so similar, the cursory double-check by another member of staff failed to set off any alarm bells. Next, the staff member set about updating the existing supplier's bank records by adding a new account – where he wanted to fraudulent payments to be sent.

17.4 But this is where things started to unravel. An error by the individual concerned meant that instead of 'only' receiving the £150k, the fake company mistakenly received the £8 million payment that was meant for the genuine organisation. The fraud was detected in January 2006, and FRM Billingham moved quickly to strengthen their controls and prevent a reoccurrence.

Beefed-up controls

17.5 The main changes concerned the DTI's Supplier Amendment Form, which was used by the DTI to amend any supply records, such as opening, closing or changing a supplier's bank details.

17.6 Before the fraud, the form could be filled in by any DTI member of staff, and could be used to amend any supplier record. Some double-checks were in place, but as the would-be fraudster had showed, they were by no means rigorous enough.

17.7 So instead, FRM Billingham introduced a beefed-up system of controls and checks, which meant that any change would have to go through between 5 and 6 different people.

17.8 Now, all supplier records are filtered, and all new information is double-checked via external sources. They also segregated the basic duties required to authorise and process a new purchase order, or amend suppliers' records. Instead of one person doing everything, three to four people are involved in every transaction. And they have introduced a process which requires authorised personnel to sign off on a transaction or amendment at key stages of the process.

Double-checking the details

FRM Billingham is using a number of different methods to check whether the information they are given about a company is correct. These include:

- Checking the information directly with Companies House.
- Independently finding the suppliers contact details and directly calling them.
- Writing directly to suppliers, and copying any relevant members of staff within DTI into the correspondence.

Fraud awareness training

17.9 FRM Billingham have also taken steps to boost the amount and quality of fraud awareness training given to their staff, and have put together hard copies of a reference document which spells out how to externally verify any company information. But a conscious decision was made to keep the reference document off the department's intranet, to make it harder for would-be fraudsters to try and find ways around the new, robust system of controls.

17.10 Subsequently, a few other departments have expressed an interest in FRM Billingham's beefed up process of controls, and have even come to visit them to see it in action. Some have gone away with a sobering thought: it's good to have robust controls in place, but what's really important is to make sure that staff are enforcing them.

How to minimise the risk of fraud:

1. Separate the different duties required to raise, process and pay invoices, so that at least 3-4 people are involved in every transaction.
2. Strictly enforce the authorisation process – make sure that staff understand that it's not just a rubber-stamping exercise.
3. Give staff enough training, so that they know what to look for, and how.
4. Don't make too much information available about the payment and authorisation processes – the more information a potential fraudster has, the easier it will be for them to work out a way of trying to beat the system.

8

MANAGING RISK CONSISTENTLY ACROSS A PORTFOLIO [DTI]

18.1 A little while back, the Information and Workplace Services (IWS) division of the Department for Trade and Industry (DTI) found that a lot of its project management time was focused on taking hold of issues whilst less attention was applied to risk management. IWS is responsible for providing any building or ICT related services to the DTI.

18.2 Although the department as a whole was good at flagging up potential risks at the start of a project, it wasn't as good at managing risks on an on-going process across its project portfolio. Something needed to be done to make it easier to identify and manage risks in a more consistent way, and to also give staff the tools they needed to say how probable a risk was, and how much impact it could have.

18.3 That 'something' was a new risk management process model, which has now been made a mandatory part of all programmes and projects being undertaken by IWS.

Red alert

18.4 If the project summaries are anything to go by, the introduction of the new, standardised risk management processes has made a real difference. At the beginning of the year, the status of a large number of projects was amber or red. This meant that many project managers spent a lot of their time fire-fighting, instead of proactively identifying and mitigating potential risks that could be just around the corner.

18.5 Today, the majority of IWS's projects are 'green', which means that much of the department's business is under control. The secret to IWS's success has been to design a very easy to use, and easy to understand, set of risk management tools, including a standard template for recording and tracking how risks are mitigated.

18.6 IWS has made all of the risk management guidance and information freely available on their intranet site. They have also provided their programme managers with one to one training, to make sure that they understand how the new processes work, and can communicate that information to their colleagues further down the line.

The standard tools for managing risk:

- Understand the difference between risks to the business, like reputational damage, and the risks to the project itself, like failing to complete on time and on budget.
- Establish your risk tolerance – are there any types of risk that you simply aren't willing to take?
- Complete a Risk Potential Assessment.
- Identify the types of risks that could happen, eg, commercial, legal, economic, technical.
- Log the risks.
- Decide on a course of action to mitigate each risk.
- Resource each action and carry it out.
- Review risks on a regular basis, and monitor and update the risk register.
- Where necessary, escalate risks.
- Where a mitigating action has completely eliminated a risk, close it.

Better management across the portfolio

18.7 The new risk management processes have had a real impact. Risks are being managed in a more formalised way now, and are being reviewed more regularly. In the past, IWS staff tended to identify risks only at the beginning of a project or programme. Now, they are keeping a watchful eye on potential problems throughout.

18.8 The feedback from IWS staff has also been good, with most staff members believing that the process is very easy to follow. And while it's impossible to quantify the impact of better risk management is having on IWS's project finances, management has seen a week on week improvement in project delivery across the portfolio.

18.9 This anecdotal evidence is backed up by the findings of DTI's Internal Audit team, who recently reviewed IWS's IT General Controls, including their risk management for programmes and projects. Internal Audit concluded that: "there is very effective knowledge and understanding within the relevant IWS teams of the arrangements in place to manage the known ICT risks."

18.10 Proof, if proof is needed, that a little bit of simple risk management can prevent a whole bunch of complicated headaches further down the line.

How to design risk management tools that are simple, but effective:

- Don't reinvent the wheel - build on any existing best practise, where possible.
- Boil it down to its most crucial elements.
- Keep it as practical as possible – stay away from jargon or complicated theories.
- Get the end users involved in the process as early as possible – that way, you'll have a much better chance of giving them what they need.
- Develop standard templates, which tell users what to do at each step along the way.
- Make the guidance, templates and toolkits widely available, and make sure staff know what they are for and where to find them.

19.1 Anticipating future requirements to track and identify infectious diseases; exploring ways to tackle obesity; and examining addictions to drugs are all in a day's work for the Office of Science and Innovation's 'Foresight' programme.

19.2 The current phase of Foresight was established in 2002, with the remit to: "provide challenging visions of the future, to ensure effective strategies now." To date, Foresight has completed seven projects, and has three other projects either running or in the pipeline.

19.3 But providing valid scenarios of how the future could look – and what we need to do to prepare for it – is not easy.

19.4 When Foresight was reviewed in 2001, it was decided that the programme was spreading itself too thin, across too many different areas. Many other departments had started to do 'futures work', albeit on a lesser scale. So instead of being made up of a number of 'expert' panels, Foresight was reconstituted as a series of specific projects.

19.5 Each of the projects lasts between 18 months and two years, and brings together cutting-edge science with the finest minds in academia and Whitehall – and the whole thing is backed up with appropriate ministerial clout and resources.

Envisioning the future

19.6 But even with the new format, there are a number of risks inherent in trying to prepare for the future. Firstly, there was no guarantee that Foresight's findings and recommendations would be acted on by the department or agency responsible. Although decisions made today will still have an impact in a hundred years' time, it's not always easy to persuade decision makers to allocate time, effort and resources on that basis.

19.7 There was also the possibility that each project's results, or findings, might disagree with the Government's existing policy, and understanding of the issue, particularly with the more hypothetical scenarios.

19.8 Another challenge was persuading the right people to participate, and stick with the project for its whole duration.

Getting stakeholders on board

19.9 The team quickly realised that people were the key to each project's ongoing success. That meant getting the right people on board, getting appropriate ministerial backing and creating a number of good, interactive networks across Whitehall and academia.

19.10 At the beginning of each Foresight project, the team would talk to any number of stakeholders, experts and scientists to start building up an accurate picture of where things stood, and what sort of futures exercises would be useful and add value.

19.11 Over the course of the next couple of years, the project team, and their network of interested parties would use the latest data and science to produce a number of scenarios for policy makers to act upon.

19.12 At the end of the project, stakeholders would sign up to an action plan, that would list a number of actions that were agreed with the appropriate department or agency.

Foresight in action

In 2002, Foresight started the Flood and Coastal Defence project, which reported in 2004. The project's stakeholder group was chaired by Elliot Morley, the then Minister for the Environment at DEFRA.

Foresight brought together a number of interested parties, including environmentalists, sociologists, and other public sector decision makers and budget holders to discuss the impact of potential changes in climate on Britain's coast and flood plains.

