



## **Aneurin Bevan University Health Board**

# **Risk Management Framework**

**N.B. Staff should be discouraged from printing this document. This is to avoid the risk of out-of-date printed versions of the document. Refer to ABPULSE for the current version.**

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## **1 INTRODUCTION**

Aneurin Bevan University Health Board (the Health Board) is committed to the principles of good governance and recognises the importance of effective risk management as a fundamental element of the health board's governance framework and system of internal control. Risk management is essential, not only for providing a safe environment and improved quality of care for service users and staff, but also for the achievement of the organisation's strategic goals, corporate and clinical objectives.

The Health Board views risk management as an integral part of the overall management process, rather than as a separate arrangement, and is committed to working in partnership with staff to make risk management a core organisational process and to ensure that it becomes an integral part of the Health Board's thinking and activities.

This Framework sets out the Health Board's approach to embedding a risk management culture that underpins and supports the business of the Health Board; delivering and securing high quality care in a safe environment, that is complying with legal and regulatory requirements; meeting objectives; and, promoting its values.

This Framework has been developed to ensure that the latest guidance, best practice and recommendations from independent reviews and assessments are considered in the systems and processes that are in place to manage risk and strengthen assurance arrangements throughout the Health Board.

## **2 PURPOSE**

This Framework sets out the Health Board's vision for managing risk. Through the management of risk, the Health Board seeks to minimise, although not necessarily eliminate, threats, and maximise opportunities.

This Frameworks sets out the overarching processes that will allow the Health Board to effectively manage risk while maintaining high-risk governance and assurance standards. It explains how the Health Board's risk management activities interact with other governance and assurance arrangements to create an integrated system of internal control.

It also includes the Health Board's risk appetite statement, which articulates the levels and types of risk the Health Board is willing to accept to achieve its objectives.

### **3 PRINCIPLES**

This Risk Management Framework is informed by a set of principles, presented below.

The Health Board:

- Recognises that, as a healthcare organisation, risk is inherent and will exist at all levels of the organisation;
- Believes that risk management is everybody's business, and its risk management and assurance arrangements apply to all directly employed staff and those engaged in work or other activities on behalf of the Health Board;
- Seeks to control risks in a proportionate and cost-effective manner such that exposures are mitigated to an acceptable level (in accordance with agreed risk appetite) or are eliminated as far as it is reasonably possible;
- Acknowledges that some risks can never be eliminated entirely;
- Seeks to mitigate and control its identified risk exposure;
- Recognises that good risk management practice facilitates the opportunities to innovate and improve;
- Encourages considered and controlled risk-taking within authorised limits in order to develop and transform its services and functions;
- Applies its risk management and assurance framework to all categories of risk;
- Will adopt and adapt instances of good practice in established risk management and assurance methodologies, but where appropriate will develop bespoke risk management arrangements where required;
- Will ensure that its risk management and assurance arrangements support transparency, accountability, and wider public interest regarding the activities of the organisation.

### **4 OBJECTIVES**

The Health Board recognises that implementing an effective risk management framework is key to delivering its overarching strategy and developing a positive learning environment and risk-aware culture.

#### **4.1 The objectives of risk management across the Health Board are to:**

- Minimise the potential for harm to patients, staff and those who engage with the Health Board to levels that are as low as is reasonably practical;
- Protect Health Board assets;

- Enable the Health Board to anticipate, respond to, and remain resilient in changing strategic and operational circumstances;
- Ensure that risk management forms an integral part of the organisation's thinking, performance management, and business planning;
- Ensure that the Health Board achieves and sustains compliance with statutory, policy, and legal frameworks;
- Ensure that a consistent and integrated approach to risk management is embedded in the day-to-day working practices of the organisation at all levels.

#### **4.2 To achieve these objectives the Health Board will consider risk when:**

- Developing, approving, and implementing strategies, plans, and policies;
- Developing and approving business cases or investment proposals;
- Scenario planning for exceptional circumstances such as major incidents and business continuity planning;
- Planning and delivering transformation and change projects;
- Implementing cost improvement or other efficiency programmes;
- Entering into contractual relationships or other partnership agreements.

#### **4.3 To enable the Health Board to deliver these objectives it will:**

- Clearly define risk management roles, responsibilities, and reporting lines within the organisation, aligned to the organisation's Performance Management and Accountability Framework;
- Reinforce the importance of effective risk management;
- Ensure that the importance of effective risk management and assurance is reflected in the roles and responsibilities of the internal governance structure;
- Maintain timely, accurate, and comprehensive intelligence about identified risks on a single management information system (Datix) and use this to produce corporate and local risk registers and other forms of risk analysis and reporting;
- Ensure that appropriate actions and controls are in place to mitigate risks and that these are well understood by those expected to apply them;
- Ensure that gaps in control are identified and implemented in a timely manner;
- Provide training and engagement activities to strengthen risk management capacity and capability within the workforce and to

generate and sustain a good level of awareness and understanding of risk management;

- Monitor, review, and seek continuous improvement in risk management arrangements across the organisation.

## 5 SCOPE

This Framework applies to all Health Board employees, regardless of grade or role. This includes those with whom we contract, those who are seconded to work in the organisation, and any volunteers who work in partnership with the organisation.

Therefore, accountability and responsibility for active risk management is shared at all levels within the organisation and across our partnerships, ensuring that risk management is an integral part of the overall approach to health, partnership governance, and service delivery.

The framework overarches both clinical and non-clinical risk management and is aligned to and supports the delivery of the Health Board's:

- Quality Strategy
- Performance Management & Accountability Framework
- Regulatory Requirements
- Strategies and Strategic Plans

## 6 RISK MANAGEMENT AND ASSURANCE ARRANGEMENTS

Key components of the Health Board's risk management arrangements include:

- Risk Appetite
- Risk Assessment Process
- Roles and Responsibilities
- Risk Management System and tools
- Reporting and Escalation
- Governance and risk assurance

### 6.1 Risk Appetite

For an organisation to truly have an effective risk management system in place, it must first understand its risk appetite, which is defined as **'the amount and type of risk that an organisation is willing to seek, accept, or tolerate.'** It is an agreed level of risk that the Health Board is prepared to accept or be exposed to in pursuit of its strategic objectives.

Risk appetite is a way of expressing the Health Board's attitude to different types of risk and the nature of the risks the Health Board is prepared to take. The Health Board's appetite for risk can vary depending on the nature of the risk and the prevailing operating conditions or circumstances.

The Health Board has developed an approach to defining its risk appetite. The risk appetite is not prescriptive but instead provides several underlying component parts that encourage structured thinking. The aim of the risk appetite is to allow the Health Board to reach an informed conclusion as to whether the risk can be accepted and to what extent.

The benefits of adopting a risk appetite include:

- Supporting informed decision-making;
- Reducing uncertainty;
- Improving consistency across governance mechanisms and decision-making;
- Supporting performance improvement;
- Focusing on priority areas within an organisation;
- Informing spending review and resource prioritisation processes.

The Health Board has identified a number of risk appetite themes against which it has assigned a risk appetite. Therefore, in the instances where risks are associated with the theme and dependent on the risk score assigned, the Health Board will be more easily able to determine how to respond and so make best use of mitigation resources.

Safety, quality, and the Health Board's staff are key considerations in any risk-based decisions. The following risk appetite themes and descriptions have been determined after considering key negative and positive events that might affect the achievement of the Health Board's objectives.

- **People:** Risks relating to recruitment and retention of the right people with the appropriate skills and risks relating to the successful delivery of the Health Board's People Strategy which would include culture & wellbeing.
- **Health Board Activities (Compliance and Safety):** Risks relating to all aspects of patient safety but also including safeguarding, staff & public security in addition risks relating to compliance and/or legal implications.
- **Health Board Activities (Service Delivery):** Risks related to all aspects of the Health Board's ability to deliver, manage, and improve service quality and performance along with all risks relating to the

current performance of its infrastructure such as IM&T and Estates including our ability to deliver associated strategy.

- **Financial Sustainability:** Risks relating to all aspects of the Health Board's financial performance and its ability to manage cost and efficiencies.
- **Transformation and Partnership Working:** All risks relating to the Health Board's ability to engage effectively with other organisations including development of collaborations and partnerships along with all risks associated with innovation, transformation, and strategic change.
- **Confidence & Trust:** All risks relating to confidence and trust in the Health Board, including risks relating to key stakeholders, communities and adapting to external challenges.

