Risk Management Implementation Plan

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Who will present: Kevin Street

Date of Board / Committee meeting: 1 December 2015

Committee/Groups that have received or considered this paper:
- Pre-Board Executive Meeting

The Board / Committee are asked to: (please select one only)

Approve the recommendation(s) proposed in the paper.	√
Discuss and scrutinise the paper and provide feedback and comments.	
Receive the paper for information only.	

Link to Public Health Wales commitment and priorities for action: (please tick which commitment(s) is/are relevant)

Priorities for action		include relevant priority for action(s)

1 Introduction

This paper follows the integrated risk management framework, and sets out, how at a high level, the framework is to be implemented over the life cycle of the Public Health Wales strategic plan.

2 Background

The need to prepare an implementation plan is to ensure that evidence of improving risk performance becomes a measurable achievement. Essential to the plan and highlighted through the framework are the requirements to create and use a board assurance framework, corporate risk register, and local risk registers. These systems and processes support escalation and de-escalation of risk.

3 Timing

Progress has already been made, but there is a recognition that some urgency in establishing critical processes and systems require attention. Although the plan coincides with 3 year Public Health Wales strategic plan, it is expected that we will be reporting a much improved position in 2015/16.

4 Description

This paper describes the start of our risk journey taking the reader through some of the context and theories which have been outlined in the framework and now need to embedded in the organisation.

5 Financial Implications

Whilst there is an expected initial increase in organisational workload, the correct use of risk and risk management are expected to facilitate efficiency and effectiveness. Additional, resource for risk personnel are indicated in this paper.

6 Recommendation(s)

The Board is asked to approve this paper.

Purpose of this document

This document sets out our approach and plan to support the implementation of the Integrated Risk Management Framework

Objective

The primary objective of the implementation plan is to support the continued implementation of Integrated Risk Management Framework throughout Public Health Wales.

Summary

Since the introduction of risk management as an explicit concept into the Public Sector, it has often been viewed as "all risk is bad and therefore it must be eliminated" or worse still that risk management stifles innovation.

At Public Health (Wales) our approach to risk was to begin by explicitly acknowledging that our role in healthcare, and everything involved in running a large and complex organisation comes with risk that, in some cases, can never be fully eliminated. Success comes from creating a 'risk aware' and 'risk responsive' organisation. It is not about being risk averse but without the right culture and leadership it could easily become so.

We recognise that to create a positive culture for risk management, you have to first create the right leadership. Ensuring that everyone within the organisation lives and breathes good risk management is something that has to come from the Chairman, Chief Executive and wider Board. That is not to say that we are all about risk, rather it is about our commitment to using risk as a decision making tool

We considered the components required for creating a positive environment for risk management. In terms of leadership it is essential that the vision for risk management comes from the whole Board and that the Executive has the skills and experience to truly champion risk. In terms of culture our attitude to risk and the development of our risk appetite statement set the tone for the whole organisation.

We then set out the key steps we took in transforming the risk landscape of our organisation. This began with measuring our starting point by making a critical assessment of our risk maturity to identify the changes needed to our processes so they went beyond the 'tick box' and translated into a robust new integrated risk management framework.

To truly embed risk management effectively takes time. In the first year of our implementation plan we will be educating and training staff; developing

our risk appetite statement; and ensuring we have clear processes for identifying and describing risks, dealing with escalation and de-escalation and managing and monitoring risks.

We are only six months into a three year journey but already we have seen the positive impact in improvements to our risk maturity and have gained a clear understanding of the next steps that we need to take to continue to transform our risk landscape.

Introduction

Risk management goes to the heart of what we do in Public Health (Wales). In large, complex organisations like ours managing risk can seem a daunting task. However, it is inherent in everything we do and we manage it successfully every day. It is not a new challenge and because it forms an intuitive part of our daily work, the key is to manage risk in a simple, effective and consistent way.

We are not alone in managing these risks which means we must work continuously with other partners involved in the delivery of strategic objectives. Our risk management systems should be designed to enable this to happen effectively.

Risks occur in every area of business and we recognise that there is much to learn from other sectors outside of the health arena. By comparing our approach with that of other sectors, we can identify what works best and what needs to change. This in turn enables us to bring our risk management processes to life in an effective and meaningful way and ensures they are class-leading.

