"Fresh Eyes" Risk Review
Friday 17th of November 2017

Executive Summary

Background

- The Forum requested that a review of the risk assessment for the NPA (produced by the Design Hub under Workstream 3) be undertaken by resources who had not been involved in the Forum process so far. A number of activities have been undertaken by reviewers from across the industry including the review outlined in this slide pack.

- The slides in this pack are the result of a short, time boxed 'fresh eyes' review of the risk activity completed by workstream 3. The review looks at the risks identified for the New Payments Architecture and End User Needs implementation. The review team have not been engaged in any PSF activity to date.

- Through a series of interviews and a desk based review of available risk documentation the objective was to ascertain the readiness status of the risks to transfer over to the NPSO on 1st December. A number of lenses were considered including the risk process adopted, the assessment framework, mitigation planning activities and the transition plan/approach to handover to the NPSO.

Summary Findings

The table below outlines the key points observed from the review. There has been a lot of work completed to date on risk activities for the implementation planning of NPA and End user Needs. It has focused predominately on the identification of risks.

	Observations	Recommendations
Identification	• A number of activities have been completed to determine the key risks. These have been consolidated into a single risk register which will be handed over to the NPSO. • As the register has evolved, it has become complex, with a large number of risks identified at varying levels of detail.	• A refresh of the register is completed prior to the handover to simplify the risks to a manageable set of prioritised key items, narrated in a language that is simple to understand. • The refresh should incorporate recent risk activities (Industry SMR review) and feedback identified by key members of the Forum.
Stakeholder Engagement	• Different approaches to risk identification were adopted depending on the stakeholder community. • PSPs and regulatory communities have been involved in active risk identification whilst the broader community have had involvement via consultation responses.	• Given the variety of stakeholders impacted by this transformation, an active risk management approach would be beneficial to ensure stakeholders are brought on the journey post handover. • A robust communications approach/plan should be implemented by the NPSO with regular updates provided to key industry stakeholders.
Mitigation	• Work has begun on mitigation activity, however, this is an area where there has been less focus to date. • Mitigations are being developed as far as possible. NPSO involvement will be required to complete this activity at a detailed level.	• Commitment should be sought from the NPSO to complete an early review of risks with key industry stakeholders to define tangible mitigations and confirm ownership.
Transition & Ongoing Monitoring	• Handover activity is being completed and a single 'super user' will accept all Forum documentation on behalf of the NPSO. A responsible owner for the risk register has yet to be identified. • The NPSO will define the ongoing monitoring process as part of their overall risk management approach.	• Visibility is required by an agreed set of industry stakeholders, of the ongoing status of key risks; ensuring the purity of vision is maintained through the implementation.

Risk Review Approach

Interviews were held with key stakeholders and available risk documentation was reviewed to understand the risk activities completed. A set of questions and expectations were used to frame the discussions.

