

Risk Management

Corporate Risk Register

Version	4.0	Contact	Brian Orpin
Issue Date	14/04/2015	Email	brian.orpin@nhs.net
Status	Issued	Telephone	0131 314 5360

Change Control

Date	Version	Change	Owner
28/11/2014	3.0	Approved by Board	Board
01/04/2015	3.1	Initial revisions from CMT	CMT
02/04/2015	3.2	Formatting and tidying. Cross reference table removed. 2 risks closed. Glossary updated.	BPO
14/04/2015	3.3	Implement CD comments	BPO
14/04/2015	4.0	Issued	CEO

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Glossary:

AFHS	A Fairer Healthier Scotland
CEO	Chief Executive
CMT	Corporate Management Team
DD	Director of Delivery
DS	Director of Strategy
DHWL	Director of Healthy Working Lives
DPHS	Director of Public Health Science
EFQM	European Foundation for Quality Management
HR	Human Resources
NHS HS	NHS Health Scotland
HWL	Healthy Working Lives
MRR	Master Risk Register
PEST	Political, Economic, Social Technological (risk analysis technique)
PF	Partnership Forum
SAS	Scottish Ambulance Service
SG	Scottish Government
SGC	Staff Governance Committee
SLA	Service Level Agreement

SECTION ONE – Reputational Risks

Appetite – Open (Target score 12 – 16)

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Controls in place to manage the risk	Improvement plan	Risk owner(s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
1.1	As a result of unsuccessful strategic engagement or national positioning, there is a risk that we will not have the influence required to effect the changes needed to improve policy, practice and support for action at national level or that some current delivery partners will disengage.	Failure to deliver on key strategic priorities and reputational damage.	<ul style="list-style-type: none"> Annual Review by SG and stakeholders engagement including stakeholder feedback analysis Impact of strategic engagement and communications plans (covering all sectors of engagement) regularly reviewed with the CMT and the Board, and prioritised in Board development plan. Horizon scanning group established to identify opportunities and to carry out regular PEST analysis Inequalities Action Group established. Delivery plan summary shared with key stakeholders with offer to engage to discuss aims and priorities going forward. 	<ul style="list-style-type: none"> Complete development of core scripts for all core programmes Ensure unity of leadership approach in expressing NHS HS strategy. Agree and implement corporate model of local delivery. Active engagement with local authority leaders, public and voluntary organisation leaders to promote the role and relationships of NHS HS. Support and influence review of position and purpose of Inequalities Action Group. Reach agreement with local HWL stakeholders on shared outcomes and agree approach to manage reallocation and reduction of resources. Improve use of social media and other digital approaches. 	DS	Decreasing	3x3 =9	

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Controls in place to manage the risk	Improvement plan	Risk owner(s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
1.2	As a result of a political climate or policy development that is unfavourable towards addressing the fundamental causes of health inequalities, including political decisions that continue to lead to a negative impact of welfare benefit reform on the health of the disadvantaged, there is a risk that our influence will be limited to downstream actions that mitigate but do not reverse health inequalities.	Failure to deliver fully on strategic outcomes will lead to loss of credibility amongst partners and weaken the credibility of our strategic ambition for AFHS and future strategy.	<ul style="list-style-type: none"> Core scripts developed for use for all media lines, briefings and engagement with committee clerks and politicians. A systematic approach to public affairs is in place to monitor and strengthen our engagement with parliamentary affairs and politicians. Core programme devoted to fundamental causes in order to maximise knowledge base and influence. 	<ul style="list-style-type: none"> Continue to build relationship with civil service, particularly core relationship with Director of Population Health Improvement. Ensure unity of leadership approach in expressing NHS HS strategy. Programme of engagement with clerks and politicians. Agree clear exit strategies with policy leads for policy work where our input is changing. 	DS	Static	4x4 =16	
1.3	Closed		•	•				
1.4	As a result of an ambitious strategy that relies on the contribution of many agencies to effect real reduction of inequality in health, there is a risk that the organisation cannot demonstrate measurable impact.	Reputational damage and lost opportunities to be engaged as a credible partner.	<ul style="list-style-type: none"> National stakeholder performance forum established. 	<ul style="list-style-type: none"> Manage stakeholder survey and review results. Complete work on organisational KPIs and implement revised performance management system. Continue to improve the engagement activity through business plan commissioning so that outcomes are increasingly agreed and delivered in partnership with others Agree and take forward a leadership role for the national review of health inequalities outcomes. 	DS	New	4x3 =12	