Risks throughout the organisation will be managed within the Board's risk appetite, or where this is exceeded, action will be taken to reduce the risk.

The Health Board's Risk Appetite Statement, which is included at **Appendix A**, sets out the Board's strategic approach to risk-taking by defining its risk appetite thresholds. It is a live document that will be regularly reviewed and modified, so that any changes to the organisation's strategy, objectives, or, its capacity to manage risk, are properly reflected.

## 6.2 Risk Assessment Process

Risk Management is the systematic application of management policies, practices and procedures to the task of identifying, analysing, assessing, treating and monitoring risk in a way that will enable organisations to minimise losses and maximise opportunities.

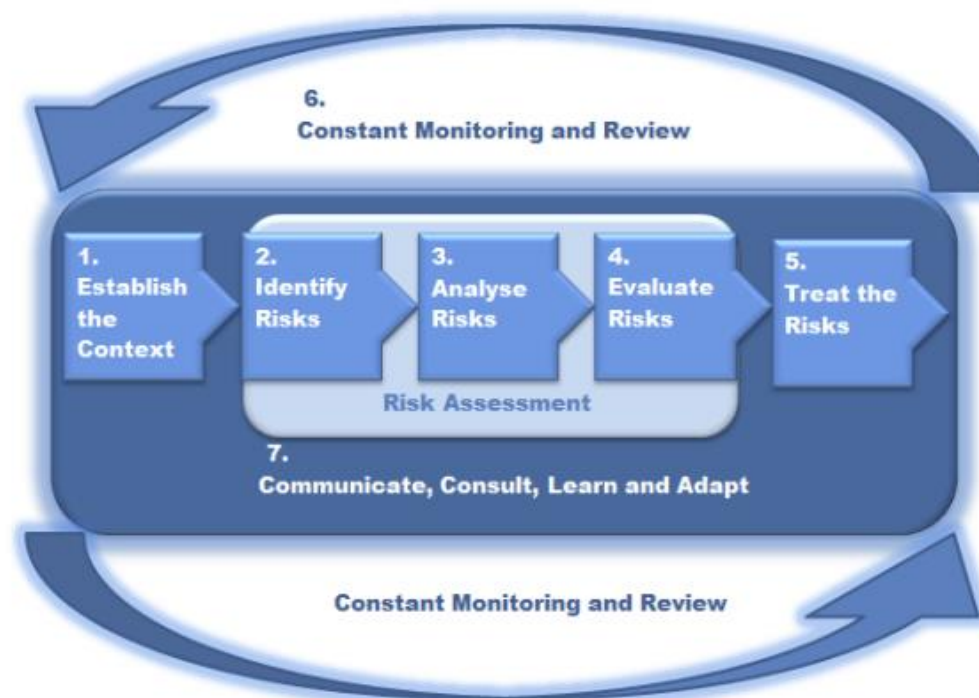
The aim of risk management is not to remove risk altogether, but to manage risk to an acceptable level, considering the cost of minimising the risk and reducing risk exposure (the level of risk that the organisation is exposed to, either in regard to an individual risk or the cumulative exposure to the risks faced by the organisation).

The Health Board has adopted a structured approach to risk management, whereby risks are identified, assessed and controlled, and if appropriate, escalated or de-escalated through the governance mechanisms of the organisation.

The process is defined in seven key steps, which are detailed within the supporting **Risk Management Policy and Procedure (Appendix B)**.



Figure 1: The risk management process as defined in ISO 31000



### 6.3 Roles and Responsibilities

This Risk Management Framework applies to all Health Board employees, those with whom we contract, those who are seconded to work in the organisation and any volunteers who work in partnership with the organisation.

This framework also identifies certain designated roles with specific responsibilities to risk management and assurance. These roles are:

- The Board
- Chief Executive Officer (Health Board's Accountable Officer)
- Director of Corporate Governance
- Executive Directors
- Head of Corporate Risk and Assurance
- Risk Owner
- Risk Leads (for individual services and functions)
- All Staff

The supporting **Risk Management Policy and Procedure (Appendix B)** presents more information about these roles and the specific responsibilities relating to risk management.

## 6.4 Risk Management System

The Health Board maintains an organisation-wide information management system to support a standard approach to risk management. The system used is the risk management module of the Datix suite of applications.

Any newly identified risk must undergo a comprehensive risk assessment which must be recorded on the Health Board's risk management system, Datix. To ensure that the risk reflects the current operating environment, all risks must be monitored and updated on a regular basis.

The supporting **Risk Management Policy and Procedure (Appendix B)** describes further the role of Datix in effectively supporting risk management.

## 6.5 Risk Registers

Risk registers support day-to-day risk management and facilitate the monitoring of risk information, including changes to risk exposure and the delivery of mitigating actions.

Risk registers must be created and maintained on the Health Board's risk management framework, Datix. This includes the Strategic and Corporate Risk Registers as well as risk registers for divisions, directorates and at a local level (ward/service).

The Health Board will establish a risk register hierarchy to aid in the escalation process. This ensures that the potential risk is managed and monitored at the appropriate level. The risk register hierarchy is detailed below.

**Strategic Risk Register** - will hold all potential risks that has the potential to hinder achievement of one or more of the health board's strategic priorities as outlined in the Integrated Medium-Term Plan (IMTP). The Strategic Risk Register will act as the Board Assurance Framework. The term 'Board Assurance Framework' is used to refer to a document that brings together in one place all the relevant information on the risks relating to the Board's Strategic Objectives.

The Board Assurance Framework provides a structure and process that enables the Health Board to focus on the key control gaps, assurance gaps and risks that may compromise the delivery of its strategic and annual objectives. It ensures that the assurance mechanisms operating across the Health Board are fully aligned to support the Chief Executive as the Accountable Officer, and the Board, to deliver the organisation's objectives.

**Corporate Risk Register** – will hold all potential operational risks that require a higher level of ownership than an individual Executive Director can provide but do not directly threaten the organisation's future, these will typically span two or more directorates or require plans and resources that exceed the Division's capability or capacity to implement or any high-level operational risk that has a score of 20 or higher. There will be close alignment between the Corporate Risk Register and the Strategic Risk Register to ensure the Board is sighted on key operational risks.

**Divisional Risk Register** - will hold all potential operational risks that necessitate a higher level of ownership than an individual Directorate can provide. Such risks necessitate plans and resources that are beyond the Directorate's capability or capacity to implement or have a score greater than 12.

**Directorate Risk Register** - will hold all potential operational risks that necessitate a higher level of ownership than an individual ward/service can provide. Such risks typically necessitate plans and resources that are greater than the Directorate's capability or capacity to implement or have a score greater than 6.

**Local Risk Register** - will hold all potential operational risks that could impact the day-to-day running of the service. Local Risk Registers will typically have a higher number of Health and Safety risks than other risk registers given the need for local mitigation. Any risk with a score greater than 6 must be escalated to the Directorate Risk Register.

**Project Risk Registers** will be managed by the appropriate project boards, with reporting and escalation managed by the Project Group. Any risk with a score of 9 or above should be considered for escalation to the appropriate directorate risk register so that the directorate is aware of the potential risks to service delivery.

## 6.6 Risk Evaluation Matrix

The Health Board provides an approved methodology and supporting matrix to guide the evaluation of risks. Each risk is evaluated by calculating the likelihood and consequence of it materialising by using the NHS Wales Risk Scoring Matrix (5x5 Model) and then determining its overall risk rating of 'low', 'moderate', 'high', or 'extreme'.

The Risk Scoring Matrix can be found in the **Risk Management Policy and Procedure (Appendix B)**.

## 6.7 Reporting and Escalation

One of the Health Board's key management and assurance reports is the Strategic Risk Report. At each meeting respectively, the entire Strategic Risk Register will be reviewed by the:

- Board
- Audit, Risk, and Assurance Committee

At each meeting, the Board's Committees listed below will receive the Strategic Risk Report and the strategic risks delegated to it by the Board for detailed scrutiny and focus, which is outlined in the **Risk Management Policy and Procedure (Appendix B)**.

These will be aligned to the Committee's agenda.

