**HS Paper 19/18**

## Board Meeting: 20 June 2018

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**Annual Risk Report**

**Recommendation/action required**

The Board is asked to note the contents of the paper.


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**8 June 2018**

# Annual risk report

## Purpose

1. The purpose of this paper is to report to the Board on the Risk Management arrangements within NHS Health Scotland, to provide assurance that risk is adequately and appropriately managed.

## Background

2. The Risk Protocol requires that the annual report includes;

    a) An update on what improvements have been made to risk management.

    b) An update on any changes following review of the risk protocol or policy.

    c) A statement of what further developments are planned for the next year including target dates.

3. The management of risk within NHS Health Scotland has improved significantly. The way in which risk is used continues to mature and is subject to continuous improvement and refinement.

4. There is still work to do to fully embed risk at all levels, but progress continues to be made and risk is currently adequately and appropriately managed. This was reflected in the Internal Audit of Risk Management (April 2017) which categorised NHS Health Scotland Risk Management as B (Broadly Satisfactory).

## Key Highlights

5. Key highlights;

    a) We have finalised an improvement project for the Master Risk Register (MRR) to improve the usefulness of our approach to risk and the information recorded. This involves a complete refresh of all the risks recorded in the MRR, and moving risk reporting to the Corporate Planning Tool (CPT).

    b) Our Corporate Risk Register (CRR) is more accurate, better integrated into planning and performance, and the risks more transparently governed, by revising our approach to developing, tracking and reporting on the CRR for 2017/18. Reporting on CRR risks has been moved from approximately quarterly to monthly, to ensure the timeliness of information presented in the risk updates, and also moved to the CPT.

## Policy and Protocol

6. The Management of Risk Policy was last reviewed and updated in April 2017. The Policy is reviewed on a biennial basis, and is therefore due for review by April 2019.

7. The Protocol for the Management of Risk was last reviewed in April 2017, and was updated and presented to the Audit Committee for approval on behalf of the Board in June 2017.

8. The previous updates to the both the Management of Risk Policy and Protocol included the recommendation from the Internal Audit to refer to the involvement of CMT and the Board in the process of drafting and approving the CRR. Both documents also now contain the Risk Categories agreed by the Board and associated Risk Appetites.

## Corporate Risk Register (CRR) 2017/18 and 2018/19

9. In line with the previous decision of the Board, the CRR was reviewed and updated in-year by the nominated leads for each risk. Updates were presented to the meetings of the relevant Governance Committees, and an update to the entire CRR presented to the Board as part of the Quarterly Performance Report, to ensure more regular monitoring and reporting of risk management practices and outcomes.

10. An end of year review of the CRR 2017/18 is included as Appendix 1.

11. The Corporate Management Team (30/01/2018, 27/02/2018) developed and agreed a new Corporate Risk Register for 2018/19. The final CRR 2018/19 was approved at the Board meeting on 23/03/2018 and has been included as Appendix 2.

## Improvements to the Master Risk Register (MRR)

12. We have finalised the refresh of the entire NHS Health Scotland MRR, by Directorate, a process which started with the Strategy Directorate. Once MRR risks were identified and accurately described following work with the relevant teams, they were added to the Corporate Planning Tool (CPT), and time agreed with users to show them how to report on risks using the CPT. This enabled reporting on the MRR by staff to occur on the CPT rather than on excel documents (which we previously used). Reporting on the CPT has reduced the time taken for risk reporting, removed version control issues with the excel spreadsheets previously used for reporting and made more useful live MRR information available to staff through the CPT.

## Finance and Resource Implications

13. There are no identified finance or resource implications.

## Staff Partnership

14. There are no identified staff partnership implications.

## Communication and Engagement

15. There are no identified communications or engagement implications, with the Corporate Risk Register published annually on the NHS Health Scotland website and the Source.

## Corporate Risk

16. This annual report provides assurance to the Board that risk within the organisation is being managed appropriately and we continue to improve the management of risk.

## Issues Associated with Transition

17. This Annual Risk Report includes an end of year summary of the CRR 2017/18, and the approved CRR 2018/19, both of which include risks resulting from the transition to Public Health Scotland. We will be discussing and aligning approaches to risk management with other Boards to ensure smooth transition to the new body.

