

# Reframing Risk

How to adopt new mindsets around risk that enable innovation



# About Nesta

Nesta is an innovation foundation. For us, innovation means turning bold ideas into reality and changing lives for the better. We use our expertise, skills and funding in areas where there are big challenges facing society. Nesta is based in the UK and supported by a financial endowment. We work with partners around the globe to bring bold ideas to life to change the world for good.

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# About Collaborate

Collaborate CIC is a social consultancy that helps public services collaborate to tackle social challenges. We are values-led, not for profit and driven by a belief in the power of collaborative services, organisations and systems as a force for social and economic progress. We create partnerships that get beyond traditional silos to deliver credible change on the ground, working with partners and places across the UK. Our clients and partners span local government, the NHS, civil society and the private sector. Get in touch if we can help you via [collaboratecic.com](https://collaboratecic.com)

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# About the New Operating Models Handbook

'Reframing Risk' is part of the New Operating Models Handbook, a set of learning products which explore the new operating models emerging in local government – how they work, what they look like and the key features needed to promote success elsewhere. It draws on the experience of the twenty pioneering Local Authorities participating in the Upstream Collaborative, which was led by Nesta in partnership with Collaborate from 2019 to 2020. The Handbook is made up of six parts:

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## **Introducing New Operating Models for Local Government**

### **From the Margins to the Mainstream:**

How to create the conditions for new operating models to thrive

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### **Reframing Risk:**

How to adopt new mindsets around risk that enable innovation

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### **Asset-Based Community Development for Local Authorities:**

How to rebuild relationships with communities through asset-based approaches

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### **Meaningful Measurement:**

How a new mindset around measurement can support a culture of continual learning – notes from the field

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### **A Catalyst for Change:**

What COVID-19 has taught us about the future of local government

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# What are new operating models?

New operating models describe a new way of working for local authorities that acknowledges the complexity and interconnectedness of social issues and the people and organisations that aim to tackle them. The work of the local authorities participating in the Upstream Collaborative, and the experiences of the communities they serve, has informed the development of a framework that characterises what new operating models look like in practice. The framework incorporates the often 'hidden' qualities which underpin this work, such as mindset, values and behaviours, alongside new practical capabilities and enabling infrastructure.

Find out more in '[Introducing New Operating Models for Local Government](#)', part one of this Handbook.

*If you'd like this publication in an alternative format such as Braille or large print, please contact us at: [information@nesta.org.uk](mailto:information@nesta.org.uk)*

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# 00. Introduction

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## **Risk: the possibility of something bad happening**

The idea of risk avoidance and aversion has become a dominant and crucial feature in the way public services are designed, managed and reviewed. Public servants are often tasked with managing the possibility of something bad happening, and services are designed to respond to and mitigate against these negative risks.

The problem is that too often, negative or 'downside' risks (children being abused in foster care, for example) are managed in ways that limit the opportunities for positive outcomes or 'upside risks' (children helping to co-design the type of care they receive), obstructing collective problem solving, mutual accountability, the ability of frontline staff to respond to the root causes of people's needs and the sharing of power with citizens.

This approach to understanding and managing risk in public services limits opportunities for innovation for two key reasons: it focuses on managing downside risks rather than enabling upside possibilities, and on organisational rather than societal risks – the risk of fraud, or abuse or neglect of vulnerable individuals, for example – rather than looking at the wider conditions that create disadvantage.

This paper, based on the insight and practical experiences of members of Nesta's Upstream Collaborative, explores how local authorities can reframe risk to enable innovation by widening the lens and expanding the space for downside *and* upside possibilities. This active learning network supported local government innovators to share, accelerate and assess new operating models that work upstream of social problems to help create the conditions that enable citizens' needs to be met in empowering and inclusive ways.

These local authorities represent some of the bright spots of public service activity, demonstrating more human and collaborative ways of addressing complex challenges. During the programme participants formed workgroups, collaborating around a challenge or opportunity relevant to their work and sharing perspectives and stories to amplify and improve practice.

This paper is written by Collaborate on behalf of the six local authorities and their partners who participated in the Risk and Innovation Workgroup: Cambridgeshire County Council, Cambridgeshire Community Services NHS Trust, ClwydAlyn Housing Association, Denbighshire County Council, Derbyshire County Council, London Borough of Newham, Staffordshire County Council, Surrey County Council.

# 01.

## The perception and management of risk

**There is often a gap between the support that citizens need from public services and the support public services provide – a gap that sometimes results in services failing to produce the outcomes they set out to achieve. Some are unable to address the root causes of issues, serve organisations rather than people, or fail to respond to the complexity of the challenges people face.**

One of the foundational principles of public policy is to ‘do no harm’. It can seem almost inconceivable for risk to be allowed in an operating environment where public money is being spent, public scrutiny takes place and services are working with some of society’s most vulnerable people. But in some instances it may be that failing to try new things or doing nothing at all is a risk in itself.