- Interviews were held with Brian Cunnington, Phil Ward, Otto Benz, Paul Horlock, Becky Clements, Tim Yudin, Mark Jones and Rob Moore.
- A set of risk documentation was provided by workstream3 which included the risk approach adopted, outputs from key workshops and the risk register.
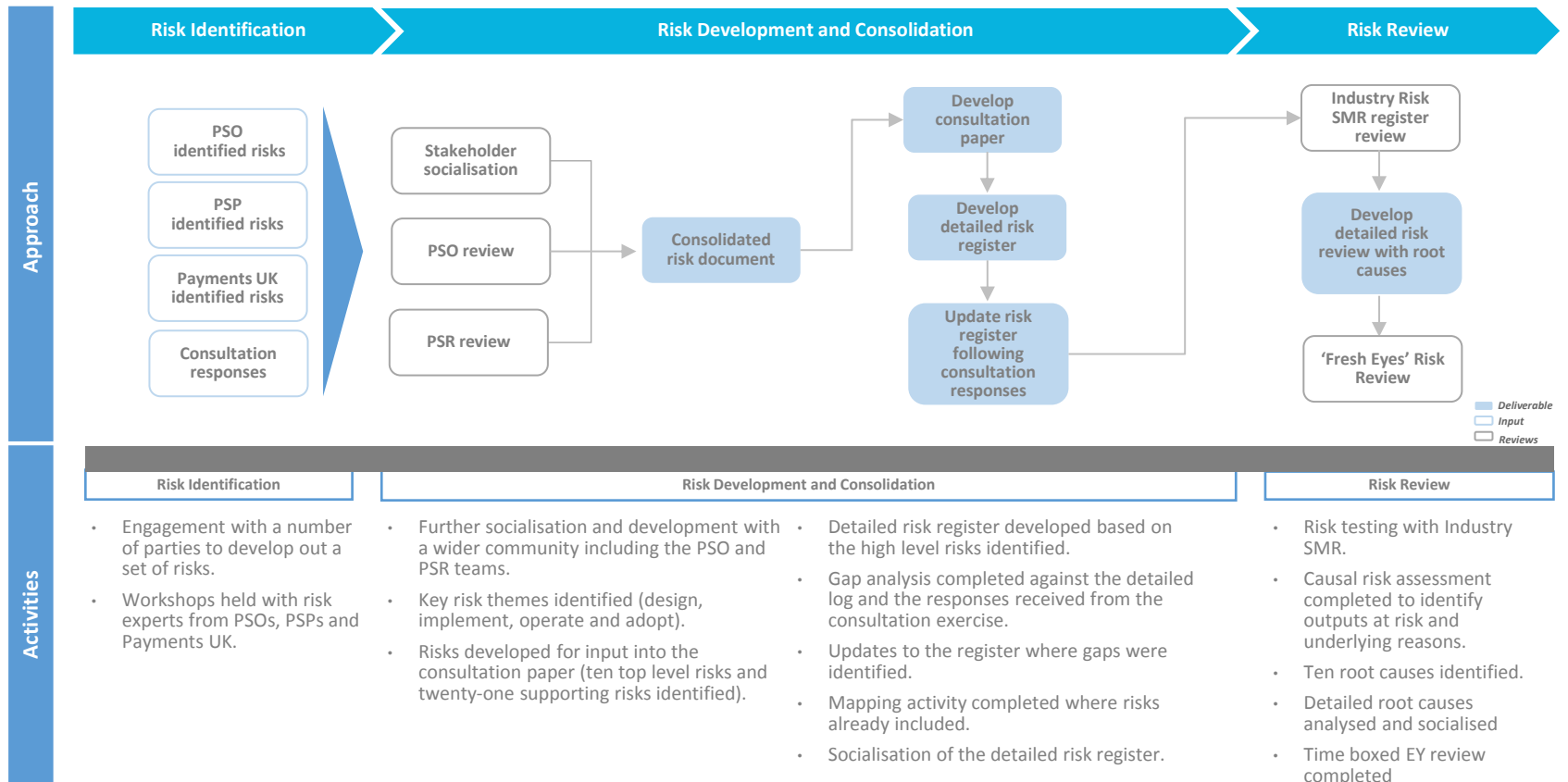
Approach

Key five questions were used as the basis for discussions and reviews.

Question	Expectations
Identify & Assess	
Has there been a thorough identification and assessment process to determine the key risks that could prevent the NPSO from achieving the objectives of the Forum?	Relevant risks identified for a transformation of this nature with a clear understanding of potential impacts and a method to rank in terms of probability and severity.
Stakeholder Engagement	
Have the correct set of stakeholders been engaged in the identification/assessment and reviews of the risks?	Input sought from multiple perspectives to capture as many risk factors as possible including cross functional reps from different stakeholder groups.
Mitigate	
Are there sufficient mitigations in place to reduce the extent of exposure to a risk and/or the likelihood of its outcome?	Measurable actions to reduce threats to the transformation objectives with clear ownership/accountability.
Transition	
Is there a sufficient handover in place to transition ownership of the risks from the Forum to the NPSO?	Approach/plan to transition risks identified including exit/entry criteria and ownership/accountability.
Monitor & Control	
Is there a suitable process to monitor and report on the risks identified by the Forum during the implementation phase?	Approach/plan to ensure risks are monitored/controlled during implementation and that they remain visible to the wider stakeholder community.