## Promoting Fairness

18. There are no identified promoting fairness issues.

## Sustainability and Environmental Management

19. There are no identified sustainability and environmental management issues.

## Action/Recommendations

20. The Board is asked to note the contents of the paper.

**Duncan Robertson**
**Senior Policy, Risk and Data Protection Officer**
**8 June 2018**

**Appendix 1 – NHS Health Scotland Corporate Risk Register 2017/18 End of Year Report**

| No. | Description | End Of Year (2017/18) Narrative |
|---|---|---|
| 17-1 | As a result of not being able to capitalise fully on the policy direction laid out in the Scottish Government's Health & Social Care Delivery Plan and other national policy developments:<br>• Momentum for reducing health inequalities stalls.<br>• Our influence, and impact in improving health equitably, is reduced. | • CMT and staff played an active role supporting the public health reform (PHR) team around engagement on public health priorities, and the development of options for National, Regional and Local public health services.<br>• NHS Health Scotland staff engaged in and leading number of shared services workstreams, and also progressed work around leading Data and Intelligence & Public Health Capability transformation themes within the context of the new public health body.<br>• NHS Health Scotland formally provided communications and engagement leadership to the National Boards Health and Social Care Delivery Programme Board.<br>• Best efforts were made to ensure that the National Collaborative Plan for 2018-19, developed by the Chief Executives of national NHS Scotland boards, appropriately identifies public health intervention opportunities to promote the aims of the Scottish Government's Health & Social Care Delivery Plan.<br>• Sponsorship arrangements with Scottish Government were formally transferred to Public Health Reform team. |
| 17-2 | As a result of not being sufficiently astute or open in the management of our relationships with key national partners, including Scottish Government, in supporting the development of the new public health body:<br>• We harm our reputation and opportunities for influence.<br>• We do not make the most of the opportunities available in consolidating and building expertise, leadership and impact in improving Scotland's health equitably. | • Regular engagement with members of the Public Health Reform team.<br>• Active support to Scottish Government on a number of aspects of planning for the new public health landscape.<br>• Range of meetings and discussions taken place with National Services Scotland (NSS) colleagues to develop necessary relationships, including developing closer relationship with NSS in relation to stakeholder engagement.<br>• Stakeholder survey analysis complete and approved at March Board meeting.<br>• A high level engagement tool to promote effective engagement between Health Scotland staff and CoSLA and Local Authorities was |

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| | | not taken forward as planned. However, a number of useful bilateral engagements and collaborative projects took place. |
| 17-3 | As a result of failing to engage with and effectively influence changes in the way roles are agreed and resources are allocated across NHSScotland national boards:<br>• We miss out on opportunities for greater efficiency and better ways of working.<br>• Our ability to deliver on our ambitions is hampered.<br>• Our organisational strengths, such as producing high quality information and evidence, are under-valued, under-played or misrepresented. | • £14.6m achieved through individual boards with the remaining £0.4m underwritten by National Services Scotland (NSS) against year-end surpluses across the National Boards by 15 February 2018.<br>• The NHS Health Scotland contribution is £0.568m from capital and £0.325m from revenue as noted below with a potential further contribution (max of £83k) from the y/e surplus of £123k against the £0.4m element underwritten by NSS.<br>• There was an initial target of £1m saving from the 11 workstreams on shared services for 2017/18 but this will be minimal and will be worked on for 2018/19 savings.<br>• The National Board DoFs have project resource in Sept/Oct for a Project Lead (1 WTE) and a project team (1.0 wte in Finance and 0.5wte in HR). This team has only been operational since Feb 2018.<br>• The 11 workstreams of shared services are at various stages of review with regard to changes in the way we operate across the National Boards with the intention that these will be reviewed as there are now 4 main areas of shared service review as noted below.<br>• There are now 4 main reviews on shared services being HR, Estates, Finance and Procurement being taken forward under the Chief Executives with a focus on Target Operating Models. |
| 17-4 | As a result of ineffective management of our stakeholder relationships:<br>• We limit our ability to influence key stakeholders to make the best use of the knowledge we generate.<br>• We do not meet the expectations of key customers and other stakeholders in terms of responsiveness of service.<br>• We do not maintain a national leadership position in public health improvement. | • Stakeholder engagement plan for 2017/18, including key messages for Board, Corporate Management Team (CMT) and staff was developed and utilised.<br>• The organisational performance target of 90% engagement high impact/high influence stakeholders was achieved.<br>• The stakeholder survey was completed and a refreshed stakeholder engagement plan developed for 2018-19, with regular reviews planned during 2018-19.<br>• We moved from using CRM recording for engagement to a more efficient and proactive recording system for high impact high influence stakeholders. |

