IRM Submission to the Public Administration Select Committee inquiry

‘Building Civil Service Skills for the Future’

About the Institute of Risk Management

IRM is the leading professional body for risk management. We are an independent, not-for-profit organisation that champions excellence in managing risk to improve organisational performance. We do this by providing internationally recognised qualifications and training, and publishing research, guidance and raising professional standards across the world.

Our 5,000 members work in all industries, in all risk disciplines and across the public, private and not-for-profit sectors.

IRM regularly contributes to relevant government consultations, most recently those on Better Regulation, Transport Resilience to extreme weather events and Whitehall’s Capacity to address future challenges.

IRM welcomes the opportunity to contribute to this inquiry. Our summary responses to the following questions asked by the Committee are

1. The Government's current approach to training and development within the Civil Service.

- There are examples of preparedness, proportionality and a strategic approach to training. The principles and practice of risk management are self-evidently becoming more important for the Civil Service as it adapts to reduced budgets and an increasingly fast-paced risk environment. Overall, however, there is inconsistency across departments, little evidence of support for professional training and development in risk management and too much silo-working. These issues are of course not unique to the Civil Service.
2. The extent to which the Civil Service Capabilities Plan (published in April 2013) addresses both current and future demands of Government.

- The Civil Service Capabilities Plan 2013 does not adequately reflect the actual risk management skills Departments require, particularly at senior levels. The Civil Service Capabilities Plan 2015-16 should include a new, specific risk management competency at relevant levels of seniority. This should reflect the importance of embedding enterprise-wide risk management and expertise across all departments. This goal should be supported in practice and principle by Ministers.

3. The importance of ‘corporate memory’ in the delivery of good governance.

- Cuts are impacting on the retention and recruitment of expert senior staff and institutional knowledge. More needs to be done to both anticipate future challenges and build ‘corporate memory’ - both of successful and unsuccessful risk management strategies and approaches so that lessons may be learnt.

- Rotation of officials encourages wide, but not deep, departmental knowledge. It is a disincentive to develop risk and project management expertise and embed an effective departmental risk culture.

4. The importance of leadership and employee engagement in promoting and sustaining skills and capabilities.

- Designated members of each department’s governing body should be given formal responsibility for improving and embedding risk management training and proficiency across the organisation.

- Formal cross-departmental platforms which encourage ongoing learning for officials with risk management responsibilities should be supported at Cabinet level.

Training and Development

The Civil Service plays a central role in identifying, managing and mitigating risks facing the government and anticipating future challenges. From pandemic to cyber threats, terrorism to future energy security, and the everyday risk of mismanagement and operational error, the demands on our public officials – whether in terms of policy development or implementation – are extremely high.

However, training of Civil Servants to deal with current and future demands is inconsistent. There have been recent successes, particularly in departments and agencies which encourage ongoing learning and expertise, such as those with responsibility for cyber security.

There are other examples, such as the problems with Universal Credit rollout and the Passport Office backlog which indicate the substitution of an ‘optimism bias’ for a trained risk review approach in some departments. The lack of training in risk review and management results in a lack of flexibility, confidence and leadership in responding swiftly to early warning signs and leads to public perception of a ‘u-turn’ culture.
The lack of a consistently embedded approach to teaching skills which help staff manage risks and identify opportunities inhibits the Service’s ability to learn from both best and poor practice and plan and prepare for future challenges. This is compounded by the short term nature of the electoral cycle which creates an obstacle to a long term strategic approach, as seen with pension reform, additional runway capacity and renewable energy policy.

Another issue is the disparity in the strength of risk cultures between departments. Risk management is often only prioritised in departments and agencies explicitly charged with compliance. The Financial Conduct Authority, for example, has a sophisticated risk culture and mandates for ongoing learning and building expertise among its staff. All departments should have an effective risk management strategy overseen by one or more designated senior staff.