They also made use of an enormous amount of peer-reviewed science data on the subject, and even commissioned a PC game called 'Flood Ranger', where local authority planners could simulate what could happen as a result of their decisions.

Foresight's work on the Flood and Coastal Defence project was fed into DEFRA's consultation paper on flooding, and continues to shape DEFRA's policy on the subject today.

19.13 With science and innovation increasingly shaping tomorrow's world and set today's agenda, Foresight is helping to make preparing for the future a much less risky business.

How to use foresight to prepare for the future:

1. Get the right people involved, and ensure that they have a strong commitment to seeing the work through. Where possible and appropriate, get ministerial buy-in.
2. Resource it properly.
3. Set up a future's exercise within your department or agency to find out what the main issues are.
4. Make sure that you carry the whole department with you – there's no point in putting time, money and effort into developing an action plan if it won't be implemented.
5. Build up the necessary expertise within your organisation – don't just rely on outside contractors.
6. Act on the results.

20.1 Science and Technology are watchwords within Government, and particularly within the Department of Trade and Industry (DTI). Indeed, the DTI's Office of Science and Innovation is responsible for managing the Government's ring-fenced £3 billion science budget.

20.2 OSI is responsible for spending the budget in order to 'maximise the contribution made by our science, engineering and technology skills and resources to the UK's economic development, and to the quality of our lives.' At its most basic, that means funding as much new research and creating as much new knowledge as possible.

20.3 In an ideal world, every penny of the budget would be spent doing just that. But after many years where the budget was routinely being underspent, OSI realised that they had to look more strategically at how the overall budget was being managed.

Eight parts of the pie

20.4 The bulk of the budget is divided up between the eight Research Councils, ranging from the Arts and Humanities Research Council at one end of the spectrum, and the Particle Physics and Astronomy Research Council at the other.

20.5 The Research Councils work together closely to fund multi-disciplinary research projects, so the problem wasn't that they were only funding research that fit snugly into to their own areas.

20.6 Rather, the problem was occurring at the financial level and stemmed from the long-term nature of research. Research grants are long-term commitments of up to 5 years or more. Fitting these commitments into annual budgets is tricky. And going over-budget is not an option. Research Councils facing a potential overspend in any given year, would look to cut back on the amount of research they were funding.

20.7 So more often than not, Research Councils would find they had money spare at the end of the year, that they hadn't managed to use to fund UK science. Like all good ideas, the solution to this dual problem involved a simple first step.

The turning point

20.8 The turning point came at the end of 2004/2005, when a particularly high level of accumulated underspends (over £400m) persuaded the OSI that something urgently needed to be done.

20.9 The OSI took the initiative, and set up a new forum, called the Financial Strategy Group, which brought together the Finance Directors of each of the Research Councils. The Group, which is chaired by the OSI, meets quarterly to discuss the 'in year' position of the Science Budget at a whole, and consider who needs to take what steps to maximise levels of spend within the available budget, and to reduce the spare money that had built up over time.

20.10 Instead of just looking at their own budgets in isolation, the discussion was transformed into a more strategic consideration of the Science budget at a whole, including looking more actively at the scope for dealing with individual peaks and troughs of expenditure.

Seeing the bigger picture

20.11 Part of the challenge for the OSI was to encourage the Research Councils to see the bigger financial picture for the Science budget, and to encourage them to cooperate more closely and so contribute to the broader objectives of the Science Budget. But both of these issues were resolved fairly quickly.

20.12 The greater sharing of information between OSI and the councils and between the councils themselves has also led to a much better understanding of how and why spending patterns are the way they are. And the results speak for themselves.

How OSI did things differently:

- They instituted regular Financial Strategy Group meetings, which brought together the Finance Directors of the eight Research Councils.
- They started sending the Finance Directors monthly reports about the state of the Science Budget.
- They started holding regular bilateral meetings with the finance team of each Council.

Alive to opportunity

20.13 The financial year ending 2005/06 was the first time for years that the science budget spent more than its allocation by drawing down some of the past underspends – to the tune of £120m.

20.14 The science budget's in-year financial forecasts have also become more accurate as a result of the closer working and the more strategic outlook taken by the Financial Strategy Group.

20.15 More generally, the new approach has helped to usher in an era of greater cooperation, understanding and confidence between Research Councils and the OSI in relation to financial management issues.

20.16 Instead of being passive participants in spending the Science Budget, the Research Councils are now taking a much more active role in trying to achieve its wider aims. To quote OSI's Director of Resources and Policy, they are now "really alive to the opportunities for achieving better financial outcomes".

How to manage big divided budgets and still get optimal results:

1. Be clear about what the overall aim of the budget is, and how the different parties can best work together to achieve it.
2. Make sure you can answer the question 'what's in it for me?'
3. Once you have identified the benefits, make sure you can put them across clearly.
4. Open the channels of communication – bring the key players together for regular meetings, and make sure that they are given regular updates about the 'bigger picture'.

2 |

GETTING BETTER AT SHARING INFORMATION [DWP]

21.1 It's part of standard Civil Service 'lore' that at some time in their lives, everyone in the UK will come into contact with the Department for Work and Pensions (DWP) – which makes for a whole lot of customer information.

21.2 In April 2003, DWP decided to establish a new, Customer Information System (CIS), which will eventually replace all of its existing databases. The System provides a central repository of critical customer information for the DWP, which can then be shared with other government departments, and also local authorities. As well as being more efficient for the Department, it would also help to reduce the incidences of Fraud and error,

21.3 Introducing the Customer Information System is an enormous undertaking, in every sense of the word. Yet by making risk management an integral part of the project, so far, DWP is on track to deliver it.

What information is held on the CIS?

- Personal details.
- Relationships.
- Contact Details.
- Benefit Assessments and Awards.
- Payments.

Keeping customers' confidence

21.4 With any technology project of this size, there is always a lot of scope for things to go wrong. In terms of the CIS, DWP identified a number of the key risks up front. These included: confidentiality issues; potential difficulties involved in transferring information from the old to the new system; sharing customer information with other departments; and difficulties integrating the new interfaces.

21.5 If something went seriously wrong, it could have some big implications for the timely and correct payment of benefits, on the one hand, and could compromise the confidentiality of the information held by DWP, on the other.

What CIS was designed to do

CIS has been designed to:

- Provide a single and complete view of the key data for all citizens whose records are held by DWP.
- Make that information available to Client Groups within the Department 99.7% of the time, 24 hours a day, seven days a week.
- Provide access to awards for all accounts on the DWP's older computer systems.
- Make updates available within 24 hours of them being keyed in.
- Enable appropriate CIS users to browse information, even if they don't yet have a Customer Account Management System.
- Improve value for money by collecting the information only once, and then sharing it internally across the DWP, and externally with other departments and local authorities.
- Help to meet Departmental targets for reducing fraud and overpayments.
- Help to modernise the DWP's benefit systems, and to create a more 'joined-up' service.
- Contribute to customer satisfaction by providing a more efficient, streamlined and accessible service.

Rising to the challenge

21.6 The CIS team decided to follow the DWP's existing Assumption-Based Risk Framework. This meant that first, they gathered a number of assumptions about the project, and entered them into the Risk Database. They also looked at similar projects, to try and learn as many lessons as they could, and share best practise.

21.7 DWP then held a number of workshops – and invited CIS Stakeholders to participate in them - to challenge all the assumptions made, and encourage a very frank exchange of views on what needed to happen, and how.

21.8 Next, they set up regular, weekly Risk Review Boards, which were attended by DWP, the IT Service Provider, Accenture, and the IT Service Operator, EDS. Assumptions and risks are reassessed at these meetings, and each risk is ranked according to its stability, sensitivity, criticality and likelihood.

21.9 All the risks are then assigned to Risk Owners, or Managers, and appropriate mitigation and contingency plans are then put in place.

Collaborative working

21.10 In the past, many technology projects have come a cropper when a serious issue arises in relation to a third party to the project, but falls between the two stools of the supplier, and the Department.

21.11 DWP has managed to minimise this on the CIS project, by making a point of adopting a 'collaborative working' system. This meant that as well as DWP communicating better with its suppliers, the different suppliers were also encouraged to talk to each other.

21.12 External contractors were also firmly encouraged to adopt the DWP's own risk management methods, and to view each other as partners in the project, instead of adversaries.

Delivering the goods

21.13 In March 2005, 84 million account records were successfully migrated to CIS as part of Release 1, as planned. Release 2a, where the information on CIS was made available to DWP's Housing Division and Her Majesty's Court Service was delivered in July 2005, as planned.

