



HSE Board Briefing

Subject: End of Year Corporate Risk Register 2022 – for Board Approval

Submitted for meeting on: 21 March (EMT), 24 March (ARC), 31 March 2023 (Board)

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Why is this being brought to the Board's attention

Under the *Code of Practice for the Governance of State Bodies* it is the responsibility of the Board to 'review management reporting on risk management and note/approve actions as appropriate'. The HSE Board on an annual basis, approves the Corporate Risk Register [CRR].

In November 2022 and in agreement with the Board, it was decided that in future the Board will be asked to approve the Quarter 4 CRR instead of the Quarter 3 CRR. This is to align risk reporting in the HSE's Annual Report with the end of year CRR. Attached with this Briefing note is the HSE's Corporate Risk Register as of the end of Q4 2022.

This briefing and the 2022 end of year [Q4] CRR is being brought to the Board by the Chief Risk Officer [CRO] to support the Board's consideration of the HSE's principal strategic risks.

Is there an action by the Board required, if so please provide detail?

The Board are requested to:

- 1. Approve** the Corporate Risk Register [CRR] Q4 2022 following a recommendation from the EMT and ARC. [See Part 2 below and CRR attached].
- 2. Note** briefing on the 2023 assessment of the HSE's Corporate Risks [See Part 3 below].

Please indicate which of the Board's objectives this relates to;

The development and implementing of an effective Corporate Governance Framework, incorporating clinical governance and a performance management and accountability system.

Structure of Briefing Note

This Briefing covers:

Part 1: The Board and Risk

Part 2: Corporate Risks 31 December 2022 - CRR Q4 2022 [Attached]

Part 3: Priority 2023: Assessing the HSE's corporate risks

Part 1: The Board and Risk

1.1 The threats to our strategic objectives

The HSE's mission is to deliver high-quality, accessible, and safe healthcare services for the population of Ireland. Each day, teams across the country deliver that care. Our longer term ambition however is to ensure that our services, and by extension the experience of those who are waiting for, or who are receiving care, becomes demonstrably better. The HSE objectives are therefore defined by our day to day mission and future ambition.

A risk is by definition a possible threat that could prevent us achieving an objective. Identifying and managing the threats or risks to us achieving those objectives is the focus of Risk Management.

1.2 The role of the Board in relation to risk

The Board has overall responsibility for risk management policies and procedures and setting the HSE's risk appetite. It also has responsibility for determining the nature and extent of the strategic risks it is willing to take in the achievement of its strategic objectives.

Under the *Code of Practice for the Governance of State Bodies* it is the responsibility of the Board to 'review management reporting on risk management and note/approve actions as appropriate'.

1.3 The HSE's Risk Strategy

As articulated in the Board's Risk Appetite Statement 2021, *'the HSE's overarching risk management strategy is to be cautious with a preference for safe options where the expected level of benefit is limited. While the HSE understands that it cannot manage all risks, it is willing to accept well managed risk-taking in certain circumstances; for example, where it is satisfied that there is a likelihood of better patient outcomes or where there is scope to increase the effectiveness of services or care pathways through innovation and integration'*.

1.4 Governance of the Corporate Risk process

The HSE's Corporate Risk Register [CRR] records the organisation's principal strategic risks. The risks recorded on this Register are owned by the EMT and each risk is assigned to and the treatment of that risk coordinated by a member of the EMT. Risk is an agenda item on at least one of the EMT's monthly meetings.

The four quarterly CRR reports are considered and approved by the EMT and then through the ARC are provided to the five Board Committees who provide oversight for these risks. The Audit and Risk Committee [ARC] retains responsibility on behalf of the Board for the HSE's overall risk framework.

Part 2: End of Year Corporate Risk Register 2022

2.1 Structure CRR Q4 2022 Report

The structure of this report has not materially changed since Q3 and is set out as follows:

Corporate Objectives: [Page 3] The Corporate Plan includes 6 objectives and 5 enablers, a diagram of which has been included.

Section 1: [Pages 4 to 7] CRR Dashboard:

The risk *Heat Map* is a graphical representation of HSE's risk profile and the movement in CRR residual risk ratings from Q4 2021 to Q4 2022 and Q3 2022 to Q4 2022. The dashboard summary provides a consolidated point in time view of the CRR; including total inherent and residual scores and risks assigned by EMT member and Board Committee.