SECTION TWO – Financial & Planning Risks

Appetite – Cautious (Target score 5 – 10)

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Measures currently in place to control the risk	Improvement plan	Risk owner(s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
2.1	As a result of inadequate financial planning and performance management, there is a risk that we fail to optimise the effectiveness and efficiencies of our resource allocation.	<ol style="list-style-type: none"> 1) Failure to achieve our corporate outcomes. 2) Failure to meet our financial and efficiency savings targets with a detrimental impact on resources available in following years. 3) Adverse reputational impact. 	<ul style="list-style-type: none"> • Robust and integrated approach to business planning (director peer reviews; annual plans signed off by Board and SG). • Regular CMT, Audit Committee and Board reviews through monthly, quarterly, annual performance review processes. • Financial controls through close management of in year bids, surrenders and virements. • Monthly monitoring returns to SG. • Close working with NHS boards to enable early identification of projected variance at local level in respect of HWL. 	<ul style="list-style-type: none"> • Ongoing high priority to continuous improvement to financial performance management systems to ensure delivery of financial and efficiency savings targets. • Development of proposals to meet likely efficiency savings targets for 2015/16 and beyond. • Sustain the stronger link between staffing and financial management systems. 	CEO	Static	2x4 =8	

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Measures currently in place to control the risk	Improvement plan	Risk owner(s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
2.2	As a result of changing political priorities impacting on spending plans and efficiency targets, there is a risk that our financial planning assumptions may become unrealistic.	Inability to deliver our strategic priorities.	<ul style="list-style-type: none"> Approval of financial plan by Board and SG. Regular contact with SG finance colleagues. Business, financial and workforce planning aligned. Prioritisation tool agreed and in use. Business plan commissioning approach agreed and in use. Strategic review of long term workforce planning assumptions and plans take place in partnership. 	<ul style="list-style-type: none"> Regular and ongoing review of financial and workforce planning assumptions at CMT, Audit Committee and Board. 	CEO	increasing	3x3 =9	
2.3	As a result of poor planning or prioritisation processes, there is a risk that our financial resources will not be spent on the most important or effective things to achieve a reduction in health inequalities.	Inability to deliver our strategic priorities and loss of reputation.	<ul style="list-style-type: none"> Cross organisational business plan commissioning approach in place. 	<ul style="list-style-type: none"> Agree clear exit strategies with policy leads for policy work where our input is changing. Revised approach to corporate priorities agreed in order to ensure shared focus on the 'must dos'. Development programme for commissioners, team heads and programme managers to improve understanding of strategic planning drivers and organisational priorities Further refinement and improvement of the prioritisation tool in time for the next planning round 	CEO	New	3x3 =9	

SECTION THREE – Compliance and Regulatory Risks

Appetite – Minimalist (Target score 3 – 4)

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Measures currently in place to control the risk	Improvement plan	Risk owner(s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
3.1	As a result of inadequate management of processes for corporate governance and compliance, there is a risk that we will not meet our regulatory, legislative or business continuity obligations.	Potential adverse financial, legal and reputational consequences.	<ul style="list-style-type: none"> Policy and governance frameworks in place (covering Staff Governance, IT security and information issues, audit, health governance, records management, data protection, health & safety and business continuity) in place and with clear review structures. Annual Governance Statement, prepared by Chief Executive and reviewed by internal and external audit, Audit Committee and Board. Equality outcomes in place and monitored through governance structures and reported to Board. 	<ul style="list-style-type: none"> Continue to ensure management responses to audit recommendations influence system improvement. Implement action plan for improvement for records management. Complete refresh of policy review and updating frameworks. Complete development of Business Continuity Plan and associated Plans. Complete review of finance and procurement functions and monitor effectiveness of new systems. 	CEO, DS, DD	Static	1x4 =4	