- Patient Quality, Safety, and Outcomes Committee
- Finance and Performance Committee
- People and Culture Committee
- Partnerships, Population Health, and Planning Committee

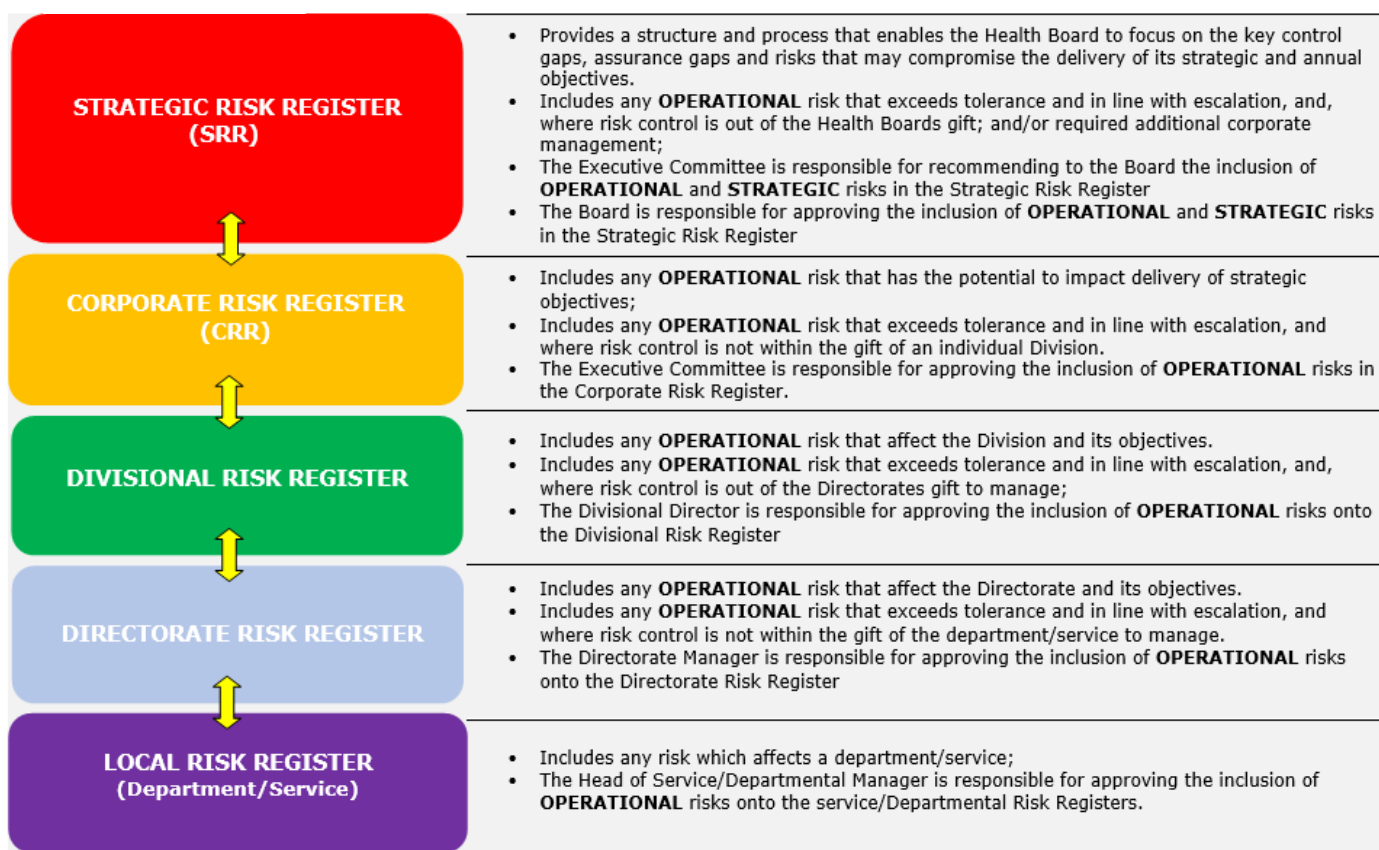
In addition, at each meeting, the Committee will receive an overview of the relevant corporate risks being managed as well as any high-level operational divisional risks that are being monitored by the Executive Committee for assurance. These will be aligned with the Committee's agenda.

In the interests of transparency and accountability and the wider public interest unless exceptional circumstances apply the Strategic Risk Report is discussed by the Board and sub-committees during the public session of its formal meeting.

The risk escalation framework is determined by the risk score or the significance of the risk to the delivery of patient safety, service delivery, or organisational objectives.

If the capability or capacity to manage a potential directorate, divisional, or corporate risk is exceeded, or if current controls are not mitigating the risk that is now present, the risk must be escalated through the appropriate governance arrangements, as presented in Figure 3, overleaf.

Figure 3



Further detail on the escalation process, is set out within the **Risk Management Policy and Procedure (Appendix B)**.

## 7 IMPLEMENTATION OF THE FRAMEWORK

Led by the Director of Corporate Governance, the Corporate Governance Directorate will plan and deliver the implementation of the Risk Management Framework along with a programme of training and other developmental activities to raise awareness and understanding of risk management to strengthen the maturity, capacity, and capability for risk management across the Health Board.

Activities to support implementation of this Framework will include:

- working with teams, services, directorates and functions to develop their risk management capability and ensure risk management is dynamic and part of the everyday;
- embedding risk management in quality and governance processes at all levels of the Health Board;
- using data in a risk-focused way (what does this tell us about the service and where are these risks and vulnerability);

- ensuring risk registers interact appropriately at different levels of the Health Board to ensure risks are appropriately escalated and that there is oversight of risks as appropriate; and
- ensuring staff are aware of the options for managing a risk – whether to tolerate (accept), treat (reduce or remove), transfer (responsibility), terminate (suspend the risk situation/activity) or take the opportunity.

## **8 TRAINING**

All new staff are required to attend an Induction Programme which includes risk management training. Additional training will be available through ESR.

Board members will receive risk management training, both individually and collectively, to enable them to discharge their responsibilities effectively. This will be delivered at a minimum through Board Member Induction, with formal training delivered to the collective Board every two years.

The Corporate Governance Directorate will deliver training, and ongoing support and advice to all staff and Board Members. This will ensure that the Health Board incorporates risk management as a core function of all programmes of work associated with the delivery of organisational objectives and will aid in the identification of risks to objectives at the outset of planning processes.

## **9 SUPPORTING DOCUMENTS**

This Framework should be read in conjunction with the:

- Risk Management Policy and Procedure
- ABUHB Risk Appetite Statement
- Guidance Note for Risk Assessment and Management
- Guidance for Using the Risk Management System – Datix

## **10 MONITORING EFFECTIVENESS**

Compliance with the standards set out in the Risk Management and Assurance Framework will be assessed routinely by the Audit, Risk & Assurance Committee, and by the Board.

The framework will be reviewed and updated annually or sooner if a change in obligations requires it.

The Annual Governance Statement is signed by the Chief Executive Officer and sets out the organisational approach to internal control. This is produced at the end of the financial year and is scrutinised as part of the annual accounts process and presented to the Board with the accounts, as part of the Annual Accountability Report.

The Head of Internal Audit will also provide an opinion together with the summarised results of the internal audit work performed during the year. The Health Board's risk management arrangements are also subject to audit review annually.

## **11 REFERENCES**

- International Organisation for Standardisation, ISO 3100 Standard: Risk Management Principles and Guidance, 2018
- Good Governance Institute, Risk Appetite for NHS Organisations, 2019
- NHS National Patient Safety Agency, Risk Model Matrix
- HM Treasury, Management of Risk: Principles and Concepts (The Orange Book), 2019
- HM Treasury, Management of Risk: Risk Appetite Guidance Note, 2021
- NHS Providers, Aneurin Bevan University Health Board Risk Appetite, 2023

## **APPENDIX A - The Health Board's Risk Appetite Statement**



**Aneurin Bevan University Health Board**

# **Risk Appetite Statement**

**January 2024**



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## **12 INTRODUCTION**

Risk is the effect of uncertainty on Aneurin Bevan University Health Board's (the Health Board's) ability to achieve its objectives.