Rigour and attention to organisational risk is clearly required to ensure well-functioning institutions and accountability – but a bias towards financial and reputational risks can come at the expense of considering societal risks such as an increase in inequality and disadvantage or a disempowerment in people’s experiences of public services. This organisational focus can preclude the opportunity to explore, experiment and reframe, and ultimately produce better social outcomes. As the introductory paper to this Handbook sets out, innovation is all too often inhibited and impeded by legacy mindsets, infrastructure and capabilities, and the focus that some organisations and managers place on preventing harm can impede opportunities for positive impact.

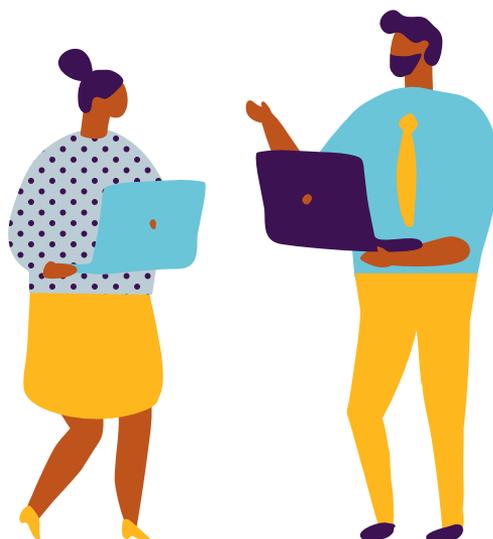
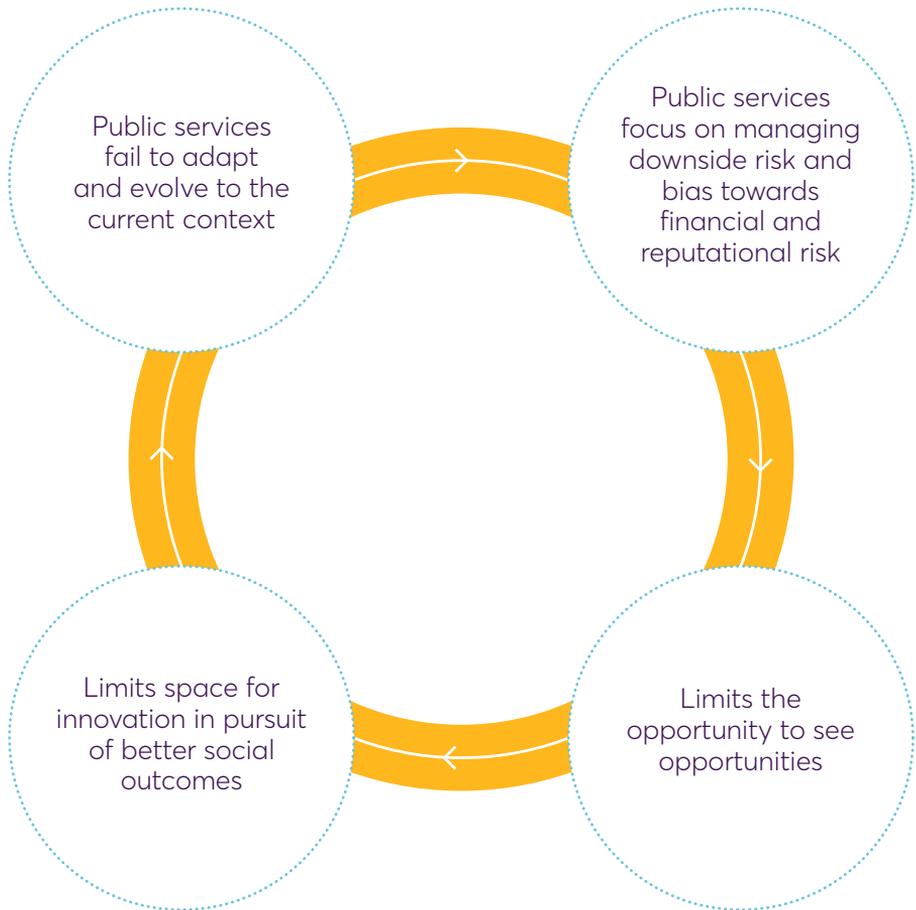


Figure 1: How the current approach to risk inhibits innovation, Collaborate, 2020



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## Reframing risk

The Upstream Collaborative drew together local authorities who are designing solutions based on upside possibilities. The models of public service these places are exploring are relational, holistic, complexity-aware, bespoke and about sharing power with partners and citizens. These approaches rely on experimentation and learning through practice, and are ultimately better attuned to the complexity of many of the challenges public services need to address. To achieve this, a different understanding of 'risk' is required, often at odds with those typically managed in public services.

The Risk and Innovation Workgroup has redefined 'managing risk' as *balancing a series of judgements in dialogue*. These judgements involve seeking a new relationship between downside and upside risks and organisational (or systemic) and societal risks. Public services need to become more cognisant of which risk is being attended to (outcome risks or organisational risks, for example), how risk is managed (trust-based or metrics) and when risk is managed (proactive or reactive).