Creating a Positive Environment for Risk Management

Given that culture and leadership are intrinsically linked, we decided to implement a number of key actions to allow a positive environment to flourish:

Leadership

Our response to the leadership challenge was to create a dedicated senior risk professional with significant accountability, a role that reports directly to the Executive Director of Quality, Nursing and Allied Health Professionals. The job portfolio includes Information Governance and Risk Management, reflecting the essential links between these important but emerging agendas.

The Executive Team felt strongly that this role had to provide an independent voice on assurance and should have the relevant skills and experience to champion risk at board level.

Involving our Non-Executive Directors, who bring a wealth of other experiences to the Board, added new insights and strengthened our overall commitment to high visibility leadership for the risk agenda. The Chair of our Audit Committee will work in partnership with the Head of Risk and Assurance to develop and promote a broader understanding of risk management, leading to more informed debate on how it should work in Public Health Wales

We have redefined the accountability and responsibility in the integrated framework for risk management at all levels of the organisation, by engaging staff in understanding their role in creating a positive risk culture. We have mapped the different responsibilities to ensure clarity of ownership and authority to act, linked to the management structure.

Culture

Having established a clear direction of travel on our leadership agenda, the implementation plan turns its attention to influencing the existing culture in relation to risk management in Public Health Wales. We have invested significant amounts of time and effort in improving our knowledge and understanding of risk management in our organisation. As well as conducting detailed diagnostics of the existing systems, we held several Executive and Board meetings to create a collective vision for how we wanted risk to be managed in our Organisation.

Risk culture is a term describing the values, beliefs, knowledge and understanding about risk shared by a group of people with a common purpose, in particular the employees, teams, or groups within an organisation.

Public Health Wales will use a simple A-B-C approach (Institute of Risk Management, 2012) in understanding how culture, and hence risk culture, works in practice.

- The Culture of a group arises from the repeated Behaviour of its members
- The Behaviour of the group and its constituent individuals is shaped by their underlying Attitudes
- Both Behaviour and Attitudes are influenced by the prevailing Culture of the group

"Risk culture" refines the concept of organisational culture to focus particularly on the collective ability to manage risk, but the wider

organisational culture itself is an active backdrop determining, and itself influenced by, risk culture. Taking each step in the model:

- Risk attitude is the chosen position adopted by an individual or group towards risk, influenced by risk perception and pre-disposition

- Risk behaviour comprises external observable risk-related actions, including risk-based decision-making, risk processes, risk communications etc.

- Risk culture is the values, beliefs, knowledge and understanding of risk, shared by a group of people with a common intended purpose, in particular the leaders and employees of an organisation.

Our implementation plan will focus on creating ownership at every level within the organisation by involving our staff in designing the tools to manage risk. We will encourage staff to be more 'risk aware' by promoting openness and supporting them to manage risks locally where possible. We will train, encourage and support staff, managers and the board to create a risk culture suitable for our organisation.
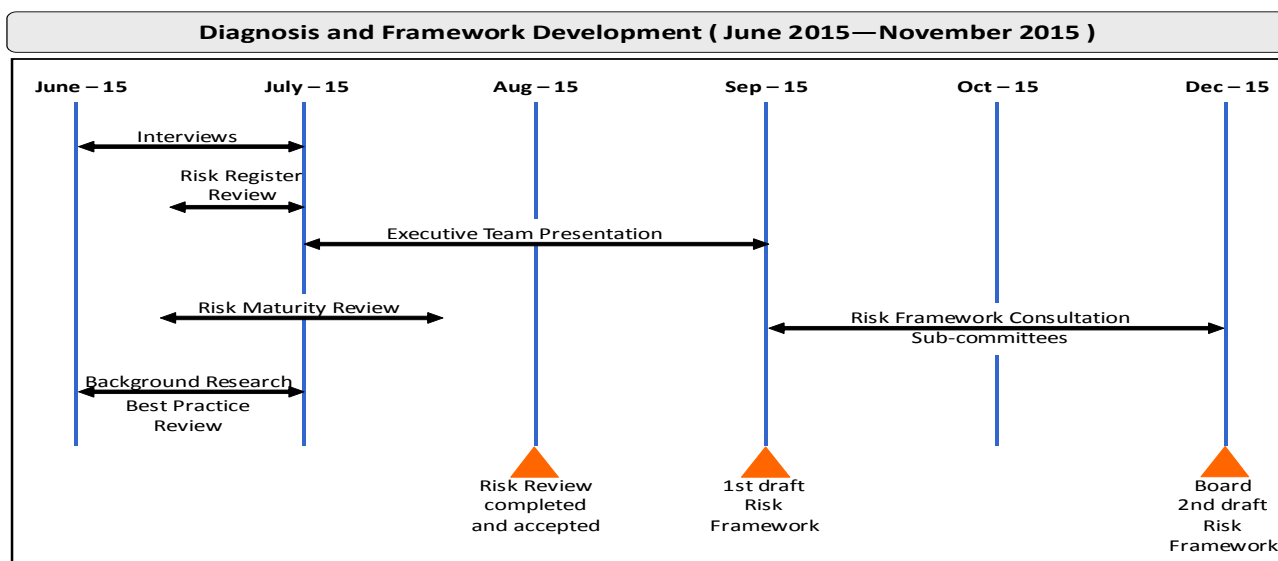
Transforming the Risk Landscape in Public Health Wales