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| | | • We planned further work to share/discuss the findings with Information Services Division (ISD) and Health Protection Scotland (HPS) to look at how we can work collectively to improve our stakeholder approaches. |
| 17-5 | As a result of not sufficiently matching our resources to priorities, in planning, quality control, and responding to in year demands:<br>• We have limited impact in the things that matter.<br>• We do not get the best results from our resources.<br>• We create potential for error in information quality and governance.<br>• We fail to meet our staff efficiency target of 6.25% | • For the April CMT, we reported an overall underspend to budget for the 17/18 year of £123k as of 31 March 2018. This surplus will be carried forward to 2018/19 but is subject to a contribution (maximum of £83k) towards the NSS underwriting of £0.4m against the £15m National Boards Savings Target.<br>To reduce the impact of this risk:<br>• CMT reduced our budget vacancy factor from 6.25% to 5%. Achieving the previous target was unrealistic given the downward shift in turnover in the last 15 months.<br>• Finance improved the quality of workforce decision making at the Workforce Planning Group by providing fuller financial updates at the start of every meeting and ensuring each workforce request has the full financial impact against current budget.<br>• Commissioners established a process of regularly reviewing uncommitted project spend to identify the areas where we could find funds if required.<br>• The Directors/CMT monitored the unallocated budget each week through budget surrenders, virements and bids, with the authorisation of bids taking into account a number of factors, to optimise the use of any available unallocated budget. |
| 17-6 | As a result of failing to engage staff effectively in plans to transition towards the new public health body by 2019:<br>• How we manage the change distracts from decision-making and delivery.<br>• Staff engagement and morale declines and we lose staff assets. | • Change and transition was a standing item on Directors, CMT, PF and Board agendas<br>• The Change Oversight Group and the Change Support Team were set up to support staff with change, by providing extra specialist capacity and also overseeing effective staff engagement. |

**Appendix 2 – NHS Health Scotland Corporate Risk Register 2018/19**

| CRR 18/19 Risk Description | Category | Owner | Response Coordinator | Governance Committee |
|---|---|---|---|---|
| 18-1. As our core funding reduces, there is a risk that we cannot deliver everything we want or our funders expect in 2018/19. | Finance and Governance | Director of Strategy | Head of People and Improvement / Head of Finance and Procurement | Audit Committee |
| 18-2. As a result of needing more of our resources than anticipated to manage the transition to the new public health body, there is a risk we do not deliver all our commitments for 2018/19. | Finance and Governance | Director of Strategy | Head of People and Improvement / Head of Finance and Procurement | Audit Committee |
| 18-3. As a result of the transition of governance to the new public health body or a lack of contingency planning for a delayed start date, there is a risk there are gaps in accountability, resulting in reputational damage. | Finance and Governance | CEO | Organisational Lead for Executive and Governance | Audit Committee |
| 18-4. As a result of issues in the process of creating the new public health body, there is a risk that the different cultures and practices of the legacy bodies become an impediment to the effectiveness of the new body. | Workforce | Director of Strategy | Head of People and Improvement | Staff Governance Committee |
| 18-5. As a result of changes to the new public health body and shared services, there is a risk of an impact on productivity and staff turnover, and so we do not deliver all our commitments for 2018/19. | Workforce | Director of Strategy | Head of People and Improvement | Staff Governance Committee |
| 18-6. As a result of not engaging local authority and third sectors in creating the new public health body, key perspectives are not heard, reducing its credibility. | Business | Director of Strategy | Head of Strategic Change and Engagement | Health Governance Committee |