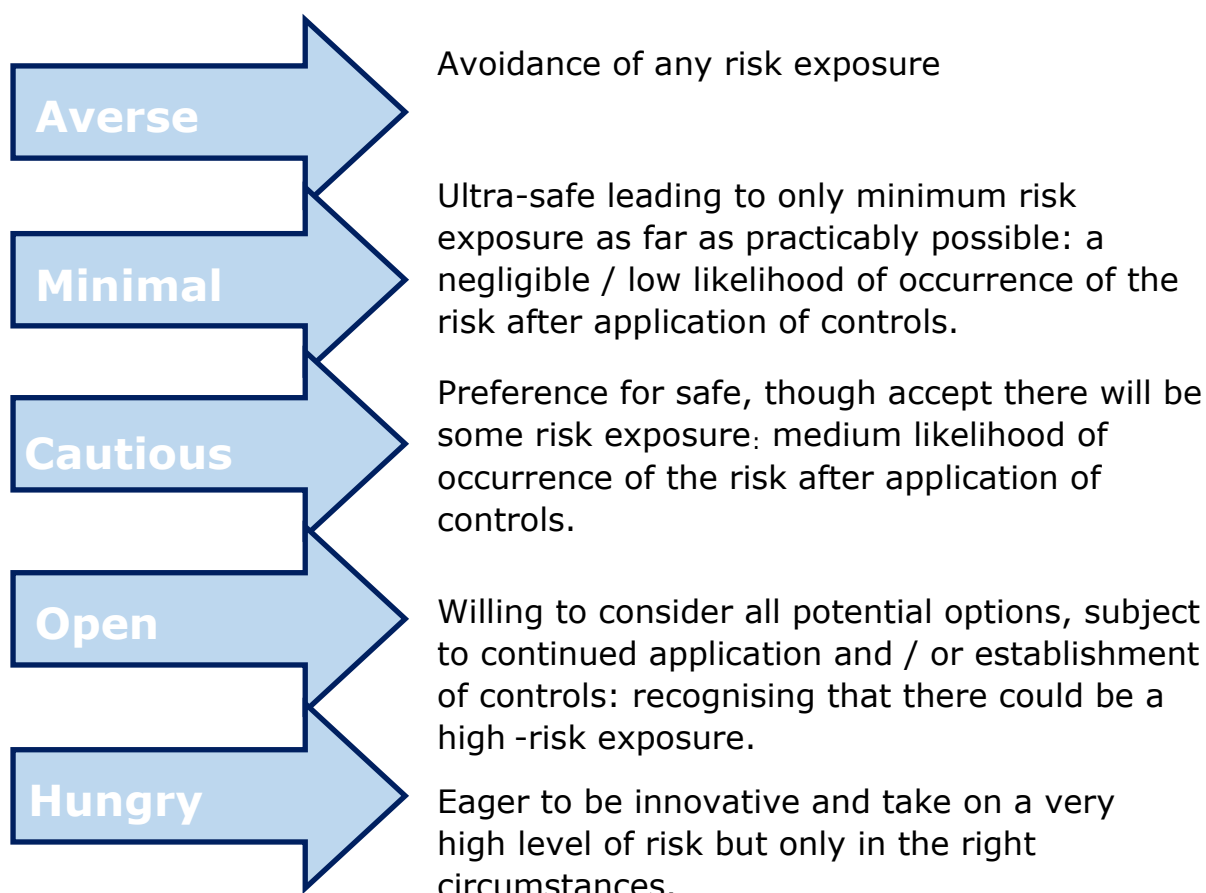
Risk itself is neither positive nor negative, but the outcome of taking risks can be to realise an opportunity or a threat. Only in extreme circumstances is the risk unforeseen. Therefore, through careful consideration and based on information available, the Health Board should be able to determine when it can take more risk and when it should not.

Risk appetite is a way of expressing the Health Board's attitude to different types of risk and the nature of the risks the Health Board is prepared to take. The Health Board's appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances.

The Health Board's Risk Appetite Statement is not prescriptive but instead provides several underlying component parts that encourage structured thinking. The aim of the risk appetite is to enable the Health Board to reach an informed conclusion as to whether a risk can be accepted and to what extent.

### 13 RISK APPETITE DESCRIPTION

The Board has agreed the following levels of risk appetite.



### 14 RISK APPETITE BOUNDARIES

To enable translation of the risk appetite into Aneurin Bevan University Health Board's risk scoring methodology, the tolerance for each risk appetite has been plotted on the matrix below i.e., at what point a risk is acceptable (within tolerance) and when it is not (outside tolerance).

There may at times be risks which exceed appetite thresholds and the Health Board will therefore need to actively consider and agree to any risks managed outside tolerance in line with escalation levels.

Risk Appetite Level	Risk Appetite Threshold
<b>Averse</b>	<b>Score 5 and below</b>
<b>Minimal</b>	<b>Score 8 and below</b>
<b>Cautious</b>	<b>Score 13 and below</b>
<b>Open</b>	<b>Score 17 and below</b>
<b>Hungry</b>	<b>Score 21 and below</b>

## 15 RISK APPETITE THEMES

All risks should be considered in the context of the Health Board's risk appetite. To assist this a number of risk appetite themes have been developed, against which they have assigned a risk appetite. Therefore, in the instances where risks are associated with the theme and dependent on the risk score assigned, the Health Board will be more easily able to determine how to respond and so make best use of mitigation resources.

Safety, quality and the Health Board's staff are key considerations in any risk-based decisions and so with that in mind, the following risk appetite themes and descriptions below have been determined by the Board after considering key negative and positive events that might affect the achievement of the Health Board's objectives.

### 15.1 People

Risks relating to recruitment and retention of the right people with the appropriate skills and risks relating to the successful delivery of the Health Board's People Strategy which would include culture & wellbeing.

The Health Board will continue to provide and review creative opportunities to develop and grow its workforce, building the operational capability and skills needed to deliver its strategic priorities. To do this the Health Board recognises that its risk appetite will need to be **open**, exploring new innovative workforce models, innovative ways of working and recruitment while always being aligned to positive culture and promoting wellbeing.

### 15.2 Aneurin Bevan University Health Board Activities (Compliance & Safety)

Risks relating to all aspects of patient safety but also including safeguarding, staff & public security, in addition risks relating to compliance and/or legal implications.

Compliance, safety & security is of the upmost importance. To reflect this the Health Board has a **minimal** risk appetite when making decisions about any matter or risk that may influence compliance, legality, patient harm & safety including safeguarding.

## **Aneurin Bevan University Health Board Activities (Service Delivery)**

Risks relating to all aspects of the Health Board's ability to deliver, manage, and improve service quality and performance along with all risks relating to the current performance of the organisation's infrastructure such as IM&T and Estates, including the Health Board's ability to deliver its associated strategy.

The Health Board will have an **open** risk appetite to service delivery. This openness will be reflected in decisions that increase the likelihood of creative, innovative, and positive outcomes but also encompass wider improvements to service delivery models, including the use of IT and new technology, acknowledging that investment of resource needed to purchase equipment or deliver successful projects can be significant and must be managed appropriately.

## **Financial Sustainability**

Risks relating to all aspects of the Health Board's financial performance and its ability to manage cost and efficiencies.

The Health Board's risk appetite for effective financial management is **cautious** as making sure there is sound financial management whilst maximising opportunities and cost effectiveness is vital to ensure future success. While the Health Board is more receptive in its approach to risk, it shall remain vigilant to those risks that could have quality, resource, reputational and safety implications that outweigh any perceived financial benefits.

## **Transformation & Partnership Working**

All risks relating to the Health Board's ability to engage effectively with other organisations, including development of collaborations and partnerships, along with all risks associated with innovation, transformation, and strategic change.

The Health Board will be **open** in its risk appetite to transformation and when working with local authorities, healthcare partners and other agencies to improve the health of the population. It is acknowledged that risk exposure may exist in decisions to transform and work with others, so the Health Board shall be conscious of those risks that could have quality, reputational and safety implications for patients and/or the organisation.

## Confidence & Trust

All risks relating to confidence and trust in the Health Board, including risks relating to key stakeholders, communities and adapting to external challenges.

The Health Board's natural position is to not tolerate risks that breakdown or impact confidence & trust. Building on and maintaining the confidence and trust of all stakeholders, including staff is vital, so to highlight both the complexity and importance of transparency, the Health Board shall be **cautious** to any risk or opportunity that may influence that confidence and/or trust..

