Department of Health

Health and Social Care Reform Transition Programme

Risk Management Strategy

May 2012

First published May 2012
Published to DH website, in electronic PDF format only.
www.dh.gov.uk/publications

Health and Social Care Reform Transition Programme

Risk Management Strategy

Contents

Contents

Executive Summary

Risk management is an essential driver for all change programmes and projects. Although a risk free environment is impossible, much can be done to minimise risk by planning and managing these pro-actively.

This Risk Management Strategy explains to staff and the public how the Health and Social Care Reform Transition Programme intends to deliver its commitment at minimal risk aligned with the principles for Government Management of Risk (MoR) best practice guidance.

Risks and their management are integral to the delivery of the Transition Programme and, should they not be managed or controlled, could have adverse consequences to effective delivery. It is the responsibility of all staff working within the Transition Programme to ensure that all risks are identified, recorded and managed appropriately.

This strategy promotes a culture of integrated governance and good programme management practice, by ensuring that risk management is robust and transparent. It requires that risk management processes are applied to all delivery Programmes and Cross-Cutting Workstreams to provide assurance, at Transition Executive Board level, that the Transition Programme is well managed.

Implementation of the Transition Programme Risk Management Strategy will be co-ordinated by the Integrated Programme Office (IPO). This strategy will be reviewed and refreshed, as necessary during the Transition Programme lifecycle, to ensure that continuous improvements and changes in risk management policy are incorporated.

Chapter 1: Introduction

1.1 Purpose

The purpose of this Risk Management Strategy is to set out the Health and Social Care Reform Transition Programme (to be referred to as "Transition Programme" for the remainder of the document) vision and approach to managing risks. Its aim is to provide a structured method of ensuring that all risks are identified, prioritised and acted upon appropriately.

1.2 Scope

This strategy covers the Transition Programme, all constituent programmes and Cross-Cutting Functional workstreams reporting into the senior DH, National Health Service (NHS) and Cross-Cutting Function Transition Boards. This strategy does not cover risk management methodology, which is covered in the MoR best practice guidance and the HM Treasury Management of Risks – Principles and Concepts (The Orange Book).

1.3 Background

The Department recognises that successful risk management must be forward thinking, the responsibility of all and integral to all we do. The explicit recording, reporting and management of risks and related mitigating actions, has been shown by the Cabinet Office Major Projects Authority (MPA) to have a significant positive impact on delivery confidence.

Proactive risk management is essential to the good governance of the Transition Programme. It must be embedded within the daily operation of all elements of the constituent programmes/workstreams.

1.4 What is risk management?

Risk management is used to ensure that Executive Management can understand, manage and mitigate risks to the successful delivery of the Programme. In order to manage risks successfully the Senior Responsible Owner (SRO) must understand all risks, allocate responsibilities for action and ensure that they are taken into account for decision making.

All risks must be written down and articulated concisely on the risk register in order to describe the real impact with as much clarity and specificity as possible, the risk impact and probability must be assessed as this will enable clarity on why and what is required to mitigate the risk. Every risk must have an owner assigned and an Action Owner responsible for the specific mitigation activities.

Inevitably there will be focus on those risks which are high impact and highly likely to occur, although all risks will be monitored regularly through the Programme reporting cycle.

1.5 Definition of a risk

For the purpose of this strategy, the following definition applies:

“Risk is the uncertainty of outcome, where a negative threat impacts the achievement of the Transition Programme objectives and projected benefits.”

Uncertainties include events which may or may not happen as a result of lack of information or ambiguity.

Due to the size of the Transition Programme there are varying levels of risk and these are outlined in ***Annex A – Transition Programme Risk Levels.***

1.6 Risk Registers

Risk registers are an important tool in the identification and management of risks, and in line with programme management good practice will be used to support the risk management process. The IPO has a standard risk register template that contains all of the relevant fields for capturing risk details – ***see Annex B – Risk***

Register Template.

Risk registers also play an important part in assisting the Department to advise Ministers of risks to programme delivery, as well as ensure that action is put into place to reduce or even eliminate the likelihood of a risk materialising.