Section 2: [Pages 8 to 11] Risk Summary Tables: Provides a summary of the Q4 2022 Corporate Risks. The Ratings Comparison Table details the risk rating changes per quarter since first inclusion on the CRR. The summary table includes the risk title, EMT owner, risk appetite, inherent and residual risk ratings and the HSE

Board Committee that each risk has been assigned to for oversight purposes.

Section 3: [Pages 12 to 22] Corporate Risk Table: This section includes a table that outlines the full risk descriptions as well as elements included in section 2.

Section 4: [Pages 23 to 134] Full Report: Contains the risk assessments and status update for each of the 21 Corporate Risks. These assessments provide more detail on the controls in place and actions to mitigate, together with an update status from each of the EMT Action Owners.

2.2 New risks added to the Corporate Risk Register in Q4 2022

Two new risks were added to the Corporate Risk Register in Q4 2022. They are:

CRR 020 Workplace Violence and Aggression [20]

Following advices from the Audit and Risk Committee of the Board, the risk relating to *CRR009 Health, wellbeing, resilience and safety of staff* was reviewed in Q4. It has been decided that given the risks relating to violence and aggression in the workplace, it should be recorded as a specific risk on the CRR.

CRR 021 Data Protection [20]

Following advices from the ARC, and the extraction of personal data at the time of the 2021 cyber-attack on the HSE’s systems, it was decided that a specific data protection risk should be included on the CRR.

2.3 Overview of risks on the Corporate Risk Register 2022

At December 2022 there were 21 risks on the Register, up from 19 risks reported in Q3 2022. As noted above, there are two new risks namely **Data Protection** and **Workplace Violence and Aggression**.

Each risk is rated based on the likelihood of the risk occurring and its impact if it does. Using a scale of 1 to 5 for each, a risk can score a maximum of 25. From this risk score, a rating is applied of High (Red), Medium (Amber) or Low (Green).

The breakdown of risk scores and ratings of the December 2022 risks is as follows.

- 16 of the risks were rated a **High (Red)** level of risk.
- 5 of the risks were rated a **Medium (Amber)** risk level.
- No risks were rated as **Low (Green)** risk.

Rating	20	16	15	12	9	8
No of risks	8	5	3	2	2	1

2.4 Risk level: 2021 to 2022 comparison

The Heat map below [Table 1] illustrates changes between 2021 and 2022. The majority of risks are grouped in the upper right hand quadrant. This means that the likelihood of the risk occurring and its impact if it does, remain high. Table 2 provides more detail on each risk.

As measures to reduce the risk are completed, we would expect to see greater movement towards the lower left hand quadrant [i.e. reduced likelihood or impact]. The limited reduction in the level of these risks, some of which have been at a high level for a number of years, remains a concern.