## 16 RISK APPETITE REVIEW

The Health Board will review its risk appetite on an annual basis, fully recognising that this may be subject to change due to various factors both internal and external that could shape the nature and extent of the risks the Health Board is prepared to take.

The Health Board's Risk Appetite Statement will remain an integral part of its Risk Management Framework and will be embedded into the organisation's risk management system.

## 17 MONITORING AND REPORTING

The Health Board will align existing risks with risk appetite themes. In addition, the Health Board will report the volume (including an approximation of cumulative exposure/risk clusters) of risks by risk theme vs risk appetite and develop a set of Key Risk Indicators, as appropriate, to help measure/inform risk appetite.

In order that the Health Board can understand its risk exposure in connection with the risk appetite themes and ensure an effective response, reporting will be undertaken in-line with the **Risk Management Policy and Procedure**. Risk register entries will be categorised by the risk appetite theme to enable the Health Board to understand the type, nature, and volume of risk attributable to each risk appetite theme.

## 18 APPENDIX 1 – Risk Appetite Summary Table

<b>RISK APPETITE</b>	<b>Risk Theme</b>	<b>Risk Appetite Level</b>	<b>Risk Appetite Description</b>	<b>Risk Appetite Thresholds</b>
	<b>Aneurin Bevan University Health Board Activities (Compliance &amp; Safety)</b>	Minimal	Ultra-safe leading to only minimum risk exposure as far as practicably possible: a negligible/low likelihood of occurrence of the risk after application of controls	Score 8 and below
	<b>Aneurin Bevan University Health Board Activities (Service Delivery)</b>	Open	Willing to consider all potential options, subject to continued application and/or establishment of controls: recognising that there could be a high-risk exposure	Score 17 and below
	<b>People</b>	Open		
	<b>Transformation and Partnership working</b>	Open		
	<b>Financial Sustainability</b>	Cautious	Preference for safe, though accept there will be some risk exposure: medium likelihood of occurrence of the risk after application of controls	Score 13 and below
	<b>Confidence and Trust</b>	Cautious		

## Appendix B - Risk Management Policy and Procedure



### Aneurin Bevan University Health Board

# Risk Management Policy and Procedure

*N.B. Staff should be discouraged from printing this document. This is to avoid the risk of out-of-date printed versions of the document. Refer to ABPULSE for the current version*



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## **1 INTRODUCTION**

Aneurin Bevan University Health Board (the Health Board) is committed to the principles of good governance and recognises the importance of effective risk management as a fundamental element of the health board's governance framework and system of internal control. Risk management is essential, not only for providing a safe environment and improved quality of care for service users and staff, but also for the achievement of the organisation's strategic goals, corporate and clinical objectives.

The Health Board views risk management as an integral part of the overall management process, rather than as a separate arrangement, and is committed to working in partnership with staff to make risk management a core organisational process and to ensure that it becomes an integral part of the Health Board's thinking and activities.

This Policy sets out the Health Board's approach to embedding a risk management culture that underpins and supports the business of the Health Board; delivering and securing high quality care in a safe environment, that is complying with legal and regulatory requirements; meeting objectives; and promoting its values.

## **2 AIMS**

The aim of this Risk Management Policy and Procedure is to underpin the Health Board's Risk Management Framework that ensures:

- integration of risk management into activities across the organisation as well as planning and decision-making processes;
- chances of adverse incidents, risks and complaints are minimised by effective risk identification, prioritisation, treatment, and management;
- a risk management framework is maintained, which provides assurance to the Board that strategic and operational risks are being managed;
- risk management is an integral part of Health Board's culture and encourages learning from incidents; and
- employees, reputation, finances, and business continuity are protected through the process of risk identification, assessment, control and mitigation.

This Policy should be read in the context of the Health Board's Risk Management Framework which describes the Health Board's key principles and objectives to ensure an effective risk management system is in place across the organisation.

### 3 SCOPE

This Risk Management Policy and Procedure applies to all Health Board employees, regardless of grade or role. This includes those with whom we contract, those who are seconded to work in the organisation, and any volunteers who work in partnership with the organisation.

Therefore, accountability and responsibility for active risk management is shared at all levels within the organisation and across our partnerships, ensuring that risk management is an integral part of the overall approach to health, partnership governance, and service delivery.

### 4 ROLES AND RESPONSIBILITIES

Employees in all positions are responsible for maintaining risk awareness by identifying and reporting risks to their line manager and/or directors as appropriate. All areas must conduct ongoing robust risk assessments and escalate risks through the Health Board's governance and escalation route, as outlined below in the Risk Management Process section.

Although risk management is everyone's responsibility, certain roles bear more responsibility and ownership for implementing risk management systems and processes and ensuring risks are managed effectively.

**The Board** is made up of Executive Directors and Independent Members that share equal responsibility for the success of the organisation, including the effective management of risk and compliance with relevant legislation. In relation to risk management the Board is responsible for:

- articulating the strategic objectives and success measures for the organisation;
- protecting the reputation of the organisation;
- providing leadership on the management of risk;
- determining the risk appetite for the organisation;
- 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;
- considering any risks that are outside of appetite.

**The Audit, Risk and Assurance Committee** is responsible, on behalf of the Board, for reviewing the adequacy and effectiveness of:

- all risk and control related disclosure statements (the Annual Governance Statement), prior to endorsement by the Board;

- the effectiveness of the organisational risk management system;
- the underlying assurance processes that indicate the degree of achievement of strategic objectives and the effectiveness of the management of risks;
- reviewing risk related documents, policies, and procedures;
- reviewing on a regular basis the strategic risks, controls, and treatment plans and, in relation to those risks which are outside the risk appetite of the organisation, recommend appropriate action to the Board; and
- escalating to the Board any matters of significance which require Board attention or approval.

**The Chief Executive (CEO)** is the Accountable Officer of the Health Board and 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, financial and organisational controls, and governance.

In respect of risk management, the CEO has overall accountability and responsibility for:

- ensuring the Health Board maintains an up-to-date Risk Management 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 Board in relation to the management of risk and internal control;
- ensuring that risk issues are considered at each level of business planning, from the corporate planning process to the setting of staff objectives;
- setting out their commitment to the risk management principles, which is a legal requirement under the Health and Safety at Work Act 1974.

The Welsh Government requires the Chief Executive to sign a Governance Statement annually 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.

**Executive Directors** are accountable and responsible for ensuring that their respective areas of responsibility are implementing this Framework, and related policies/procedures. 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.

Specifically, they will:

- support the embedding of an effective risk management culture throughout the Health Board;
- communicate to their teams, the Board's strategic objectives; and ensure that directorate, service 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 integration of risk management;
- lead the risk management process within respective areas 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 as required;
- 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 reporting; and
- ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post, and that those key objectives are reflected in the individual performance review/staff appraisal process.

In addition, Clinical Executive Directors (Medical Director, Director of Nursing and the Director of Therapies & Health Sciences) have collective responsibility for clinical quality governance, which will include patient safety, incident management and patient experience, and will therefore have a responsibility to ensure that clinical risks are appropriately managed in-line with this Framework and the Board's Quality Strategy.

**Director of Corporate Governance** is the delegated Director lead for risk management in the Health Board, and is accountable for leading on the design, development and implementation of the Board Assurance Framework and Risk Management Framework. The Director of Corporate Governance will:

- lead the embedding of an effective risk management culture throughout the Health Board;
- work closely with the Chair; Chief Executive; Chair of the Audit, Risk and Assurance Committee; and Executive Directors, to implement and maintain an appropriate Risk Management Framework and related processes, ensuring that effective governance systems are in place;
- develop and communicate the Board's risk awareness, appetite, and tolerance;
- lead and participate in risk management oversight at the highest level, covering all risks across the organisation on a Health Board basis;
- work closely with the Chief Executive and Executive Directors to support the development and maintenance of Corporate and Divisional level risk registers;
- develop and oversee the effective execution of the Health Board's assurance arrangements;
- develop and implement the Health Board's Risk Management Framework; and
- produce the health board's Annual Governance Statement.

