

ALB risk interdependencies

Strategic delivery:	<input checked="" type="checkbox"/> Safe, ethical effective treatment	<input checked="" type="checkbox"/> Consistent outcomes and support	<input checked="" type="checkbox"/> Improving standards through intelligence
Details:			
Meeting	Audit and Governance Committee		
Agenda item	13		
Paper number	[AGC (13/06/2017) 553 PR]		
Meeting date	13 June 2017		
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Output:			
For information or decision?	Information and comment.		
Recommendation	AGC is asked to note the information in the paper about the DH's guidance on identifying and managing system risk interdependencies, the HFEA's proposed approach, and the annexed DH guidance note.		
Resource implications	In budget.		
Implementation date	Ongoing.		
Organisational risk	<input checked="" type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
Annexes	Annex: DH guidance – Management of risk interdependencies in the health and care system (for Executive Summary see p3-4 of the Annex)		

1. System risk interdependencies

- 1.1. A 2016 internal audit report for the Department of Health identified risk interdependencies between DH and its ALBs as a potential area of weakness in the risk management system.
- 1.2. Since that time, the Department has been discussing risk interdependencies with ALB risk leads (who meet as a Network Group, hosted by DH, several times per year).
- 1.3. There have been two main products from this work:
 - DH guidance on the management of risk interdependencies (see Annex A)
 - A workshop (in February 2017) for all ALBs to share information about risk interdependencies.
- 1.4. DH's intention is to produce and share a matrix capturing the interdependencies that were identified at the workshop. Pending production of that document, this paper sets out some of the main points and themes.
- 1.5. We have also incorporated risk interdependencies into our risk register so that these are clearly set out on a separate line. This will make it easier to identify any needed actions, and to report back to the Department as and when necessary.

2. Risk interdependencies workshop

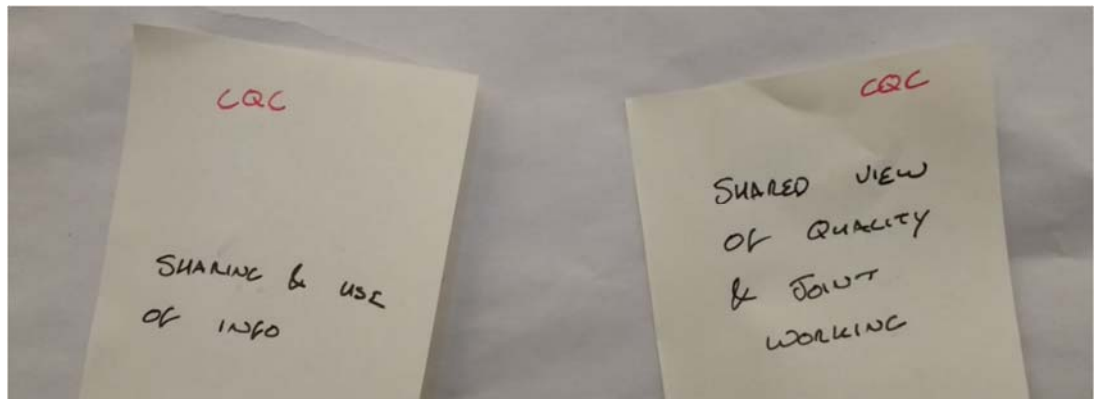
The workshop

- 2.1. The workshop took place on 28 February 2017, and was attended by various DH staff and risk leads from all the health ALBs.
- 2.2. The NHS ALBs shared a strong focus on a number of particular risk areas, with many already-recognised interdependencies between them, or with the Department. Such risks included funding and NHS savings, the Comprehensive Spending Review in 2019/20, and IT and information security risks. These ALBs already have a number of collaborative arrangements in place for risk interdependency management across the NHS, and are looking to work more closely with the Department, and perhaps to automate some of their group risk tracking.
- 2.3. Despite the larger size and complexity of the majority of organisations represented, their approach to risk management is the same as ours – they have a strategic risk register with operational and project risk logs underneath. They use the Treasury's 'Orange Book' as their general guide, with the same definitions of inherent and residual risk, and most use the same 1-5 scoring system as us.

Outcomes

- 2.4. A number of common themes were evident:
 - Money (amount of, management of, associated reputational risks)
 - Workforce (retention, pay, skills).
 - Legislative and political change
 - Cyber security
 - Brexit consequences

- 2.5.** Our own main risk interdependencies are with the Department – on things like our legislation, our funding, and sometimes policy or media matters. The only interdependencies identified with us came from the CQC, who added two shared risks to every ALB's risk sheet during the workshop. However, these were about sharing information, and defining quality. Most delegates saw these as collaborative working interdependencies, rather than risk interdependencies, and no particular risk was specified in relation to the HFEA. We believe our working relationships and memorandum of understanding with the CQC enable us to manage any shared or overlapping regulatory risks as and when they arise.



- 2.6.** In discussion, it was clear that the biggest two common risk areas are financial risks and workforce challenges. Data sharing, cyber security and complex, multi-layered central Government approval and reporting processes were also frequently mentioned.

Next steps

- 2.7.** We agreed:
- To continue to share information about our biggest common risks at each subsequent ALB Risk Network meeting.
 - To feed back to our audit and risk committees about the workshop.
 - To discuss any new risk interdependencies identified through the workshop with the relevant organisations, so as to ensure a joint mitigation plan is in place. (For us, the interdependent risks we have with the Department are already regularly discussed and well controlled.)
 - To review our risk registers with this session in mind, and incorporate interdependencies into the structure of our risk registers.
 - That the Department would circulate all the identified interdependencies in due course.
- 2.8.** We also agreed that good relationships and dialogue were more important for managing risk interdependencies than words in a risk register. Collaborative relationships should be active and responsive, with associated agreements up to date, so that account can be taken of risk (and other) interdependencies whenever there is joint working.

3. Recommendation

- 3.1.** AGC is asked to note the above report, and the annexed DH guidance.
- 3.2.** Comments are welcomed – either on this paper, or on the interdependencies listed in the revised risk register (the next item on the agenda).