Table 1: Residual risk rating changes Q4 2021 to Q4 2022

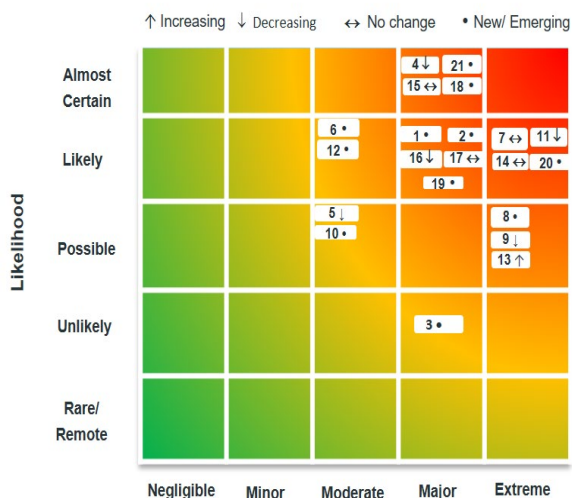


Table 2: Changes in each risk

Risk ID	Risk Title	2021 Q4	2022 Q4	Movement
CRR 001	Major Disruption to Clinical and Non Clinical Service Continuity	NA	16	New
CRR 002	Future trajectory of COVID	NA	16	New
CRR 003	New pandemic outbreak [serious/high consequence] infectious disease [non-COVID]	NA	8	New
CRR 004	Access to care	25	20	↓
CRR 005	Inadequate and ageing infrastructure/ equipment	16	9	↓
CRR 006	Delivery of Major Capital Projects	NA	12	New
CRR 007	Anti-Microbial Resistance and Health Care Associated Infections	20	20	↔
CRR 008	Safety incidents leading to harm to patients	NA	15	New
CRR 009	Health, wellbeing, resilience and safety of staff	16	15	↓
CRR 010	Climate action failure	NA	9	New
CRR 011	Digital environment and cyber failure	25	20	↓
CRR 012	Delivering Sláintecare	NA	12	New
CRR 013	Internal controls and financial management	9	15	↑
CRR 014	Sustainability of screening services	20	20	↔
CRR 015	Stability and Transformation of Disability Services	20	20	↔
CRR 016	Workforce and Recruitment	20	16	↓
CRR 017	HSE Funded Agencies	16	16	↔
CRR 018	Assisted Decision Making Capacity Legislative Changes	NA	20	New
CRR 019	Displaced Ukrainian Population and International Protection Applicant Population	NA	16	New
CRR 020	Workplace Violence and Aggression	NA	20	New
CRR 021	Data Protection	NA	20	New

2.5 How our risks changed in 2022

The HSE is exposed to several external risks which can be unpredictable. As they originate from outside of the organisation, the HSE may have very limited ability to control whether these risks materialise or not. The HSE however has a responsibility to anticipate these risks and seek to reduce their impact on healthcare services if they do materialise. The four quarterly reviews of the CRR in 2022 recorded a number of changes to the HSE’s risk profile as the year progressed. Some of these had a direct impact on existing risks, while others warranted being recorded as risks in their own right.

COVID-19: Though the worst of the pandemic appears to have passed, and the HSE has continued to restore its services and respond to the needs of people whose care was delayed in the previous two years, COVID-19, compounded by other respiratory illnesses during the Winter 2022/23, brought exceptional pressures to our Emergency Departments as well as to our wider and hospital, primary and community care services. **CRR 002 The Future trajectory of COVID** remains as one of the HSE’s principal risks.

Future pandemic: As the impact of COVID-19 reduces there remains the possibility of a future pandemic occurring. While the HSE cannot influence the likelihood of it happening and the timeframe is uncertain, much was learned during the period of COVID-19 that needs to be built on to reduce the impact of another pandemic on health services. **CRR 003 Future Pandemic** was therefore added to the CRR in 2022.

Cyber-risk: The impact of the 2021 cyber-attack went beyond the HSE’s IT systems and in the weeks following the attack led to the disruption of many healthcare services, including hospital appointments, diagnostic tests, and surgical procedures. As the HSE continues to recover from the attack, and though cyber security has been significantly strengthened since then, the organisation must remain vigilant to the ongoing threat of criminal attacks of this nature. **CRR 011 Digital environment and cyber failure** remains as a risk on the CRR.

Recruitment and retention of staff: The HSE continues to face challenges in the recruitment and retention of staff in critical clinical professions, personnel with specific skills sets and grades that are in short supply

both domestically and internationally. These constraints compounded many of the HSE's principal risks. **CRR 016 Workforce and Recruitment** reflects this.

Conflict in Ukraine and increase in International Protection Applicants: Many people displaced as a result of the conflict in Ukraine sought refuge in Ireland during 2022. This coupled with a parallel increase in the number of International Protection Applicants arriving into Ireland, placed additional demands on health service capacity. A new risk **CRR 019 Displaced Ukrainian Population and International Protection Applicant Population** was added to the CRR.

Workplace Violence and Aggression: The HSE has identified an increased risk of violence, aggression and harassment against health service staff. There is anecdotal evidence that this risk is also increasing across many parts of the public service. A new risk **CRR 020 Workplace Violence and Aggression** was therefore added to the CRR.

Data protection: The extraction of personal data as a result of the 2021 cyber-attack highlighted the increased risks to the security of personal data held by the HSE. A new risk **CRR 021 Data Protection** was therefore added to the CRR in 2022.

