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## **RISK MANAGEMENT IN THE HEALTH AND PERSONAL SOCIAL SERVICES**

1. In the penultimate paragraph of Circular HSS (PPM) 3/2002 HPSS bodies were asked to submit short reports on their progress to July 2002 in terms of developing organisation-wide systems of risk management. Those reports have now been analysed in detail and specific issues are being raised with individual bodies, as appropriate. This circular offers further clarification on general points that have emerged during the reporting process.

### **Organisation-wide system of risk management**

2. Risk management is the term applied to a logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and reporting risks associated with any activity, function or process that will enable HPSS bodies to minimise losses and maximise opportunities. It is as much about identifying opportunities as avoiding or mitigating losses. HPSS bodies engage in a range of different activities and must therefore develop risk management systems appropriate to the nature of their business objectives. Whatever the system, however, it must conform to the principles set out in AS/NZS 4360: 1999 and it must embrace all aspects of the body's activity, whether they be financial, organisational, clinical or social care. This requirement is now reflected in the Department's Public Service Agreement. A number of July progress reports indicated that, while good work was being done, it tended not to embrace all aspects of business activity.

### **Objectives for 2002/03**

3. The key objectives for 2002/03 are related to the establishment and consolidation of the fundamental structures and processes necessary to underpin a sound system of risk management in the HPSS. Risk management is not a new concept to the HPSS and the Department expects that HPSS bodies should have these basic arrangements in place as part of their normal good governance arrangements. Their implementation should not be dependent upon additional funding but, as part of the June Monitoring Round, the Department allocated recurrently, through HSS Boards, an additional £500,000 on a matched funding basis in support of, inter alia, the development of risk management capacity within the HPSS.

## **Progress reports at July 2002**

4. The message emerging from the July 2002 progress reports is that, while a number of bodies have been engaged in valuable work, the overall position remains patchy and the spectrum of achievement is very wide. In general, those organisations most heavily involved in the direct delivery of services have developed the most sophisticated responses to the need to identify and control risks. The potential penalty for failing in their duty of responsibility to users, staff and other stakeholders has undoubtedly been a major driver for a faster pace of development. Even within these organisations, however, there have been significant variations in approach. The adoption of a common, internationally recognised standard will do much to resolve these variations and set the context for a coherent system across the HPSS.
5. In some of the smaller HPSS bodies, the nature and range of risks present a completely different challenge in terms of identification and control. For these bodies, the drivers for change have not been as potent and there has been a commensurate lack of development in the whole area of risk management. The value of the Australia/New Zealand Standard is its flexibility and, within its model, these smaller bodies will have the opportunity to develop risk management systems that are tailored to their specific business needs, without compromising the same fundamental principles of good practice that will apply across the HPSS.
6. On the basis of the information contained in the progress reports, the key areas where HPSS bodies now need to make urgent progress, if they have not already done so, are as follows:
  - finalise a strategy for an organisation-wide system of risk management, within the framework of AS/NZS 4360: 1999, and have it endorsed by the board, or relevant committee of the board;
  - draw up an action plan for implementation of the strategy;
  - designate an executive board member with specific responsibility for risk management to ensure that it has a locus within the boardroom;
  - establish a multi-disciplinary risk management team;
  - begin to develop a core of expertise within the organisation that can support the implementation of the strategy and work to raise awareness; and
  - carry out an assessment of training and awareness needs.

## **Controls assurance**

7. Controls assurance is the process that will enable HPSS bodies to provide evidence that they are doing their reasonable best to manage themselves so as to meet their objectives and to protect users, staff, the public and other stakeholders against risk of all kinds. It is a means by which Chief Executives as Accountable Officers can discharge their responsibilities and provide assurance to the Department, the Assembly and the public. In taking forward this agenda, the Department intends to take advantage of the work that is already underway within the NHS to develop controls assurance standards.

8. It is envisaged that controls assurance standards will eventually provide the focus for a common approach to controlling key areas of potential risk and reporting on the effectiveness of those controls across the HPSS. Controls assurance standards will not replace the need for wider rigorous approach to risk management but they will help the HPSS to focus on identifying and treating key areas of risk and assessment of compliance with the standards will provide evidence of the effectiveness of an HPSS body's overall risk management strategy. Circular HSS (PPM) 3/2002 identified six priority areas where it is intended to develop HPSS controls assurance standards during 2002/03. It has now been decided that Records Management will be added to that initial list of six.
9. The July reports indicate that some HPSS bodies are already making use of the NHS standards to test the effectiveness of their existing procedures. Whilst this can be an important tool for an HPSS body in assessing its own development, it should be borne in mind that there are very important structural, legislative and service differences between the NHS and the HPSS. It is not possible, therefore, to simply lift the NHS controls assurance standards and apply them in Northern Ireland. The important work of developing our own is already underway. The HPSS will be fully engaged in the process and standards will be introduced within a managed timetable.

#### **Clinical and social care governance**

10. Arrangements for clinical and social care governance are being developed within the Best Practice – Best Care agenda and will lead to the introduction of standards covering key aspects of the services delivered by the HPSS. The addition of clinical and social care will mean that, eventually, standards will exist for all aspects of governance within the HPSS. Again, these standards will not replace the need for the wider rigorous approach to risk management that must underpin all aspects of governance but they will help the HPSS to focus on identifying and treating key areas of risk.
11. The Department has already shared with the HPSS a draft circular setting out its proposals for taking forward clinical and social care governance. Your responses have all now been received and are being analysed in detail before a final version of the implementation circular is drawn up. As this agenda evolves, the HPSS will be fully engaged in planning its implementation within a managed timetable.

#### **Progress review**

12. In order to maintain momentum, the Department intends to seek a further short progress report from HPSS bodies at 31 December 2002. As with the July report, it will focus on progress in achieving the 2002/03 objectives set out in Circular HSS (PPM) 3/2002. A formal request, setting out the format the report should take, will be issued nearer the time.
13. If you have any queries about the content of this circular, please contact me on 028 90524920.

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