## 02.

# What do we mean by 'reframing risk', and is it possible in the public sector?

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**Reframing risk requires us to reflect on how risk is conceived of, managed and measured. While this shift can be reflected in technical approaches to defining and managing risk in practice, the workgroup believes that the 'reframing of risk' is predominantly a mindset and cultural shift – it is people's thoughts and beliefs that underpin how they act, and individual attitudes to risk can be deeply ingrained. Mindset is therefore one of the 'hidden' or implicit qualities of an organisation which can only be changed by understanding current perceptions of risk and working consciously to build new capabilities.**

This does not mean encouraging recklessness, neglecting or rejecting the need to manage risk, or that organisational or service level risk are unimportant and should be ignored. Instead, a state of 'risk maturity' can help explore such risks in balance with societal risks. This creates space for 'upside possibility' – the potential for gains through innovation and experimentation, learning and adaptation – while also holding the ability to manage the potential for loss.

In the experience of the workgroup, this needs to be done in partnership and dialogue with a range of stakeholders. The Joint Decision Making model adopted by Cambridgeshire Constabulary and partners, for example, helps them to review and respond to risk in line with their individual core missions and values, collectively navigating the tension between downside risk and upside possibility. The partnership sees responding to risk as an active, ongoing process that needs to be understood alongside a wider purpose about what these partners are there to do.

This collaborative approach involves drawing on a range of information and intelligence, assessing risk and developing a working strategy, considering powers, policies and procedures, identifying options and contingencies, taking action and reviewing what happens. Importantly, it supports partners to take active decisions – including electing to 'do nothing' in specific circumstances where this is in the wider interest of the community (e.g. facilitating a peaceful protest).

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## **Risk-reduction**

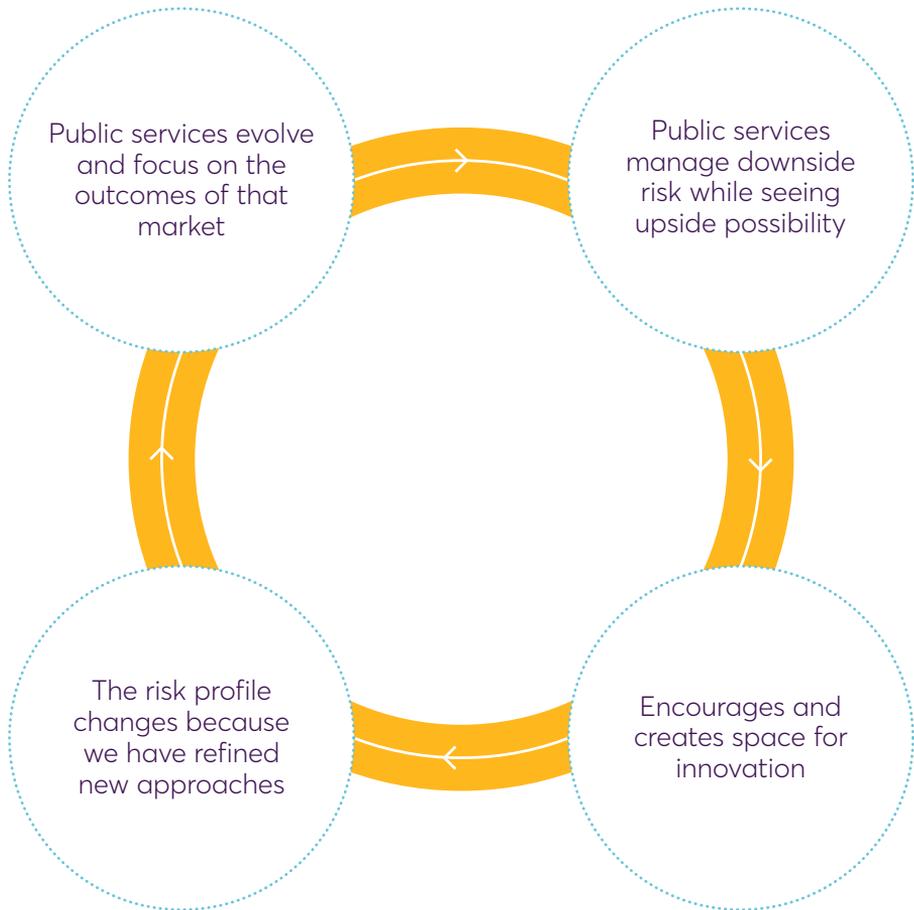
By exploring and re-weighting the upside possibility, public services may find that innovation can be a *risk-reducing* activity. For example, new approaches that prioritise bespoke support may reduce demand on other parts of the system, addressing the root cause of an issue and creating a better outcome, alongside a reduction of demand.

