

Emerging Risk Radar

Emerging risk considerations

Spring 2025



Emerging Risk Radar – Spring 2025

Given your strategic objectives, what do you see as the **emerging events or threats that could impact on your business**, either negatively or positively, and that you believe should be watched?

We received **129 survey responses** from board members across all industries/sectors as well as drawing on our current emerging risk knowledge.

Key emerging risks in summary

There are 24 emerging risks identified, an increase of 6 since the last publication. New emerging risks in the form of **increasing levels of regulation, technology resilience, access to markets, technology fraud, shifts in business culture and potential for an epidemic** – impacting both private, public and not for profit sectors. In addition, there have been updates in previous emerging risks.

5 emerging risks identified as more prevalent (4 less since the last emerging risk radar publication), with **geo-political instability, change in government priorities, cyber attacks, continued economic slow down** and **financial planning uncertainties**. No change in these emerging risks since the previous emerging risk publication.

The top 3 most prevalent emerging risks:

01

Changes in government priorities

Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.

02

Geo-political instability

Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the impact on businesses and society.

03

Cyber attacks increasing

Cyber-attacks increasing in frequency and complexity. Unable to sufficiently invest in defence – attacks more disabling, coupled with loss of data in serious targeted attacks.

Emerging risk – why and what?

Why?

The board should establish and keep under review the risk and internal control framework and determine the nature and extent of the emerging and principal risks it is willing to take to achieve its strategic objectives.



What?

An emerging risk might be defined as:
“a new or unforeseen level of uncertainty driven by external events – the risk may still be forming, and it may not be clear as to the implications for the business, be these negative or positive.”

To be watchful of these emerging risks and how they might play through is an important element of preparedness and the business management of risk.

We have framed the emerging risks as:

- **Most prevalent:** risk themes that were more regularly identified in responses and discussions;
- **Keep monitoring:** to represent the risk themes that had a moderate prevalence in responses and discussions;
- **Worth watching:** those emerging risk themes that were less prevalent.

These risk themes are constantly evolving and shifting, so are all worthy of consideration.

Emerging Risk Considerations

01

What do you see as the emerging risks?

02

How far will these emerging risks affect your business?

03

How far will these emerging risks play through into your existing strategic risks?

04

How far will they change the way you currently manage your strategic risks?

05

How will you respond?
How will you continue to review the emerging risks?

Emerging areas of risk – Spring 2025

Consistent >
 Increasing <>
 Decreasing <

Direction of travel since previous emerging risk radar publication.

Most prevalent		
2.1	Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.	>
2.2	Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the impact on businesses and society.	>
4.1	Cyber-attacks increasing in frequency and complexity. Unable to sufficiently invest in defence – attacks more disruptive and disabling, coupled with loss / theft of data in serious targeted attacks.	>
5.1	Continued economic slow-down. Reduced spending by consumers and reduced / changes in spending by Government.	>
6.1	Shifts in employee costs, energy costs etc. Creating financial pressure, forecasting and planning uncertainties	>

Emerging areas of risk – Spring 2025

Direction of travel since previous emerging risk radar publication.

Keep monitoring		
2.3	NEW: Increasing level of regulation, compliance and inspection. e.g. Economic Crime and Corporate Transparency Act etc.	New
3.1	Ability to effectively engage with and leverage off the sustainability agenda, including ability to meet green agenda targets (coupled with potential for Green Washing).	✓
3.2	Increasing weather pattern shifts / extreme weather impacting the UK (and globally) – storms, floods, temperature changes impacting supply chains, productivity and continuity / recovery of operations.	➤
4.2	Digital transformation including impact of artificial intelligence on business – capacity, capabilities and funding available to understand, keep-up with, explore and develop digital.	✓
4.3	NEW: Operational resilience of technology e.g. power outage, IT infrastructure age, sabotage etc	New
5.2	Reduced investment in research and development - businesses take a short-term approach and focus on business as usual (reducing agility and innovation) due to macro-economic conditions including geo-political challenges.	✓
7.1	Shortages in skills and experience – reduced investment in staff development / apprenticeships, temporary contracts more frequent, reduced pool of skilled / experienced staff available with movement between employers.	✓
6.2	Supply chain resilience across all ranges of goods and services.	➤
6.3	Access to and availability of finance and funding – impacting both private, public and not for profit sectors, including cost of finance, funding changes - including funding and grants provided by Government.	➤
8.2	Developing the board member capacity and capability - fitness for future, including availability of non-executives for appointment and holding modern world insights.	⬆

Emerging areas of risk – Spring 2025

Direction of travel since previous emerging risk radar publication.