21.14 In February 2006, the third release was delivered, which included enhanced access, enquiry and tracing facilities for users, and also gave the Driver and Vehicle Licensing Agency (DVLA) access to the database.

21.15 There is every reason to believe that with the first three phases delivered on time and working well, the last two phases will also be delivered as planned.

How to successfully deliver an information database:

1. Be clear upfront about what the database will do, what information it will contain, who needs to access it and how they will access it.
2. Involve stakeholders in any joint discussions with suppliers.
3. Encourage a full and frank exchange of views – make sure that participants feel free to challenge key assumptions.
4. Adopt a 'collaborative working' approach – make sure external third parties understand they need to work as a team, and not try to score points off each other.
5. Design suppliers' contracts carefully, so they have an incentive to deliver on time and on budget.
6. Regularly review risks, and ensure that every risk has an owner.
7. If it's a big project, adopt a phased delivery approach – split the project up into more manageable segments, and make sure each phase is working properly before moving on to the next.

22.1 The Department for Work and Pensions has tens of thousands of staff spread over a large number of offices and areas. So when it came time for the Department to replace its old operating system with Windows XP, DWP knew that it was going to have its hands full.

22.2 The mammoth exercise involved switching over more than 140,000 PCs, in around 2000 locations. On its busiest night, in November 2005, 3,500 PCs were switched over in one night.

22.3 But eight months later in March 2006, DWP entered the record books by successfully completing the largest automated roll-out of the Microsoft Windows XP operating system in the world.

‘Zero Touch’

22.4 As any regular computer user can tell you, changing even the tiniest thing on your computer can trigger off a host of unforeseen problems and issues. So how did DWP manage to switch a whole operating environment for so many different users, without causing enormous problems to the Department’s complex network interfaces and different applications?

22.5 According to DWP’s risk team, much of the credit should go to the Department’s adoption of the innovative ‘zero touch’ approach. Under ‘zero touch’, DWP made it a priority to complete as much of the upgrade as possible overnight, remotely, and to keep manual intervention to a bare minimum.

22.6 This approach was useful for a number of reasons. Firstly, it minimised the disruption to DWP’s working day, and enabled most staff to come in, switch on their PCs and just get on with their jobs.

22.7 Where problems did occur with a particular site, local IT support staff were primed to trouble-shoot any issues as quickly and efficiently as possible, again to keep any disruption to DWP’s working day to a minimum.

Assessing risks at the outset

22.8 Another key to the programme’s success was the amount of effort DWP put into to assessing risks to the ‘zero touch’ approach at the outset. Before the project began roll-out, the Department went through its estate methodically, and identified any problem servers, faulty switches, network configuration issues and device incompatibilities that could conceivably throw a spanner in the works.

22.9 DWP adopted this approach after looking at the lessons learned from a previous IT programme, called Digital Office Infrastructure. Then, assumptions had been made that these sort of issues would either be avoided, or managed by additional engineers on the ground. But with the Zero Touch approach, the additional engineering manpower just wasn’t available, so problems had to be identified and preferably solved, before roll-out.

DWP's three risk 'reactions'

- Resolve the known problem – DWP closed 19 long-standing IT problems before roll-out began.
- Mitigate the impact – whenever there was a risk of disruption, the DWP could choose to adjust the target volumes at a moment's notice, so that it could start gently at any 'problem' sites, and ramp up the volumes once the site had been 'proven'.
- Accept the risk, and plan accordingly – some risks couldn't be resolved or fully mitigated. When the DWP identified one of these 'hot spots', they directed their limited engineering resources to that site, so that problems could be identified and resolved before staff started work.

Business as usual

22.10 On the one occasion where computer networks did go down in the working day, the business units affected were able to trigger their Business Continuity Plans quickly and efficiently, which justified DWP's long-standing investment in Business Continuity.

22.11 By the time the project had concluded, DWP hadn't just landed itself a place in the record books; it had also won itself a well-deserved reputation for leading the field in Risk Management, Communications, Governance and Stakeholder Engagement.

How to successfully roll-out new software:

1. Make sure that you include 'firebreaks' in your delivery schedule, which will give you the breathing space you need to deal with any unforeseen circumstances without throwing the timescale out.
2. Make stakeholder engagement a priority. In the words of the DOI Lessons Learned report: "When you think you have done enough stakeholder engagement, do it all again!" Stakeholders can be powerful allies, particularly when things aren't going to plan.
3. Properly plan for Release Management – When you are changing the Operating System or Desktop environment, review the relative difficulties and risks involved up front and plan accordingly.
4. Track each risk through every stage of the Release Management process.

23.1 The Exports Credits Guarantee Department (ECGD) is unique in Whitehall. Whereas other government departments depend entirely on the taxpayer for their funding, ECGD gets revenue directly from its customers each year.

23.2 In a nutshell, the ECGD acts as a government-backed insurance agency for companies in the UK who are exporting their goods or services or need finance to be made available to the buyer, or who are investing abroad. In return for paying a premium, ECGD guarantees that if the overseas buyers don't pay for the goods received, the agency will meet the shortfall.

23.3 However, as their business volumes declined, ECGD underwent a cost and efficiency review in 2004/5 to identify ways to enhance the Department's operational effectiveness and reduce its administrative costs.

Two become one

23.4 One of the review's main conclusions was that the ECGD would have to close down one of its two main offices in London and Cardiff. Cardiff was primarily responsible for the finance and debt recovery functions, which senior management wanted to bring closer to the business.

23.5 ECGD proposed, and then after a consultation, announced in September 2005 that it would close the main Cardiff office, which employed 51 people, and transfer its finance and sovereign debt recovery functions to London by the end of March 2006. At the same time, ECGD announced plans to give up a third of its office space in London, and reduced staff numbers in that location, too. Altogether, the number of funded posts needed to be reduced from 400 to 268 by August 2006.

23.6 Closing an office, relocating staff and creating a whole new finance team within a six month timeframe, can be fraught with problems and risks. What's more, the first 'job' of the newly formed team would have to be coping with the financial year-end and production of the 2005-06 Annual review and Resource Accounts prior to the summer Recess. ECGD took a number of steps to try to minimise them.

Measures to minimise the risks of relocating:

- Negotiate 'handcuffing' arrangements with key finance staff, so they would continue to support the new finance team for a period after the move to London.
- Hire a dedicated project manager with previous experience of relocating a Finance Function.
- Run as a distinct project with effective governance and Board level priority support.
- Recruit professionally-qualified accountants and experienced finance staff to blend with existing staff transferred to finance.
- Review and update the documentation to support existing policy, practise, process, procedures and controls, to minimise the loss of 'corporate memory'.
- Plan for proper training and handover periods.
- Detailed planning and, more importantly, contingency planning.
- Consider and act on key employee relations issues.

150 miles along the railway line

23.7 Thanks to effective risk management, ECGD managed to get the new finance division up and running by March, 2006, within the necessary time frame. They also managed to recruit and transfer staff with the appropriate skills for the new, London-based roles, and ensured that all staff were given any necessary training.

23.8 Most of the contingency plans had to be used when the optimal plan had problems. It wasn't smooth sailing, though, as a number of people-related issues came up. The key was HR and management engaging with relevant stakeholders, so that the issues were brought into the open and all potential disruption was kept to manageable levels.

23.9 Also, not every ongoing work issue was identified or resolved before the handover. This meant that in some instances, ongoing issues were being dealt with as the Department went into its financial year-end (and the first for the new team).

23.10 Acceptable financial controls were kept in place throughout the closure of the Cardiff office and ECGD continued to provide its customers with a good service, while transferring its finance function. The new team then proceeded to complete the laying of the Annual review and Resource Accounts before Parliament before the summer Recess and only one week later than the previous year.

Lessons learned:

1. Use an experienced project manager, particularly if you are working to a tight, immovable deadline – they can help to identify potential issues and ensure that the right plans and contingency plans are put in place ahead of time.
2. Maintain a close working relationship with HR.
3. Hold regular project board meetings and also regular operational meetings of senior managers, including representatives from HR and the incoming and outgoing management – this will help you to keep on top of the project's progress, and keep the lines of communication open so you can identify and deal with issues at the earliest opportunity.
4. Maintain and review a risk / issue log and create project paperwork that helps 'home-in' on the risks.
5. Manage risks by assigning specific actions to a relevant member of the project board and ask them to regularly report back on their progress.
6. Document written procedures before implementing any change.
7. Organise team-building activities like 10 pin bowling or a meal out to ensure the new team bond quickly.
8. Find out what training the new staff might need right at the beginning, and plan a long enough handover period that they can learn on the job while still being supported by existing staff.
9. Work with the National School of Government and the HR training team to develop appropriate and timely training.