This was the hypothesis tested by Gateshead Metropolitan Borough Council through a public service reform prototype in which council tax debt was taken as a signal to explore the context of the debt. By shifting the focus from organisational risk to upside possibility, they learned that offering help rather than focusing on recovering the debt reduces potential demand into more acute, expensive services. This involved reorganising complex management processes to just four simple rules for how to work with people: interventions must be legal, necessary, proportional and auditable. Within this scope, frontline staff were empowered and supported to act in whatever way they deemed necessary to support people to thrive.

By freeing staff to create a different relationship with citizens, it was confirmed that council tax arrears can successfully provide a *signal* that people need help. By creating the permission to address people's real needs, the profile of demand on the system changed and outcomes were improved.

Managing downside risks while creating space for innovation is a key challenge for the embedding of new operating models in local government. It is through experimentation, innovation and learning that we will begin to make greater gains in improving social, economic, and environmental outcomes, ultimately reducing the greatest risks society faces.

Figure 2: The opportunity for a reframing of risk which enables innovation, Collaborate, 2020



The COVID-19 crisis has offered public services an opportunity to see that the framing of risk is not fixed, but can be altered to respond to changing circumstances. The primary focus and interpretation of risk was about keeping people safe, and all responses were designed to enable this – a clear example of how to reframe risk away from the organisational to societal, and one that should not be limited to a crisis response. The rapid adaptations that took place in public services in response to COVID-19 show that taking a flexible approach to risk can enable greater innovation and improvement.

### **Spotlight on: London Borough of Newham's COVID-19 response**



The urgency and clarity of purpose provided by COVID-19 created opportunities to take a different approach to risk in the London Borough of Newham, directly translating into new ways of working. Rather than designing 'the solution', the focus has been on prototyping – starting somewhere and acknowledging that things might not be perfect but can be quickly changed and improved. For example, partners across the borough rapidly mobilised to protect rough sleepers, uncovering opportunities and solutions that were not previously possible when partners felt bound or restricted by traditional risk calculations.

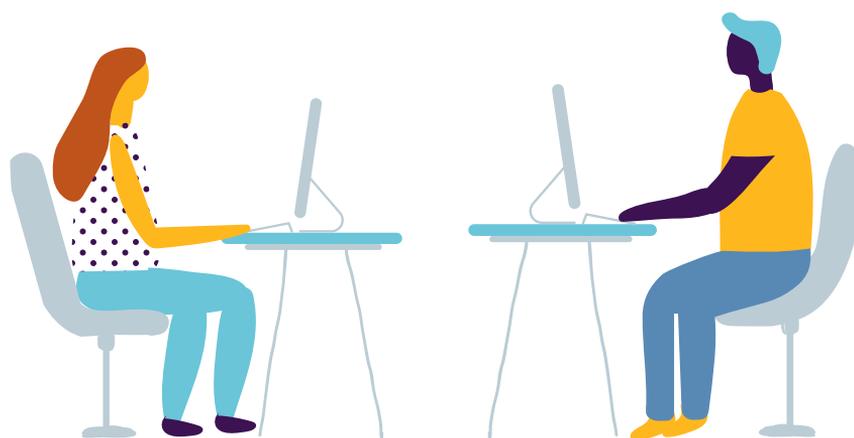
This response required a reframing of attitudes towards the idea of 'failure' and 'risk': rather than expecting to manage and mitigate all risks through extensive planning, the focus was on iterative improvement. This framing was helpful for senior leaders, who are now taking learning from the crisis response and considering the wider implications for the way the council works.

As the COVID-19 paper within this Handbook sets out, research with Upstream Collaborative members throughout the initial months of the crisis offered insights into how public services rapidly changed how they judged and responded to risk. While the level of risk, particularly in terms of health vulnerabilities, increased dramatically during COVID-19, the response was largely to increase the space for innovation.

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A clear, shared purpose across partners and the need to respond quickly led to the bypassing of bureaucratic risk management and governance processes and staff being given the power to iterate and adapt rather than waiting for a perfect solution. Societal risks were prioritised over immediate organisational risks and in some cases were one and the same, the space between them becoming narrower: the risk to organisational reputation was closely connected to whether space was cleared in pursuit of broader societal objectives. In other cases scrutiny was decreased, giving local authorities freedom to act: it wasn't just about how risks were framed, but the nature of the risk itself.

In this instance, increased risk was met with increased innovation and different parts of the system, including communities rapidly developing mutual aid networks, have been freed up to act quickly and effectively in response to a crisis. This experience should now act as a catalyst, providing a platform to build on and revisit old assumptions and habits about the interpretation and management of risk.



