RISK MANAGEMENT STRATEGY & BOARD ASSURANCE FRAMEWORK

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Target Audience:

People who need to review this document in detail	All Staff with the responsibility for undertaking risk assessments. All staff who approve risks as a risk owner or manager.
People who need to have a broad understanding of this document	All staff.
People who need to know that this document exists	All staff.

Integrated Impact Assessment:

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Aligns to the following Wellbeing of Future Generation Act Objective	Provide high quality, evidence based, and accessible care

Approval Route:

Where	When	Why
Management Board	22nd October 2020	Endorse for Approval
Audit & Risk Committee	14th December 2020	*Pending: Endorse for Approval*
Health Board	28th January 2021	*Pending: Approval*

Disclaimer:
If the review date of this document has passed please ensure that the version you are using is the most up to date version either by contacting the author or CTM_Corporate_Governance@wales.nhs.uk

Contents

1. Introduction and Aims

1.1   Cwm Taf Morgannwg University Health Board (CTMUHB) is committed to developing and implementing a Risk Management Strategy (and Board Assurance Framework) that will identify, analyse, evaluate and control the risks that threaten the delivery of its strategic objectives and delivering against its Integrated Medium Term Plan (IMTP). The Board Assurance Framework (BAF) will be used by the Board to identify, monitor and evaluate risks which impact upon strategic objectives. It will be considered alongside other key management tools, such as workforce, performance, quality dashboards and financial reports, to give the Board a comprehensive picture of the organisational risk profile.

1.2   The purpose of this document is to provide guidance to all staff on the management of strategic and operational risks and the Board Assurance Framework within the organisation.

1.3   The strategy aligns to all of the Health and Care Standards, however, specifically:
- Governance, Leadership & Accountability
- Standard 2.1 – Managing Risk and Promoting Health & Safety.

1.3   It aims to:
- set out respective responsibilities for strategic and operational risk management for the Board and staff throughout the organisation;
- set out responsibility for Board committees, in particular, the Audit and Risk Committee; and
- describe the procedures to be used in identifying, analysing, evaluating and controlling risks to the delivery of strategic objectives.

1.4   The objectives of CTMUHB's Risk Management Strategy (and Board Assurance Framework) are to:
- minimise impact of risks, adverse incidents, and complaints by effective risk identification, prioritisation, treatment and management;

- ensure that risk management is an integral part of CTMUHB's culture;
- maintain a risk management framework, which provides assurance to the Board that strategic and operational risks are being managed effectively;
- maintain a cohesive approach to corporate governance and effectively manage risk management resources;
- minimise avoidable financial loss;
- ensure that CTMUHB meets its statutory and mandatory obligations in respect of Health and Safety, and Quality and Safety;
- Manage all potential risks CTMUHB are exposed to.

2. Scope

2.1   The Risk Management Strategy (and Board Assurance Framework) covers the management of Principal and Organisational risks and the process for the escalation of risks for inclusion on the Organisational Risk Register and Board Assurance Framework.

2.2   A risk can be defined as: "the chance of suffering harm caused by a hazard, loss or damage or the possibility that the CTMUHB will not achieve an objective".
       Risk is the uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting:

- Ability to comply with legislative and mandatory requirements
- Ability to comply with organisational and professional standards regarding duty of care
- Achievement of aims and objectives
- Operational performance
- The meeting of stakeholder expectations

2.3   ***Principal Risks***: are significant risks that have the potential to impact upon the delivery of Strategic Objectives and are reviewed and monitored by the Management Board, Board Committees and the Board.

2.4 ***Organisational Risks:*** are key risks that affect individual Localities, System Groups, Clinical Service Groups and Corporate Departments and are managed within individual Localities, System Groups, Clinical Service Groups and Corporate, and if necessary, escalated through the risk reporting structure (See Appendix 2 and 4).

2.5 The Board Assurance Framework (BAF) is an integral part of the system of internal control and defines the principal risks (15 & above) which impact upon the delivery of Strategic Objectives. It also summarises the controls and assurances that are in place or plans to mitigate them. The BAF aligns principal risks, key controls and assurances on controls alongside each of the Health Boards strategic objectives.

2.6 Gaps are identified where key controls and assurances are insufficient to reduce the risk of non-delivery of objectives. This enables the development of an action plan for closing the gaps and mitigating the risks which is subsequently monitored by the Board for implementation.

2.7 Levels of assurance are applied to each of the controls and the assurance on controls as follows:

(1) Management Reviewed Assurance
(2) Board or Committee Reviewed Assurance
(3) External Reviewed Assurance

2.8 This provides an overall assurance level on each of the Principal risks.

2.9 This Strategy applies to those members of staff that are directly employed by CTMUHB and for whom CTMUHB has legal responsibility. However, the culture of risk management and discussion of risk with partners and stakeholders, where appropriate should be encouraged.

2.10 The Risk Management Strategy is intended to cover all the potential risks that the organisation could be exposed to.

3. Risk Management Organisational Structure

The Board

3.1 Executive Directors and Independent Members share responsibility for the effective management of risk and compliance with relevant legislation. In relation to risk management, the Board is responsible for:

- articulating the Strategic Objectives of CTMUHB;
- articulating the Principal Risks of CTMUHB;
- protecting the reputation of CTMUHB;
- providing leadership on the management of risk;
- approving the risk appetite for CTMUHB;
- ensuring the approach to risk management is consistently applied;
- ensuring that assurances demonstrate that risk has been identified, assessed and all reasonable steps taken to manage it effectively and appropriately;
- reviewing the Board Assurance Framework and the organisational risks scored 15 and above at each meeting;
- endorsing risk related disclosure documents;
- approving the Risk Management Strategy and Board Assurance Framework on an annual basis.