They are a snapshot view of a certain moment in time and are living documents, which are regularly reviewed and refreshed.

Chapter 2: Risk Management Accountability

2.1 Role of the SRO

The Transition Programme SRO and all SROs of its constituent Programmes are accountable for managing the risks to delivery of their respective programmes. In addition, the Transition Programme SRO is accountable for ensuring that all SROs have effective risk management in place within their respective programmes.

In order to manage risks effectively each SRO is required to:

- understand at any point in time their major risks to delivery and ensure that they are taken into account within their programme delivery plans
- ensure that those risks are allocated to a Risk Owner, who is actively managing a plan to mitigate the risks. The Risk Owner will be held accountable for action to mitigate the risks
- share and review risks at monthly Programme Board meetings to ensure that the Risk Register is fully representative of all risks, that these are up to date and being actively monitored
- be supported in this by a Programme Manager whose role is to actively manage risk activities, ensuring that the risk register is compiled, maintained, regularly reviewed and refreshed to ensure that they represent the most up to date information and status
- where necessary escalate and bring to the attention of the Transition programme SRO and/or other key stakeholders, Board Sponsors key risks they should be aware of

Any risk that the SRO is not able to mitigate themselves within the scope of their programme should be escalated appropriately through the escalation process as outlined in ***Section 2.4 Risk Escalation.***

The Transition IPO is in place to provide SROs and their Programmes with advice, support and expertise on all aspects of risk management.

2.2 Role of the of the IPO

The Transition Director and the IPO are responsible for assuring programme arrangements for the collation and management of the overall Transition Programme Risk Register. The Transition Programme Risk Register is compiled from risks either surfaced in individual programmes or identified by SROs in Board or meeting discussions to ensure that it represents all major Programme risks.

The IPO will:

- assure that all major risks are recorded, that the risks are clear, have appropriate Risk Owners and that adequate mitigation actions are identified

- challenge programmes on their progress against mitigation actions, escalating concerns where this impacts other programme deliverables or milestones
- discuss with Programme Managers and agree any programme risks that need to be escalated or shared within the wider programme where they may impact delivery
- include appropriate escalated risks on the Transition Programme Risk Register and monitor these closely on behalf of the Transition Programme Director

Escalation to the IPO Risk Register does not mean that the risks are no longer the responsibility of the originating programme SRO, but provide an extra opportunity to review and assure that the necessary action is in place.

The Transition Programme structure identifies clear lines of accountability to ensure that there is a co-ordinated approach to risk management at all levels. Responsibility for risk management lies with everyone involved in the Programme and it should be an integral part of everyday work. However, certain individuals have specific responsibilities as set out in the next section.

2.3 Responsibility for Risk Management

Specific responsibilities for the management of risks within the Transition Programme are as follows:

Role	Responsibilities
Transition Programme SRO	• Overall responsibility for ensuring that the programme meets its objectives and delivers the projected benefits through successful management of risk • Understand the major risks to delivery and ensure that they are taken into account within their programme delivery plans • Ownership of the Transition Programme Risk Register • Agreement of risks to be escalated to the Executive Board Strategic Risk Register
Transition Programme Boards	• Overall responsibility for the delivery of programmes within its remit and therefore the implementation of risk management within those programmes • Approval of Transition Programme Risk Management Strategy • Management of cross-programme risks
Transition Programme Director	• Develop and maintain the Transition Programme Risk Management Strategy • Ensure that all programmes carry out effective risk management • Review and assess Transition Programme risks and their mitigations as required • Identify risks for escalation and those that need to be brought to the attention of key stakeholders