Risk Identification

A series of activities have been completed to identify and develop a set of risks to be handed over to the NPSO.

- Risks have evolved from the definition of initial summary level risks through to a detailed set of risks during the development of the NPA blueprint.
- A number of different methods have been applied to understand and define risks including the development of key risk themes and root cause analysis.

Approach

Risk Identification	Risk Development and Consolidation	Risk Review

Risk Identification:
- PSO identified risks
- PSP identified risks
- Payments UK identified risks
- Consultation responses

Risk Development and Consolidation:
- Stakeholder socialisation
- PSO review
- PSR review
- Consolidated risk document
- Develop consultation paper
- Develop detailed risk register
- Update risk register following consultation responses

Risk Review:
- Industry Risk SMR register review
- Develop detailed risk review with root causes
- 'Fresh Eyes' Risk Review

Deliverable
Input
Reviews

Activities

Risk Identification
- Engagement with a number of parties to develop out a set of risks.
- Workshops held with risk experts from PSOs, PSPs and Payments UK.

Risk Development and Consolidation
- Further socialisation and development with a wider community including the PSO and PSR teams.
- Key risk themes identified (design, implement, operate and adopt).
- Risks developed for input into the consultation paper (ten top level risks and twenty-one supporting risks identified).
- Detailed risk register developed based on the high level risks identified.
- Gap analysis completed against the detailed log and the responses received from the consultation exercise.
- Updates to the register where gaps were identified.
- Mapping activity completed where risks already included.
- Socialisation of the detailed risk register.

Risk Review
- Risk testing with Industry SMR.
- Causal risk assessment completed to identify outputs at risk and underlying reasons.
- Ten root causes identified.
- Detailed root causes analysed and socialised
- Time boxed EY review completed

Risk Register Review

A number of observations have been highlighted following the review of the risk register and associated documentation.

- In Sept 2017, risks were consolidated from a number of sources into a single detailed risk register. The risks included outputs from a number of workshops held with PSPs and other bodies along with the PSF implementation plan team; they also include the risks identified through the consultation process.

	Observations
Key points	• There are 55 risks identified on the register in total. This is a large number at this stage in the transformation. These risks are at varying levels of detail ranging from key high level risks to detailed based on specific functional capabilities. • There has been no prioritisation of risks completed and as a result, it is difficult to see what the key risks are, they are lost in the detail. • There is no explicit owner for any of the risks in the current log. • A number of the risk statements are difficult to understand and needed explanation which indicates that the narrative could be sharpened to ensure understanding isn't lost as it is transitioned into the NPSO. • There are elements of duplication across the log. • Key risks identified through additional risk activities including Industry SMR review have not yet been reflected back into the register. • When the risk approach was developed in May, a framework was agreed to group risks into four key themes (Design, Implement, Operate and Adopt), this is a useful way to think about the risks, and was referenced a number of times in interviews, this approach however has not been reflected into the register. • A number of the risks are relevant irrespective of whether the NPA goes ahead or not e.g. due to scheme infrastructure reaching end of life, it is difficult to identify the key risks unique to NPA as opposed to ongoing risks.
Stakeholder Engagement	• The engagement to capture risks has been limited for certain stakeholder groups, the corporates in particular raised a number of concerns to the introduction of Request to Pay in their consultation responses but there is no evidence of active follow up by the workstream 3 team.
Assessment Framework & Mitigation	• The Forum has taken a view on the assessment of the risks using the standard FPS assessment framework, the criteria for this framework hasn't been adapted for an initiative of this nature and will need to be refined by the NPSO e.g. all risk identified as critical if financial impact is greater than £10m. • Mitigation is an area of weakness on the register, six general themes have been identified and risks have been aligned to these but they are not specific enough to link to tangible activities and delivery dates; It will be the responsibility of the NPSO to define their mitigations and it would be useful for risk representatives from the Forum to be included in that activity.
Transition & Monitoring	• A handover activity is being completed and a single super user will accept all Forum documentation on behalf of the NPSO. • A responsible owner for the risk register has yet to be identified. • The NPSO will define the ongoing monitoring process as part of their overall risk management approach.

