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31 October 2022

Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London
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Dear Chair,

Further to the previous letter dated 29 July 2022, we are writing to provide a final update on our commitments to improve risk management in government, in response to recommendation 5 in your Thirteenth Report - Initial lessons from the government's response to the COVID-19 pandemic. We are copying this letter to James Bowler, and the Comptroller and Auditor General.

Progress made on the original commitments and our future plans are shown in Annex A and we remain on-track to complete the near-term actions for delivering the three commitments that we made to you.

Enhance capabilities and drive professionalism

The "Accredited Risk Manager" accreditation was launched in September 2022 and is live on Civil Service Learning and on the Government Finance Function's website. The accreditation was developed through the cross-government Skills & Capability working group of the Heads of Risk Network and coordinated by the Risk Centre of Excellence (CoE). Also, the Government Risk Profession is now listed on Prospectus Online - the key digital platform for Civil Service learning and development activities.

A risk management "powerpack" has been developed and implemented. It is a collection of risk management approaches, methodologies, standards and templates used across government – enabling risk specialists across government to access, adopt and adapt similar approaches for their own use in improving risk management capability.



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Collaborate across boundaries

The CoE continues to create, map and support cross-boundary networks and initiatives in order to help ensure cohesion, awareness and improved collaboration on risk-related matters.

Departmental Heads of Risk and Chief Risk Officers now meet every six weeks as the Heads of Risk Network, to discuss current issues and identify and implement collaborative working groups on matters of common interest. The Head of the Government Risk Profession meets regularly with departmental Heads of Risk bilaterally to understand improvement plans and share experiences from elsewhere, and is ensuring cohesion with other initiatives such as the refresh of the resilience strategy and the “Golden Thread” internal control project.

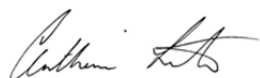
The CoE runs the cross-government Risk Improvement Group (RIG), providing monthly live and on-demand learning opportunities for over 650 risk specialists who the CoE now communicates with directly via a monthly newsletter. The September RIG session focused on lessons learned in assessing and improving risk management maturity, with October’s discussion being about risk assurance mapping.

Strengthen leadership and enhance credibility

The CoE has further developed principal risk reporting to the Civil Service Board, with clearer analysis on the drivers of the risks discussed, and possible consequences in different scenarios. The CoE has supported officials in other teams on “deep dives” into specific areas of riskiness and worked with owners of several HMT owned processes to ensure continued consideration of riskiness relating to spending options and planning and performance processes.

These achievements and plans reaffirm our commitment to continually improving risk management across government. We propose this is our last written update to PAC on progress but going forward, we (and the Head of the Government Risk Profession) would be happy to brief the Committee in person to discuss future plans.

Yours sincerely



Catherine Little



Alex Chisholm



Annex A: Risk management commitments – progress on near terms actions



Risk management commitments:

Progress report on near term actions
(by end of FY2022/23)

October 2022

We put finance at the
heart of decision making.
Driving the agenda,
not just keeping score.



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Risk Management Strategy & Delivery Plan (Jan 2022)

We committed to deliver the following three things:

Commitment	Deliverables we committed to
1) Strengthen leadership and enhance credibility	<ul style="list-style-type: none">✓ Promote and embed good practice risk management processes within departments.✓ Continue to develop principal and emerging risk analysis for the Civil Service Board (CSB).✓ Increase the support for and coordination of reviews that examine actions and plans for the effective management of these risks.
2) Collaborate across boundaries	<ul style="list-style-type: none">✓ Understand and embed lessons on where risks could be managed better or more transparently to improve business-as-usual service delivery and help us to cope better with future emergency responses.✓ More collaborative and shared horizon-scanning and risk intelligence that identifies and assesses aspects that may impact on medium-term strategies and delivery within and across departments.
3) Enhance capabilities and drive professionalism	<p>Promote innovation and increase confidence to take considered risks through:</p> <ul style="list-style-type: none">✓ Professionalising risk management.✓ Building risk management awareness and knowledge across leaders at all levels of government organisations.✓ Influencing the risk culture of the Civil Service.



1) Strengthen leadership and enhance credibility

Near term actions (to be completed by end FY2022/3)

1) Improve transparency and awareness around the CoE including the purpose of CSB reporting.

2) Start to improve the quality of reporting to CSB through a greater focus on external and systemic risks, aggregated cross-government risks, highlighted trends, confidence in management plans and areas of note or concern, and mitigation strategies, as well as a more standardised approach to reporting across government (ongoing). This will mean improving cross departmental horizon scanning, analysis, and intelligence sharing. Move to quarterly reporting with lighter touch interim reports focused on significant changes flagged by departments.

3) Better integrate risk management into wider government processes. For example, this will examine governance and assurance processes such as Outcome Delivery Plans, the Treasury Approvals Processes, Major Projects Review Group reviews, investment committees, audit and risk assurance committees, Boards, departmental performance assessments, and incentives (for instance, the Spending Review and other resource allocation processes) (ongoing)

4) Embed the existing library of central government risk management standards, guidance, case studies and promote awareness of them. This will include reviewing the Terms of Reference of the Heads of Risk Network and Risk Improvement Group to examine the potential to develop their roles in disseminating and embedding best practice.