24.1 Claiming you want to come to the UK for the funeral of a dead relative who actually does not exist; creating fake companies and claiming they want to employ you; pretending to be someone you aren't – these are just some of the many different scams that foreign nationals have used to try and get into the UK illegally.

24.2 As each year passes, the visa scams and forged documents get ever more sophisticated. That is why in 2002, UKvisas, which is a joint Foreign and Commonwealth Office (FCO) and Home Office agency, piloted the Risk Assessment Units (RAU) network.

UKvisas' Strapline:

"Making Travel and Migration Work for Britain"

24.3 The main aim of Risk Assessment Units is to facilitate a more strategic, risk-based approach to issuing entry clearance visas to those foreign nationals who want to come to the UK.

24.4 The units were first piloted in Beijing in 2002 and in Kingston, Jamaica in 2003. In 2005, RAUs were rolled out to twelve major entry clearance posts around the world, and a further four were opened in 2006, with seven more in the pipeline. UKvisas is aiming to have 70% of all UK visa issuing posts supported by Risk Assessment Units by the end of the current financial year (2006/07).

From people to paperwork

24.5 The new approach was adopted in the wake of increases in the number of visa applications being made. In the past, the majority of visas were granted only after the applicant had been interviewed by a UK visa officer. Changes to visa rules, and the large growth in numbers of applicants, resulted in much higher application rates.

24.6 This, together with concerns about the amount of time visa applicants spent queuing outside embassies and offices, which was compounded by the tragic bombing of the British Consulate General in Istanbul, resulted in a decision to move to a more streamlined approach.

24.7 The administrative work around applying for a UK visa has now been outsourced to commercial companies. Most visa applicants are now required to submit all the necessary documents required in order for them to comply with UK immigration regulations to a commercial partner. Visa officers now assess applications on the documents produced, and interview where necessary.

24.8 While this new way of working has certainly helped to speed up the application process, it has also created a new set of challenges for entry clearance staff. It became clear that the system could be at risk from abuse, and that these risks and threats needed to be identified and eliminated. That is where the Risk Assessment Units come in.

Identifying forgeries

- Forged or false sponsorship and employment letters, and forged bank documents are the most common forgeries discovered.
- A number of forged or counterfeit passports have also been identified.
- RAUs work to counter fraud, and promote fraud awareness by:

Developing an extensive library containing sample institution letters, and bank statements etc.

Producing 'risk profiles', which are then used to inform the decision making process in relation to whether or not to issue a visa.

24.9 One of the main tasks of the Units is to identify fraudulent applications, and then to alert FCO staff around the world to the latest scams or tricks they have uncovered. To help them do this, all RAU staff members are experienced immigration officers and undergo training in intelligence handling

24.10 With their training firmly under their belt, staff can then get on with the job of conducting intelligence and target profiling, and conducting detailed background checks, forgery examinations and visits.

24.11 Any pertinent information is then fed in to the RAUs 'risk profiles, which inform the UK visa issuing posts around the world.

Uncovering fraud at the sharp end:

- In Lagos, the RAUs helped to uncover 500 applications containing forgeries within a three month period.
- In Jamaica, the RAUs honed in on Jamaican facilitators, who were giving applicants fake identities.
- In New Delhi, the RAUs shared information with friendly missions, which resulted in the targeting of a number of bogus individuals. A check on funeral visit applications in 2004 also showed that 62% of the applications were false.
- In Beijing, the Business Fast Track Scheme (BFT) was found to contain forged UK invitation letters. In Shanghai, on one occasion, two employees completed their own invitation letters.
- In Mumbai, following the RAU conducting a compliance exercise on cricket groups visiting the UK, large scale abuse was identified.

Better background checks

24.12 RAUs have the time, resources and contacts to be able to make the type of detailed background checks that are needed to uncover an ever-changing array of scams.

24.13 For example, potential applicants can show up with job offers from reputable institutions and organisations on headed paper. The only way to find out firstly, if the organisation actually exists and secondly, whether the job offer is genuine, is to do some in-depth checking.

24.14 It is still early days, but the anecdotal evidence is pointing to much higher rates of detection, with some fraudulent activities being eliminated all together.

24.15 One of the biggest keys to UKvisas success has been the sharing of information, both internally across the many different visa issuing posts, and also externally, with other Government departments and agencies, both within the UK and abroad.

24.16 UKvisas are giving entry clearance staff access to the sort of information they really need to do their jobs to the best of their abilities.

How to detect and reduce fraud:

- Share information as much you can from colleagues in other departments and agencies – often, you will find there is a huge amount of helpful information that has already been collated.
- Test the waters– conduct compliance checks to make sure that the application process is working properly, and highlights any suspicious behaviour or circumstances.
- Share information and keep people informed – if you have uncovered a new scam in one area, it is only a matter of time before it pops up somewhere else. Forewarned is forearmed.

25

LOWERING THE NATION'S BLOOD PRESSURE [FSA]

25.1 Did you know that consuming too much salt increases your risk of high blood pressure, which in turn can triple the risks of heart disease and stroke?

25.2 If you said 'yes', it's probably thanks to the salt reduction campaign that has been run by the Food Standards Agency (FSA) since 2004. FSA is very committed to reducing the public's salt intake to an average of no more than 6g of salt a day, which would significantly benefit public health and save many thousands of lives a year.

25.3 In the process, it could also potentially save around £44 billion in the associated medical and other care costs.

25.4 So far, so good. But back in 2003, the FSA's research showed most people had no idea that they were eating very high levels of salt, or that 75% of their salt intake came from eating processed foods. To try and counter this, the Agency decided to launch a public awareness campaign, to try and change the public's behaviour as well as working with the food industry on a voluntary salt reduction scheme.

High profile, high cost

25.5 The main benefit of public awareness campaigns is that they can reach a great many people; the main drawback is that in order to do so, they require a great deal of cash. The Food Standards Agency wanted to be sure that if they were going to spend the money, that the campaign itself would deliver the goods.

Potential risks to running a public awareness campaign about salt:

- The public wouldn't be interested.
- FSA would fail to get the message across.
- The message wouldn't be taken seriously.
- Media might aggressively question why the FSA was making such a fuss about salt consumption.
- The salt industry would be hostile to the campaign.
- Non-Governmental Organisations might not be willing to join in and amplify the campaign.
- The media wouldn't be interested in the subject; or
- The media might question the science behind the findings on salt.

25.6 Added to the potential risks of the salt campaign itself, if the campaign was unsuccessful for any of the reasons listed above, it could also seriously undermine the Agency's hard-won reputation for providing sound evidence that was based on scientific evidence.

Sid the slug

25.7 Having identified all the possible risks, the FSA's Communications Division next set about mitigating them. To this end, they made it a point to build enough time into the campaign to address key concerns and issues, and also resolved to work closely with colleagues in nutrition policy to create the campaign together.

25.8 They identified their target core audience – women aged 35+ - and then identified key stages in the media campaign, from consumer magazines and nationals through to working with broadcast media, nearer the actual time of the campaign launch.

25.9 'Sid the Slug' became the centre piece of the Agency's advertising campaign, and he helped to raise the campaign's public profile still further.

Deadly serious about salt reduction

25.10 Industry was arguably the hardest nut to crack, but as reducing the amount of salt in processed foods was completely voluntary, the FSA had to give it their best shot. The media and advertising campaign had already made industry aware that the Agency was deadly serious about salt reduction.

25.11 Next, the FSA presented industry with the scientific and medical evidence to back up their claims. But instead of adopting the 'finger wagging' approach that's often typical in Government, the FSA instead presented industry with an implicit opportunity to steal a march on their competitors.

25.12 The message was not 'reduce salt because we are telling you to', but 'reduce salt in your products because your customers want less salt in their food. This new approach, combined with the FSA naming and praising those companies that reduced the most, meant that many big name companies, like Heinz, Tesco and Sainsburys, went public with their salt reduction work.

The 'halo' effect

25.13 Health charities and organisations including the Women's Institute also came out in support of the campaign, and began running their own complementary salt reduction campaigns. This went a long way to creating a consensus that reducing salt was a good idea, and a subsequent 'halo effect' for the Agency.