**Head of Corporate Risk and Assurance** is accountable to the Director of Corporate Governance, and in relation to risk management will specifically:

- provide specialist advice in relation to controls and assurances for a range of functions at all levels in the organisation to support the effective management of clinical and non-clinical risk and governance;
- ensure a central system is in place to collate risk registers across the Health Board, which link to the Health Board's assurance arrangements;
- support the management and development of the Health Board's assurance arrangements and Risk Management Framework;
- work with Divisions, Directorates, Functions and Heads of Service to ensure risks are escalated in accordance with the Risk Management Framework;
- compile the Strategic Risk Register and Corporate Risk Register for reporting to Board and its Committees; and
- provide training, information and advice to operational staff, teams functions on risk management and risk registers, ensuring alignment to risk management reporting and escalation arrangements.

**Risk Leads and Risk Owners** are the responsible point of contacts for an identified risk, who coordinates efforts to mitigate and manage the risk with various individuals who may also own parts of the risk.

These responsibilities include:

- taking responsibility for managing risk;
- ensuring that risks are assessed where they are:
  - identified within the working activities carried out within their management control;
  - identified within the environment within their control;
  - reported from the staff within their management control.
- identifying and managing risks that cut across delivery areas;
- ensuring all incidents/accidents and near misses are reported;
- monitoring mitigating actions and ensuring action owners are clear about their roles, and what they need to achieve;
- discussing risks on a regular basis with staff, and through discussions at meetings to help improve knowledge about the risks faced; increasing the visibility of risk management and moving towards an action focussed approach; and
- ensuring risks are updated regularly and acted upon.

**Line Managers** are expected to take an active lead to ensure that risk management is embedded into the way their service/team/ward operates. Managers must ensure that their staff understand and implement this Framework and supporting processes, ensuring that staff are provided with the education and training to enable them to do so.

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

**All Staff** are responsible for ensuring that identified risks are reported to their immediate line manager so that effective controls can be considered and implemented as needed. All staff have a general responsibility for overall risk management issues and must adhere to Health Board procedures in their work.

## 5 RISK MANAGEMENT

The Health Board, like all organisations, faces actual and theoretical risks ranging from trivial to existential. ISO 31000, Risk Management, recommends that risk management be based on three core elements:

- a set of principles that describes the essential attributes of good risk management;
- a risk management framework that provides a structure for risk management; and
- a risk management process that prescribes a tailored, structured approach to understanding, communicating, and managing risk in practice.
- Risk management is everybody's business, and its risk management and assurance arrangements apply to all directly employed staff and those engaged in work or other activities on behalf of the Health Board;
- Seeks to control risks in a proportionate and cost-effective manner such that exposures are mitigated to an acceptable level (in accordance with agreed risk appetite) or are eliminated as far as it is reasonably possible;
- Acknowledges that some risks can never be eliminated entirely;
- Seeks to mitigate and control its identified risk exposure;
- Encourages considered and controlled risk-taking within authorised limits in order to develop and transform its services and functions;
- Applies its risk management and assurance framework to all categories of risk;
- Will adopt and adapt instances of good practice in established risk management and assurance methodologies, but where appropriate will develop bespoke risk management arrangements where required;
- Will ensure that its risk management and assurance arrangements support transparency, accountability, and wider public interest regarding the activities of the organisation.

The Health Board recognises that there are significant benefits to managing risk, these include:

- Supports achievement of Health Board objectives;
- Avoids or mitigates the impact of failure;
- Supports cost efficiency and value for money;
- Compliance with legal and regulatory framework;
- Management of external impacts and changes; and
- Exploit opportunities encouraging innovation

The Health Board's Risk Management system is supported by the Risk Management Framework which can be found [here](#). The Framework sets out the Health Board's approach to embedding a risk management culture



that underpins and supports the business of the Health Board; delivering and securing high quality care in a safe environment, that is complying with legal and regulatory requirements; meeting objectives; and, promoting its values.

Risks are linked to objectives and strategic aims, which exist at different levels:

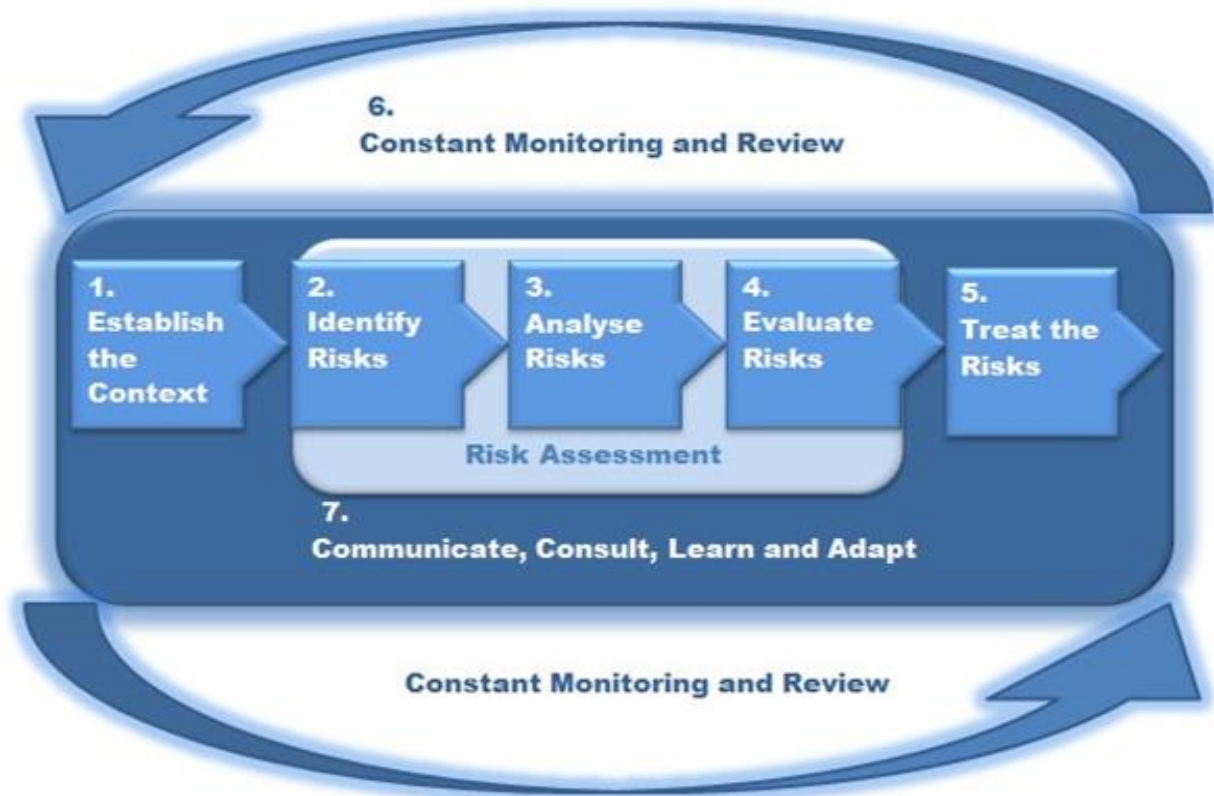
- **Strategic risks** – risks that affect the Health Board's ability to deliver its strategic priorities or to function as an organisation as a whole;
- **Corporate Risks** – risks that have an impact on the delivery of the Health Board's business objectives or common risks that necessitate a corporate response;
- **Divisional** – risks that have an impact on the delivery of divisional objectives or common risks that necessitate a co-ordinated response;
- **Directorate / Team risks** - risks that are related to the delivery of departmental operations and objectives;
- **Programmes/Projects** - risks associated with, usually, time limited activities and medium- to long-term delivery of benefits.

Strategic risk, corporate, operational, and local team risk registers should not include project risks. All projects' risks will be managed through the appropriate project boards with reporting and escalation through the change management governance process.

## 5.1

The risk management process is illustrated in Figure 1 and each step in the process is explained in greater detail.

**Figure 1**



Before identifying risks, first decide on the scope of the activity, including your objectives, and develop an understanding of your operating environment.

Identify your stakeholders (internal and external) to determine whether they could potentially expose the Health Board to risk, could be exposed to risk, or could assist with risk management.

There are three other elements that are important to consider when establishing the context for a risk assessment:

- **The external context** - the environment in which we operate and seek to achieve objectives including, operational, cultural, political, people, environmental, legal, regulatory, financial, technological, and economic factors.
- **The internal context** - includes factors that are relevant to the risk assessment. This is important as risk assessments will be most effective when they are linked to the objectives of the organisation or activity under assessment. Factors typically considered in the internal context include the organisation's strategic objectives, organisational capabilities, and culture.