Audit & Risk Committee

3.2 The Audit and Risk Committee has a specific role in relation to reviewing the effectiveness of the Risk Management Strategy and the Board Assurance Framework.

3.3 In relation to risk management, the Audit and Risk Committee shall review the establishment and maintenance of an effective system of internal control and risk management. In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit Opinion, External Audit Opinion and/or other appropriate independent assurance, prior to endorsement by the Board.

- the structures, processes and responsibilities for identifying and managing clinical and non-clinical risks facing the organisation. This will be addressed by ensuring there is a periodical review that risk registers are in place and updated for corporate and clinical areas.

- the Health Board's organisational risk register and the adequacy of the scrutiny of risks by assigned Committees. This will be addressed by ensuring all significant risks (i.e. those escalated to the organisational risk register scoring 15 or above) are assigned to a Board Committees for scrutiny, and ensuring that updates on actions to mitigate the risks are provided at each committee meeting.

- the Board Assurance Framework.

- the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct and accountability requirements. By identifying and assessing regulatory, legal and code of conduct issues that could have been prevented by more effective management of risk and assurance of controls in place.

- the operational effectiveness of policies and procedures, through regular review of policies and procedures.

- the effectiveness of risk identification, management, escalation and monitoring. This will be addressed by reviewing the number of risk registers in place, the frequency of updates to the risk register and the escalation of high risks to the Locality and Organisational Risk Registers.

All Board Committees

3.5 All Board Committees have a role to play in ensuring effective risk management in particular they will:

- Receive and scrutinise risks and provide onwards assurance to the Board in relation to risks assigned to them to provide oversight and scrutiny.

- Committees will receive updates in terms of actions taken to mitigate the risks, and provide feedback and challenge to risk owners on the actions taken and any further action required.

Management Board

3.6 The Management Board undertake the following duties:

- Promote a culture within the Health Board which encourages open and honest reporting of risk with local responsibility and accountability.

- Provide a forum for the discussion of key risk management issues within the Health Board.

- Ensure appropriate actions are applied to both clinical and non-clinical risks Health Board wide.

- Enable risks which cannot be dealt with locally to be escalated, discussed and prioritised.

- Ensure Locality, System Groups, Clinical Service Groups and Corporate Department Risk Registers are appropriately rated and action plans agreed to control them.

- Review the risks on the Organisational Risk Register (risks 15-25 from Locality, System Group, Clinical Service Groups, and Corporate Departments) to determine whether they will impact on the Health Boards Strategic Objectives, and if so, the risk will be added to the Board Assurance Framework (BAF) aligned to the appropriate Principal Risk.

- Review the Organisational Risk Register and Board Assurance Framework prior to its presentation to the Board and Committees as appropriate.

- Advise the Board of exceptional risks to the Health Board and any financial implications of these risks.

- Review and monitor the implementation of the Risk Management Strategy and Board Assurance Framework.

- Ensure that all appropriate and relevant requirements are met to enable the Chief Executive to sign the Annual Governance Statement, outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.

- Approve documentation relevant to the implementation of the Risk Management Strategy and Board Assurance Framework.

- Provide assurance to the Board that there is an effective system of risk management across the Organisation.

Localities, System Groups, Clinical Service Groups and Corporate Departments

3.8   The Localities, Systems Groups, Clinical Service Groups and Corporate Departments are responsible for risks within their areas of operation and providing assurance to the Management Board on the operational management and any support required in relation to the management of risk.

3.9 The Localities, Systems Groups, Clinical Service Groups and Corporate Departments are responsible for the moderation and calibration of risks across the Health Board to avoid duplication, ensure compliance and alignment with the Risk Management Strategy and ensure shared learning across the Health Board.

3.9   The Localities, Systems Groups, Clinical Service Groups and Corporate Departments will review and update existing risks, consider new risks for inclusion and escalate any extreme risks to the Executive Team Member assigned as the Strategic Risk Owner for the risk being escalated.

3.10   Escalated risks are presented to the Management Board by the relevant Strategic Risk Owner (Executive Director with responsibility for that risk) following discussion with the ILG Lead.

3.11   CTMUHB's 'Risk Management Process – Service to Board' is included at Appendix 3.

4. Duties

4.1   The following paragraphs set out the respective risk management duties and responsibilities for individual staff members.

All Staff

4.2   All members of staff are accountable for maintaining risk awareness, and identifying and reporting risks as appropriate to their line manager.

4.3   In addition, they will ensure that they familiarise themselves and comply with all the relevant risk management strategies and procedures for CTMUHB and attend/complete risk management training as appropriate.

4.4   They will:

- accept personal responsibility for maintaining a safe environment, which includes being aware of their duty under legislation to take reasonable care of their own safety and all others that may be affected by the Health Board's business;

- report all incidents/accidents and near misses;

- comply with the Health Board's incident and 'near miss' reporting procedures;

- be responsible for attending mandatory and relevant education and training events;

- participate in the risk management system, including the risk assessments within their area of work and the notification to their line manager of any perceived risk which may not have been assessed; and

- be aware of the Health Board's Risk Management and Board Assurance Framework and processes and the local strategy and procedures and comply with them.