Worth watching		
1.1	Availability and effectiveness of public services are reduced due to under investment, lack of resources and increased demand from the public.	➤
1.2	Increasing awareness of mental health and physical well-being issues impacting individuals stemming from post pandemic fall-out, increasing poverty etc. Impacting on public services and employers (as well as having potential duty of care implications).	➤
1.3	Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes.	➤
1.4	Access to affordable housing, homelessness and poor housing conditions. e.g. damp and mould hazards. Access to affordable housing and the impact on individuals, families, society more widely and business in the form of access to / availability of staff.	➤
1.5	NEW: Epidemic / further pandemic impacting public health / productivity.	New
5.3	NEW: Access to markets - global trade embargos, restrictions, tariffs and competition.	New
6.4	NEW: Increasing levels of fraudulent activity making use of technology as a tool for doing so.	New
8.1	Tick box governance – lip service to standards / codes, lack of transparency in decision making, conflicts of interest justified, and loss of accountability creating a loss of trust.	▼
8.3	NEW: Shifts in business culture due to external influence and attitudes.	New

Emerging Risk Radar Spring 2025

Societal and Community

- 1.1 – Availability and effectiveness of public services are reduced.
- 1.2 – Increasing awareness of mental health and physical well-being issues.
- 1.3 – Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes.
- 1.4 – Access to affordable housing, homelessness and poor housing conditions.
- 1.5 – Epidemic / further pandemic impacting public health / productivity.

Governance

- 8.1 – Tick box governance – lip service to standards / codes, lack of transparency in decision making, conflicts of interest justified, and loss of accountability.
- 8.2 – Developing the board capacity and capability – fitness for future.
- 8.3 – Shifts in business culture due to external influence and attitudes.

Economic and Financial

- 6.1 – Shifts in employee costs, energy costs etc.
- 6.2 – Supply chain resilience across all ranges of goods and services.
- 6.3 – Access to and availability of finance and funding including cost of finance and funding changes.
- 6.4 – Increasing levels of fraudulent activity making use of technology as a tool for doing so.

People Resources

- 7.1 – Shortages in skills and experience – reduced investment in staff development / apprenticeships, temporary contracts more frequent, reduced pool of skilled / experienced staff available with movement between employers.

Political, Policy and Regulation

- 2.1 – Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.
- 2.2 – Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the influence on society and business.
- 2.3 – Increasing level of regulation, compliance and inspection.

Environmental

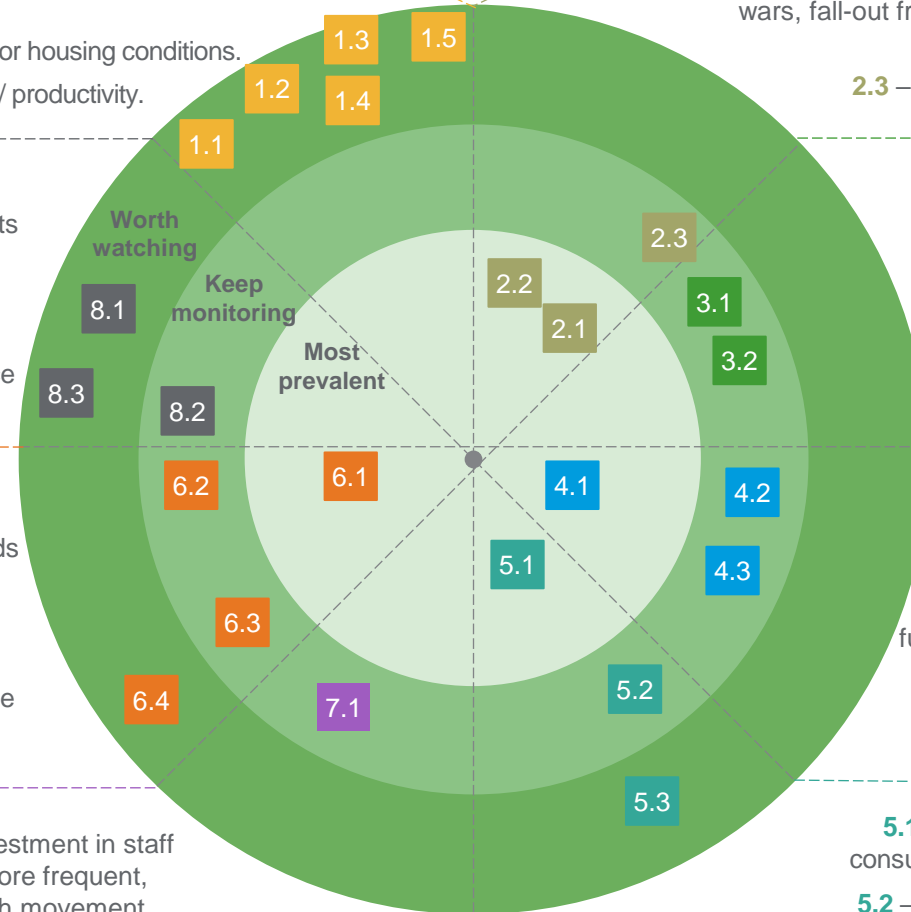
- 3.1 – Ability to effectively engage with and leverage off the sustainability agenda.
- 3.2 – Increasing weather pattern shifts / extreme weather impacting businesses and supply chain (nationally and globally).

Technological

- 4.1 – Cyber-attacks increasing in frequency and complexity.
- 4.2 – Digital transformation including Impact of artificial intelligence on business – capacity, capabilities and funding available to understand, keep-up with, explore and develop digital.
- 4.3 – Operational resilience of technology e.g. power outage, IT infrastructure age, sabotage etc.

