

NSS Board Risk Management Update

1. **Author(s) of Paper**

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2. **Purpose of Paper**

To present the Board with the biannual risk management update in line with the reporting requirements set out in the NSS Integrated Risk Management Approach (IRMA) for review and comment.

3. **Service Implications**

The risks on the NSS risk register represent the risks identified with the delivery of key performance and strategic objectives identified in the Local Delivery Plan and in business plans which have been classified as follows:

- Business risk - including Financial risks;
- Clinical risk - including risks around our health impact;
- Reputational risk - with stakeholders; and
- Staff risk - including staff governance and the health and wellbeing of our staff.

The risks have been identified in line with the IRMA.

4. **Other Key Issues**

The attached paper outlines the risk management developments and progress made in the following areas:

1. NSS Risk Register;
2. Sub-committee Risk Reporting & Review;
3. Integrated Risk Management Approach – continuous improvement;
4. Further Development of a Risk Management Tool;
5. Risk Champions meetings; and
6. Risk Management Training.

5. **Resource Implications**

Staff resources including Divisional Directors, Risk Champions and senior management teams are involved with risk management throughout NSS.

The financial implications associated with the risk management module of the OST and the existing NSS risk register are also being considered.

6. **Contracts**

N/A

7. **Risk Implications**

The risk implications have been categorised as Business, Staff, Clinical and Reputational. The risk is that if they are not recorded accurately, the appropriate action plans may not be put in place to mitigate risks.

8. **Equality & Diversity Implications**

N/A

9. **Partnership Working**

N/A

NSS Board
RISK MANAGEMENT UPDATE
Friday, 4th November 2011

1. NSS Risk Register

The EMT and Operating Committee continue to review the NSS Risk Register monthly in line with the NSS Integrated Risk Management Approach (IRMA). This is supported by NSS sub-committees and NSS management groups who review NSS risks by risk category (Business, Staff, Clinical and Reputational) on a quarterly and monthly basis respectively.

The risk management update is presented to the formal Board meetings twice a year in line with the IRMA. The table below summarises the movements since the last report to the Board in April 2011.

Risk Rating	Mar '11 No. of Risks	Movements			Oct '11 No. of Risks
		New risks	Closed risks	Changes to risk ratings	
HIGH	28	17	(12)	(9)	24
MEDIUM	92	46	(30)	(7)	101
LOW	100	13	(36)	16	93
Total	220	76	(78)	0	218

As at 12 October 2011 there were 218 risks on the register. A significant number of new risks have been raised in the period as well as closed providing assurance that risks are continuing to be identified and managed across the organisation. The continuing trend of high and medium risks decreasing and becoming low risk indicates that actions are being taken to address and reduce the risks we face.

Risks by Category

The total number of risks on the NSS Risk Register are summarised below by risk category and risk rating as at 12 October 2011.

Risk Rating	Business	Staff	Clinical	Reputational	Oct No. of Risks
HIGH	16	3	2	3	24
MEDIUM	54	20	11	16	101
LOW	45	4	20	24	93
Total	115	27	33	43	218
	53%	12%	15%	20%	100%

This indicates that over half of the risks on the NSS Risk Register are Business risks and just less than one quarter are Reputational risks. As reported to the Audit & Risk Committee in September 2011, the Medical Director is currently raising awareness across NSS of Clinical risk and risks which could affect the health impact we make in the delivery of our services.

The HR & Workforce Development Senior Management Team is also taking steps to identify the staff risks we face and ensure they are recorded and managed appropriately.

The NSS Risk Register position at 12 October 2011 was reported to the EMT and Operating Committee on 25 October 2011. One Red Business risk around the funding shortfall for Oxygen Therapy services was closed by the EMT at their meeting as it is now an issue and is fully reflected in the NSS financial forecasts. It will be replaced by a new reputational risk instead about the potential impact on our relationship with Health Boards as a result of them receiving (from 1 April 2012) funding from SGHD which is less than the costs they will be billed for the service by NSS.