All Managers (Leaders of Teams, Service Managers, Area Leads etc)

4.5   The identification and management of risk requires the active engagement and involvement of staff at all levels, as staff are best placed to understand the risks relevant to their areas of responsibility and must be supported and enabled to manage these risks, within a structured risk management framework.

4.6   Managers at all levels of the Organisation are therefore expected to take an active lead to ensure that risk management is embedded into the way their service/team/area operates. Managers must ensure that their staff understand and implement this Strategy and supporting processes, ensuring that staff attend relevant mandatory and local training programmes;

4.7   Managers must be fully conversant with the Health Board's approach to risk management and governance. They will support the application of this Strategy and its related processes and participate in the monitoring and auditing process.

Clinical Service Group Managers / Leads

4.8 Responsible for the implementation of the Risk Management Strategy and relevant policies which support the Health Board's risk management approach.

4.9 Specifically they will:

- promote a culture within the system groups which encourages open and honest reporting of risk with local responsibility and accountability;
- use the Datix Risk Management system for recording and reviewing risk.
- ensure a forum for discussing risk, risk management and organisational learning is maintained within their system group area of responsibility;
- co-ordinate the risk management processes which includes risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;
- ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;
- update Management Board on the management and mitigation of risk for their area;
- provide reports to the Management Board and appropriate Committee of the Board that will contribute to the organisational monitoring and auditing of risk;
- ensure staff attend relevant mandatory and local training programmes.
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting.

Locality Directors

4.10 Locality Directors are responsible for the implementation of the Risk Management Strategy and relevant policies which support the Health Board's risk management approach. This will be undertaken with the

support of the Heads of Quality & Patient Safety within Locality Groups.

4.11 Specifically they will:

- Promote a culture within the Locality which encourages open and honest reporting of risk with local responsibility and accountability;
- Use the Datix Risk Management system for recording and reviewing risk;
- ensure a forum for discussing risk and risk management is maintained within their Locality which will encourage integration of risk management;
- co-ordinate the risk management processes which includes risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;
- ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;
- Update Management Board on the management and mitigation of risk for their area;
- Escalate service risks graded 15 and above to the Strategic Risk Owner for consideration and review at the Management Board for escalation to the Organisational Risk Register and Board Assurance Framework;
- provide reports to the appropriate Committee of the Board that will contribute to the organisational monitoring and auditing of risk;
- ensure staff attend relevant mandatory and local training programmes;
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting.

Locality Heads of Quality and Safety

4.12 The Locality Heads of Quality and Safety will assist and support the Locality Directors in the implementation of the Risk Management Strategy.

4.13 Specifically they will:-

- Promote a culture within the Locality Service Groups and it staff that encourages open and honest reporting of risk with local responsibility and accountability;

- Ensure that staff and key stakeholders are aware of their individual and collective responsibilities to identify, report, manage and escalate risks effectively and in accordance with CTMUHB policies, procedures and processes;
- Ensure that the Locality's participation in Risk Management events and initiatives, e.g. external inspections, audits, policy development, training etc. is effectively co-ordinated and represented;
- Monitor Locality compliance to the Risk Management Strategy and its associated procedures and processes;
- Ensure that DATIX is used as a repository for evidence of risk assessment and mitigating actions;
- Assure Locality Directors on the robustness of the risk management arrangements within the Locality and its services, and alert them to any deficits and arising mitigation required;

System Group Directors

4.14 System Directors are responsible for the implementation of the Risk Management Strategy and relevant policies which support the Health Board's risk management approach.

4.15 Specifically they will:

- promote a culture within the system groups which encourages open and honest reporting of risk with local responsibility and accountability;
- use the Datix Risk Management system for recording and reviewing risk;
- ensure a forum for discussing risk, risk management and organisational learning is maintained within their system group area of responsibility;
- co-ordinate the risk management processes which includes risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;
- ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;
- update Management Board on the management and mitigation of risk for their area;
- provide reports to the Management Board and appropriate

Committee of the Board that will contribute to the organisational monitoring and auditing of risk;

- ensure staff attend relevant mandatory and local training programmes;
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting.

Director of Corporate Governance

4.16 The Director of Corporate Governance will, with the support of the Assistant Director of Corporate Governance & Risk:

- work closely with the Chair, Chief Executive, Chair of the Audit and Risk Committee and Executive Directors to implement and maintain the Risk Management Strategy and Board Assurance Framework and related processes, ensuring that effective governance systems are in place;

- work with the Board of CTMUHB to develop a shared understanding of the risks to the UHB's strategic objectives;

- develop and communicate the Board's risk awareness, appetite and tolerance;

- develop and oversee the effective execution of the BAF and ensure effective processes are embedded to rigorously manage the risks therein;

- monitoring the action plans and reporting to the Health Board and relevant Committees.

Executive Directors

4.17 Executive Directors are accountable and responsible for ensuring that their areas of responsibility are implementing this Strategy and related policies. Each Director is accountable for the delivery of their particular area of responsibility and will therefore ensure that the systems, policies and people are in place to manage, eliminate or transfer the key risks related to the Health Board's strategic objectives.

4.18 Specifically they will:

- Act as strategic risk owner for risks within their remit escalated to the Organisational Risk Register;

- Use the Datix Risk Management system for recording and reviewing risk;

- communicate to their staff the Health Board's strategic objectives and ensure that Locality, System Group, Clinical Service Group and Corporate Departments and individual objectives and risk reporting are aligned to these;

- ensure that a forum for discussing risk and risk management is maintained within their area which will encourage the proactive management of risk;

- co-ordinate the risk management processes which include: risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;

- ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;

- provide reports to the appropriate committee of the Board that will contribute to the monitoring and auditing of risk;

- ensure staff attend relevant mandatory and local training programmes;

- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting;

- ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post and those key objectives are reflected in the individual performance review/staff appraisal process; and

- ensure that the BAF and the risk management reporting timetable are delivered to the Health Board.