To achieve a collective broad understanding of the level of transformation required to truly embed risk management in a meaningful way, we recognised that we needed to implement a programme of work over the course of three years.

Since we began in June, 2015 we have invested considerable effort and resources into the review of risk management a process that has taken six months to reach this point.

To ensure we maintained a focus on the final outcome of a fully embedded risk management system, we have developed a three year project plan (starting at Year 0 in October 2015 with an end point at Year 3 in July 2018.

YEAR 0: Diagnosis and Strategy Development

Diagnosis and Framework Development (June 2015—November 2015)

Understanding our Starting Point

Although we had a risk strategy in place, we felt it wasn't being used effectively as a management tool, but was sometimes seen by staff as a 'tick-box' exercise. Our first step was to carry out a critical analysis of the existing risk management systems and processes. This involved: tolerance levels; hierarchy of Risk Registers; escalation and de-escalation of individual risks and risk profiles.

Our review of others' practice identified some subtle but significant differences in the way in which risks were described and managed. We learned the importance of accurately describing risks in terms of their cause, the effect and the consequence of this risk materialising

Interviews were conducted with Executive Directors, Non-Executive Directors and divisional directors to establish how successfully the current system was operating.

Additionally a detailed review of the existing Risk Registers at all levels of the organization alongside an examination of practice from both NHS and other materialising organizations determined the need for a formal risk management review.