- **The risk management context** - this defines the goals and objectives of the risks.

The aim of this step is to develop a comprehensive list of future events which could be uncertain but are likely to have an impact (either positively or negatively) on the achievement of the objectives - these are the risks. It is important to understand the difference between a Risk and an Issue, as these can often get confused. A useful way of remembering the difference is;

- Risks are things that **might** happen and stop us achieving objectives, or otherwise impact on the success of the Health Board.
- Issues are things that **have** happened or are **currently** happening, that are being actively managed.

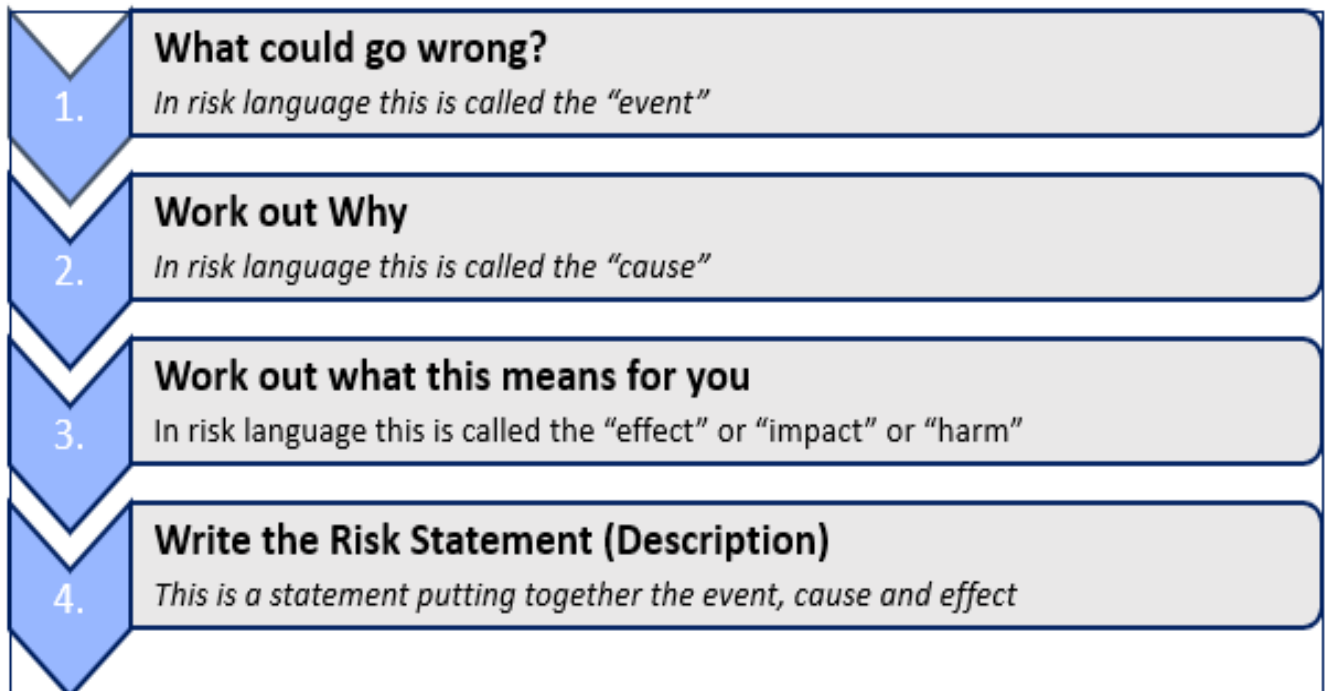
An Issue or a Risk can be determined by the temporal proximity of the event as outlined in the table below.

Temporal Proximity	Risk or Issue
Has happened or is currently happening	<b>Issue</b>
Potential to materialise in this financial year	<b>Risk</b>
Potential to materialise in the next financial year	<b>Risk</b>
Potential to materialise in the next 3-5 years	<b>Risk</b>

Common techniques for identifying risks are the use of risk categories or linking risks to each objective identified in the context setting phase. Another method is to consider threats and opportunities the Health Board faces and use these to identify relevant risks.

For each risk identified ensure that its source or cause is well understood and documented, including key elements such as the risk event, the potential cause and the potential impact should the risk be realised. A clear risk description is important to ensure corresponding actions for treatment are effective.

The steps below will guide the development of a risk description, examples of this process are included at **Appendix 1**.



### 5.1.3 Step 3: Analyse Risks

Risk analysis establishes the potential impact of each risk and its likelihood of occurrence. The combination of these two factors determines the severity of the risk, which may be positive or negative. Before considering how to manage a risk, you need to assess its seriousness. This is done by measuring the risk's **LIKELIHOOD** and **IMPACT**.

Although there are many ways to achieve this, a common approach is to use a matrix or 'risk heat map'. Consequence and likelihood are plotted on the two axes of the matrix, with each corresponding cell assigned a level of severity.

Risks should be measured at the following three stages.

- **INITIAL** – This will be the score when the risk is first identified – this will not change.
- **CURRENT** - This should reflect the latest level of risk each time that the risk is reviewed.
- **TARGET**- The desired level of risk that we are working to reduce the risk to, with the effective implementation of controls and mitigating actions.

The NHS 5 X 5 Risk Scoring Matrix is presented at **Appendix 2**.

Risk evaluation determines the tolerability of each risk. Tolerability is not the same as severity. Tolerability aids in determining which risks require treatment and their order of priority. This is achieved by comparing the risk severity established in the risk analysis step to the risk criteria found in the defined likelihood and consequence criteria.

The Health Board has defined its risk appetite against six broad themes and agreed on the level at which risks within those themes are considered unacceptable; risks below this level are considered tolerable. The Risk Appetite Statement can be accessed [here](#).

Decisions on tolerability should also consider the risk's broader context, including the risk's impact on other stakeholders.

Financial, legal, regulatory, and other considerations should be factored into treatment decisions. Considered and informed acceptance of risk supports decision making and is essential for organisational performance, including the achievement of objectives.

Risk treatment is the action taken in response to the risk evaluation when additional mitigation activities are agreed upon.

Risk treatment is a cyclical process in which individual risk treatments (or combinations of treatments) are evaluated to see if they are adequate to reduce residual risk levels to a tolerable or appropriate level. If not, then new risk treatments need to be developed and assessed until a satisfactory level of residual risk is achieved.

There are four strategies to managing a risk, known as the 4T's (Treat, Tolerate, Transfer, Terminate) which consider the factors below:

- Avoiding the risk entirely by not undertaking the activity;
- Removing a source or cause of the risk;
- Sharing the risk with other parties;
- Retaining the risk by informed decision;
- Taking more risk to achieve certain objectives or opportunities;
- Changing the likelihood and/or consequence of the risk through modifying controls in place.

Selecting the most appropriate treatment requires balancing the cost and effort of implementation against the benefits derived from additional risk mitigation. In some cases, further treatment may be unachievable or

unaffordable and the residual risk may need to be accepted and communicated.

Consideration should be given to how external stakeholders can provide support when developing treatment options or if treatments can be implemented collaboratively.

Risk treatments are commonly documented in a risk treatment plan. These generally include:

- reasons for treatment selection, including expected benefits and potential concerns;
- accountabilities for approving the plan and its implementation;
- resource requirements;
- reporting, assurance, and monitoring requirements; and
- priorities, timing, and schedules.

#### **5.1.6 Step 6: Communication and Consultation**

Communication and consultation are essential attributes of good risk management.

Risk management cannot be done in isolation and is fundamentally communicative and consultative and is a requirement within each element of the risk management process.

Formal risk reporting is only one form of risk communication. Good risk communication generally includes the following attributes:

- encourages stakeholder engagement and accountability;
- maximises the information obtained to reduce uncertainty;
- meets the reporting and assurance needs of stakeholders;
- ensures that relevant expertise is drawn upon to inform each step of the process;
- informs other stakeholder processes such as corporate planning and resource allocation.

#### **5.1.7 Step 7: Monitoring and Review**

Risks change over time and hence risk management will be most effective where it is dynamic and evolving.

Monitoring and review are integral to successful risk management, it is important to articulate who is responsible for conducting monitoring and review activities.