Chief Executive

4.19 The Chief Executive as Accountable Officer of the Health Board has overall accountability and responsibility for ensuring it meets its statutory and legal requirements and adheres to guidance issued by the Welsh Government in respect of Governance. This responsibility encompasses risk management, health and safety, finance, and organisational control and governance.

4.20 The Chief Executive has overall accountability and responsibility for:

- ensuring the Health Board maintains an up- to-date Risk Management Strategy and Board Assurance Framework endorsed by the Board;

- promoting a risk management culture throughout the Health Board;

- ensuring that there is a framework in place which provides assurance to the Health Board in relation to the management of risk and internal control;

- putting in place and maintaining an effective system of risk management and internal control.

4.21 The Welsh Government requires the Chief Executive to sign an Annual Governance Statement on behalf of the Board. This outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.

Internal Audit

4.22 Internal Audit Services, provided by NHS Wales Shared Services Partnership will, through a risk based programme of work, provide the Health Board with independent assurance in respect of the adequacy of the systems of internal control across a range of financial and business areas in accordance with the standards and good practice. They will also review the effectiveness of risk management arrangements as part of their programme of audits

and reviews, reporting findings to the Audit and Risk Committee as appropriate.

5. Risk Management Process

5.1 CTMUHB is committed to developing a pro-active and systematic approach to risk management.

5.2 Appendices 2 and 3 outline the risk management and risk quantification process.

Risk Assessment

5.3 Each Locality, System Group, Clinical Service Group and Corporate Department needs to identify risks through the completion of risk assessments and ensure that risk assessments are completed and regularly reviewed on an ongoing basis.

Organisational Risk Register (Risks Rated 15 or above)

5.4 The Organisational Risk Register is a record of all the risks identified across the Health Board through the Risk Management process, their controls, score and risk treatment/mitigation.

Management of Local Risks (Risk Rated below 15)

5.5 Where possible all risks and mitigation should be managed locally.

5.6 Any risks identified and evaluated as having a low/moderate rating, i.e. a score of between one and eight, can be managed locally within the relevant area and do not require formal recording on the Datix Risk Management System, although the use of Datix is advocated as best practice as the repository for capturing and managing all risks. These risks can typically be resolved quickly and relatively easily if the correct actions are identified, completed and become controls under business as usual. If not on Datix these risks are recorded locally in the local risk register within each service area / department using the risk documentation available via:
http://ctuhb-intranet/dir/HealthandSafety/default.aspx

5.7 Risks scoring 9 and above should be escalated and included in the Clinical Service Group Risk Register so that appropriate consideration and support can be provided as required.

5.8 All local risks should be reviewed and updated monthly at a minimum. This may need to be more frequent if circumstances require.

5.9 If it is felt that the risk can no longer be managed locally and requires more senior input and support the Clinical Service Management team will consider escalation via agreed Locality based Quality, Safety and Risk Frameworks.

5.10 If a risk is scored 15 and above it should be recorded within the Locality Risk Register and escalated as outlined in Appendix 3.

Types of Risk

5.11 There are two categories of risk:

- *Principal Risks:* are significant risks that have the potential to impact upon the delivery of Strategic Objectives and are reviewed and monitored by the Management Board, Board Committees and the Board. These are most likely to affect the performance and delivery of strategic objectives.

- *Organisational Risks:* are key risks that affect individual Localities, System Groups, Clinical Service Groups and Corporate Departments and are managed within individual Localities, System Groups, Clinical Service Groups and Corporate, and if necessary, escalated through the risk reporting structure (See Appendix 2 and 4). These are risks that, if they occur, will affect the quality, safety or delivery of services or continuity of business. They are not mutually exclusive and a risk may escalate from an organisational risk to a principal risk or be both.

Board Assurance Framework (BAF)

5.12 The Health Board's Board Assurance Framework (BAF) is currently informed by the review and scrutiny of the Integrated Performance Dashboard and the Organisational Risk Register which are routinely reported to the Board and Committee meetings.

5.13 The Risk Management Improvement plan aspires to establish a Board Assurance Report, whilst not yet established the planned approach for developing the Board Assurance Report is outlined in the following paragraphs.

5.14 The BAR will detail the principal risks faced by the Health Board in meeting its strategic objectives and provides the Health Board with a comprehensive method of describing the Health Board's objectives, identifying key risks to their achievement and the gaps in assurances on which the Health Board relies.

5.10 The BAR will be developed through the following key steps:

- The Board annually agree the Strategic Objectives as part of the business planning cycle (IMTP process).

- The Management Board will identify the principal risks that may threaten the achievement of the Health Board's strategic objectives; these risks will then be discussed and approved by the Board of Directors.

- For each principal risk the Executive Lead will:
    - Give an initial (inherent) risk score, by determining the consequence and likelihood of the risk being realised;
    - Link the risk to the strategic objectives.