SECTION FOUR – Operational Risks

Appetite – Open (Target score 12 – 16)

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Measures currently in place to control the risk	Improvement plan	Risk owner (s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
4.1	As a result of unsuccessful change management processes, there is a risk that staff will not feel engaged with organisational aims.	<ol style="list-style-type: none"> 1) Poor staff morale or resilience, with adverse reputational impact. 2) Loss of productivity. 	<ul style="list-style-type: none"> • Functional alignment review in hand to ensure structure best aligned to AFHS. • Change Advisory Group (Management/Staff Side) overseeing all aspects of alignment review, including staff involvement and communications. • Change guidance published on source. • Excellence leads identified for EFQM • Agreed approach to staff survey and matters. • Workforce development strategic approach agreed. • Staff Governance Action Plan (including measures of staff engagement and actions to address staff survey findings of concern) regularly reviewed by PF and SGC. 	<ul style="list-style-type: none"> • Internal staff engagement plan in development to support all staff alignment with organisational goals • Staff survey and EFQM improvement plans under close monitoring. • New directorate structures to be agreed and implemented • Functional alignment process to be reviewed December 2016 for organisational change learning. • Engagement process currently planned with staff based in Glasgow to ensure that the review of 6th floor accommodation engages all relevant staff and reaches appropriate conclusions that protect or improve current working practice. • Sub group of Corporate Leadership Forum looking at change support needs for teams and individuals going through change. 	CEO	Static	3x4 =12	

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Measures currently in place to control the risk	Improvement plan	Risk owner (s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
4.2	As a result of changing strategic direction and economic constraints, there is a risk that our workforce resource is not aligned with our priorities or not sufficient.	1. Organisational strategy not delivered in full.	<ul style="list-style-type: none"> Workforce development priorities and workforce plan agreed in partnership and approved by Board. Workforce budget approved by Board and monitoring arrangements agreed, including close monitoring of agreed 5% efficiency target. Workforce Strategic approach focused on needs of AFHS. Workforce planning assumptions, agreed with PF and Board, include a differential efficiency savings bias towards project costs rather than staff costs. 	<ul style="list-style-type: none"> Job design project aimed at refreshing job descriptions and roles across the organisation. Functional realignment aimed at renewed focus of all teams on AFHS. Workforce planning during 2015/16 to include focused review of long term workforce planning needs. 	DS	Static	3x4 =12	
4.3	As a result of recruitment challenges in an improving employment market there is a risk that we are unable to attract and retain the right staff to implement AFHS.	The combined impact may result in: <ol style="list-style-type: none"> Not delivering routine business. Not delivering planned developments. Not effectively taking control of new developments from suppliers. Specific failure to deliver remote, web-based and other IT based products leading to unmet customer needs and undermined credibility. 	<ul style="list-style-type: none"> Revised structure for web services team agreed and in implementation. Digital delivery approach being reviewed as part of functional alignment. Flexible approach to use of agency staff for affected teams being utilised. Change Advisory Group overseeing change process and advising joint workforce planning decision making 	<ul style="list-style-type: none"> Work with other Boards or partners to deliver technologies where more efficient or internal skills/capacity are lacking. Discuss strategies at national level if revised approach to recruitment for web services teams is unsuccessful. 	DD	Static	4 x 3 = 12	