## 03. Reframing risk: questions of balance

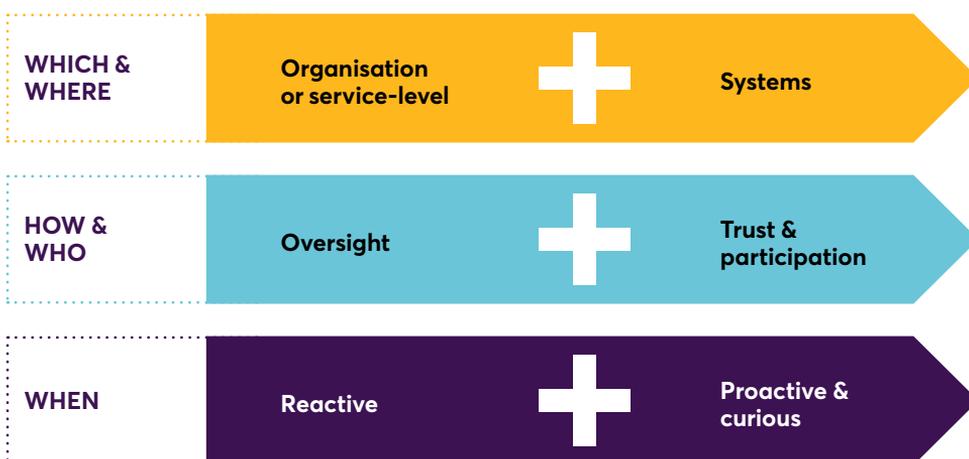
**The key to understanding risk maturity is expanding interpretations and responses to risk by exploring:**

- **Which** risks gain attention and **where** we give focus to them
- **How** we seek to manage risk, and **when** conversations about risk and opportunity take place
- **Who** is involved in those conversations.

Rather than a binary 'either/or' shift that rejects the current approach to risk and replaces it with another entirely, a 'both/and' approach allows for an expansion of how we think about risk, creating more space for innovation.

The answers to these questions exist on a spectrum from the narrow interpretation of risk and narrow lens on how to manage it to a more inclusive interpretation that draws on a broader range of perspectives. By moving towards the latter, there is far more space in which to develop new answers to entrenched challenges.

Figure 3: Reframing risk: widening the lens, Collaborate, 2020



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### **3.1 Balancing organisational-level response with systemic response**

We have already set out the case for an expansion of focus from organisation- or service-level risk to include societal risks. But there are other ways in which a broader lens on a problem can help organisations think differently about risk.

Firstly, using a systemic lens to understand complex societal problems helps us identify issues with a potentially significant impact on people's lives and livelihoods. If we are focused on organisational risk alone, these factors are likely to be overlooked or ignored because they do not neatly fit in a single organisation's sphere of influence. Taking this approach also widens the potential field of collaborators – such as citizens and local partners – who can help tackle a complex problem, creating many more points of leverage and opportunities for innovation.

This systemic approach increases the choices for risk mitigation and makes things that may seem too big or risky for one organisation to pursue alone more palatable by virtue of collaboration and shared accountability. Again, this is not to imply that accountability becomes more diffuse, but that all stakeholders who can help address a problem share responsibility for doing so. There are a number of ways to assist with this sense of collective responsibility – through collaborative commissioning mechanisms such as alliance contracting, creating spaces for learning and collective problem solving, and developing principles for partnership working that promote mutual responsibility, transparency and shared decision-making.

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## 3.2 Balancing oversight with trust and participation

The balance of oversight and trust is essential when exploring new ways of delivering public services. It is the relationship between the two that connects accountability with innovation.

The way risk is currently viewed in local authorities is often process-driven and hierarchical, driven by oversight and control. This can result in misleading interpretations of risk and a kind of 'gaming' of the system to protect the organisation. For example, high levels of risk may be hidden or underplayed to certain audiences (e.g. elected members, senior managers) as reporting them can be seen as a failure of control or management.

Alternatively, the level of risk may be *overplayed* due to fear of losing control. For example, one local authority described how they had been unable to engage meaningfully in co-production because the risk of 'letting go' without a predictable and predetermined outcome was seen as too great. This desire for tight control limits the space for creativity and innovation, and locks us into the known tried and tested approaches, even when they are believed to be sub-optimal or even damaging.

In order to expand the space for innovation, we need a more participatory approach to risk built on trust and transparency. Instead of a technical activity for professionals to maintain oversight, **exploring and understanding risk should be an inclusive dialogue with a range of actors in the system.** Each actor can bring their own expertise and insights to create a shared understanding of the challenge and the opportunity to do something differently, and be afforded the permission to be creative and experimental (within collaboratively defined appropriate boundaries) in order to find the best ways to achieve the outcomes we care about. By creating strong foundations of trust, we can create environments and cultures where people are comfortable to share their uncertainties, worries and challenges and work together to resolve them.

This focus on inclusive dialogue and trust building has been at the heart of the Cambridgeshire and Peterborough Best Start in Life model, which supports better outcomes for newborns and families through more integrated, place-based partnership working. To explore this model, partners across the system in Cambridgeshire and Peterborough committed time and space to develop an understanding of the roles of different actors in the system and to build relationships. Using these relationships as the foundation, they then committed to a long-term co-production programme to design the Best Start in Life model.