Establish a cross department risk management profession with certification and training (see slide 5). Improve understanding in Civil Service leadership of the importance of risk management and their role in it (see slide 5)

Progress update at October 2022

We have developed a plan for all the near term actions and made further progress including:

- We have raised the visibility of the CoE by communicating regularly with over 650 risk specialists across government. Our monthly newsletter to the risk management community highlights the work of the CoE and others across government and enables risk specialists to understand and link into initiatives going on in other parts of government.
- Production of the CSB principal risk report coordinated by the CoE now involves wider discussions between owners of principal risk themes and risk specialists across Government, helping participants: understand how the risks themes impact and are being impacted by others; understand the value in the production process as well as the report and; buy in and contribute to the analysis undertaken by the owners. It also helps achieve greater focus on the areas set out under action 2. The CoE has also supported officials in other teams with their analysis on "deep dives" into specific areas of riskiness.
- The CoE is engaged in discussions on the positioning of risk in the development of planning, approvals and performance processes. For example, departments have been encouraged to consider riskiness in their plans as part of the Reprioritisation, Efficiency and Productivity Review.
- A project has identified all the risk control standards and guidance that departments should be adhering to and a working group is developing the list into a comprehensive assurance checklist.
- The frequency of the Heads of Risk Network meetings has been increased and different working groups from the network have been supported in their activities. The Risk Improvement Group (with a subscriber base over four times that which it was previously) now meets online every month with plans for in-person events being developed too.



2) Collaborate across boundaries

Near term actions (to be completed by end FY2022/3)

Actions 3 and 4 on previous page.

5) Establish and clearly articulate the respective responsibilities of the CCS, National Security Secretariat, Government Office of Science, GIAA and CoE as the central stakeholder groups in supporting systemic risk management and identify how they can work together to deliver the most impact.

6) Clarify the role of departmental and functional heads in strategic horizon scanning and sharing insights on systemic risks - covering analysis, reporting and management of emerging risks.

7) Start to identify and implement improvements to processes for these organisations working together and sharing information as appropriate, to ensure that this work is effective, efficient and timely in identifying risks and mitigation strategies (ongoing).

8) Work with these stakeholders to start to develop and implement improvements to processes for delivering coordinated, consistent and high-quality advice on systemic and other cross-cutting risks to departments at an appropriately senior and central position, supporting a coordinated response by departments (ongoing). This should join-up with the Cabinet Office Civil Service Reform team and their review into improving Civil Service governance and establishing behaviours around processes and accountability for managing risks across organisational boundaries.

Progress update at October 2022

We have developed a detailed plan for all the near-term actions and made further progress including:

- A draft articulation of responsibilities has been developed for the areas committed to (some of which have undergone significant restructuring over the summer). This has been based largely on discussions with those involved and publicly available text as well as our experience of working with them on specific challenges such as leveraging information from the National Security Risk Assessment and the further development of risk control assurance frameworks. We will continue to work with those stakeholders to identify and deliver improvements in collaborative working.
- Implementation of a risk management "powerpack" of risk management approaches, methodologies, standards and templates which is now available for the risk community, to enable risk specialists across government to adopt and adapt similar approaches for their own use in delivering risk management capability improvements.
- The CoE now participates in the Horizon Scanning Network events and we are working with departmental Heads of Risk to understand their roles in horizon scanning, and to identify improvements to current ways of working.
- Work has begun to identify and promote awareness of existing networks. Stakeholder mapping and segmentation is also in progress to target opportunities to enhance joined up working across the profession.
- The CoE is communicating with the Cabinet Office Civil Service Reform team and intends to contribute to improvement of the way risk is considered as part of their work on cross-organisation governance and management. The CoE is also playing an active role in our response to portfolio risk aspects of TM16 which addresses cross-government coordination and cohesion, based on lessons learned from cross border travel restrictions during COVID 19



3) Enhance capabilities and drive professionalism

Near term actions (to be completed by end FY2022/3)

9) Building on the GFF Finance Career Framework and Risk Management Skills and Capability Framework, develop an L&D offer with accreditation to deliver them.

10) Build and disseminate a compelling narrative about what risk management is, and why it is important for different stakeholder groups (such as for different functions, the policy profession, delivery teams, Senior Civil Service (SCS) /Non-Exec Directors).

11) Start to take advantage of opportunities arising to embed this narrative and more widely influence culture and drive improvements in leadership including through e.g., in training for new ministers, new SCS, new joiners to the Civil Service (ongoing).

12) Build on existing CoE guidance and actions 9) and 10) to develop a risk management specific training offer for non-risk professionals.

Action 3 on slide 3.

Progress update at October 2022

We have developed a plan for all the near-term actions and made further progress including:

- The “Accredited Risk Manager” accreditation was launched in September 2022 and is now live on Civil Service Learning and the Government Finance Function’s website. This complements and aligns with the Finance Career Framework and Risk Management Skills and Capability Framework. The accreditation has been developed through the cross-government Skills & Capability working group of the Heads of Risk Network and aims to support and strengthen the professional development of risk specialists across government. This includes developing both the technical and behavioural skills that are required to be an effective risk management professional in government.
- The Government Risk Profession is now listed alongside other government professions and the CoE is involved with working groups about the development of online forums for future use by all professions and communities of interest
- Some risk management training is now provided through the monthly Risk Improvement Group sessions and some new risk management group training sessions have been trialed by the CoE in some parts of government.
- Development of a risk management training offer for non-risk professionals is on track to be completed by April 2023. For example, we are in discussion with those responsible for organising central SCS training about embedding risk management elements in a more sophisticated way to help drive behavioural change and cultural improvements on risk management
- The CoE has started developing tailored narratives for different stakeholder groups and has been trialling language in collaboration with different groups. For example, “think about overall riskiness of choices rather than just lists of risks” is helping some stakeholders understand the value and relevance of risk management to business decisions.