A summary of the high risks at 12 October 2011 is shown in Appendix 1 by Risk Category and in risk rating order.

2. Sub-committee Risk Reporting & Review

The risk categories continue to be reported to and reviewed by the appropriate NSS sub-committees. The most recent reviews are as follows:

- Business risks - Finance & Performance Committee on 12 August 2011;
- Staff risks - Staff Governance Committee on 26 August 2011;
- Clinical risks - Clinical Governance Committee on 16 September 2011; and
- Reputational risks – Audit & Risk Committee on 23 September 2011.

The risk register is updated to reflect comments received from these sub-committees.

3. Integrated Risk Management Approach (IRMA) – Continuous improvement

The following improvements have been made to risk management in the period:

a. Improved NSS Risk Register information

As part of the recent improvements to the online NSS Risk Register, date integrity checks, user prompts and warning messages have been introduced to assist users. This should also improve the accuracy and quality of the information being recorded.

The online NSS Risk Register also now sends automatic emails reminding owners when updates are due and when the proximity date (the date when a risk may become an issue) is about to be exceeded. This should help increase the frequency of review of risks and challenge owners to provide accurate dates in relation to when a risk is likely to occur.

b. Improved risk reports

The NSS Risk Register reports have been improved to support risk reviews across the organisation. The following additional fields have been included on the standard risk reports:

- the 'Residual' risk rating which allows management to review the expected risk remaining for each risk after mitigating actions have been taken;
- the Secondary Impact Category which allows wider consideration of the impact of the risk to be identified and addressed; and
- the dates when the action updates were provided which allows clearer monitoring of when the actions were last reviewed.

The same reporting format is being used to report to the NSS sub-committees and NSS management groups.

c. Improved risk wording

The NSS Communications Risk Champion has prepared a presentation on the importance of recording risks appropriately to minimise reputational damage. This was circulated to Divisional Directors and Risk Champions to improve the wording of the risks we record.

Risk Champions also developed a template providing guidance around the key information required on the NSS Risk Register and an example risk. This was circulated to risk owners as a guide to NSS best practice.

4. Further Development of a Risk Management Tool

The use of the Organisational Support Tool (OST)/ Changepoint software for the development of a new risk tool is being considered by the OST Programme Board as part of the evaluation for phase 4 of the use of the OST.

Currently we continue to use the NSS Risk Register to record organisational risks. It should be noted that ISD also use this register to record programme and project risks. IM&T have been using the OST for programme and project risks as part of the implementation of the OST. Other areas of NSS have local registers for detailed programme and project risks where appropriate.

5. Risk Champions Meetings

Risk Champions continue to meet quarterly and support risk management across NSS.

Terms of Reference for the Risk Champions Group and a document outlining the role of the Risk Champion have been established along with a forward programme for the Group meetings. The forward programme highlights key areas where we can knowledge share - where Risk Champions with specific areas of expertise can provide support to other Risk Champions across NSS and support continuous improvement.

6. Risk Management Training

The Financial Services Risk Champion has developed a general risk management training session for staff with support from the Risk Champions across NSS. This will be formally rolled out to all Risk Champions over the next few months. Risk Champions will then be able to run training sessions for staff in their Divisions or corporate areas.

The Controls Assurance Manager facilitated an HR & Workforce Development SMT Risk Workshop in August 2011 to review existing risks. A follow up risk workshop is also planned for November 2011 to identify whether there are any new risks which still need to be recorded and mitigated against for HR and Workforce Development.

The Controls Assurance Manager also facilitated a Risk Workshop in October for the Health Informatics Technology (HIT) Group to review the IM&T risks across NSS.