Recommendation: The EMT and ARC having considered the Corporate Risk Register End of Year Report December 2022 and are content to recommend it to the Board for approval.

Part 3: Priority 2023: Assessing the HSE's Corporate Risks

3.1 The rationale for assessing our corporate risks

The corporate risk process continues to improve. The development of risk management capability across our national teams, the underlying management of risk, the wider involvement of clinical and professional experts and the level of engagement with the development of the revised Risk Management Policy is evidence of this.

While significant improvements have been made to the process, its practical value when executing management and governance responsibilities is not always evident. For the EMT and the Board, the output and ultimately outcome from the risk management process, must become more meaningful and add value to them when executing their roles. In particular it:

- 1) Needs to be more understandable and intuitive, be of practical use in day-to-day management and decision making and become less of a standalone process.
- 2) Should deliver a Corporate Risk Register that is a relied upon repository of critical risk information including the critical activities in place to reduce risk and the objective measures to monitor our success in reducing the level of risk.

3.2 Actions to improve the quality and nature of corporate risk information and reporting

Two actions are underway to support improvement in risk information.

Action 1: Full Review of current corporate risks

A number of reviews of the CRR have been undertaken in the past 2 years. These have been beneficial in developing our overall understanding of the HSE's risk profile.

The 'Moody' Report recommended a more fundamental review by applying '*first principles*'. This means the review should start by determining whether the risks as currently expressed, are the real risks to the HSE achieving its strategic objectives. Next we need to systematically examine each risk against the standards for risk management which are set out in our revised *Enterprise Risk Management Policy 2023*.

The CRO has now commenced this review and a systematic examination of each risk on the CRR is underway. The first stage involved a desktop exercise to assess each risk which provided very useful insights and enabled the development of a simple assessment tool which will now be used for the systematic examination of each risk.

Expected output: Once the review of our current corporate risks has been completed, the CRO will present a set of findings and recommendations to the EMT and ARC for consideration and approval.

Action 2: Corporate risks and strategic objectives

The HSE's objectives have been further defined in the Board Strategic Scorecard [BSS]. Risks are by definition, the threats to an organisation achieving its objectives and risk management the structured approach to identifying and managing those threats.

The recommendations arising from the review of current risks [Action 1] are expected to provide the basis for identifying a more meaningful set of corporate risks. In defining the revised set of risks, we will focus on the priorities and ambitions set out in the BSS. The benefits of this approach are:

Objectives and Risk: Our corporate risk process will comply with the purpose of and standards for risk management which is to focus on the delivery of strategic objectives.

BSS and CRR alignment: If the BSS and CRR both work effectively, they should be companion reports. The BSS allows us to measure and therefore monitor progress in achieving our objectives with the CRR allowing us to measure and monitor our progress in reducing the level of risk to those objectives.

Brings clarity to risks: As each of the priorities in the BSS have an associated and measurable Ambition Statement, the threats to our ambition, rather than a more ill-defined objective, provide a much more meaningful basis for identifying risk and allow us to focus on the actions that will be most impactful in reducing risk.

By way of example, the current 'Access to Care' risk on our Corporate Risk Register is defined as '*There will be delays in accessing care.*' This is current reality and, while a critical concern, is not a risk. However, the BSS Scheduled Care ambition is '*to reduce the length of time patients are waiting for planned care.*' The risk might therefore be defined as '*that the length of time patients are waiting for planned care, does not reduce in line with agreed targets for 2023.*'

Measurement of risk: There are no Key Risk Indicators [KRIs] associated with our current corporate risks which means there is no way of objectively measuring our level of risk. The Performance Indicators associated with each Priority and Ambition Statement would provide a basis for setting KRIs for each risk and therefore the ability to measure our performance on reducing risk.

Risk appetite and tolerance: Having greater precision in relation to individual risks, clarity of objectives and a way to measure risk, means that risk appetite can meaningfully be expressed as a numeric value, which can then serve as the 'target' risk level. It would also allow the formation of interim risk 'targets' and risk tolerances [deviation from appetite, expressed as a numeric value] to be set.

Expected output: A revised set of risks will be identified and defined, based on the objectives in the BSS.