Prepared remarks

IRGC expert workshop: Public sector governance of emerging risks
17-18 September, Lausanne

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Changing landscape

How it's changing
Transformation in government

- Risk sharing and apportionment (e.g. biosecurity on farms with respect to animal disease)
- Reduced public funds for managing residual risk (e.g. prioritising policy risk in the long term)
- Managing <u>more</u> risk, responsibly (opportunity management within the public sector; <u>not</u> recklessness)
- Beyond compliance and self-regulation (e.g. 'nudge', voluntary agreements and 'earned recognition')
- Localism (US/UK), devolved risk governance and enhanced risk management maturity
- The red-tape challenge agenda

How it's changing
Transformation in the firm […]

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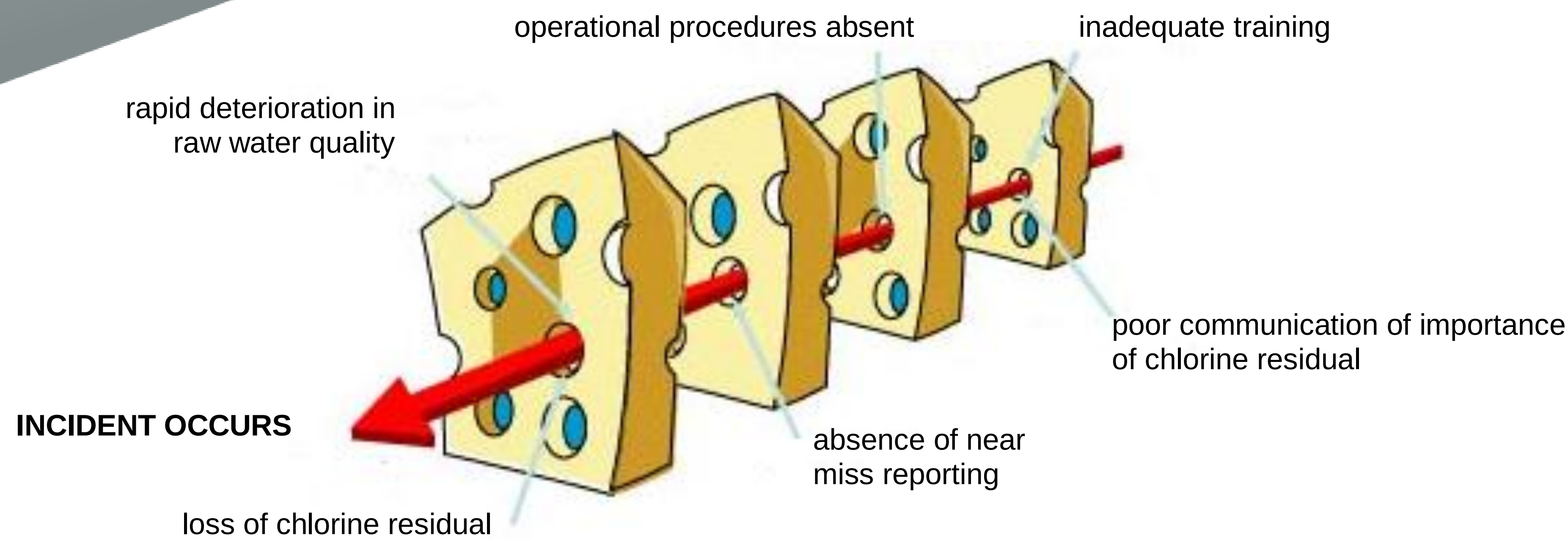
- As above, and also:
- Raised expectations of risk governance and Board oversight, Board behaviour (foreseeability complications), shareholder scrutiny
- Evidence for corporate claims of responsibility
- The rise of the chief risk officer/group risk manager
- Environmental risks as mainstream
- Networked / systemic risk remains poorly understood
- 'Outsourced' risks re-categorised as a core threat

[...] and an improved systemic understanding



Latent flaws lie dormant - "if you don't actively manage risk, it doesn't go away, it just builds up".

(after Reason, 2000)

How it's changing (3)
Risk and the citizenry

- New risks, new risk managers
- Making our own arrangements (e.g. flood risk management)
- Risk literacy and NGOs, and then
- Dealing with experts and expertise (advocacy and evidence)
- Local fora, participation
- Politicization of risk

An acceleration of an established agenda

One research response
Corporate risk governance

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Risk specialization	Enterprise risk awareness	Risk management integration	Risk/mitigation optimization
Senior Management and Board information needs evaluated; Preliminary risk profile developed; Policies established or refined; Standard terminology, techniques, documents established; Functional unit accountabilities clarified	Risk Profile refined (focus is on residual risks and tolerances); Regular reporting to Senior Management and Board of Directors established; Corporate risk assessment embedded in business planning process; Local risk owners identified; local risk management expertise identified; skills and knowledge transfer occurring	Corporate performance measures refined to recognize risk tolerances and priorities; Risk assessment and prioritization fully embedded in business planning; Risk profile interdependencies recognized; Local risk management processes fully active	Clear ties between stakeholder value and risk management activities; Comprehensive risk portfolio created; new risk exposures identified early; appropriate priority and mitigation determined quickly; Risk management embedded all key business processes, including strategic planning; Local risk management processes fully aligned with Corporate objectives
6 months	12 months	18-24 months	24-48 months