Appendix 1: Summary of Risks as at 12 October 2011

Business (Red/High)

ID	Date Raised	Division	Title	Risk Description	Last Update	Risk Rating	Residual RAG	Secondary Category	Financial Impact	Movement on prior month
1766	11/05/2010	NSS	Baseline future funding	1. There is a risk that the emerging Public Sector Financial Climate will materially affect NSS future baseline. LDP assumption is a £5m p.a. reduction	07/10/2011	25	12	Staff	>£1,000K	↔
2326	11/05/2011	PSD	Duplicate Dental Registrations	2. In September 2010, dental registrations were reduced to remove deceased patients and potential duplicates. Since then there is a risk that further duplicate registrations may be made and paid	05/10/2011	20	2	Reputational	£250K - £1,000K	↔
2299	06/04/2011	SNBTS	SNBTS National Information Systems Directorate (NISD) Resources	3. There is a risk that NISD will be unable to service the workload required by SNBTS in the required timeframe due to a shortage of resource	12/10/2011	20	12	Staff	£100K - £250K	↔ Was Clinical
1812	24/06/2010	SNBTS	Non Compliant Premises	4. There is a risk that current SNBTS premises could be deemed unsuitable by the relevant regulatory authorities if not replaced within the next 5 - 7 years.	30/09/2011	20	12	Clinical	£250K - £1,000K	↔

Business (Red/High)

ID	Date Raised	Division	Title	Risk Description	Last Update	Risk Rating	Residual RAG	Secondary Category	Financial Impact	Movement on prior month
1594	22/12/2009	HFS	Oxygen therapy funding shortfall	5. There is a risk that NSS will have a funding shortfall in Oxygen Therapy services as current demand outstrips funding. SGHD have covered this year but gap exists from April 2011 onwards.	28/09/2011	20	20	Clinical	>£1,000K	↔
2500	05/10/2011	NP	Industrial Action	6. There is a risk that changes to the NHS Pensions arrangements will result in staff taking Industrial Action leading to a disruption to productivity	05/10/2011	16	4	Staff	£250K - £1,000K	New
2492	05/10/2011	ISD	Failure to agree reductions in core funded objectives	7. There is a risk that ISD fails to agree reductions in core funded objectives equating to lower level baseline funding with SGHD.	11/10/2011	16	4	Staff	£250K - £1,000K	New
2468	05/09/2011	NSS	Support for Organisational Change	8. Corporate Support Services will not be able to provide the requisite support to all the NSS organisational change programmes	27/09/2011	16	4	Reputational	£250K - £1,000K	↔
2289	05/04/2011	NP	JAQ Award Impact on OPEX	9. There is a risk that NDC funding cannot absorb the JAQ award outcome for warehouse operators resulting in adverse OPEX.	11/10/2011	16	1	Reputational	£250K - £1,000K	↔

Business (Red/High)

ID	Date Raised	Division	Title	Risk Description	Last Update	Risk Rating	Residual RAG	Secondary Category	Financial Impact	Movement on prior month
2233	07/03/2011	NSS	The way NSS charges HBs for services will create problems	10. There is a risk that services of variable demand charged to Health Boards or SGHD will leave NSS with a potential deficit. These services include BNF, Home Oxygen, prescription pads and NSD.	06/10/2011	16	6	Reputational	£250K - £1,000K	↔
2348	27/05/2011	NISG	NISG Revenue 2012 & Beyond	11. There is a risk that NISG will be unable to balance its Income and Expenditure on an on going basis from 2012 onwards based on the changes to the ehealth funding strategy where funds are given directly to the Health Boards rather than to NISG.	27/09/2011	15	8	Reputational	>£1,000K	↔
2277	01/04/2011	SNBTS	SNBTS legacy Laboratory Host Interfaces (Prism/Olympus)	12. There is a risk that the automated transfer of test results for blood may not be possible following upgrades to Olympus or Prism software due to the host interface between these systems being over 15 yrs old.	03/10/2011	15	6	Reputational	£10K - £100K	↓ Decrease from 20 to 15
1750	13/04/2010	NSS	SGHD Policy changes	13. There is a risk that policy changes post-election will adversely affect NSS' ability to raise or receive income to cover its costs or may create new costs without new funding. Our LDP assumes no material changes in SG or SGHD policy.	07/10/2011	15	8	Reputational	>£1,000K	↔
1503	01/06/2009	NISG	GPASS Shut Down Costs	14. There is a risk that NSS may incur shut down/redeployment/redundancy costs in FY13in relation to GPASS, particularly the continuing employment costs if there are delays in the offering and taking of packages, which relates to NSS wide Processes.	27/09/2011	15	8	Reputational	>£1,000K	↔