5.11 The Executive Lead will then:
    - Identify the key controls in place to manage the risks and achieve delivery of the strategic objective;

- Identify the arrangements for obtaining assurance on the effectiveness of key controls across all the areas of principal risk;
- Evaluate the assurance across all areas of principal risk, i.e. identifying sources of assurance the Health Board is managing the risks to an acceptable level of tolerance;
- Identify how / where / when those assurances will be reported;
- Identify areas where there are gaps in controls (where the Health Board is failing to implement controls or failing to make them effective);
- Identify areas where there are gaps in assurances (where the Health Board does not have the evidence to assure that the controls are effective);
- Develop an action plan to mitigate the risk;
- Agree a current (residual) risk rating which is determined by the consequence and likelihood of the risks.

5.12 Each month the Executive lead will for each of the risks for which they are responsible, review and monitor the controls and reported assurances and update the risk score and action plans.

5.13 The Executive Lead will review and monitor all of the risks and those for inclusion on the BAR each month prior to presentation to the Board. In particular, the Management Board will ensure that progress is being made to reduce or eliminate the impact of the risk.

5.14 Once agreed by Management Board the completed BAR will be presented to the Health Board for scrutiny and approval at all regular meetings.

5.15 The Audit and Risk Committee, as a Committee of the Board, has oversight of the processes through which the Board gains assurance in relation to the management of the BAF.

Risk Quantification and Escalation

5.15 The approach to quantifying risk is described in Appendix 2. Each risk is assessed and scored on the likelihood of occurrence and the severity/impact in the initial (without controls), current (with controls) and target risk score (after completion of actions). A risk scoring matrix to describe the quantification of risk is also included in the Procedure.

5.16 The process of risk escalation will be monitored by the Audit and Risk Committee, through monitoring new risks hitting threshold scores and being escalated as appropriate.

5.17 The score of a particular risk will determine at what level decisions on acceptability of the risk should be made and where it should be reported to. The Board defines as "Significant" any risk that has the potential to damage the Organisation's objectives. General guidelines are:

Significant /High Risk	Score 15 and above	Report immediately to relevant Executive Director and escalate to the Organisational Risk Register. Where a risk is considered appropriate the Executive Director will inform the Chief Executive. In the event this causes delay the Locality Director can report directly to the Chief Executive. Formally record on Datix.
Moderate Risk	Score 8-12	8-11 – reports to Clinical Service Group 12-14 – Integrated Locality Group
Low Risk	Score 4-7	Report to Ward/Departmental Manager/ Service Lead / Team Lead with proposed treatment/action plans, for particular monitoring.
Very Low Risk	Score 1-3	Report to local manager for local action to reduce risk.

Risk Appetite

5.18 At its simplest, risk appetite can be defined as the amount of risk that an organisation is prepared to accept in the pursuit of its strategic objectives.

5.19 Decisions on accepting risks may be influenced by the following:

- the likely consequences are insignificant
- a higher risk consequence is outweighed by the chance of a much larger benefit
- occurrence is rare
- the potential financial costs of minimising the risk outweighs the cost consequences of the risk itself
- reducing the risk may lead to further unacceptable risks in other ways

5.20 Therefore a risk with a high numerical value may be acceptable to the organisation, but that decision would be taken at an appropriate level.

5.21 The Board will review its risk appetite on an annual basis to ensure that progress is being made to the 'risk appetite' the Health Board wishes to achieve.

5.22 The matrix has the following risk levels:

Averse	Avoidance of risk and uncertainty is a key organisational objective
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward
Moderate	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward
Open	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)
Hungry	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.

5.23 The Health Board's Risk Appetite Statement is included at Appendix 4.

6. Information / Support

6.1   Support and guidance is available from the Assistant Director of Governance & Risk via cally.hamblyn2@wales.nhs.uk.

6.2   Risk Assessment templates and training information is available via the following site on SharePoint:
http://ctuhb-intranet/dir/HealthandSafety/default.aspx

7. Appendix 1 - Definitions

Assurance	Confidence gained, based on sufficient evidence, that internal controls are in place and are operating effectively, and that objectives are being achieved. Sources of assurance include; reviews, audits, inspections both internal & external.
Assurance rating	This is the rating which has been given regarding the level of assurance: (1)= Management Reviewed Assurance (2)= Board Reviewed Assurance (3)= External Reviewed Assurance
Control Measures	A control is any measure or action that modifies risk. Controls include any policy, procedure, practice, process, technology, technique, method, or device that modifies or manages risk. Risk treatments become controls, or modify existing controls, once they have been implemented.
Current Risk Rating	The risk rating whilst risk responses are in the process of being implemented. Some controls are probably in place but others required are still being actioned & will be shown as gaps in control & actions until implemented.
Initial Risk Rating	The risk rating before any controls have been put in place.
Risk Actions	Actions required to mitigate the risk. Actions should be SMART & have clear owners assigned. This will allow action progress to be tracked & monitored & issues with action completion to be visible & dealt with.
Risk Appetite	At its simplest, risk appetite can be defined as the amount of risk that an organisation is prepared to accept in the pursuit of its strategic objectives.
Risk Assessment	Risk assessment is a process that is made up of three separate processes: risk identification, risk analysis, and risk evaluation. Risk identification is a process that is used to find, recognize, and describe the risks that could affect the achievement of objectives. Risk analysis is a process that is used to understand the nature, sources, and causes of the risks that you have identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that exist. Risk evaluation is a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable.
Risk Description	A structured statement describing the risk usually containing the following elements: sources, events, causes and consequences / impact. A well-written risk statement captures three main parts; If, Then, Resulting In.