25.14 Of course, the Salt Manufacturing Association (SMA) didn't take the campaign lying down, and ran a lot of interference throughout. But the FSA was prepared, and managed to successfully deal with the threats, including: trying to undermine the science, in the first part of the campaign; and complaining to the Advertising Standards Authority about the campaign's assertion that too much salt is bad for the heart.

25.15 On this latter point, the FSA mobilised vocal and public support from the British Heart Foundation, the Stroke Association, the Medical Research Council, SACN (Scientific Advisory Committee on Nutrition) and the Chief Medical Officer to get the complaint thrown out.

A happy ending

25.16 Since the start of the campaign, 70 companies are now reformulating the salt content in their products, salt sales fell by 13% and around 20 million people said that they were making a real effort to cut down on salt.

25.17 The FSA also went on to win the prestigious best public sector campaign award from PR Week.

How to run a successful public awareness campaign:

1. Build relationships with the media, industry and NGOs in advance.
2. Publicly 'name and praise', but keep 'naming and shaming' for behind closed doors.
3. Always prepare any scientific evidence, facts or relevant information far in advance – and be prepared for people to disagree with you.
4. Identify your core audience, and know what they are reading, watching and listening to.
5. Sit down and identify the potential risks to your campaign's success right at the beginning.
6. Learn lessons as you go along, particular if you are facing complaints and / or criticism, so you are better prepared for 'Round 2'.

26

HANDLING SELF ASSESSMENT ON-LINE [HMRC]

26.1 In January 2005, the SA Online filing system failed to cope with an increase in customer demand, resulting in:

- Customers being unable to file online;
- Penalties being issued in error; and
- Considerable press criticism.

What went wrong?

26.2 We found that the problem was caused mainly by hardware failures resulting from an IT system that could not handle the huge surge in traffic in the last few days leading up to the filing deadline on 31 January, when customers tried to see if their returns were filed successfully. The initial departmental response was slow, with uncertainties about who had the authority to make the necessary decisions delaying the subsequent recovery.

Planning for success

26.3 To avoid repeating these problems, we made significant improvements to the IT infrastructure and established a team to manage this SA online filing peak in 2006. We empowered this team to manage the peak period, providing them with the appropriate authority to make any decisions necessary to keep the system running, while keeping the Paymaster General fully informed of progress.

26.4 We carefully analysed typical customer usage of the system and, based on this information, we explored the potential failure scenarios. We then put in place measures to reduce the likelihood of failures occurring and manage any that did occur.

Measures included:

- Cancelling all non-essential changes to the HMRC infrastructure in January 2006.
- Advising non-SA users to avoid using the system on 30 and 31 January.
- Managing customer access to the system, if it exceeded a manageable level.
- Increasing capacity by restricting access to certain PAYE services for short periods, while managing communications with employers.
- Developing contingency plans for the failure scenarios.
- Developing a communications plan with appropriate customer messages for those scenarios.
- Preparing press briefing.
- Frequent meetings during the peak period to monitor performance and manage any problems as they arose.

Outcome

26.5 As a result of our careful planning, we successfully processed a record number of SA online returns in 2006 (almost 2 million), even though submission rates were almost 25% higher than in 2005. During the four days of the peak period, customers did not experience any interruptions of service. We received 258k returns in the last five days, including 161k in the last two days, and 8,700 (almost 150 a minute) at the peak hour. We were praised by customers and the press for delivering a stable service through a record peak. The reputational benefit of this helped us to further increase the rate of online filing this year.

26.6 In addition, we have ensured that the lessons learned have been applied in managing other similar online peaks this year, and will be used to improve our future performance.

27

IMPLEMENTATION OF NEW FINANCIAL MANAGEMENT SYSTEM [HMRC]

27.1 During 2005/06, we undertook two key projects to introduce new financial systems:

- Enterprise Resource Planning (ERP)
- Strategic Accounting Framework Exploitation (SAFE)

These mark the first step in a programme of work intended to meet the legislative requirements of the Whole of Government Accounts (WGA).

ERP

27.2 The ERP project was designed to mitigate the following business risks:

- No single source of information on staff and financial resources adversely affects our ability to deliver efficiency targets.
- The need to develop and maintain local systems to bring together staff and financial data adversely affects decision making through lack of confidence in results.
- Additional unnecessary cost from extra work in maintaining existing information system and from failing to retire duplicated systems.
- Unnecessary cost in procuring goods and services from 3rd parties from maintenance of duplicate contracts and difficulty in controlling off-contract spend where systems are duplicated.

27.3 In order to deliver ERP quickly, effectively and with a minimum of risk, a number of strategies were adopted, including:

- The use of software applications based on standard and well established existing products.
- Minimal customisation of the software.
- Location of all the delivery team (made up of internal and external staff) in one office location.

27.4 Additionally, the Finance Director showed his commitment by appointing two of his senior managers to the programme; one to jointly lead the programme with HMRC's IT partner and one to prepare HMRC for the change.

27.5 By managing the considerable risks around this programme, our delivery of ERP on time was one of the fastest in the public sector to date. The new systems that are now in place offer a better accounting system, which, in turn, will lead to more cost-efficient financial management.

SAFE

27.6 The business risks which the SAFE project was designed to address included:

- No disaster recovery provision for manual records of £2.3bn of debt.

- An inability to fully meet the Treasury's requirements for tax and duty accounting to support accruals accounting (Whole Government Accounting).
- Policy making based potentially on inaccurate or inconsistent data.

27.7 The SAFE project, like ERP, reduced the potential risks by using a largely standard software application that would require very little maintenance. We did consider requests by exception to alter the standard software application but there has been 90 – 95% compliance with the standard package.

During the SAFE project, HMRC worked with its business partners, Aspire and SAP, to share best practices, focus on quality, and reduce risk. Specific measures included:

- Co-location of project team members where possible.
- A governance structure that drove a collaborative approach.
- Phased roll-out.
- Close working with business stakeholders.
- A core management team, consisting of HMRC, Aspire and SAP, that could make rapid decisions.
- A quality forum linked to the key project deliverables.

These played a part in HMRC receiving a highly commended award for SAFE in the SAP Quality Awards 2005. HMRC was the only central government body to reach the final.

28.1 It shouldn't come as a surprise that the Ministry of Defence (MoD) considers 'delivering military effects' to be its primary focus. But increasingly, the MoD recognised that some of the actions it was taking to help it deliver the goods on the battlefield were giving rise to some unintended consequences in the realms of health, safety and the environment.

28.2 Take the Depleted Uranium controversy, where there were suggestions that dust from some of the more innovative weapons that used depleted uranium might have affected the health of troops and civilians in the war zone.

28.3 That incident was a catalyst for the Ministry of Defence to start 'looking for trouble' in a more formalised and methodical way, and to have a plan of action ready for when they found it.

Learning lessons from BSE and MMR

28.4 The first step was for the MoD's Chief Scientific Adviser to set up a review task force. The task force was asked to look at the lessons from the BSE and MMR crises, as well as the Depleted Uranium controversy, to identify what the MoD was already doing well, and where there was room for improvement.

28.5 The task force reported back that while the MoD was good at dealing with the risks that it knew about, it needed to do more to identify other potential risks. It went on to make a number of recommendations that were mostly to do with improving many of the MoD's internal procedures.

28.6 The review's key recommendation was to create a small management team that would identify more potential risks, and report any significant issues back to the Departmental Audit Committee.

28.7 This new team would specifically work with what the MoD calls 'scientific risks'.

The team's four core principles (derived from OSI guidelines):

1. Collate and promote all available best practice and advice, both internal and external.
2. Identify new potential risks and their owners, and encourage others within the Department to do so as well.
3. Make use of best practise and previous experience to help people to respond to the risks facing them.
4. Report risks to the Audit Committee, where appropriate.

Proactive, instead of reactive

28.8 Before the creation of the team, the MoD was still engaged in managing 'scientific risks'. But what was lacking before was a specific focus for all the expertise, advice and best practise already being held within the department, and a more formal chain of command for escalating risks up, once they had been identified.

28.9 Another big improvement was that the creation of the team gave the MoD the luxury of being able to think more proactively about identifying and managing potential risks. Previously, the focus for each team within the MoD would understandably be on managing their day-to-day problems, instead of looking ahead.

28.10 Today, the tendency of waiting until something goes wrong, has been replaced by a desire to proactively look for potential issues.

Anything is possible

28.11 Of course, the types of situations that require the services of the MoD are hard to predict at the best of times. Many of the 'norms' that are taken as a given disappear in times of conflict and war. In these circumstances, almost anything is possible, even the most far-fetched and worrying scenarios.