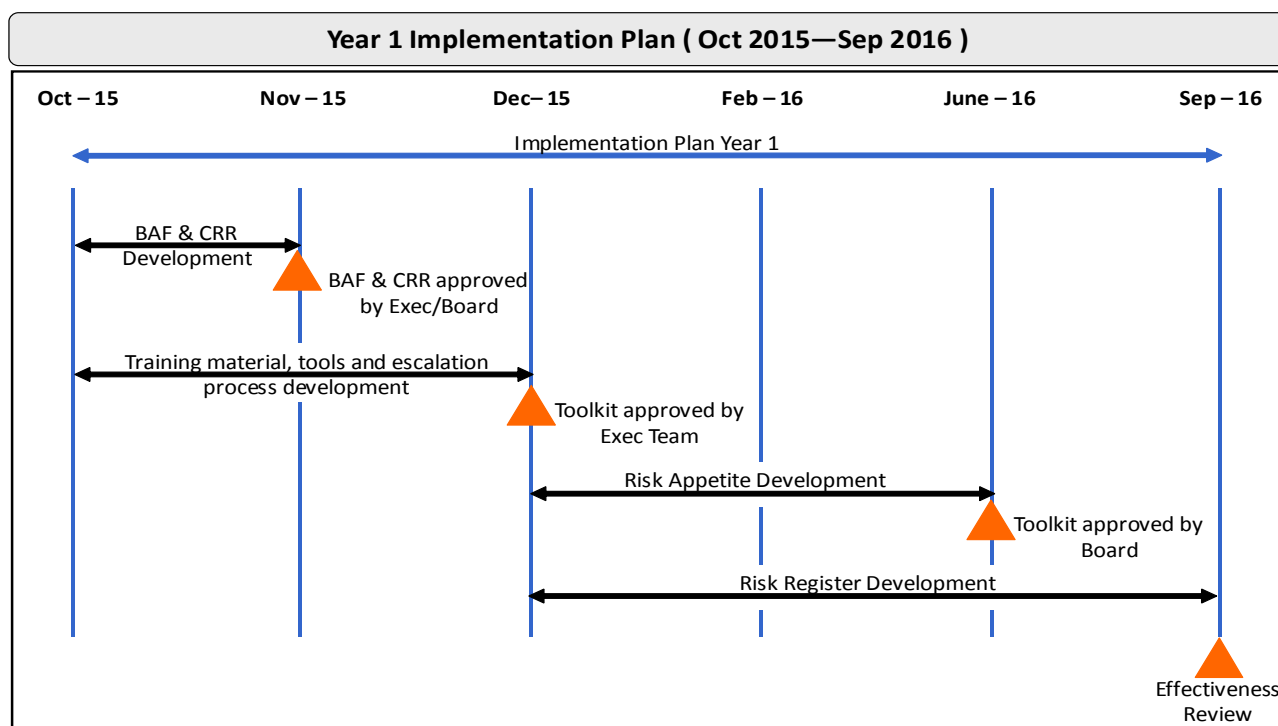
In order for us to form a baseline assessment we undertook a risk maturity assessment. The criteria used for this were based on those included in HM Treasury Risk Management Assessment Framework, which was adapted, in part, for our organisation.
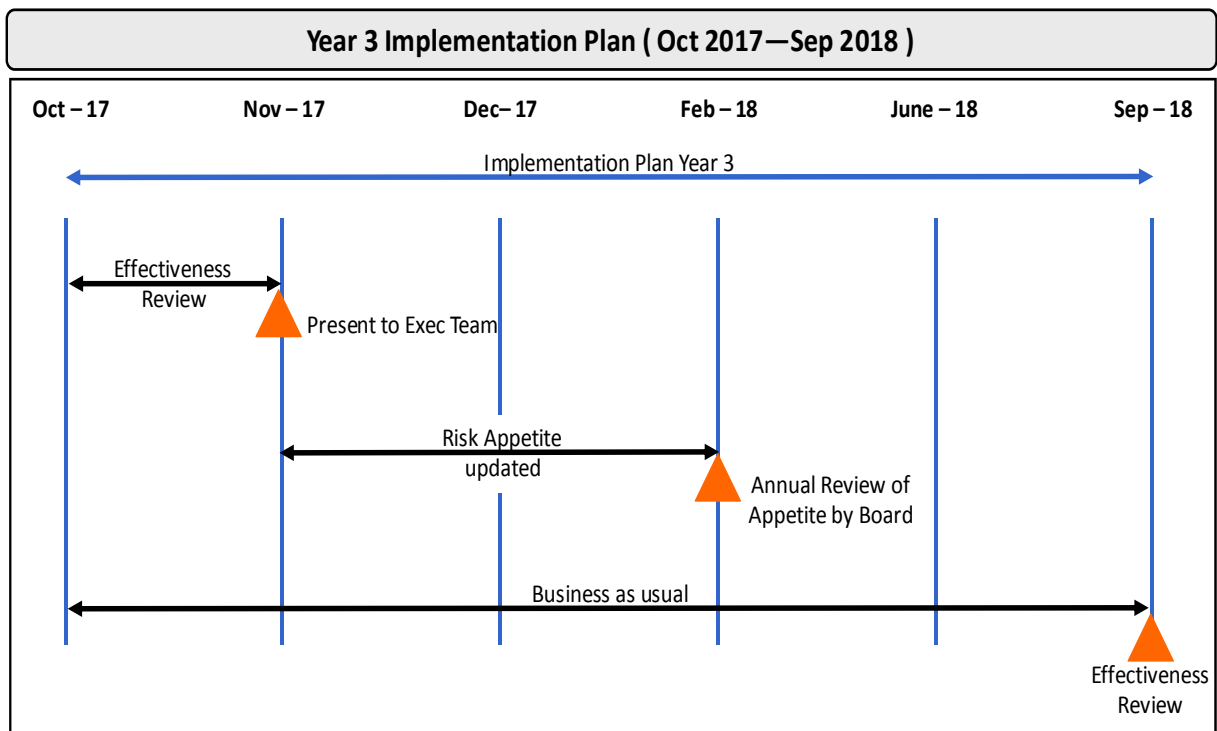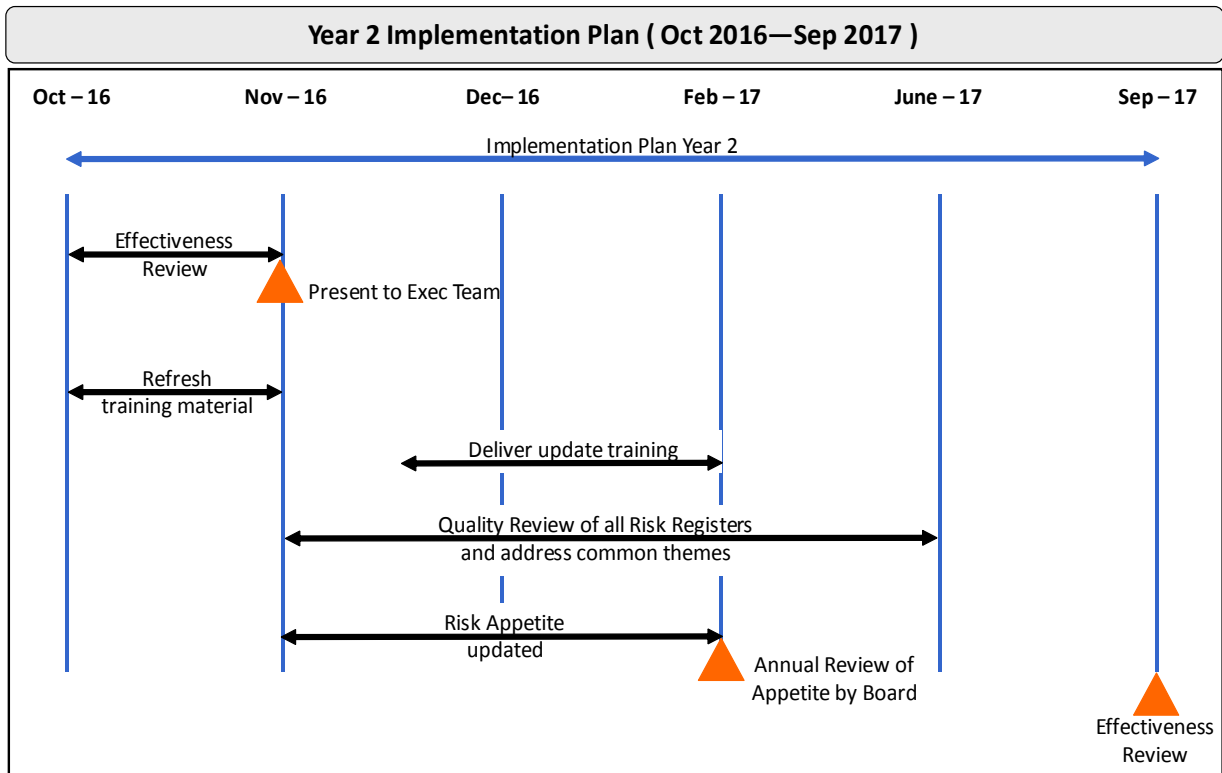
Information gleaned from the critical analysis was used to facilitate a number of discussions with various sub-committees. These focused on key issues for debate such as: the risk statement; risk appetite and risk description – It is important that risks are clearly articulated so that they accurately identify the right controls and contingency plans. Using the following sub-headings helps to clearly describe risks. For example:

