

Corporate Risk Management

Board Update

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Background & Context

1. Risk management practice across HSCIC has been the product of the legacy organisations from which the business was constituted and the consequence of splitting responsibilities of programmes across multiple organisations that previously were within the DH Informatics function.
2. As a result of this, we have been using multiple tools and platforms to hold risk information; we have had no single standard for risk data quality, no agreed processes and in many cases unclear governance over the ownership, management and reporting of risks and issues.
3. However it should be noted that in many areas the level of risk management expertise is good, just inconsistent or not uniform across the organisation.
4. The Portfolio Division has been working to address these problems and has made good progress to date, and this paper updates the Board on our progress so far.

Risk Management Governance

5. The HSCIC Board is ultimately accountable for ensuring that risks are managed effectively across the organisation. The HM Treasury/Cabinet Office document “*Corporate Governance in Central Government Departments: Code of Good Practice 2011*”¹ (“the Code”) states that “...the board should ensure that there are effective arrangements for governance, risk management and internal control...”
6. In addition to the overall ownership of risk management, the Board will be asked to agree the organisation’s risk appetite, and - where needed - to support the executive in managing risks where the mitigation or management actions require Board decisions or oversight. In this spirit, the two red risks around data security and care.data are high on the Board agenda.
7. It is the responsibility of the Assurance and Risk Committee (ARC) to assure the Board that risks are being managed effectively. The Portfolio Division is developing options for a suite of management information (MI) for the ARC. This will allow the ARC to provide the oversight and challenge of the executive, and then to provide assurance to the Board. This MI suite also provides the set of metrics that the corporate risk management Key Performance Indicator (KPI) is based on.
8. The Portfolio Division has produced a suite of documents² that describe how we expect risks to be managed across the organisation going forward. This approach has been reviewed and endorsed by the Executive Team and published on the HSCIC intranet. The documents were also discussed at the ARC, and the Risk and Issue Management Strategy and Framework was circulated to the ARC members for comment.
9. As part of the process to embed the policy and process, we have commenced a training programme for key HSCIC staff, and we are planning awareness raising communications for all staff.

¹ The HM Treasury document “*Managing Public Money*” is clear that “It is good practice for ALBs to use similar principles” to those found in the Code of good practice.

² The Risk and Issue Management Policy, the Risk and Issue Management Strategy and Framework and the Risk and Issue Management Process and Metrics Guide.

Risk Appetite

10. The code of good practice explicitly lists the setting of a corporate risk appetite³ as a Board responsibility.
11. The HSCIC Risk and Issue Management Strategy and Framework provides an example of what a risk appetite system might look like.
12. The Portfolio Division will work with the Board to:
 - a. Understand the Board's appetite for risks
 - b. Help the Board articulate this appetite
 - c. Document and communicate this appetite through the organisation
 - d. Support individual directorates with developing local appetite statements as part of their local risk management policies.
13. We will work with the Executive team through April 2014 on articulating corporate appetite statements with a view to seeking Board review and approval of the appetite system by June 2014. Once this has been agreed, we will work with the individual directorates to help them develop their own appetite statements and local risk policies, aiming to have these completed and published by September 2014.

Strategic and Operational Risks

14. The full set of corporate level risks has been separated into two sets:
 - a. Corporate (Strategic) – owned and managed by the board
 - b. Corporate (Operational) – owned and managed by the Executive Management Team
15. The ARC has full visibility of both sets of these risks as part of its assurance and oversight duties.
16. Work is on-going to fully articulate and assess the Strategic risk set and to ensure controls and additional mitigation activities are in place to reduce them to an acceptable level. We expect to complete this by 25th April. Ownership of the individual risks lies with the Executive members of the Board and a summary view of these risks is provided in Attachment 1 to this paper.
17. The Board is the ultimate point of escalation for operational risks should other levels of the HSCIC management hierarchy not be able to provide adequate control or mitigation to them.
18. The Board will only be asked to review operational risks on an exception basis.

Recommendations

19. We recommend that the Board endorse, support and engage with the approach to developing a risk appetite system described in this paper.

³ We have defined risk Appetite as “The level of risk that the business is prepared to accept with no further control or mitigation activity”.