28.12 Consequently, one of the bigger challenges facing the MoD's risk management team was to avoid any unnecessary scaremongering, and to concentrate on those risks that had a realistic chance of really happening.

28.13 One such risk was the possible consequences of dumping surplus or obsolete munitions into the sea. Although that practice has long since stopped, there is still a large amount of munitions on the sea bed, and the MoD wanted to be prepared for any eventuality.

28.14 So the risk management team asked a leading university to undertake a comprehensive review of the scientific literature and opinions on the subject. They then published the information on their Internet, and used it to develop their policy on the subject.

28.15 By being more open about the potential risks, and more proactive to counter them, the new risk management team is really helping the MoD to live up to its motto of being 'A force for good in the world'.

How to proactively manage Scientific Risks:

- Identify early on any issues where the Department might need scientific advice.
- Make sure the risk management team have the freedom, authority and ability to search for potential risks with an open mind – don't be scared to challenge any 'givens', to make sure they are still valid.
- Focus on the longer term – don't be distracted by short term problems.
- Collate information, advice and evidence from a wide range of appropriate sources, particularly if you're dealing with a controversial or uncertain issue.
- Publish the evidence and make it accessible to the public.
- Use that evidence to inform your policy making.

29.1 The Ministry of Defence (MOD) has always had strategic planning. However in 1998, they brought several different strands of work together to form the first Defence Strategic Plan. It was an A4 document spanning around 20 pages, and covered everything from perceived major threats to defence planning assumptions.

29.2 Over time, the strategic guidance has evolved and now gives much more detail to its sections and includes new strands of work such as the Defence Relations Strategy. It now provides a reference document used across the Department.

29.3 As a result, the MoD published its first Defence Strategic Guidance (DSG) document in 2003.

The core components of the DSG:

1. **Defence Vision** – sets out the aim and purpose of Defence and gives high level priorities.
2. **Strategic Context** – sets the Defence view of the strategic environment and implications of these for Defence. It sets guidance on how Defence should adapt, react and seek to shape the future environment.
3. **Defence Planning Assumptions** – sets out what the Armed Forces should be capable of doing in order to meet policy requirements in the form of planning parameters specifying ‘What, Where, When, With Whom and for How long’.
4. **Defence Relations Strategy** – identifies the UK’s strategic objectives for defence relations, and guides the development of the Defence Relations Activity Programme and Regional Strategies.
5. **Future Capabilities Development** – provides the strategic direction for the defensive capabilities that will be required in order to best deliver Defence policy.

Global trends...

29.4 In 1998, the MOD only took a page to highlight the strategic environment in its Defence Strategic Plan. The more recent versions of Defence Strategic Guidance (which is updated every two years) go into much more detail and breadth. DSG 2005 talks at length about a wide variety of global trends, challenges & threats, and then provides implications and objectives for Defence.

29.5 The DSG sets the scene for a subject, and then follows a very clear path from vision to strategic concept, to planning, relationships and finally, future capabilities.

29.6 So far, more than 3000 copies of DSG 2005 have been given out, mostly to the MOD’s planners. The Guidance forms the basis of the Departmental Plan, and is cascaded to all lower level strategies and objectives across the Department.

Two-way street

29.7 If you think that the DSG sounds like a monumental undertaking, you’d be right. But the main key to its success is that it is informed and developed by the information provided by its stakeholders. It’s an ongoing process of continual feedback.

29.8 The Guidance is updated every two years, and the MOD draws on a number of expert opinions, including from: MOD civilian and military staff; other government departments; academia; Parliament; Allies and non governmental organisations.

29.9 When the Guidance is completed, it's then sent out together with a questionnaire, which asks recipients whether it meets their needs, was well written, and whether they agree with the policies stated in the Guidance.

29.10 The Directorate of Policy Planning, who is responsible for putting the Guidance together, also arranges a number of presentations on the Guidance, and will ask for feedback in those sessions, too.

The 'what', not the 'how'

29.11 But while the DSG contains a great deal of strategic information, its remit doesn't extend to filling in the smaller details. It sets out 'what' needs to happen and why. But then it leaves the 'how' in the hands of the MoD's planners.

29.12 For example, while the DSG might clearly state that the MOD needs to have an expeditionary force that would be capable of doing certain things; people further down the line still have enough flexibility to come up with an innovative way of achieving that outcome.

29.13 Although the Guidance is a policy-lead document, it is grounded in financial reality. There is a clear understanding that delivering objectives requires resources, and the DSG won't set objectives that it knows the MOD simply doesn't have the money to deliver.

29.14 There is an ongoing balance to be struck between what is desirable, in policy terms, and what is possible, given existing resources, ability and timescales.

29.15 With the MOD currently gearing up to produce Defence Strategic Guidance '08 (it was delayed by one year, due to the CSR timings), the previous DSGs have shown themselves to be highly effective at joining up policies and successfully planning ahead.

How to create a strategic guidance document:

1. Get input from a very wide base of stakeholders, including outside the organisation.
2. Split the guidance up into distinct sections, and make sure there is a logical flow of information from one section to another. You need to set the scene, and explain why something is needed before exploring what the something might be and how it could be delivered.
3. Good communication is key – engage as many stakeholders as possible at the beginning of the process, don't just ask for opinions at the end.
4. Don't be afraid to spark off a debate – it means that you won't be facing any surprises further down the line, and that the information in the guidance is as best-advised as it can be.
5. Introduce an ongoing programme of feedback – and make any changes or improvements in future versions of the guidance.
6. Regularly review the information in the document, to ensure it's as up-to-date and accurate as possible.

Make sure that a copy of the guidance will be readily available to anyone who needs one.

30.1 When the computer hacker ‘Solo’ managed to get into the United States’ defence computers via other American Government networks in 2005, it sent a shockwave through Governments around the world.

30.2 Government information systems have long been subject to malicious software such as Trojans and viruses that threaten Internet and email users. But the sheer audacity of Solo demonstrated that any Government caught napping when it came to protecting their systems could potentially be seriously punished for it.

30.3 A further catalyst for action came when the National Authorities upgraded the threat from the Internet to SEVERE.

30.4 The Northern Ireland Office (NIO), for one, heard the message loud and clear, and has taken a number of steps to reduce the potential risks to their information systems from hacking, viruses and other malicious activities.

Maintaining Information Assurance

30.5 The NIO currently runs a confidential network for more than 2000 users across the Department and associated agencies. As time goes on, more and more users within the Department need access to the Internet and email in order to do their job properly.

30.6 As the number of users increased, and the risks to information networks get ever-more sophisticated, the Department’s Information Security Section and Information Services Division joined forces to maintain NIO’s information assurance. Information assurance is defined as: ‘availability, integrity and confidentiality’.

30.7 The first thing they did was to add to the IT Security Policy a new Information Assurance policy, which clearly states who within the Department is responsible for each particular risk to NIO’s Information System.

30.8 In part, NIO produced the new policy in response to new information security guidelines that were put out by CESG, the National Technical Authority for Information Assurance, in May 2005. The Guidance required all government departments running protectively marked information systems to implement a range of new procedures that would help to keep their systems safe and secure.

What does the Information Assurance policy do?

NIO’s Information Assurance (IA) policy provides a risk management approach to all IA related issues. It ensures that the risks to IA are owned by people at the top of the Department; sets out a number of clear policies and processes to be followed by staff in relation to computers, communications systems and the NIO’s other information assets; and also addresses NIO’s legal obligations in relation to managing its information systems.

Combating malicious activity

30.9 The second thing they did was design and implement a comprehensive protective monitoring system, which monitors NIO's network traffic and systems usage for any signs of malicious activity. Alongside this they published a protective monitoring policy.

Excerpt from the NIO's Protective Monitoring Policy

The types of monitoring activities that will occur in the NIO could include:

- Use of automated checking software to ensure inappropriate emails are not sent or received on the system.
- Monitoring system events on the NIO's Computer system.
- Monitoring and archiving all outbound email for any potential security leak, so that evidence can be investigated.
- Examining logs of websites visited to check that you are not downloading pornography or information of a criminal nature, or that will seriously affect the reputation of the NIO.

Putting the emphasis on the people involved

30.10 But while the focus for NIO was inevitably on its systems, the key to making the new procedures work lies firmly with the people affected by them. The Information Security team recognised this, and made a real effort to get buy in from across the Department, including staff and management in the Information Services; Human Resources and Security Divisions.

30.11 Within eighteen months of the project starting, NIO had a new Information Assurance Policy and protective monitoring system in place, without treading on the toes of any staff members, or going over budget or deadline.