Transition Programme IPO	• Support the Transition Programme Director in the development and maintenance of the Transition Programme Risk Management Strategy • Assure that all major risks are captured and clearly articulated • Challenge programmes/workstreams on progress against their mitigation actions • Provide updates to the Transition Programme Director on progress against risks • Provide advice, support and expertise on all aspects of risk management
Local Programme/Workstream SRO	• Understand the major risks to delivery • Ownership of the local programme/workstream risk register • Ensure that all risks identified have an appropriate Risk Owner assigned • Share and review risks at monthly Programme Board meetings • Agreement of risks to be escalated to the relevant Transition Board and IPO Risk Register
Local Programme/Workstream Programme Board	• Review and approve the local programme/workstream risk register on a monthly basis • Review and manage critical programme/workstream risks on a monthly basis and drive mitigations where necessary • Manage cross-workstream risks
Local Programme/Workstream Programme Manager	• Actively manage risk activities, coordinating the identification, assessment and assignment of local programme/workstream risks • Collate and maintain the local programme/workstream risk register by reviewing risks on a regularly basis and engaging with Risk and Action Owners • Ensure that risks are refreshed and timely updates provided as part of the reporting commission cycle
Risk Owner	• Assess the risks assigned to them and actively manage the plan to mitigate the risks • Monitoring and refresh mitigation actions and any linked risks and/or dependencies • Escalating risks that could affect Transition Programme delivery • Provide timely updates on risks as part of the reporting commission cycle
Action Owner(s)	• Actively manage, monitor and refresh risk actions assigned to them by the Risk Owner • Ensure any mitigation actions are carried out on time and to the appropriate quality • Provide updates on actions to the Risk Owner as requested

2.4 Risk Escalation

Risks will be considered for escalation to the next appropriate level for action where any risk is deemed outside the scope of capability of the level at which it was originally identified, or where it is deemed likely to affect the Transition Programme as a whole.

2.4.1 When to Escalate Risks

There is no hard and fast rule for escalating risks. When considering whether to escalate a risk the Programme/Workstream Manager will need to make a judgement, using the considerations below. Approval to escalate must be sought from the SRO and/or Programme Board. RAG status of a risk does not necessarily in itself constitute a need for escalation.

Factor	Considerations
Significant impact on Transition Programme objectives	If the occurrence of the risk has an impact on the overall Transition Programme deliverables it might be that the risk is a Transition Programme risk and should also be held on the IPO Risk Register
Increased risk severity	If the severity of a risk has increased and it is now not within the local programme's resource or authority to mitigate it adequately it should be escalated to a Senior Board
Number of Programmes impacted	If the impacts of the risk will be felt by a number of Programmes/Workstreams the risk might be better managed at the more Senior Board

2.4.2 How to Escalate Risks

Once the decision has been taken to escalate a risk to the Transition Programme level, and the SRO and/or Board have agreed, the Programme Manager should contact the IPO and request escalation. Where appropriate, the risk will be put forward to the next relevant Board for their consideration.

The Board may subsequently decide that the risk is no longer sufficiently serious to be included on the IPO Risk Register and may de-escalate the risk back to its original register.

2.4.3 Management of Escalated Risks

Responsibility for managing the escalated risk will remain with the originating programme/workstream. The appropriate SRO and Programme/Workstream Manager are still responsible for ensuring that the mitigating actions are correct and carried out on time. Escalating the risk means that the Transition Programme Boards will expect to see evidence that the risk is being actively managed and may drive mitigations where appropriate.

2.4.4 Reporting of Risks

Each period (monthly), the IPO will request risk updates as part of the reporting commission cycle. These will be assured and mitigation actions followed up. Where substantial activity on the mitigations has taken place the risk may be re-assessed to establish if the risk rating needs changing.

The information gathered will be presented to the Senior Boards highlighting where action is required eg: change risk rating status, de-escalate risk back to Programme, support the completion of an action, etc.

Chapter 3: Related Documents

The following documents are cross-referenced within this Strategy:

- Management of Risk (MoR) Guidance
- HM Treasury Orange Book – Management of Risk – Principles and Concepts

Annex A – Transition Programme Risk Levels

Transition Programme Risks

Risks to delivery of the whole Transition Programme. Usually identified through local Programmes/Workstreams or ‘top down’, owned by the Transition Programme Senior Responsible Owner (SRO) with management delegated to Transition Programme Director, actioned and managed by the person best placed to mitigate them.

Escalated Risks

Local Programme/Workstream risks that are significant enough for Transition Programme visibility, or those with an imminent proximity that are unlikely to be mitigated and are likely to become issues affecting delivery. Owned and managed within the local Programme/Workstream unless ownership formally transferred.