Business (Red/High)

ID	Date Raised	Division	Title	Risk Description	Last Update	Risk Rating	Residual RAG	Secondary Category	Financial Impact	Movement on prior month
1502	01/06/2009	NISG	GPASS Pace of Migration	15. There is a risk in FY12 that there will be a funding shortfall in NISG that SG were notified of two years ago but may not fund, depending on the pace of migrations and redeployment/redundancy in FY12 compared with the assumptions in the Transition financial model for GPASS (service recovery direct from Boards as opposed to SG) NISG has some non recurring reserves that are expected to meet the FY12 risk.	27/09/2011	15	8	Reputational	>£1,000K	↔
1137	21/04/2008	ISD	eHealth Strategy	16. There is a risk that ISD is not included/ recognised in eHealth initiatives and therefore modernisation of existing National Data is not possible.	03/10/2011	15	8	Reputational	>£1,000K	↔

Staff (Red/High)

ID	Date Raised	Division	Title	Risk Description	Last Update	Risk Rating	Residual RAG	Secondary Category	Financial Impact	Movement on prior month
2203	28/02/2011	NSS	Staff Costs	1. There is a risk that political and other key enablers fail to agree on the options, or available solutions, that will be made available or permitted to support required actions in relation to staff costs and projections from Workforce Planning e.g. redundancy, voluntary severance and other staff redeployment / retraining.	11/10/2011	25	9	Reputational	£250K - £1,000K	↔
2204	28/02/2011	NSS	Staff Redeployment	2. There is a risk that NSS management is not able to redeploy or retrain staff to enable transfer of skills to areas where service demands change particularly across professional services where short term retraining is not an option	11/10/2011	20	12	Reputational	£250K - £1,000K	↔
2205	28/02/2011	NSS	Change Management Experience Requirements	3. There is a risk that NSS managers may not have the ability or experience to deal with change in the current financial climate - a period of real term decrease in funding.	11/10/2011	16	12	Business	£10K - £100K	↔

Clinical (Red/High)

ID	Date Raised	Division	Title	Risk Description	Last Update	Risk Rating	Residual RAG	Secondary Category	Financial Impact	Movement on prior month
1272	14/05/2009	HFS	Lack of Authorised Engineers	1. Lack of Authorised Engineers (Decontamination) resource will impinge on our ability to support boards decontamination teams.	28/09/2011	20	8	Reputational	N/A	↔
2150	20/01/2011	SNBTS	SNBTS Plant Failure	2. There is a risk of plant failure at SNBTS sites (Ellen's Glen Road, Lauriston & Gartnavel) that is increasing over time.	04/10/2011	16	12	Business	£250K - £1,000K	↔

Reputational (Red/High)

ID	Date Raised	Division	Title	Risk Description	Last Update	Risk Rating	Residual RAG	Secondary Category	Financial Impact	Movement on prior month
2080	09/11/2010	NISG	Dell Licensing	1. There is a risk that our reputation could be damaged if we are found to be using PCs which are not properly licensed.	30/09/2011	20	6	Business	£100K - £250K	↔
2347	26/05/2011	NSS	Non-pay inflation reduces procurement savings	2. There is a risk that non-pay inflation will drive up the prices of goods and services procured by National Procurement for NHS Scotland. In the face of a savings target, that raises the need for ambition and risk to still achieve targeted net savings each year	06/10/2011	16	9	Business	£250K - £1,000K	↔
1916	26/07/2010	NSS	AfC Terms and Conditions	3. Risk of non compliance of NSS with all of NHS Agenda for Change Terms and Conditions of Employment as directed by Scottish Government.	12/10/2011	16	4	Staff	£100K - £250K	↔