## Spotlight on: Surrey County Council



As part of the COVID-19 response, the Local Resilience Forum (a partnership of organisations working on the pandemic response in Surrey) determined that outbound calls should be made to all residents who were shielding to check on their welfare and ensure they had access to supplies during their period of isolation. The decision that these calls should be made by council staff from across the county, borough and district councils was taken by the senior leadership across the partnership, but the logistics of setting up and running the operation were determined by a small project team.

Surrey County Council staff volunteered for redeployment to the virtual group of callers, which was set up in a very short time period. Basic training in call handling and safeguarding was given, but the team relied much more on creating a culture of trust which empowered the staff to do the job they had volunteered to do and to escalate issues and concerns as they encountered them. One way they built this trust was through a focus on relationship building among staff, with regular check-ins helping to create a culture of transparency and learning. A process by which fast judgements are made when safe to do so, rather than referring to a risk matrix for every decision, was also introduced. Peer support and opportunities to address both the practical and emotional aspects of the role were key to keeping the staff members, and the vulnerable people they were supporting, safe and confident in their ability to deliver.

Trusting people to innovate, explore and learn from what goes wrong as well as what goes right is enabled by a more mature and nuanced conversation about risk appetite. The appetite for taking risk will necessarily be different in different contexts, with the need to balance downside risk and upside opportunities varying across different service areas and issues.

Too often a blanket approach can stifle much needed innovation and experimentation. The spectrum of appetite for risk will likely correlate with the spectrum from oversight to trust; those areas where there is the least appetite for risk will likely have the highest levels of oversight, whereas areas with a greater risk appetite can work on more of a trust basis. However, it is also important for organisations to test and explore their perceptions of risk in relation to specific issues.

### Spotlight on: Denbighshire County Council



In undertaking a risk appetite exercise, Denbighshire County Council recognised that it may be open to some types of risk and be averse to others, depending on the context and the potential losses or gains. However, the council also observed that if the collective appetite for risk were unclear – as well not knowing as the reasons *why* this appetite exists – there could be erratic or inopportune risk-taking based on personal rather than organisational values. Alternatively, it can lead to an overly cautious approach which can stifle improvement and development.

As a response, Denbighshire developed a Risk Appetite Statement based on their Risk Appetite Framework, which distinguishes between different kinds of risk and levels of acceptance. This will be followed by support for managers and members to help them understand the council's position on risk and how to apply this in their decision making.

Figure 4: Risk Appetite Framework (adapted), Denbighshire County Council

AVERSE	MINIMALIST	CAUTIOUS	OPEN	HUNGRY
Avoidance of risk and uncertainty is a key organisational objective.	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	Willing to consider all potential delivery options and choose the one most likely to result in successful delivery while also providing an acceptable level of reward.	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).
<p><b>High oversight</b> <span style="float: right;"><b>High trust</b></span></p>				

### 3.3 Balancing reactive with proactive and curious approaches to risk

Traditionally local authorities have taken a short-term view and given precedence to the most immediate risk – even if it's not in fact the most significant. This may manifest in a focus on avoiding increases of demand and therefore cost in the immediate future (e.g. the annual budget) which prevents investment in early intervention and prevention activities with a much more significant impact on demand, need and outcomes over a longer timeframe.

The current prioritisation of organisational- and service-level risk can pull us towards a focus on short-term solutions and presenting demand. However, as many people working in public services know, if we are to solve complex challenges we need to get upstream of immediate issues and address the root causes – the climate crisis being a key example of such a challenge.

This means thinking creatively and collaboratively about prevention and early intervention, including what places and people need beyond traditional service provision. We therefore need to rebalance our approach to risk in ways that enable curiosity about upstream causes of problems, and early action to address those causes. In this case we may need to take into account the risk of *not* acting early.

#### Spotlight on: Clywd Alyn Housing Association

In 2019, Clwyd Alyn, a housing association working with Denbighshire County Council, decided they would no longer evict any tenant. This was seen as an incredibly risky decision – without the threat of eviction, surely no-one would pay their rent, leading to huge arrears and financial disaster for the organisation?

Instead of focusing on organisational risk, however, Clwyd Alyn focused on their purpose as a housing association and mission to support their residents. Managing the change has meant grappling with people's fears and concerns about perceived risks. To help with this they have developed new strengths- and trust-based ways of working, including identifying the value and role of other partners and collaborating with them. This has by no means resulted in financial collapse, aligning the organisation's behaviour much more closely to its core mission.



## 04. Risk maturity assessment

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**Changing mindsets in order to reframe risk is not a linear process: it's about the questions we ask and who we involve. The assumptions and choices we make about risk are often implicit, and part of the journey to becoming risk mature is to become more intentional and explicit in how we think and talk about risk.**

Below is a two step process that can be used within teams, organisations or across the wider system to explore how risk is currently managed, and understand whether it is limiting or creating the space for innovation and improvement.

### **Step 1:**

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Start assessing the risk maturity of your organisation **by hosting a conversation** to understand how risk is currently perceived and what this either enables or inhibits.