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Measures currently in place to control the risk	Improvement plan	Risk owner (s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
4.4	As a result of actual or perceived lack of partnership working, there is a risk that employee/employer relations will be impaired.	<ol style="list-style-type: none"> 1) Difficulty in delivering all aspects of business plan. 2) Poorer decision making leading to less effective implementation of strategic aims. 3) Failure to address staff situations quickly and effectively, leading to loss of efficiency and lowered morale. 	<ul style="list-style-type: none"> • Effective internal partnership arrangements overseen by SGC. • Structured and rigorous approach to staff governance standard for PF and SGC. • Minutes of PF meetings considered by Board. • Strengthened business relationships through effective regular meetings between HR team and staff side. • Strengthened collaboration through Change Advisory Group (CAG) oversight of functional alignment and including engagement and proposals for structural changes 	<ul style="list-style-type: none"> • Ongoing acknowledgement of and attention to partnership working in corporate objectives, staff essentials, work of CMT and governance committees. • Ongoing maintenance of relationships through key one to one relationships, staff side/HR forum and formal structures. 	Joint Staff Side Chairs	Decreasing	2x3 =6	
4.5	As a result of not continuing to improve ways of introducing and maintaining technology in a coordinated and consistent way, there is a risk that our technology footprint will become disjointed and the risks will not be fully articulated and managed.	<ol style="list-style-type: none"> 1) Loss of reputation. 2) Failure to deliver fully on delivery goals. 3) Waste of resource through inefficiency and non optimised ways of working. 	<ul style="list-style-type: none"> • Planning for digital developments rests with CMT and is embedded within normal business planning arrangements. • EFQM framework in place and includes improvement plan on systems. • Agreed list of digital business priorities for 2015/16. 	<ul style="list-style-type: none"> • Ensure strategic approach to IT developments, including use of remote working technologies. • Agreed corporate and consistent approach to all systems development, managed through the Marketing Team. 	DD	Increasing	4x3 =12	
4.6	closed		•	•				

Ref	Potential threat or risk identified	Impact (exposure) resulting from the risk	Measures currently in place to control the risk	Improvement plan	Risk owner (s)	Risk movement	Net rating (likelihood x impact = risk factor)	MRR Risks
4.7	As a result of limited experience or expertise within a small organisation, there is a risk that contracts and SLAs have been or will be entered into that are not appropriate or have significant flaws.	Loss of reputation. Limited recourse where things go wrong with suppliers.	<ul style="list-style-type: none"> Strengthened procurement function and resource through SLA with SAS. 	<ul style="list-style-type: none"> Current review of contracts with main technology development partners. Ensure strategic approach to future IT developments includes appropriate organisational scrutiny of proposed contracts/SLAs. 	CEO/DD	New	4x4 =16	
4.8	As a result of reduced financial allocation we will not be able to do the range of work necessary to achieve our corporate ambitions	Inability to have the impact we need to reduce health inequalities and improve health.	<ul style="list-style-type: none"> Quarterly performance discussions with SG CMT monthly performance review of corporate priorities 	<ul style="list-style-type: none"> Discussion with our Sponsor Division to agree exit strategies and focussed activity on areas of high impact. Revised approach to corporate priorities agreed in order to ensure shared focus on the 'must dos'. Planning and delivery of our Annual Review to ensure high impact activity is highlighted and protected for next year's delivery plan Workforce planning to ensure workforce alignment with high impact and 'must do' activity 	CEO	New	4x4 = 16	

APPENDIX

(Extract from Risk Policy VXX)

Risk Assessment Matrix

		Likelihood				
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Impact	1. Negligible	1 Very Low	2 Very Low	3 Low	4 Low	5 Medium
	2. Minor	2 Very Low	4 Low	6 Medium	8 Medium	10 Medium
	3. Moderate	3 Low	6 Medium	9 Medium	12 High	15 High
	4. Major	4 Low	8 Medium	12 High	16 High	20 Very High
	5. Extreme	5 Medium	10 Medium	15 High	20 Very High	25 Very High

Risk Appetite Matrix

Net Risk Assessment	Risk Appetite	Risk Appetite Response
20 - 25 – Very High	Hungry	Eager to be innovative and to choose options offering potentially higher rewards despite greater inherent risk.
12 - 16 – High	Open	Willing to consider all options and choose the one that is most likely to result in success, while also providing an acceptable level of reward.
5 - 10 – Medium	Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
3 - 4 – Low	Minimalist	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have potential for limited reward.
1 - 2 – Very Low	Averse	Avoidance of risk and uncertainty is a key organisational objective.

Risk Topics

Topic	Description
Reputational	Strategic risks; stakeholder perception
Financial	Scottish Government funding; value for money
Compliance/Regulatory	Health and safety; Freedom of Information; Business Continuity Planning; Human Resources; Data Protection
Operational	Projects; innovation; quality; outcomes