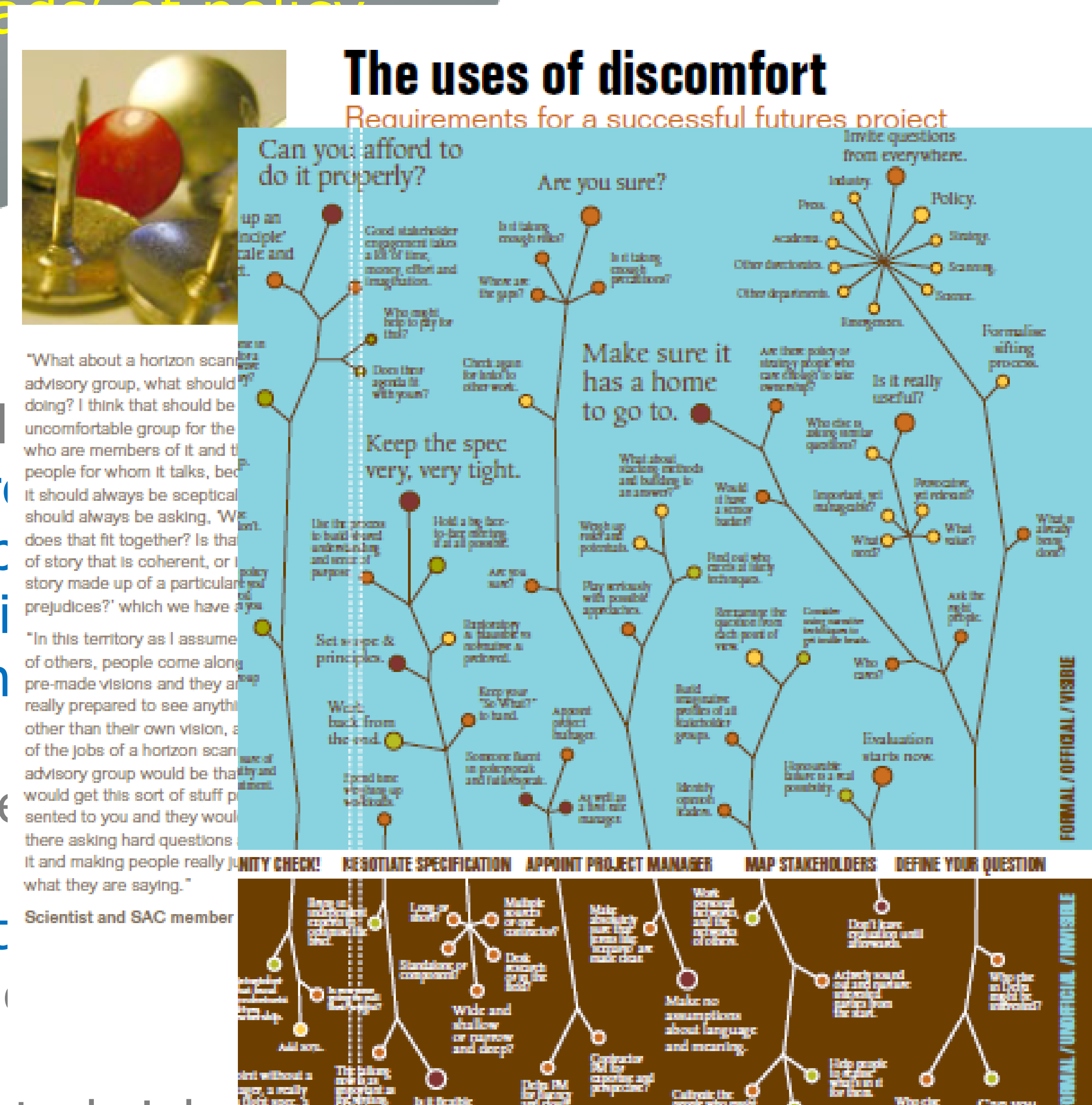
Organisational value

Process sophistication

(after Fraser, 2005)

Some remarks for
'Deputy hea

- Good risk … es
  business l
- Use risk r … petite,
  accountab … ng
  residual ri … or
  'golden th
- Expect to … e policy
  level – the
- Risks and … niques
  plus creat
- You will b … er your
  people.
- Get a trusted risk champion and use them.



The uses of discomfort

Requirements for a successful futures project

"What about a horizon scan… advisory group, what should… doing? I think that should be… uncomfortable group for the… who are members of it and t… people for whom it talks, bec… it should always be sceptical… should always be asking, 'W… does that fit together? Is tha… of story that is coherent, or i… story made up of a particular… prejudices?' which we have a…

"In this territory as I assume… of others, people come along… pre-made visions and they a… really prepared to see anythi… other than their own vision, a… of the jobs of a horizon scan… advisory group would be tha… would get this sort of stuff p… sented to you and they woul… there asking hard questions… it and making people really j… what they are saying."

Scientist and SAC member