Local Programme/Workstream Risks

Local Programme/Workstream risks which are manageable within their own domain. Owned by the relevant local Boards unless escalation to the Transition Programme is necessary.

Annex B – Programme Risk and Issues Register

The format of the Risk Register is reproduced below along with a description of the fields. All Transition Programme risks will be recorded against this format and it is suggested that local Programme/Workstream Risk Registers follow the same format.

Risk ref. Date raised (a)	Risk Group (b)	Last reviewed (c)	Risk Description (d)	Timing (e)	Likelihood (f)	Impact (g)	RAG Status & Trend (h)	Risk Owner (i)	Mitigating Actions (j)	Action Owner (k)	Due date for actions (l)	Target residual risk RAG status (m)	Escalated (n)	Assurance sources (o)	IPO COMMENTS (p)

(a) Unique reference number and date on which the risk was raised in the format dd-month-yy	**(i) See Section 2.1 Responsibility for Risk Management**
(b) Business categories eg: Finance	(j) Details of the actions that will be taken to reduce or eliminate the risk
(c) Date on which the risk was last reviewed in the format dd-month-yy	(k) See Section 2.1 Responsibility for Risk Management
(d) Articulation of the risk, it's cause, the effect and impact	(l) Date by which actions are to be completed in the format dd-month-yy
(e) Within what timescale it is estimated that the risk could materialise ***see Annex C – Risk Assessment Ratings***	(m) Re-assessment of the RAG rating once the mitigation actions have been completed
(f) How likely the risk is to occur - ***see Annex C – Risk Assessment Ratings***	(n) Y/N as to whether the risk has been escalated
(g) The level of the impact should the risk materialise ***see Annex C – Risk Assessment Ratings***	(o) Details any source documents that evidence the completion of mitigation actions
(h) The product of the likelihood and impact identified by a colour as plotted on the Risk Matrix - ***see Annex D – Risk Matrix*** and whether the RAG status has changed since the last review shown as a directional arrow (up, down or horizontal)	(p) IPO comments on the risk throughout the process

Annex C – Risk Assessment Ratings

For the specific purposes of the Transition Programme the following ratings will be applied:

Timing
Within what timescale do we estimate this risk could materialise.

Risk Timings		
Imminent Risk might materialise within next 3 months	**M**edium Term Risk might materialise within 3-6 months	**L**ong Term Risk unlikely to materialise within 6 months

This is recorded in the Risk Register as either I, M or L.

Likelihood
How likely the risk is to arise (this is sometimes expressed as probability).

Likelihood				
1= Rare	2=Unlikely	3=Possible	4=Likely	5=Almost Certain
<10%	<33%	33%-67%	68%-89%	>90%

Once likelihood has been determined, it is recorded as a number 1-5 in the risk register.

Impact
The level of impact the risk materialising would have on the objectives, deliverables and/or expected benefits of the programme.

Impact				
1= Very Low	2=Low	3=Medium	4=High	5=Very High
<10%	<33%	33%-67%	68%-89%	>90%

If something were rated as 5 then the impact of this risk materialising would have critical effects on the programme and likely mean major re-evaluation. The impact figure should be recorded as a number 1-5 in the risk register.

Annex D – Risk Matrix

Once the likelihood and impact of a risk has been established they should be plotted on the Risk Matrix below in order to show a severity rating and appropriate and RAG Rating.

IMPACT	5. Very high	Amber V/L/VH	Amber/Red L/VH	Red M/VH	H/VH	VH/VH
	4. High	VL/H	L/H	M/H	H/H	VH/H
	3.Medium	Amber/ Green VL/M	L/M	M/M	H/M	VH/M
	2. Low	Green VL/L	L/L	M/L	H/L	VH/L
	1.Very Low	VL/VL	L/VL	M/VL	H/VL	VH/VL
		1. Rare (<10%)	2. Unlikely (<33%)	3. Possible (33%-67%)	4. Likely (68-89%)	5. Almost Certain (>90%)
	LIKELIHOOD					