• **Cause**: Inability to release clinical staff for mandatory training due to staffing levels

• **Effect**: Results in staff not receiving compulsory training in resuscitation or blood safety

Creating an Implementation Plan

Once our new integrated risk management framework is incremental in design, aligned to our IMTP strategic plan we have developed a project plan with defined intervals for measuring progress and adjusting our approach if necessary, recognising that organisations do not stand still. The plan is designed to help make the risk framework feel real for staff. It is essential that these new changes are communicated in detail to key staff and time will be spent talking to them to explain how the new system would work and the role they would play in making it happen

Year 1 Implementation Plan (Oct 2015—Sep 2016)

Oct – 15   Nov – 15   Dec– 15   Feb – 16   June – 16   Sep – 16

Implementation Plan Year 1

BAF & CRR Development

BAF & CRR approved by Exec/Board

Training material, tools and escalation process development

Toolkit approved by Exec Team

Risk Appetite Development

Toolkit approved by Board

Risk Register Development

Effectiveness Review

Year 2 Implementation Plan (Oct 2016—Sep 2017)

Oct – 16	Nov – 16	Dec– 16	Feb – 17	June – 17	Sep – 17

Implementation Plan Year 2

Effectiveness Review

Present to Exec Team

Refresh training material

Deliver update training

Quality Review of all Risk Registers and address common themes

Risk Appetite updated

Annual Review of Appetite by Board

Effectiveness Review

Year 3 Implementation Plan (Oct 2017—Sep 2018)

Oct – 17	Nov – 17	Dec– 17	Feb – 18	June – 18	Sep – 18

Implementation Plan Year 3

Effectiveness Review

Present to Exec Team

Risk Appetite updated

Annual Review of Appetite by Board

Business as usual

Effectiveness Review

Resources

Inevitably any process and system design of this size, scale and complexity will require additional resources. Our model and plan will promote de-centralization with the provision of support focused on training staff to manage risk at their location with limited but slightly increased capacity from the centre; this is intended to be met in the recruitment of a risk training lead/analyst in 2016/17.

Implementing the Plan

A number of key actions formed the basis of us getting started in the first year and included: educating and training staff; developing our risk appetite statement; identifying and describing risks; dealing with escalation and de-escalation of risks; and managing and monitoring risks via the Risk Register and Board Assurance Framework.

Educating and Training Staff

We recognise the amount of time and energy we need to help the Board's understanding of risk and to involve staff in the design and creation of the tools necessary to implement the new framework and to enable them to do this in an effective way, we have developed specific training materials to increase their own knowledge and understanding of risk management, regardless of their level of experience to date.

Developing our Risk Appetite statement

Traditionally Public Sector organisations have not always explicitly articulated their risk appetite or individual risk tolerance levels. Our risk appetite statement will describe our appetite for each of our seven strategic priorities. This appetite statement will be reviewed and updated on an annual basis.

In developing the risk appetite statement, through a series of debates at the Board sub-committees, we recognise that sometimes there is a difference in perspectives between Executive Directors and Non-Executive Directors.

 This we hope will stimulate significant debate with contributions from all Board members resulting in a risk appetite statement that was agreed and owned by the full Board.

Identifying and Describing Risks from Board to Service

By approving the integrated risk management framework, the Board makes a decision to use our strategic objectives and compliance with all relevant legislation .as the foundation stone of our approach to identifying risks. This approach will enable us to more fully debate and understand our organisational structure and establish a clear hierarchy of Risk Registers from Board to Service. This will make a deliberate connection risks on our registers and our Management decision-making processes that facilitate the integration of risk management into our performance management framework.
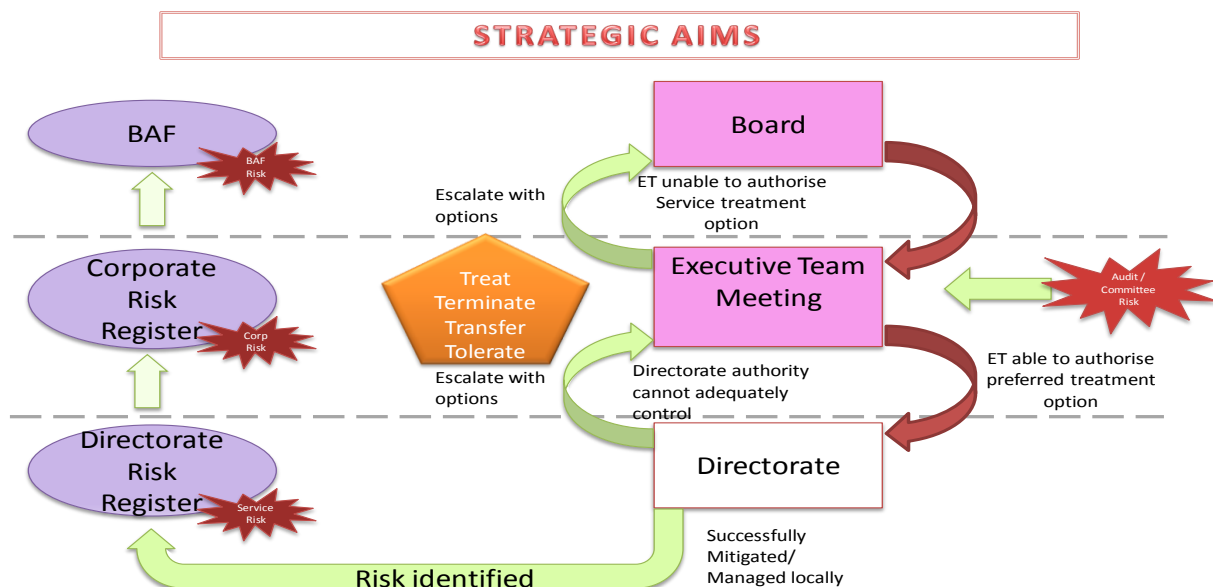
Dealing with Escalation and De-escalation of Risks