Future-proofing Civil Service Capability

One of the priorities in the Civil Service Capabilities Plan is to ‘develop commercial skills and behaviours’. In the commercial world, risk functions are increasingly leaving their compliance silos and becoming embedded across organisations. This enterprise-wide, rather than compliance-based, approach to risk management is a direct response to the challenges and threats of an increasingly globalised and interdependent world. Departments need to speed up both their knowledge of risk management and the embedding of organisation-wide risk culture to do the same.

Given the urgency of future preparedness, IRM recommends that the Civil Service’s Capabilities Plan for 2015/16 should include a new specific risk management competency at relevant levels of seniority. This competency should be included in individual Performance Plans, with clear learning and application outcomes. This objective should be supported in practice and principle by all departmental Ministers and Permanent Secretaries.

IRM is currently in the final stages of agreeing its competency framework and revised professional standards. As with those for civil servants, IRM’s framework provides specific levels of skills and behaviours expected of risk management professionals at each stage of their careers. We would be very happy to share this with the Inquiry.

Creating and embedding corporate memory

The UK Civil Service has a history of expertise and specialism. Yet staff retention in the face of reduced government spending has been problematic, particularly at specialist and senior levels. ONS figures show there were a total of 439,900 civil servants at March 2014, 17% fewer than in 2010. Ministers need access to expertise to risk manage uncertainty, major projects and future strategy.

They therefore need confidence that their officials are trained and able to review current and potential risks and advise on the most effective ways to manage the threats and, ideally, maximise the opportunities. Departments need to invest in the training of those ‘coming up the ranks’, fast streamers and junior specialists.
Civil servants as far afield as Scotland, Australia and Denmark, for example, report that one of the benefits of ‘default’ coalition governments is that civil servants are equipped, trained and expected to scrutinise new policy proposals and legislation to identify risks, recommend how to manage them and ensure proposals are fit for purpose.

A similar culture of training in risk review would help Ministers avoid the pressure to make knee-jerk or ‘sticking plaster’ announcements which require officials to work backwards to deliver.

The importance of risk training for Civil Service governance and transparency

Thorough risk-analysis undertaken ‘upfront’ would mitigate both the immediate risk of departments making poor decisions when it comes to removing or creating regulations, and minimise expensive unintended consequences further down the line e.g. the u-turns about proposed routes and infrastructure for HS2. Again, Civil Servants need to have the training and expertise to ensure they can undertake this role confidently and competently.

Identifying a department’s risk appetite against the government’s risk tolerance needs to happen at the top. Designated members of each department’s governing body should be given formal responsibility for improving and embedding risk management proficiency across Government, with formal and public support at Cabinet level.

The Financial Reporting Council’s revised corporate governance code, for example, formalises the importance of strategic risk management for UK listed companies. It now requires companies to ‘robustly assess’ the main risks facing their business and explain how they are being managed or mitigated. We suggest that government departments should be aspiring to the same levels of operational efficiency.

Supporting Civil Servants’ learning in risk management

While decisions about the priorities of an overall risk management approach are taken at the top, the responsibility for communicating it, organising training and embedding a risk culture to match falls to less senior officials. Given that officials responsible for risk management are scattered across departments, it is important they have a forum in which to meet regularly to discuss challenges, share solutions and ‘institutionalise’ best practice across the Civil Service.

Given the representation of its members across a wide variety of industries, IRM members have created a number of Special Interest Groups. They include those who specialise in Cyber, Construction, Financial Services, Legal and Operational Risk and Governance, Risk and Compliance. IRM is in the process of setting up a Special Interest Group specifically for Civil Servants. We have sent out invitations to relevant members with a view to holding a Civil Service-wide Symposium in Spring 2015. We would be keen to keep the Committee informed of progress and hope this is an initiative that will gain the support of the Head of the Civil Service and Permanent Secretaries through the Civil Service Governance Boards.
IRM is happy to provide the Inquiry with further and specific information about enterprise-wide risk management in the context of Civil Service skills, either in correspondence or in person.