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Risk management is a necessary part of every mission

“There are risks and costs to action. But they are far less than the long range risks of comfortable inaction.” John F. Kennedy

Change is challenging; it is natural to see nothing but risks when contemplating it. But this should be seen as a positive: risk management enables change; it shouldn't be allowed to prevent it.

By the same token, risk management can be seen as a safety net that allows us to swing high on our trapezes, consciously embracing risk but also knowing that we will be protected if things go wrong.

The challenge

Last week the Perseverance Rover successfully landed on Mars. This was the 43rd robotic mission to the red planet; 18 have been successful. All of the men and women in the control centre are there to manage risk and steer the mission to success. The implementation of integrated care systems is also challenging, not to mention that there are lives at stake, as well as the future health and wellbeing of the nation.

Public sector leaders might not have costly Martian expeditions to plan, but they face their own challenges in COVID-19 and the imminent changes to health and social care in England.

The pandemic has forced organisations to review fundamentally what they do and how they do it. There has been significant social interruption and organisations have had to consider what it means for them as employers, how their services are affected and what new risks it presents.

Integrated care systems should also prompt an urgent review of risk management processes as systems that have worked are adapted to fit the new norms.

Culture

The key is to create a positive culture of risk management. The correct systems and processes can be in place but unless the culture is positive, they will not work. Culture and behaviours eat systems and processes for breakfast.



The vision for risk management must come from the top; it needs to be led by the board and executive team. To truly embed risk management effectively takes time.

It is important that everyone understands their role in reporting and managing risks. Each area will hold its own risk register which will feed into the corporate risk register and then into the board assurance framework, which identifies the biggest risks to the organisational strategy. This allows the board to examine the risks and scrutinise the mitigations.

“It is crucial that boards stay alert to the reality of what is happening within the organisation. What matters substantively is recognition of, and reaction to real risks – not unthinking pursuance of bureaucratic processes.”

The Healthy NHS Board – NHS Leadership Academy 2013

Risk appetite

Last May we published Board guidance on risk appetite, in which we warned that boards should be assessing the risk appetite they would need to refresh or reappraise their strategic objectives in the light of the pandemic.

A critical role of any board is to focus on the risks that may compromise the achievement of the organisation’s strategic objectives. In order to be confident that the systems of internal control are robust, a board must be able to provide evidence that it has systematically identified its strategic objectives and managed the principal risks to achieving them.

Risk management can identify endemic issues that may have been missed in isolation and which can then be resolved. It can also provide information about areas where a change of approach is needed and be the catalyst for a different way of doing things.

If an organisation has effective risk management systems, a culture that understands and embraces it and a knowledge of its risk appetite, risk management can then move to the next level and be a lever for change.

Illuminations

- Create effective, proactive risk management in your organisation to identify and manage risk.
- Identify your risk appetite ensuring that you are specific for each area to help future decisions.
- View risk management as a tool that steers the organisation towards success. Use it to your advantage and move it from a bureaucratic process to an enabler for positive change.

If you have any questions or comments about this briefing, please call us on 07732 681120 or email advice@good-governance.org.uk