How to introduce an Information Assurance system:

1. Address and agree what the expected benefits from the system are before you start – first make the necessary business decisions, and only then look at the technical aspects.
2. Get buy-in from the top.
3. Make sure you don't over or under sell the benefits.
4. Agree the policy and procedures under which the system will be operated before agreeing the design and specification of the system – you'll need to get agreement from any trade unions involved, and also get your proposals reviewed from a legal and equal opportunities perspective.
5. Agree budgets and resources, including staff time in advance, and in detail.
6. Get buy-in from the operational staff affected – they need to be happy about the proposed changes to their roles and to their systems, and it's important to get them on board.
7. Where necessary, use external consultants, but make sure that their time and the expected results are carefully monitored and controlled at every stage.

31.1 The new Juvenile Justice Centre at Rathgael, Bangor, which is due to open its doors in January 2007, is notable for a few reasons. Its first claim to fame is that it will be the only juvenile custodial facility in the whole of Northern Ireland. But from a risk management perspective, it stands out as an example of a construction project that will finish on time, and on budget.

31.2 That's because from before its inception, the Northern Ireland Office team responsible for delivering it made effectively managing risks one of their main priorities.

Working it out

31.3 NIO appointed a Project Risk Manager at the beginning of the project, and one of their first tasks was to organise an initial risk workshop, where interested parties could come together and thrash out what the main risks were.

31.4 This initial discussion formed the basis of the project risk register. On the register, risks were categorised under broad headings such as: 'Timescale / Costs'; 'Design and Construction'; and 'Personnel skills and resources'.

31.5 Next, the risks were prioritised according to the likelihood of them occurring, and their impact on the project if they did occur. Then, each risk was allocated to an owner, who was responsible for managing and reporting on the status of the risk. Any risk that was categorised as 'high' or 'medium' had to have a risk mitigation plan worked out for it by its owner.

31.6 The Project Risk Manager kept a firm hand on developments, and instituted regular reviews of all the risks, as well as sending round monthly update reports. The Risk Manager was also responsible for reporting high level risks, and escalating risks, up to the Senior Responsible Owner every month.

Working in partnership

31.7 The project went into high gear once a suitable building contractor was found. Often, risk management processes can go out the window once an outside party is brought in to do some of the work. But in this instance, the NIO made a point of asking the contractor to adopt the project's approach to risk management.

31.8 Together, NIO and the building contractor developed an Integrated Project Team, that was responsible for delivering the three main strands of the Juvenile Justice Centre project.

The project's three main work strands:

- **Strand 1** – Construction of the new Centre.
- **Strand 2** – Operational and culture change.
- **Strand 3** – Disposal of the surplus land, contractual and commercial issues.

31.9 Each ‘strand’ had a leader, who together with the Project Director and the design champion sat on the Executive Team. The Executive Team monitored the project’s overall progress, addressed any cross-cutting issues or risks that came up, and reported to the Programme Board on a monthly basis.

31.10 Lastly, a ‘Partnering Charter’ was produced, primarily with the aim of giving all the different parties involved a set of guidelines to help them find new ways of working together to achieve the project’s overall goals.

Keeping the lines of communication open

31.11 Another innovation that really bore fruit, in terms of keeping the different people involved talking to each other, was the introduction of regular Risk Workshops. Building on the success of the initial workshop, these meetings enabled participants to brainstorm about potential problems, and their informality meant that everyone in the team felt that they had a voice, and could make a valuable contribution.

Why the workshops were successful

The workshops:

- Provided a regular opportunity to revisit and underpin the Project’s vision, objectives, values and critical success factors.
- Generated a common understanding on Project risks.
- Created a safe environment for Team Members to identify and discuss risks and work through the appropriate mitigation actions.
- Opened channels of communication and team working with team members, who otherwise wouldn’t have been working closely together.
- Enabled issues to be identified and addressed before they escalated into risks.

Reducing risks

31.12 It’s a mark of the project’s success that the number of risks on their register has reduced as the project has rolled out. In particular, the number of ‘high’ risks has been managed downward, as key milestones have been achieved and decisions have been agreed.

31.13 Even where changes and unexpected issues have cropped up, they have been dealt with effectively, and haven’t derailed the project’s budget or timescale in any way. Just 0.3% of the total construction cost has been spent on subsequent changes to the Centre’s design.

31.14 NIO and their partners have managed to really do justice to the idea of effective risk management.

How to deliver on time and on budget:

- Make risk management a priority right from the start of the project.
- Encourage good communications between team members – informal workshops work really well to get issues out in the open, and encourage people to open up about potential problems.
- Make it a team effort – if you are delivering a project in partnership with others, make sure that everyone understands the importance of maintaining a consistent approach towards risk management, and is working towards a common goal.
- Provide a blue print for problem solving – set out expectations and design common systems for things like ‘change control’ at the beginning of the process, so all the partners know what to expect.

32.1 When you talk about risk, it doesn't get much bigger than the Office of Government Commerce's ongoing responsibility for the Efficiency Programme.

32.2 By 2007-8, the Efficiency Programme is committed to delivering gains in excess of £20 billion; this includes reducing civil service posts by 84,000 and relocating 20,000 public sector posts away from London and the South East.

32.3 Against this backdrop, then, it's little wonder that the Office of Government Commerce has its hands full, managing risks across more than 20 departments, six workstreams and numerous public sector bodies

The Efficiency Team's responsibilities

In partnership with HM Treasury, the Efficiency Team is responsible for:

- Monitoring progress by departments against their individual efficiency targets for 2007-08.
- Providing support to departments to help them deliver their efficiency plans.
- Promoting more improvements in efficiency through re-engineering processes and introducing more radical reforms.
- Helping to introduce a longer-term culture of efficiency within the wider public sector.

A mammoth task

32.4 The biggest risk facing the programme is that it fails to meet its targets, which are being delivered through a series of complex programmes and projects by individual departments. One of the tools the Efficiency Team use to counter this is to ensure that every department, agency and organisation is practising good risk management.

32.5 As well as supporting departments in developing robust risk management systems, the OGC Efficiency Programme Team is also responsible for spotting any potential risks at an overall Programme level.

Three key elements to managing risk

32.6 To help them, OGC's Efficiency Programme Team has developed a risk management strategy based on three key elements.

- The first is to make risk management an integral part of the day-to-day activity of the programme.
- The second is to establish a framework to ensure that risk is being effectively managed across the Programme.
- And the third is to provide the tools to the different functions within the Efficiency Team that enable them to support successful delivery.

The 10 commandments of managing risks to the Efficiency Targets

1. Understand the “Likelihood of Delivery” through regular and robust assessments of delivery plans. The things that get in the way of successful delivery are likely to be clues to the big risks.
2. Work closely and jointly with those responsible for delivery to reduce the risks. Establish a process for undertaking joint reviews with the delivery agents and jointly agree and deliver on any recommendations.
3. Ensure that your key stakeholders are getting the information they need about risk in a way they are happy to receive it. Ask them what they want and act on any feedback.
4. Establish a governance structure that makes it easy to effectively manage and escalate risks. Make sure everybody involved knows and understands their role.
5. Get some outside grit in your governance structure to give an independent view on the quality of risk management. For the Efficiency Programme this takes the form of a Risk Steering Group with some independent members.
6. Embed risk management in the day-to-day activities of the team. Everybody has a role to play and it’s not all down to the risk manager.
7. Regularly meet with your stakeholders both within the programme team and those charged with delivery.
8. Share best practice and lessons learned, in a large and complex programme there could well be someone else who has already seen the risk you are struggling with. The Efficiency Programme established a Cross Departmental Risk Forum to bring delivery agents together.
9. Identify and assess your risks on a common basis through an agreed methodology.
10. Train your stakeholders. The Efficiency Programme Team has developed and delivered a series of training packages, tailored to specific needs, across the programme.

Reinventing the risk management wheel

32.7 In July 2006 the Efficiency Programme was able to report delivery of £9.8bn efficiency gains, 45,457 post reductions and 7,800 relocations and that it was on track to meet its targets, a very positive reflection on the effectiveness of risk management across the programme.

