



## Annual Round Table

THURSDAY 8 JANUARY 2009, HIGHWAYS AGENCY, MANCHESTER.

Ray Butler welcomed us to the Highways Agency once again for a meeting which took place in the early days of the new year rather than during the Christmas rush as previously. This may explain the much better attendance: there was a lively group of 25 people contributing. For the second time the agenda included an AGM for the group.

### Key Risk Indicators

Nicola Crawford of Business Resilience Group gave a short briefing on the KRI concept. She emphasised the great potential that *predictive* KRIs have for improving risk management. However this potential can typically only start to be realised after 2 years' maturity in risk management.

Nicola's presentation generated discussion around the differences between KRIs and KPIs. It was proposed that a more in depth event be arranged in the North West for people to pursue this and other KRI topics further.

### NW Regional AGM

Meetings in the previous year had been the following.

| Date            | Topic   | Joint?             | Location        |
|-----------------|---|--------------------|-----------------|
| 3 December 2007 | Christmas Hot Topics and AGM                      | No                 | Highways Agency |
| 31 January 2008 | Learning from the lean method and risk management | IRM Innovation SIG | NWDA            |
| 29 April 2008   | Financial perspectives on risk                    | No                 | PWC, Leeds      |



|                  |                           |    |                 |
|------------------|---------------------------|----|-----------------|
| 17 July 2008     | Improving risk management | No | Highways Agency |
| 26 November 2008 | Risk management in action | No | Highways Agency |
| 8 January 2009   | AGM and round table       | No | Highways Agency |

It had been noticed that these meetings had been well attended in spite of the absence of joint events. This was considered to indicate a good measure of success. Reports of the meetings, and most of the presentations are available on our part of the IRM web site. For most meetings we had prepared feedback reports and these had been useful in selecting future topics and eliciting offers of help.

Our current plans for the year ahead are as follows.

| Date           | Topic                       | Joint?                      | Location        |
|----------------|-----------------------------|-----------------------------|-----------------|
| 8 January 2009 | AGM and round table         | No                          | Highways Agency |
| 30 March 2009  | Public perceptions of risk  | South Yorks Fire and Rescue | Sheffield       |
| 9 July 2009    | Risk to project performance | APM                         | Manchester?     |
| October 2009?  | Partnership risk?           | ALARM?                      | ?               |
| January 2010   | AGM and round table         | No                          | Highways Agency |

The steering committee had comprised Ray Butler (Chair), Andy Garlick (secretary), Mike Robertson, Tim Chronnell, Kate Boothroyd and Antony Davies. Ray announced his intention to stand down from the chair and the members present were content for him to be placed by Kate with the committee membership remaining unchanged.

All present joined Ray in thanking the committee – and previously Jenny Rayner - for their hard work. And everyone thanked Ray for all he done over the 5 years he had chaired the group.

## Hot Topics



We were able to cover 4 areas this year. The feedback confirmed these were of great interest to members.

First Neil Rodgers, head of group risk management at Balfour Beatty, talked about their approach to **opportunity**. Balfour Beatty have been visibly managing opportunities as part of their risk framework for about 10 years and this probably makes them leaders in this area of risk management. He discussed the definition and psychology of opportunity and how positive risk is perceived by most people, if at all. Although the number of opportunities is much less than the number of risks (10-30% of the total depending on whether the context is a project or strategic) they are key to making projects fly as they counter the costs of negative risk. It was agreed by all that opportunities need to be explicitly managed and Boards need to support this.

Next Antony Davies, head of internal audit at the Cumberland Building Society, led a discussion on **business continuity** in the context of the FSA guidance on this (see notes for references). This guidance identifies standard and leading practice in each area. As a result of this the Cumberland had carried out a gap analysis and instituted a Business Continuity Committee. The role of internal audit was to carry out an annual investigation of whether effective controls are in place to mitigate the risk of business interruption. Antony noted that the FSA guidance was not specific to the financial sector and there was some discussion about how it compared with BS 25999.

Barbara Cotton of Oldham MDC led a discussion on **partnership risk** with a view to deciding whether a specific meeting should be held on this. It was recognised that the more generic issue is the risks involved when organisations work together whether as part of the supply chain or in joint ventures. It was also recognised that the public and private sectors shared similar issues although the jargon differed. Overall it was thought that a meeting which aimed to collect examples of good practice and present them as more generic case studies would be useful. This may be a suitable meeting for October which it was provisionally agreed should be joint with ALARM.

Much discussion was generated by the next topic – **did risk management cause the credit crunch?** – which was led by Gary White of Risktec Solutions. Gary's hypothesis was supported by the idea that risk management gives the illusion of everything being under control whilst in fact the organisational behaviour is driven by short-termism and objectives which increase risk. In discussion it was noted that greed on all sides – borrowers as well as lenders - had led to a high level of risk taking, and that there were perfectly good examples in the banking sector where a clear and enforced risk appetite had protected companies.



Finally Andy Garlick noted that **BS 31100** had been issued the previous October with little excitement in the risk management community and asked why. It was surprising that the discussion indicated that few people had much enthusiasm. The main comment was disappointment that the standard (unlike its business continuity counterpart) was a code of practice which an organisation could not be accredited to. Andy thought this was just as well as, like other similar 'standards', it was not of sufficient rigour to survive detailed examination.

With this somewhat negative thought we concluded the meeting and departed for less formal discussions. The presentations are all on the website.

Andy Garlick / Ray Butler  
IRM North West  
28 January 2009