THE CENTRE FOR
LONG-TERM RESILIENCE

POLICY PROPOSALS
Risk Management

THE OPPORTUNITY TO TRANSFORM THE UK'S RESILIENCE TO EXTREME RISKS

September 2022

Management of Extreme Risks

THE CENTRE FOR LONG-TERM RESILIENCE

RISK MANAGEMENT

Lead the world in the UK's approach to Risk Management

Implement the 'Three Lines of Defence' model

- **Legislate for and implement a government risk management framework based on the 'Three Lines of Defence' model. Each line should be managed by a different body:**
  - Departmental risk owners on the first line would be accountable to a Chief Risk Officer (CRO) on the second line, a single point of accountability for risk management in government.
  - The CRO should be at the core of government (No 10, Treasury or Cabinet Office), reporting to the PM or Chancellor or Chancellor of the Duchy of Lancaster, and advising a cabinet-level subsidiary committee to the National Security Council chaired by the PM or the Chancellor.
  - An independent review function would form the third line, a National Extreme Risks Institute or equivalent sitting outside government, made up of external risk experts and established by statute (like the Climate Change Committee), reporting to Parliament via a joint select committee such as the Joint Committee on the National Security Strategy.

Significantly enhance the government's National Security Risk Assessment

- **Implement an improved National Security Risk Assessment and National Risk Register with an expanded timeline** well beyond two years in order to sufficiently capture extreme risks.

- **Institute an enhanced risk identification, assessment and mitigation process** involving horizon scanning, vulnerability assessment, scenario analysis and mitigation action planning.

Management of Extreme Risks

Establish the UK as a global leader in resilience

- **Call on other countries to create their own 'Three Lines of Defence' risk management structures**, and sharing the blueprint to do so.
- **Encourage annual meetings of CROs** from around the world, to share information and learning from each others' views of emerging risks and risk assessments (this could include for example pandemic risk assessments and preparedness plans).
- **Develop a set of light structures and processes for UN member states to address extreme risks**, working initially with like-minded nations, as a stepping stone to a formal Treaty on Existential Risks to Humanity, with a series of UN Security Council resolutions to place the new framework on the strongest legal footing.

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