Recommendations

Two key recommendations have been identified following the review. The first one relates to activity to be completed prior to the handover to the NPSO, the second will be for the NPSO to own and drive forward.

1 Risk Register Refresh

A refresh of the register is required to simplify and streamline the risks to a set that is clearly and uniquely defined.

It is recommended that this exercise is supported by an Industry Risk SMR.

Suggested Activities

The list below outlines suggestions to enhance the register prior to hand-over:

- Group risks into the key themes - design, implement, operate and adopt.
- Remove duplication and consolidate risks into a prioritised set of key items.
- Ensure each risk title is unique.
- Sharpen the narrative to ensure that they are simple to understand for any party who has not been involved in Forum activity.
- Align/update risks with the root analysis activities conducted by the Industry risk SMR.
- Identify which risks are NPA specific vs. the risks that will be introduced anyways e.g. as a result of Devon/Somerset.
- Where a risk is identified as an immediate risk, it should have clearly defined mitigation activities in place.

2 NPSO Risk Management

Apply a risk management approach that ensures the risks have clear mitigations, ownership, tracking and control on an ongoing basis.

Visibility of status to key industry stakeholders will need to be provided throughout the implementation.

Suggested Activities

The list below outlines suggestions to ensure visibility of the Forum risks post hand over

- Clear mitigation planning and ownership completed by NPSO risk experts, supported by key industry stakeholders.
- Development of an ongoing plan to report back on status of key risks on a periodic basis to key industry stakeholders.
- NPSO to develop a robust communications plan to ensure all impacted stakeholders are sufficiently engaged which will allow for early identification and a management of emerging risks.
- Early stakeholder engagement with corporates related to the risks raised during the consultation phase.

Stakeholder Engagement

The following diagram outlines the key stakeholders who have been involved in the risk definition activity as part of the development of the NPA.

- The top section outlines the stakeholders who responded to a key set of questions in the consultation issued in July 2017. The corporate sector raised a number of concerns partially in relation to potential changes to Direct Debit with the introduction of Request to Pay.

- The bottom section outlines the stakeholders who were actively involved in risk identification workshops from May – Sept 2017.
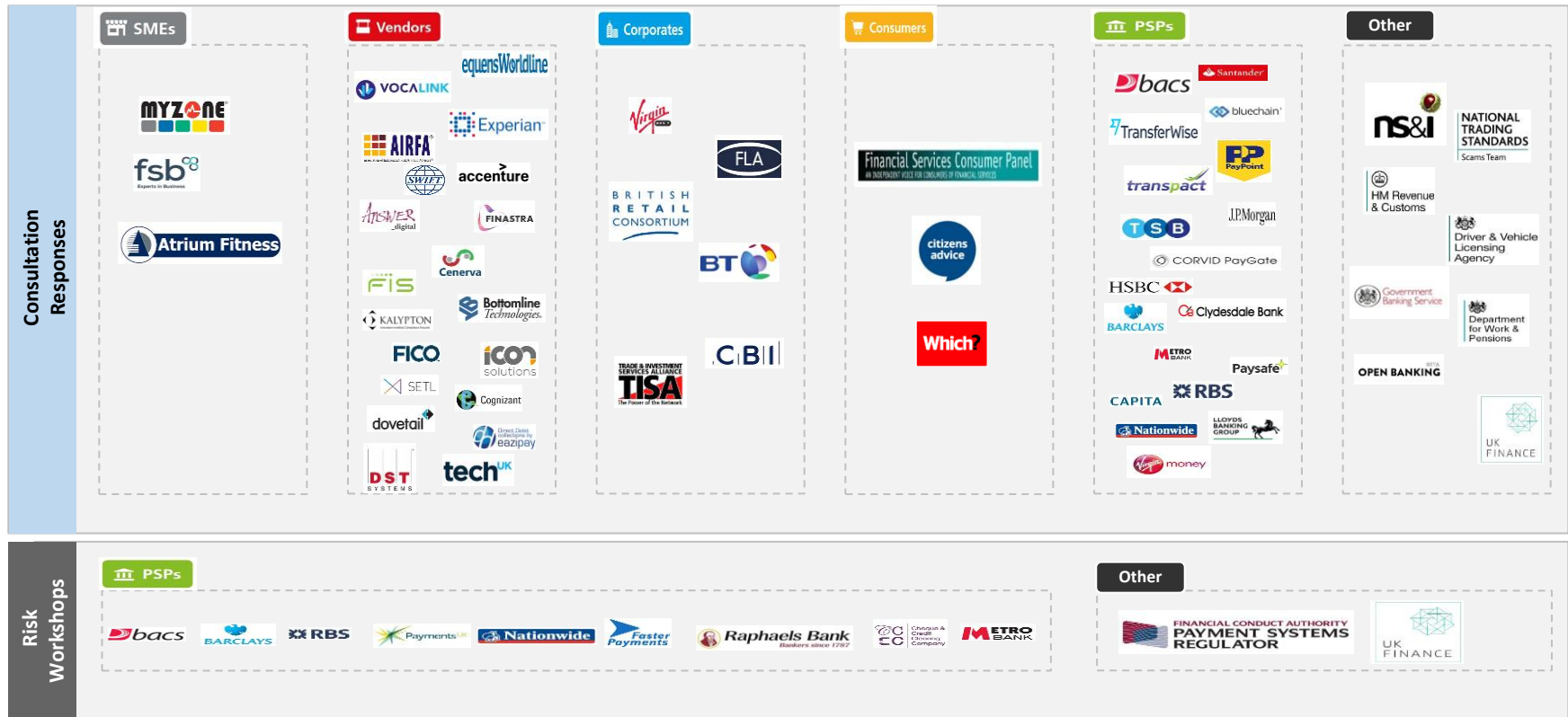
Active engagement & risk management should be completed across all stakeholder groups to identify and manage emerging risks.