Risk Management	Risk management refers to a coordinated set of activities and methods that is used to direct an organization and to control the many risks that can affect its ability to achieve objectives. The term risk management also refers to the programme that is used to manage risk. This programme includes risk management principles, a risk management framework, and a risk management process.
Risk Owner	Senior person best placed to keep an eye on the risk with decision making authority. This person is accountable for the Risk & should be aware of its current status.
Risk Rating	This is calculated by multiplying consequence x likelihood (impact x probability). Consequence: is the outcome of an event and has an effect on objectives. Likelihood: is the chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively.
Risk Treatment	This is a risk modification process. It involves selecting & implementing one or more treatment options. Once a treatment has been implemented, it becomes a control or it modifies existing controls. Treatment options include; Avoidance / Remove the source of the risk Reduction Transference Retain / Accept the risk Also known as the four T's – Treat, Transfer, Tolerate & Terminate
Strategic Risk Owner	Usually the Executive Director in relation to the risk area.
Target Risk Rating	When action is taken to treat risks, it may eradicate the possibility of the risk occurring. However, actions are often more likely to reduce the probability of the risk occurring, leaving the residual risk. The remaining level of risk after all treatment plans have been implemented is the residual risk. Generally the target level is the level at which the organisation is saying it's happy to live with. All agreed controls are in place & assurance is being provided that controls are working as planned. At this point the risk should be closed unless further actions are deemed required.

8. Appendix 2 – Risk Domains & Risk Matrix

TABLE 1	1	2	3	4	5
DOMAINS	**NEGLIGIBLE**	**MINOR**	**MODERATE**	**MAJOR**	**CATASTROPHIC**
Patient / Staff /Public Safety Impact on the safety – Physical and/or Psychological harm	Minimal injury requiring no/minimal intervention or treatment No time off work	Minor injury or illness, requiring minor intervention Requiring time off work for <3 days Increase in length of hospital stay by 1–3 days	Moderate injury requiring professional intervention Requiring time off work for 4–14 days Increase in length of hospital stay by 4–15 days RIDDOR/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long-term incapacity/disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Quality Complaints & Audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint (stage 1) Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint (stage 2) complaint Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/ independent review Low performance rating Critical report	Totally unacceptable level or quality of treatment/service Gross failure of patient safety if findings not acted on Inquest/ombudsman inquiry Gross failure to meet national standards
Operational: • **Core Business** • **Business Objectives** • **Environmental / Estates Impact** • **Projects** Including systems and processes, Service /business interruption	Loss/interruption of >1 hour	Loss/interruption of >8 hours	Loss/interruption of >1 day	Loss/interruption of >1 week	Permanent loss of service or facility
	Minimal or no impact on environment /service/ property	Minor impact on environment /service/ property	Moderate impact on environment /service/ property	Major impact on environment /service/ property	Catastrophic impact on environment /service/ property
	Insignificant cost increase/ schedule project slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met
Workforce Recruiting, retention and managing workforce	Short-term low staffing level that temporarily reduces service quality (< 1 day)	Low staffing level that reduces the service quality	Late delivery of key objective/ service due to lack of staff Unsafe staffing level or competence (>1 day) Low staff morale Poor staff attendance for mandatory/key training	Uncertain delivery of key objective/service due to lack of staff Unsafe staffing level or competence (>5 days) Loss of key staff Very low staff morale No staff attending mandatory/ key training	Non-delivery of key objective/service due to lack of staff Ongoing unsafe staffing levels or competence Loss of several key staff No staff attending mandatory training /key training on an ongoing basis
Adverse publicity/ reputation	Rumours Potential for public concern	Local media coverage – short-term reduction in public confidence Elements of public expectation not being met	Local media coverage – long-term reduction in public confidence	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House) Total loss of public confidence
Legal / Regulatory Statutory duty, regulatory compliance, accreditation, mandatory requirements	No or minimal impact or breech of guidance/ statutory duty	Breech of statutory legislation Reduced performance rating if unresolved	Single breech in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breeches in statutory duty Improvement notices Low performance rating Critical report	Multiple breeches in statutory duty Prosecution Complete systems change required Zero performance rating Severely critical report

Finance Financial Stability Risk	Unplanned financial impact under 0.1% of budget	Unplanned financial impact between 0.1% and 0.25% of budget	Unplanned financial impact between 0.25% and 0.5% of budget	Unplanned financial impact between 0.5% and 1% of budget	Unplanned financial impact > 1% of budget

TABLE 2 - Likelihood Score (L) - What is the likelihood of the consequence occurring?					
Likelihood Score	**1**	**2**	**3**	**4**	**5**
Descriptor	**Rare**	**Unlikely**	**Possible**	**Likely**	**Almost certain**
Frequency **How often might it/ does it happen**	This will probably never happen / recur	Do not expect it to happen / recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen / recur but it is not a persisting issue	Will undoubtedly happen / recur, possibly frequently

Table 3 - Risk Scoring = Consequence x Likelihood (C x L)					
Consequence	**1** **Rare**	**2** **Unlikely**	**3** **Possible**	**4** **Likely**	**5** **Almost certain**
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Moderate	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Negligible	1	2	3	4	5

Consequence / severity scores (C)

Using table 1 choose the most appropriate domain for the identified risk from the left hand side of the table. Then work along the columns in same row with the examples of descriptors to assist in identifying a consequence / severity score, on the scale of 1 to 5, which is the number given at the top of the column.

A single risk area may have multiple potential consequences, and these may require separate assessment. It is also important to consider from whose perspective the risk is being assessed (organisation, member of staff, patient) because this may affect the assessment of the risk itself, its consequences and the subsequent action taken.