### **Step 2:**

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Next, **identify the presence of the conditions that enable risk maturity** in three key areas: culture, ownership and accountability, and infrastructure. Consider what these changes might mean for different actors in the local authority system (members, service managers, frontline staff and the community).

These suggestions are based on the experiences of the workgroup in managing risk both before and during the COVID-19 response. To understand how ready your organisation is to reframe risk to enable innovation, answer the questions in Step 1, and then go to Step 2 to assess the presence of the enabling conditions.

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## Step 1: understand current level of risk maturity

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Headline question	Follow up questions
<b>Which kinds of risk are attended to and prioritised?</b>	<ul style="list-style-type: none"> <li>• Do the risks we focus on match the outcomes we want to achieve?</li> <li>• Do we attach more urgency to organisational risks (such as financial and reputational risks) or societal risks (such as the risk of increased inequality or harms associated with the climate crisis)? Where and when do we prioritise a different order of risk?</li> <li>• Is there a synergy between corporate risks and corporate priorities?</li> </ul>
<b>Where (at what level) is risk managed?</b>	<ul style="list-style-type: none"> <li>• Is risk managed within organisational silos or across the system/place?</li> <li>• Are the outcomes we want to achieve reliant on individual organisations or on a more collaborative and systemic approach?</li> <li>• If the latter, how do we balance shared risk with learning and experimentation with partners?</li> </ul>
<b>Who is involved in identifying, evaluating and managing risk?</b>	<ul style="list-style-type: none"> <li>• Do professionals make decisions about risk in isolation from partners and citizens? What is the impact of this?</li> <li>• How might partners across the system work together to collectively understand and evaluate risk and take shared ownership?</li> <li>• If citizens were involved in identifying, evaluating and managing risk, would our understanding and approach change?</li> </ul>

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Headline question	Follow up questions
<b>How is risk managed?</b>	<ul style="list-style-type: none"><li>• Is the management of risk driven by process or dialogue?</li><li>• Are conversations about risk embedded in conversations about the outcomes we're seeking to achieve, or do they happen in isolation, led by people who are outside of the work?</li><li>• Are the people doing the work empowered and trusted to manage risk for themselves?</li><li>• Are learning and curiosity prioritised? Are we building the capabilities and mindsets to breakdown risk and know how to act upon it e.g. through enabling experimentation and exploration?</li></ul>
<b>When do conversations about risk happen and when do interventions to manage risk take place?</b>	<ul style="list-style-type: none"><li>• Are we balancing the short-term priorities (e.g. managing spending and delivery across a financial year) with the longer-term (e.g. looking at opportunities to prevent demand, investing in early intervention)?</li><li>• How flexible are we in responding to opportunities as they emerge?</li><li>• Do we consider risk only when we're considering making a change, or also examine the risk of the status quo/failing to change? Do we explore both on the same terms?</li><li>• How do we make progress through experimentation and curiosity?</li></ul>
<b>What is holding our current approach to risk in place?</b>	<ul style="list-style-type: none"><li>• What values and assumptions drive our decision making about risk? Are these the right ones?</li><li>• Who are the key stakeholders that influence our approach and how might we influence/challenge them?</li><li>• What conditions are needed for us to take a new approach to risk?</li></ul>

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## Step 2: identify what is currently enabling or inhibiting risk maturity

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**Culture:** *How frequently do you see the following?*

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**Culture and values drive decision-making** rather than process and rule books

Never Sometimes Often Usually Always  
 (1) (2) (3) (4) (5)

**Learning, experimentation and curiosity** are prioritised in service delivery

Never Sometimes Often Usually Always  
 (1) (2) (3) (4) (5)

**Decision-making is devolved** to those closest to the people affected by decisions, and people (staff and citizens) are **trusted to take appropriate action**

Never Sometimes Often Usually Always  
 (1) (2) (3) (4) (5)

**Psychological safety is prioritised**, creating a culture where it is safe to innovate, take risks, fail and learn

Never Sometimes Often Usually Always  
 (1) (2) (3) (4) (5)

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**Ownership and accountability:** *How frequently do you see the following?*


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Traditional **norms of ownership and accountability** are interrogated; permission is given to learn through experimentation

Never Sometimes Often Usually Always  
 1 2 3 4 5

Risk is understood and **owned at the level of the system**, rather than the organisation

Never Sometimes Often Usually Always  
 1 2 3 4 5

**Collaboration, underpinned by trusted relationships**, is key; actors across the system work together to evaluate and manage risk

Never Sometimes Often Usually Always  
 1 2 3 4 5

Actors across a place share **accountability for outcomes rather than outputs**

Never Sometimes Often Usually Always  
 1 2 3 4 5

Accountability **to citizens and service users** is prioritised over accountability to members, regulators and central government

Never Sometimes Often Usually Always  
 1 2 3 4 5

Accountability mechanisms **promote and build trust** rather than oversight and control, particularly in areas where there is greater risk appetite and desire for innovation

