

HSE/02/041Extract from briefing to Timothy Walker and Bill Callaghan on HSC/E's response to the PIU Risk Report (July 2002)

HSC/E is generally well positioned to respond to the recommendations, with much of what is required already in place. Some elements will require us to reinforce and build on developments that are already in hand over the two year timescale (to the 2004 Spending Review) envisaged for implementation. These are briefly described below against the main recommendation headings set out in the summary to the Report.

Recommendation 1 handling risk to be fully embedded

Main requirements include:

- a) explicit appraisal of risks and opportunities as a part of all main decision making processes, including policy making, planning and delivery. Criteria to be developed to define 'main' and to ensure that risk assessment is proportionate to the risks.

[For HSC/E, builds on work in response to Turnbull, Corporate Governance, balanced scorecard etc – PEFD/SASD lead];

- b) risk assessment to be attached to Public Service Agreements (PSAs).

[For HSC/E, further development of work on PSA plus – SASD/PEFD lead];

- c) resilience in assessment and response to major incidents and emerging policy/delivery crises, including stakeholder and public concern.

[For HSC/E work by Alun Williams on response to Civil Emergencies, BEU on Business Continuity, 'Change in HSE' programme on reputation management, strategy and operational policy, and RPU's and others' work on societal concern and stakeholder engagement];

- d) self-assessment and oversight/monitoring.

[For HSC/E, builds on corporate governance and internal audit arrangements allied to RPU monitoring role for Reducing Risks, Protecting People (R2P2) and emerging roles for strategy function and OPD];

- e) risk oversight/risk management of intermediaries and partners.

[For HSC/E, to be developed under the corporate governance arrangements PEFD/SASD lead];

Recommendation 2 – handling of strategic risks

- f) identification and assessment of key risks and opportunities on a twelve months time horizon and undertake longer term foresight. Emerging key business risks and cross-cutting issues of significance to be shared with the centre.

[For HSC/E, being addressed by work on corporate governance and 'strategy' project of Change Programme];

Recommendation 3 – risk handling supported by best practice, guidance and skills development

- g) risk handling performance is to be linked to financial and management freedom, eg earned autonomy or delegated financial authority.

[For HSC/E, work on corporate governance and PSA plus – PEFD/SASD lead];

- h) further training may be required for key staff engaged in policy making, planning and delivery.

[For HSC/E, work to improve internal guidance, training and instructions by PEFD, RPU etc. Training proposed under implementation of HSE S & I Strategy, future work to roll out balanced scorecard];

Recommendation 4 – earning and maintaining public trust to be a priority when dealing with risks to the public

- i) implementation and publication of arrangements for responding to pending issue of Government's 'Principles for Handling and Communicating about Risk to the Public'. In particular:
- commitment to wider stakeholder/public involvement in decisions on key risks; and
 - systematic identification of risks most likely to cause public concern.

[For HSC/E, current work on stakeholder engagement, trust and societal concern by RPU and others, elaboration of R2P2 Framework and ALARP suite of guidance];

Recommendation 5 – Ministers and senior officials should take a clear lead in improving risk handling

- j) explicit linking to corporate governance at Commission/Board level reaching down to all levels in the organisation. Consideration of appointment of a designated Board/Commission member (Risk Issues).

[For HSC/E, being addressed in corporate governance work and Change Programme];

- k) a named senior official (the “Risk Improvement Manager”) responsible for driving implementation of the Report recommendations, acting as a first point of contact on risk matters, being part of the cross-government risk network and a potential source of peer review.

[For HSC/E, to a great extent RPU already fulfils this function. Propose that Head of RPU be the nominated senior official. In practice, RPU will be part of a number of Communities of Practice in HSE concerned with different aspects of risk and risk governance, eg RALG, corporate governance work, Change Programme];

Recommendation 6 – cross-government organisational changes

- l) ILGRA, the Risk Management Steering Group and Risk Advisory Group to be replaced by a new Implementation Steering Group. This Group to drive the change required to underpin the Report recommendations over the two year implementation period (to Spending Review 2004). The Group to be chaired by an authoritative figure and draw together main interests from across government.

[For HSC/E, the replacement of ILGRA is accepted as a means of progression to give real weight and authority to risk work delivered on a cross-government basis. It will relieve HSE’s Chief Scientist of chairing ILGRA and remove the secretariat burden from RPU. However, the Report flags a continuing significant role for HSE in assisting implementation, and the Risk Improvement Manager will be a key member of the risk network (see m) below)];

- m) Creation of a Risk Support Team (RST) based in Treasury. This will be time-limited and multi-disciplinary. It will support and co-ordinate implementation of the recommendations and cross-government development work and networking.

[For HSC/E, PIU has specifically identified the need for an HSE risk person to serve on the RST. This could be full or part time, but HSE will be expected to cover all costs].