Likelihood score (L)

Using table 2 assess the likelihood of the consequence occurring, which is also given a score of 1 to 5, the higher the number the more likely it is the consequence will occur.

Risk score

Using table 3, calculate the risk score by multiplying the consequence by the likelihood:

C (consequence) x L (likelihood) = R (risk score)

Identify the level at which the risk will be managed in the Health Board, assign priorities for remedial action, and determine whether risks are to be accepted on the basis of the colour bandings and risk ratings, and the organisation's risk management system.

TABLE 4 – RISK RATING INDEX		
SCORE	**Grade**	**Timescales for action**
1 – 3 Green	Very low risk	Quick, easy measures implemented immediately and further action planned for when resources permit. Review when appropriate.
4 – 6 Yellow	Low risk	Actions implemented as soon as possible but no later than a year. Review when appropriate.
8 – 12 Amber	Moderate risk	Actions implemented as soon as possible and no later than six months. Review no later than six months.
15 – 25 Red	High risk	Requires urgent action. Review no later than three months.

9. Appendix 3 – Risk Management Process – Service to Board

	TASK / ACTIVITY	RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
1.	**Risk Assessment** • Identify Operation and Strategic risks through the completion of risk assessment and for ensuring that risk assessments are completed on an ongoing basis. **Training is available for Risk Assessments and for the Datix System** **Please contact:** **Cally.Hamblyn2@wales.nhs.uk or visit:** **http://ctuhb-intranet/dir/HealthandSafety/default.aspx**		Each: • Locality • Service Group • System Group • Corporate Function • Executive Lead	N/A	No
2.	**Risk Register** • Use the Datix Risk Management System to record all risk identified through the Risk Management Process, their Controls, score and risk treatment/mitigation. • **Please use the Risk Matrix set out in the Risk Management Strategy – Appendix 2**		Each: • Locality • Service Group • System Group • Corporate Function • Executive Lead	N/A	No
3.	**Management of Local Risks** • Any risks identified and evaluated as having a low/moderate rating, i.e. a score of between one and 8, can be managed locally within the relevant area. • These risks can typically be resolved quickly and relatively easily if the correct actions identified, completed and become controls under business as usual. These risks are recorded locally in the local risk register within each service area/department. • All local risks should be reviewed and updated monthly at a minimum and more frequently if circumstances required.	Scored Between 1-8	Each: • Locality • Service Group • System Group • Corporate Function • Executive Lead **Held and Managed Locally**	Local Risk Register	**NO** If it can be managed locally. **YES** If it is felt that the risk can **no longer be managed locally** and requires more Senior input and support then it will be first escalated up through the **SERVICE GROUPTO THE LOCALITY GROUP**
4.	**Service Group Risks** • Risks Identified at a Service Level should be recorded by a relevant Manager on a Service Group Risk Register. • Reviewed **at least** bi-monthly at the relevant Service Group / Directors meeting.	Scored Between 8-12	Service Group **Held and Managed at Service Group Level**	Service Group Risk Register	**NO** If it is scored below 12 and can be managed at Service Group Level **YES** 1) If it is felt that the risk can no **longer be managed at Service Group level** and requires more Senior input and support then it will be first escalated up through the **LOCALITY GROUP** And 2) If the risk is scored at **12 or above** it should be escalated to the **LOCALITY GROUP**
5.	**Locality Risks** • The Locality Leadership Team should have sight of the Service Group Risk Registers and ensure that risks scored at 12 or above are recorded on the Locality Risk Register or managed by the Service Group if ILG deemed appropriate. • Other risks maybe recorded if the locality deems appropriate. • Locality Risk Registers should be monitored at Locality Board Meetings and Performance Review Meetings.	All Risks	Locality Leadership Team **Held and Managed at ILG Level**	Locality Risk Register	**NO** If scored below 15. **YES** 1) If it is felt that the risk can no **longer be managed at Locality Group Level** and requires Corporate/Exec input and support then it will be first escalated up through the **EXECUTIVE LEAD FOR REVIEW.** And 2) If the risk is scored at **15 or above** it should be escalated to the **CORPORATE RISK REGISTER**
6.	**System Risks** • Risks scored **15 or above** will be considered by the Lead Director and discussion at Management Board for a decision on whether it should be escalated to the Corporate Risk Register.	All Risks	System Groups **Held and Managed at System Group Level**	System Risk Register	**NO** If scored below 15. **YES** 1) If it is felt that the risk can no **longer be managed at System Group Level** and requires Corporate/Exec input and support then it will be first escalated up through the **EXECUTIVE LEAD FOR REVIEW.** And 2) If the risk is scored at **15 or above** it should be escalated to

					the **CORPORATE RISK REGISTER**
7.	**Corporate Department Risks** • Corporate Departments will hold their own risk registers on Datix.	All Risks	Corporate Departments **Held by Corporate Departments**	Corporate Department Risk Register	**NO** If scored below 15. **YES** 1) If it is felt that the risk can <u>no</u> **longer be managed at Corporate Department Level** and requires Corporate/Exec input and support then it will be first escalated up through the **EXECUTIVE LEAD FOR REVIEW.** And 2) If the risk is scored at **15 or above** it should be escalated to the **CORPORATE RISK REGISTER**
8.	**Organisational Risk Register** • The Locality Director or their representative, Systems Directors and Director of Executive portfolios will on a monthly basis identify all new and current risks scored at 15 or above on the Locality, System and Corporate Department risk registers. These risks will be considered by the lead Director and approved for including on the corporate risk register, which will be reviewed at Management Board. • Updated monthly at Management Board.	Risks scored at 15 or above	Executive Leads	Organisational Risk Register	**Escalation to Organisational Risk Register:** • Locality/corporate department risk registers. Other risks not at the significant level but having a wider organisational impact will also be considered by the Management Board. • The Organisational Risk Register will be submitted to the relevant Committees and full Board
9.	**Board Assurance Report** Where an organisational risk has significant implications for the delivery of Strategic Objectives consideration will be given by Management Board as to whether a related strategic risk should be recorded on the Board Assurance Framework.	Implications for Strategic Objectives	Executive Leads	Board Assurance Framework / Report	**Escalation to BAR** Where there are implications for Strategic Objectives