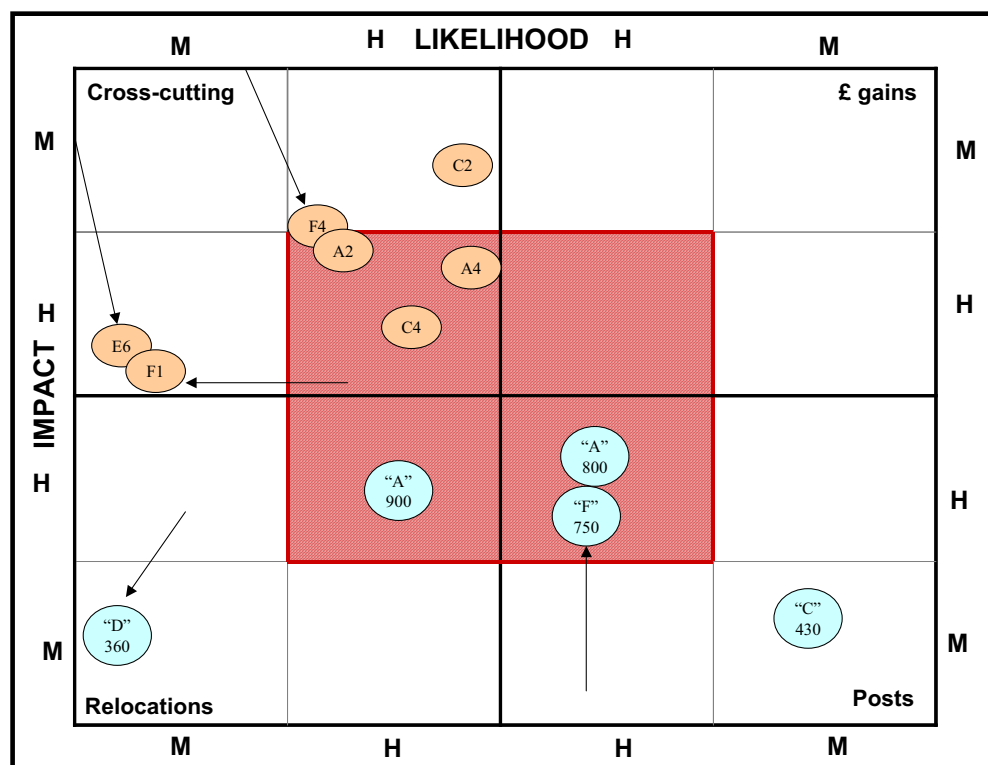
32.8 Apart from an enormous amount of hard work, the Efficiency Team also attribute their success to a few other factors. Chief amongst these is the fact that senior management have really appreciated the benefits of good risk management. As a result, they were happy to dedicate their time and resources to discussing and reviewing the risks involved.

32.9 It also helped that the Efficiency Team didn’t have to keep re-inventing the risk management wheel. On the one hand, many departments were willing to share their experiences of common problems, and how they solved them, and to learn from each other. On the other, the Efficiency Team had developed a robust methodology, based on existing best practice, to help Departments to manage the risks facing them – no-one had to start from scratch with the basic principles.

Risk Radar

32.10 That's not to say that there haven't been some challenges along the way. When you are dealing with so much information, that is changing so rapidly, across so many different departments and areas, it's not always easy to know what information should be highlighted and prioritised.

32.11 The Efficiency Team solved that particular problem by creating a 'Risk Radar' report, which has proven extremely successful in enabling top-level management to focus on the big risks within the Programme, and to understand their impact. The Efficiency 'Risk Radar' provides a pictorial view of the top risks facing the programme. The 'Risk Radar' also incorporates the work done to quantify the risk to delivery in the Efficiency Programme, which has been instrumental in prioritising resources and informing debate on contingency.



How to keep the Efficiency Programme on track:

1. Encourage management to get involved, and help them to understand why it's worth investing time, money and effort in good risk management.
2. Use risk management on a day-to-day basis to help deliver practical outcomes, not as an occasional box-ticking exercise that isn't linked to the reality on the ground.
3. Invest to establish a centralised, dedicated risk management function.
4. Adapt and enhance risk processes and methodologies as you go along, making sure it meets the specific needs of a particular stakeholder.
5. Recognise and respond to the changing nature of risks. Earlier on, the main risks were focussed on plans and planning capability; now, the focus is increasingly on delivery.

Why managing risks is important

33.1 We all know that a certain amount of risk taking is inevitable, if we want our organisations to achieve their objectives. But the key to encouraging innovation and improving performance lies in the effective management of risk.

The advantages of risk management

Effective risk management leads to:

- increased certainty and fewer surprises.
- better service delivery.
- more effective management of change.
- more efficient use of resources.
- better management at all levels through improved decision making.
- reduced waste and fraud, and better value for money.
- innovation.
- management of contingent and maintenance activities.

Doing the business

33.2 Risk management really comes into its own in the realm of business change, which tends to be the most uncertain activity for an organisation. Some time ago, an NAO / OGC study into the common causes of project failure was published, which identified eight common causes of failure.¹

33.3 More recent work by the OGC Better Project Directorate, (the Gateway Team and Mission Critical programme), confirmed that these problems are still occurring.

33.4 Fortunately recent studies have identified five key issues that can help to address these weaknesses, and make projects more likely to succeed.

The elements required for project success

- Strong leadership and project team capabilities.
- Senior management understanding and buy-in to the programme and project management.
- Splitting a complex project into manageable chunks.
- Good understanding of technical innovation, and the risks involved.
- Using proper portfolio management to run a portfolio of projects.

¹ The eight common causes of failure can be found on the OGC website in the Common causes of Failure booklet at <http://www.ogc.gov.uk/documents/cp0015.pdf>

What does project success look like in practice?

1. **Strong leadership and project team capabilities:**
 - Senior management provides clear direction and objectives.
 - The project team includes the necessary skills and is adequately/appropriately resourced – particularly project support.
 - Individuals are clear about their roles and responsibilities and have sufficient authority to be effective in those roles.
 - The project team is supported through mentoring/coaching, if there is some lack in experience within the team.
 - Procurement activity is supported by appropriate procurement and legal advice.

2. **Senior management understanding and buy-in to the programme and project management:**
 - Senior management recognises the benefits of following a management approach and demonstrate that commitment.
 - Management confirms that project benefits meet business requirements.

3. **Splitting a complex project into manageable chunks:**
 - Projects are split into achievable milestones – and don't disappear into a 'black hole' for months, without any external show of progress.
 - There is a clear understanding of the benefits and costs of the project, which is re-evaluated throughout the project to ensure that it remains viable.
 - There is a clear view of how benefits will be realized, and how project success will be measured.
 - Project team members understand who their key stakeholders are, and ensure that stakeholder issues are considered when defining the project (particularly success criteria).
 - There is a clear understanding of whose view of success is important.
 - Contract managers work with others to deliver the business change in such a way that all parties understand what is going on, and understand how everyone will benefit.
 - The financial implications of the project are clearly understood – it's clear when particular activities will need to be paid for, and where the funds to do so will be coming from.

4. **Good understanding of technical innovation, and the risks involved:**
 - The project team has the necessary skill and experience to understand the nature of the technical solution being proposed, and to make a clear business decision in regard to the risks of being at the forefront of using new technology.
 - The project team has the necessary experience to understand what the market has already proven it can deliver, from a technological perspective. And if more is required, they also have the experience to understand the additional risk that comes from that extra requirement.

5. **Using proper portfolio management to run a portfolio of projects**
 - Where several projects are being run in parallel, the project team needs to understand the impact each project could have on the other, to better manage the whole. One project may need priority either because it supports future project outcomes or because it is more vital to the business. Looking at the portfolio of projects allows such resourcing decisions to be made
 - Scheduling and planning should reflect the overall mix of projects and business operations. Particular attention should be placed on identifying key individuals who are involved in several activities at once, with a view to freeing them up from one project if they have a critical contribution to make to another.

How to find out more about best practice in risk management

HM Treasury and OGC have produced a lot of risk management guidance, including:

- **HM Treasury Orange Book** - which addresses risk principles and concepts. The Orange Book is available at: <http://www.ogc.gov.uk/documents/cp0015.pdf>
- **Managing Risks with Delivery Partners** - which is specifically aimed at the risks inherent in partnership relationships. This is a joint HM treasury/ OGC joint publication and can be found at: <http://www.ogc.gov.uk/documents/cp0013.pdf>
- **OGC's risk management guidance** - this can be found on the OGC website at: http://www.ogc.gov.uk/introduction_to_the_resource_toolkit_documentation_and_templates.asp
- **Management of Risk: Guidance for Practitioners** - this is an OGC publication that is available from The Stationary Office (TSO) and can be found at <http://www.tso.co.uk>.

Or you can visit the following organisations on the web:

- The Institute of Risk Management at: <http://www.theirm.org/>
- The Association for Project Management at: <http://www.apm.org.uk/>
- The Civil Contingencies Secretariat at: www.resilience.gov.uk

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