Managing and monitoring risks via Risk Registers and the Board Assurance Framework

Starting with the development of objective-based risks explicitly linked to the business planning process and framed around key domains will mean that our Risk Registers will become more rounded management tools.The Risk Registers will form an integral part of our divisional performance reports and will be reviewed through performance monitoring process.

Other organizations appear to have struggled with understanding the difference between the Board Assurance Framework (BAF) and the Corporate Risk Register (CRR). The CRR contains key operational risks that have been escalated from directorates unable or unauthorized to introduce adequate control or mitigation, this register is managed by the Executive Team.

Risk Escalation/ De-escalation

The Board has responsibility for managing key strategic risks. All the risks in our BAF are of a strategic nature and are assigned to an individual lead Executive Director and allocated to a specific Board sub-committee.

Each sub-committee is responsible for reviewing those risks in detail, with the Audit Committee retaining the review of the entire BAF and CRR.

To support a robust level of scrutiny we have developed a process of 'deep dives' to enable the individual risks to be examined in more detail. The process and schedule of scrutiny for these 'deep dives' will be agreed by each sub-committee for the year and these will be programmed into the cycles of business of the committees.

Similarly with our Risk Register we wanted to create a simple system to gain an 'at a glance' understanding of our risk profile. To support this we developed a 'Risk Register on a page' summary. This summary (dashboard) offers views, showing risk profile, the risk score the movement in risk scores. This enables a more focused discussion around the content of the Risk Register.

Next Steps

We started by conducting an assessment of risk maturity to provide us with a baseline from which to demonstrate improvement. At the end of the first year of the project plan we will re- assess our risk maturity. This will provide the board with a clear view on the positive impact of the actions taken in year one in relation to the implementation of the framework across the following key categories: leadership, strategy & policy, people, partnerships, process, risk handling and outcomes.

To ensure we succeed we will produce detailed 'how to' guidance documents with narrative, questions and answers and supporting standard operating procedures. These will include:

- Risk Assessment
- Risk Registers
- Corporate Risk Register
- Board Assurance Framework

Additionally, we see training inclusive of Board development as integral to improving our risk performance.

The aim is to show that our risk maturity level will have increased but also provided us with a set of clear actions to build into years two and three of project plan. The focus of our work for the next two years is on ensuring our risk appetite is applied to the business case process and is then extended

into a set of divisional-level risk appetite statements. Our training package and the materials are being reviewed and updated to further enhance the knowledge of all our accountable leads and to extend awareness beyond these staff to all staff across the organisation.

We are also considering how best to review and report on the positive impact of the risk management process on the organisations risk profile, the aggregation of risks and the cumulative effect of accepting risks.

We are a continuous learning organisation that aspires to achieve excellence. One of the key learning points for us was is that we have to be honest with ourselves and rather than turning stones, finding a problem and then replacing the stone, we have to deal with what we found.

The challenges we faced may not be exactly the same for other Public sector organisations, but we recognise that there is no such thing as a short-term fix. Long-term views must be considered, whilst also being realistic about what can be achieved.