10. Appendix 4 – Risk Appetite Statement

Cwm Taf Morgannwg University Health Board

Risk Appetite Statement

The Cwm Taf Morgannwg University Health Board has agreed that:

- The organisation must take risks in order to achieve its aims and deliver beneficial outcomes to stakeholders
- Risks will be taken in a considered and controlled manner.
- Exposure to risks will be kept to a level of impact deemed acceptable by the Board.
- The acceptable level may vary from time to time and will therefore be subject to at least annual review and revision.
- Some particular risks above the agreed acceptable level may be accepted because:
  - The likelihood of them occurring is deemed to be sufficiently low
  - They have the potential to enable realisation of considerable reward/benefit
  - They are considered too costly to control given other priorities
  - The cost of controlling them would be greater that the cost of the impact should they materialise
  - There is only a short period of exposure to them

Cwm Taf Morgannwg University Health has adopted the following **Risk Appetite Matrix:**

Averse	Avoidance of risk and uncertainty is a key organisational objective.
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
Moderate	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward.
Open	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).
Hungry	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.

Given that Cwm Taf Morgannwg University Health Board operates as part of a publicly funded healthcare system in Wales, the Board has determined that the Health Board's overall risk appetite will be **cautious.**

This means that it will contain risks to a generally low level in order to:

Protect public investment through careful and vigilant management of its finances;

- Safeguard its assets, including estates, facilities, equipment and information;
- Ensure the continuity, quality and accessibility of its services;
- Protect and enhance its reputation, and
- Avoid harm to the environment.

Notwithstanding the above, in two key areas the Health Board's risk appetite will be **averse**, which means that risks will be eliminated or reduced to the lowest practical level should they impact negatively upon:

- The quality and safety (including physical and/or psychological harm) of its patients, workforce and the public;
- Compliance with statutory duty, regulatory compliance, accreditation.

11. Appendix 5 – Strategic Objectives and Principal Risks

Strategic Objectives	Provide high quality, evidence based and accessible care	Work with Communities and partners to reduce inequality, promote well-being and prevent ill health	Ensure sustainability in all that we do, economically, environmentally and socially	Co-create with staff and partners a learning and growing culture
Threats to the Strategic Objectives	• Failure to deliver a high quality, safe and effective service that improves population health. • Failure to provide timely health and wellbeing care & services. • Failure to deliver a service user and carer focussed service.	• Failure to engage effectively with our communities to inform, develop and deliver an effective, safe and responsive service that meets the health needs of our communities. • Failure to engage, listen and act on issues / feedback that would help to reduce inequalities, promote wellbeing and prevent ill health within our communities.	• Failure to make robust, informed decisions for our communities and execute them within a sound system of Governance. • Failure to deliver and maintain financial sustainability. • Failure to continually adapt and respond to a changing environment. • Failure to adopt new technology and innovations to enable change and sustainability.	• Failure to listen, learn and respond appropriately to the views of our staff and partners to enable continual improvement in our services and culture. • Failure to engage, listen and act on feedback to shape services and culture. • Failure to engage constructively with partners and have a mutual understanding of each other's issues. • Failure to sustain an engaged and effective workforce.
Principal Risks	**If:** there is a significant deterioration in standards of patient safety and care provided by the Health Board. **Then:** there could be an increase in incidents across the Health Board. **Resulting In:** Potentially avoidable harm and poor clinical outcomes, reduction in trust and confidence in the service, and regulatory action and intervention. **If:** demand exceeds capacity. **Then:** service quality, safety and performance could deteriorate. **Resulting in:** Potentially avoidable harm and poor clinical outcomes, reduction in public trust and confidence in the service. Regulatory action and intervention.	**If:** engagement and collaboration with the Health Board's communities does not fully deliver the required outcomes. **Then:** it may have failed to effectively understand the health needs of its communities and reflect them in its services. **Resulting In:** the inability to reduce inequalities, promote wellbeing and prevent ill health in its communities.	**If:** the Health Board's financial strategy / objectives are not met. **Then:** it will have failed to achieve its agreed financial plans. **Resulting In:** Qualification of the accounts, potential regulatory action, adverse impact on longer term financial sustainability and reduced ability to invest in improvement and take associated financial risks. **If:** the Health Board fails to recognise and adopt advances in digital technology and innovations in the design of its business and clinical services. **Then:** it its ability to remain competitive and sustainable will be affected. **Resulting In:** the inability to deliver high quality, safe, effective and robust sustainable services for the future (WBFGA).	**If:** the Health Board does not embed its values and behaviours and develop an engaged and motivated workforce / collaboration with its partners. **Then:** there is likely to be a deterioration in patient, staff and partner experience, wellbeing and morale. **Resulting In:** an adverse impact on patient care and the recruitment and retention of an engaged and effective workforce.