

# Moving from Risk to Opportunity

Intelligent Risk Management for Public Sector Chief Executives



Public Risk Management Organisation

- a Network for Public Sector Chief Executives

# The Need for Public Sector Risk Management



Every day public sector managers are assessing risks: What risks arise when investing in new information technology? Which risks must be analysed before deciding to build a new public school? How can risk assessment prevent vandalism and break-ins in municipal buildings? What kinds of risks are relevant to improving road safety? How do tax reductions affect the quality of public services? On the surface, these risk issues appear to vary widely. Yet there are systematic ways of addressing risks, all of which are accessible to the chief executives and other managers in your local authority.



## **UDITE has Founded a Public Risk Management Organisation**

In its latest strategy plan, the Union of Local Authority Chief Executives of Europe (UDITE) has decided to focus on risk management as a core public sector competence, because:

- The management of risk is among the most challenging issues for the public sector today.

*Whether risks arise from the physical environment, from the economic environment, or even from changes in voter preferences, public institutions have a broad responsibility to assess and address the risks that impact the community they serve and their organisation.*

- Modern risk management comprises much more than just preventing losses and reducing costs.

*Increasingly, risk management is the overall, co-ordinated management of all risks. Modern risk management has become a general management function that permeates an organisation. As a link to the organisation's overall strategic plan, modern risk management serves to enable the operational achievement of organisational goals and objectives.*

For these compelling reasons, UDITE has founded a risk management network for public risk management, the Public Risk Management Organisation (PRIMO).

PRIMO represents an important opportunity for UDITE's 15,000 members to apply a systematic and rational approach to the challenge of public sector risk management.



# A Public Sector Risk Management Tool

If you have noticed a growing interest in risk management within your local authority, this is fully in keeping with an overall trend throughout Europe. Everywhere, local authorities and local councils are being asked to

- Identify their main risks,
- Continuously evaluate their risk profile, and
- Attend to risks that affect their objectives and operations.

In the face of these increasing expectations, the challenge is to maintain public confidence in the public sector.

## **Risk Management in the Public Sector**

All over Europe, citizens, politicians and legislative bodies are demanding more professional risk management within the public sector. At the same time, the

degree of complexity and unpredictability involved in managing public sector risks is escalating.

Today, the challenges faced by public sector managers require a well-founded understanding of complex risks – and how to deal professionally with them. Public sector managers must be able to distinguish between different types of risks, identify the most crucial risks, and know how to handle these risks in a holistic, integrated and systematic way.

## **PRIMO as a Valuable Management Tool**

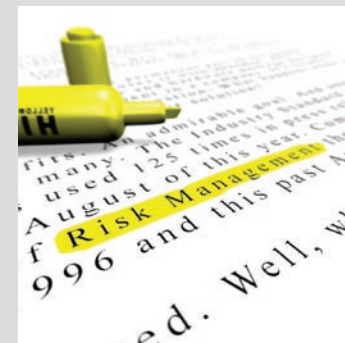
In practice, the innovative PRIMO network supports both the day-to-day and long-term work of public sector managers.

- PRIMO's purpose is to disseminate knowledge of modern risk management practices to European public sector managers.

- PRIMO's primary aim is to support public sector managers in their daily decision-making on risk management issues.
- PRIMO's long-term aim is to establish risk management as a natural and integral part of good public governance.



# Finding the Risk Information You Need



Easy access to the information highway does not necessarily mean that you find what you need. From the daily influx of risk management information from around the globe, PRIMO selects the information of greatest relevance to you as a public sector manager.

Risk management information is accessible to PRIMO members through the following channels:



## Web library

The PRIMO web library gives members easy access to comprehensive information from around the world, including reports, legislation, analyses, guidelines, practical advice, interviews and news items.

## Conferences

PRIMO members are invited to national and international conferences on public sector risk management.

## Newsletters and other publications

Targeted newsletters and other publications keep PRIMO members informed of the best, most relevant materials on risk management in the public sector.

## Education

PRIMO's collaboration with leading international academic institutions enables members to take advantage of a variety of integrated courses and degrees, ranging from an online introductory course in risk management to Master's and PhD degrees.

## Networking

PRIMO members have the opportunity to exchange information and viewpoints across professional and national boundaries.

## Lobbying

PRIMO promotes the interests of its members in various national and international forums.



# Successful Public Sector Risk Management

## **Small risk management initiatives with a great impact**

An Italian local authority began its risk management programme by placing soft ground covering on all its public playgrounds. Although 25% more children used the playgrounds, child injuries decreased from 200 to 25 annually.

*Outcome:* Greater satisfaction among families with young children and fewer hospital expenses.

## **Strategic risk communication as a part of a marketing campaign**

A German municipal hospital involved its patients actively in its risk management initiatives, published its results in local newspapers, and made risk management a part of the job description of all employees.

*Outcome:* More patients recovered faster, the municipality's healthcare reputation improved, and political support for the hospital's work increased.

## **Proactive risk analysis: turning potential risks into financial opportunities**

A series of British mines faced closure, leaving the regional development council to deal with the impact on the local economy and environment. Together with university and industry experts, different risk scenarios were assessed before converting the mines into centres for research, learning and recreation.

*Outcome:* The former mines became award-winning attractions generating significant revenue.

## **Creative risk management reduces compensation claims**

Inspired by similar projects elsewhere in the world, a French local authority built an underground car park with a special focus on design and quality – including artworks and classical music – in order to reduce crime.

*Outcome:* The car park was less affected by theft, assault and vandalism than any other in the city.

## **Calculated risk management as public governance**

In connection with a major construction project, a Dutch city council decided to insure all project risks itself, under the assumption that the city would ultimately be held liable in case of failed investments, losses, accidents, etc. This overall risk calculation was met with approval by the financial markets.

*Outcome:* The city was praised for taking direct control over its own risks, and was able to reduce overall project costs by 25%.





## PRIMO – a Living Network

PRIMO is a living network, constantly evolving to meet the changing needs of its members. PRIMO offers its members well-founded and balanced management tools.



- PRIMO views risk management from a holistic, integrated and systematic perspective, the so-called *Enterprise Risk Management* perspective, which encompasses all risks that potentially could affect an organisation such as a public sector institution.
- PRIMO disseminates information and tools to assist managers in their strategic dealing with uncertainty, thereby opening a new window of opportunity for public sector managers.
- PRIMO firmly believes that risk management is not about minimising all risks, but about maximising organisational objectives by finding the optimal risk level.
- PRIMO prioritises risk management activities that combine theoretical insight with practical, real-life applications.

# Behind PRIMO

PRIMO is an association founded by the Union of Local Authority Chief Executives of Europe (UDITE).

PRIMO comprises a pan-European umbrella organisation and a number of independent national chapters, which are represented on PRIMO's board.

Members of PRIMO are public sector chief executives and other public sector managers, as well as others professionals with a special interest in the field of public sector risk management.

The *European Institute for Risk Management*, in Denmark, is responsible for the day-to-day administration of PRIMO.

## Advisory Panel

In order to ensure the quality and development of PRIMO's services, a number of internationally renowned experts within the field of risk management are affiliated with PRIMO, including:

- Steve Fowler, Chief Executive Officer, Institute of Risk Management, London
- Lynn Drennan, Head of Division of Risk, Glasgow Caledonian University
- Jean Paul Louisot, Professor, Sorbonne
- Peter Young, Professor, University of St. Thomas, Minneapolis

Additionally, the panel will include experts from continental Europe as well as members appointed by UDITE's board.



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