The corporate sector in particular would benefit from early engagement to manage the challenges raised during the consultation process.

Appendix

Documents

The following tables outline the documentation reviewed and the interviews conducted.

Documentation

Document Name	Document Description
NPSO RAID Log v 6.6.	Risk register prepared by PSF which includes 55 detailed risks
WS3 _Risk Timeline - Payment Strategy Forum Workstream 3 – Implementation Planning	Meeting schedule for all risk focus workshops and meetings (including date, participants, outputs etc.).
Email attachment with comments on RAID (HSBC)	Summary thoughts/comments by John Blanchfield (HSBC) on the risk register.
201709 29 PSF Risk Meeting - New Payments Architecture WS3 - Risk Outline	This includes an overview of the risk register journey (starting point, what are we looking to achieve, what we have done so far, confirm we have the right path and identify any additional requirements).
Consultation Response Risks Analysis	Consultation Response Risks not covered in risk register.
2017 09 29 PSF Forum final - New Payments Architecture WS3 - Risk Outline	This includes an overview of the risk register journey (from starting point, until mitigations actions and next steps).
2017 10 25 WS3 advisory group final risk slides -Workstream 3 Implementation - Advisory group	Risk analysis of NPA Implementation.
Industry Risk Overview - Workshop 1 (23rd May 2017)	This pack contains the agenda and slides for the Risk Workshop 1 held on 23rd May.
Industry Risk Overview - Workshop 2 (6th June 2017)	This pack contains the agenda and slides for the Risk Workshop 2 held on 6th June.
PSF Risk profile for the NPA and SPP (12 June 2017)	A high level summary of the risks identified with the Payment Strategy Forum (PSF) work relating to the design of the New Payments Architecture (NPA).

Interviews Schedule

Interviewees	Date
Brian Cunnington (PSF WS3) & Phil Ward (PSF WS3)	Wednesday 8th of November
Rob Moore (Senior Manager, Governance and Controls, Nationwide)	Friday 10th of November
Becky Clements (Head of Industry Engagement and Payment Change – Metro Bank)	Friday 10th of November
Tim Yudin (Director of design and delivery Payments UK) & Mark Jones (Lead of NPSO Workstream)	Monday 13th of November
Dora Guzeleva (Senior Manager, Regulatory Policy & Strategy, PSR)	Monday 13th of November
Paul Horlock (CEO of NPSO)	Wednesday 15th of November