Commercial

- 5.1 – Continued economic slow-down. Reduced spending by consumers and reduced / changes in spending by Government.
- 5.2 – Reduced investment in research and development due to macro-economic conditions.
- 5.3 – Access to markets - global trade embargos, restrictions, tariffs and competition.



Previous Emerging Risk Radar Summer 2024

Societal and Community

- 1.1 – Availability and effectiveness of public services are reduced.
- 1.2 – Increasing awareness of mental health and physical well-being issues.
- 1.3 – Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes.
- 1.4 – Homelessness and poor housing conditions.

Governance

- 8.1 – Tick box governance. Lack of transparency in decision making, conflicts of interest justified, and loss of accountability and trust.
- 8.2 – Maintaining board member capacity and capability – fitness for future.

Economic and Financial

- 6.1 – Shifts in inflation, interest rates, salaries and wages, energy costs.
- 6.2 – Availability of supplies leading to increased costs across all ranges of materials.
- 6.3 – Access to and availability of finance and funding including cost of finance and funding changes

People Resources

- 7.1 – Shortages in skills and experience – reduced investment in staff development, temporary contracts more frequent, reduced pool of skilled staff with movement between employers and increasing lack of commitment to longer term career.

Political, Policy and Regulation

- 2.1 – Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.
- 2.2 – Geo-political instability, including fall-out from and expansion of conflicts and the influence on society.

Environmental

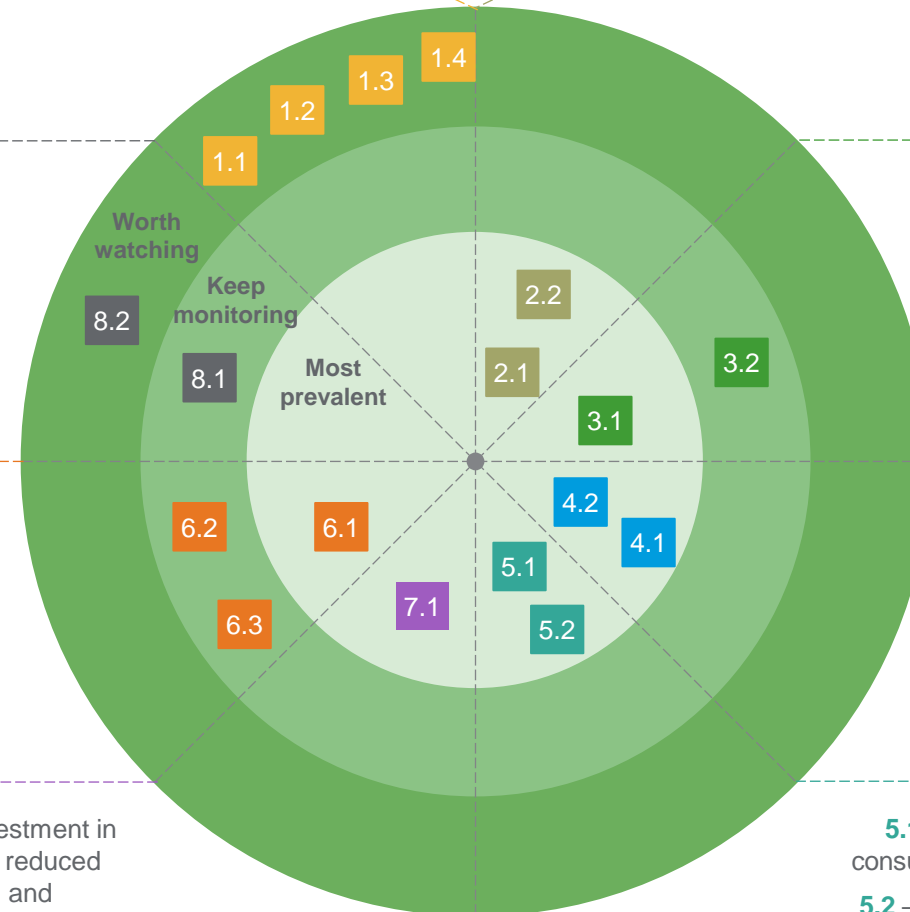
- 3.1 – Ability to effectively engage and leverage off the sustainability agenda.
- 3.2 – Increasing weather pattern shifts / extreme weather impacting the UK (and globally).

Technological

- 4.1 – Cyber-attacks increasing in frequency and complexity.
- 4.2 – Impact of artificial intelligence both positive and negative implications.

Commercial

- 5.1 – Continued economic slow-down. Reduced spending by consumers and reduced / changes in spending by Government.
- 5.2 – Reduced investment in research and development due to macro-economic conditions.



Further insights



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4risk: <https://youtu.be/12NyJhSNK3o>

4action: <https://youtu.be/xEuFSwzbzvw>

4policies: <https://youtu.be/ufXYt1juwhA>

4questionnaires: <https://youtu.be/NW17EoRJsjs>

Contact

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If you would like to participate in the next emerging risk radar survey, please contact matthew.humphrey@rsmuk.com

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