Never Sometimes Often Usually Always  
 1 2 3 4 5

Local authorities engage meaningfully with communities about risk appetite, and **explore ways for communities to share, hold and manage risk for themselves**

Never Sometimes Often Usually Always  
 1 2 3 4 5

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**Infrastructure:** *How frequently do you see the following?*


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The apparatus of risk management and mitigation is coordinated at a **system level** rather than within organisational silos

Never Sometimes Often Usually Always  
 1 2 3 4 5

Embedding risk management is a **dynamic dialogue** in the work – not a separate process

Never Sometimes Often Usually Always  
 1 2 3 4 5

**Processes, policies and tools** change to support the new mindset and culture, enabling rather than disabling the sharing of power and collective problem solving with residents

Never Sometimes Often Usually Always  
 1 2 3 4 5

Capabilities, structures, mindsets and infrastructure are in place to support **experimentation**

Never Sometimes Often Usually Always  
 1 2 3 4 5

The apparatus of **risk management and corporate planning are closely linked**, driven by a focus on outcomes and the health of the local system; risks to outcomes/society drive the corporate planning process

Never Sometimes Often Usually Always  
 1 2 3 4 5

**Job descriptions and recruitment processes** focus on skills and supporting people to exercise their judgement within a specific scope

Never Sometimes Often Usually Always  
 1 2 3 4 5

**Commissioning, measuring and monitoring** are more fluid, creative and flexible

Never Sometimes Often Usually Always  
 1 2 3 4 5

**Feedback loops share information across the system** – including between the frontline and politicians

Never Sometimes Often Usually Always  
 1 2 3 4 5

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## What does risk maturity look like in practice?

Below we set out some thoughts about what this reframing might practically mean and feel like for different actors in the system.

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### Elected members...

- Invite different people and perspectives into the conversation about risk.
- Collectively problem solve with other actors in the local system.
- Learn from and actively explore what isn't working, as well as what is; provide cover for others to experiment and do the same.
- Build feedback loops to frontline staff as well as the community.

### Service managers...

- Harness feedback and insight from different perspectives in the system to make decisions.
- Co-produce and engage with citizens to share and manage risk.
- Create psychological safety for teams to innovate and respond to risk in new ways.
- Coach staff to use their judgement rather than giving hard and fast rules to follow.

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### Frontline staff...

- Have the discretion, flexibility and power to make decisions with the people who are affected by them.
- Encourage teams to be curious about problems and innovate to improve outcomes for people.
- Create opportunities to share their insight and intelligence with others to shape the wider system's response, including with members.

### Communities...

- Have an active role in evaluating and managing risk and collective problem solving.
- Are able and trusted to make informed choices for themselves which are respected by public servants.
- Work with local services rather than being 'done to'.
- Share responsibility with the council – challenging public perception that council is always ultimately responsible or to blame.

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### Partners...

- Explore longer term agendas with local authorities.
  - Share accountability for outcomes across the system, rather than being held to account for outputs.
  - Recognise that they face similar risks – complex problems are unlikely to be in the domain of only one organisation.
  - Are encouraged to learn and experiment as a way to explore and learn how to respond to risk.
  - Are commissioned on the basis of trust, promoting flexibility and creativity.
  - Are a valued source of insight and are involved in designing and shaping citizen support.
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## 05. Conclusion and further exploration

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**Reframing risk is an important enabler of new operating models in local government. The reframing of risk means exploring risk from the point of view of whole systems and managing risk through foundations of trust and transparency, not just oversight and process, and flipping the starting point to create space for proactive as well as reactive responses to understanding and managing risk. This paper offers practical questions and provocations for readers to help reframe risk in their own contexts, and makes suggestions about what this might mean for ownership and accountability, culture and infrastructure, and for everybody affected by the work of local authorities.**

The New Operating Models Framework set out in 'Introducing New Operating Models for Local Government' describes the mindset, values, principles, infrastructure and capabilities that characterise the work of the pioneering Upstream Collaborative councils. The work of the Risk and Innovation group among others expands our understanding of the values and principles described in the framework, and the redesigned and repurposed organisational or systemic infrastructure that enables new operating models to embed and proliferate across local government.

As the output of a workgroup of six councils, it does of course open up questions that would merit further exploration, not least how these approaches work in practice. Our collective understanding of new approaches to risk would benefit from more examples of organisations trying it in practice and sharing their learning. It also raises questions about what this reframing could mean for other organisations and sectors such as health, police, and the voluntary and community sector, and how it could work within the context of a collaborative local system.

However, we do benefit from one significant example. The response to COVID-19 has shown us exactly how risk can be reframed – and quickly. It has demonstrated that it is possible to respond to risk by creating more space for innovation, and the work done by and with the Upstream Collaborative shows how keen many local authorities are to maintain and build on progress made.

There is now an opportunity for people and organisations to take stock, reflect on learning, and think about how we manage risk in a way that really helps people and places thrive.

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