Key objectives of risk monitoring and review include:

- detecting changes in the internal and external environment, including evolving objectives and strategies;
- identifying new or emerging risks;
- ensuring the continued effectiveness and relevance of controls and the implementation of treatment programs;
- obtaining further information to improve the understanding and management of already identified risks; and
- analysing and learning lessons from events, including near-misses, successes, and failures

Monitoring and review can be periodic or in response to trigger events or changing circumstances.

The table below serves as a guide for conducting periodic risk assessments based on the risk level (severity). The frequency of the review process, however, should be proportional to the rate at which the organisation and its operating environment change.

Risk Score	Risk Level	Review Risk Assessment
1 - 3	Low	12 months
4 - 8	Moderate	6 months
8 - 12	High	3 months
15 - 25	Extreme	1 month

**NB:** Depending on the Likelihood and Impact, a score of 8 can indicate a 'moderate' or 'high' risk. For a moderate score of 8, the Likelihood would be 2 (Unlikely) x Impact 4 (Major). For it to be 'High,' the Likelihood would be 4 (Likely) x Impact 2 (Minor).

The results and observations from monitoring and review are most useful when well documented and shared. The Health Board Risk Management System, Datix, should be used to record, manage, monitor and review all risks. The information recorded on Datix feeds into the organisation-wide risk register, giving a holistic view of risks across the entire organisation and can be used to identify themes and ensure the risk is managed and monitored at the most appropriate level.

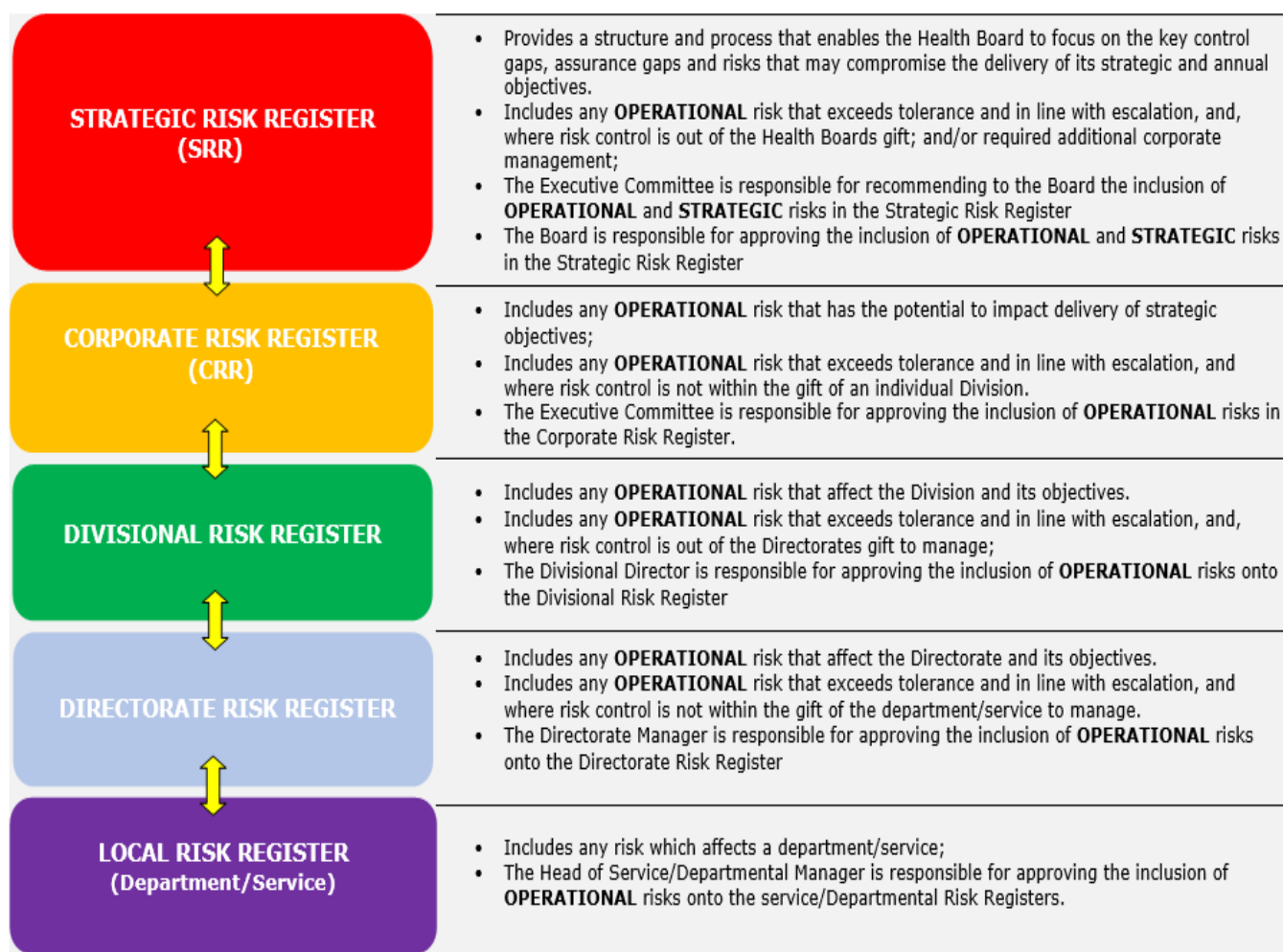
They should be included in formal risk reports, be recorded, and published internally and externally as appropriate.

Risk monitoring should be included as a standing agenda item in assurance meetings for regular discussion and review of risk information. This discussion might identify that the impact of some risks, or the actions required to mitigate them, are such that the risk needs to be escalated to a higher management level.

## 6 ESCALATION PROCESS

The Health Board uses hierarchical risk registers to ensure that risks are managed, escalated, and reported at the appropriate organisational level. The risk escalation framework is determined by the risk score or the significance of the risk to the delivery of patient safety, service delivery, safeguarding assets, or organisational objectives.

If the capability or capacity to manage a potential directorate, divisional, or corporate risk is exceeded, or if current controls are not mitigating the risk materialising, the risk must be escalated using Datix and communicated to the appropriate person, as illustrated below, and explained in detail in the next section.





## Trigger Points for Escalation

**Strategic Risk Register** holds all risks which present a direct threat to the Board's strategic priorities as outlined in the Integrated Medium-Term Plan (IMTP). Furthermore, any risks identified on the Corporate Risk Register that are deemed significant or have the potential to have a strategic impact will be escalated and monitored through the Strategic Risk Register.

**Corporate Risk Register** holds all potential operational risks that require a higher level of ownership than an individual Executive Director can provide but do not directly threaten the organisation's future, these will typically span two or more directorates or require plans and resources that exceed the Division's capability or capacity to implement or have a score greater than 20.

**Divisional Risk Register** holds all potential operational risks that necessitate a higher level of ownership than an individual Directorate can provide. Such risks necessitate plans and resources that are beyond the Directorate's capability or capacity to implement or have a score greater than 12.

**Directorate Risk Register** holds all potential operational risks that necessitate a higher level of ownership than an individual ward/service can provide. Such risks typically necessitate plans and resources that are greater than the Directorate's capability or capacity to implement or have a score greater than 6.

**Local Risk Register** holds all potential operational risks that could impact the day-to-day running of the service. Local Risk Registers will typically have a higher number of Health and Safety risks than other risk registers. Any risk with a score greater than 6 must be escalated to the Directorate Risk Register.

Risks that are proposed for escalation to the Corporate or Strategic Risk Registers are subject to a more thorough risk assessment. The Executive Team and Board require assurance that the controls and additional controls will mitigate the risk to a tolerable level, as well as evidence of the assurance in place at an operational, organisational, and independent level.

**Project Risk Registers** will be managed by the appropriate project boards, with reporting and escalation managed by the Project Group. Any risk with a score of 9 or above should be considered for escalation to the appropriate directorate risk register so that the directorate is aware of the potential risks to service delivery.

Risk Assessment Templates are included in **Appendices 3 and 4** for Divisional, Directorate, and Local risks, as well as Corporate and Strategic risks. **Appendix 5** illustrates a flow chart of the escalation process.

DATIX RISK MANAGEMENT SYSTEM

Risks must be recorded on the Health Board's Risk Management System, Datix. The DatixWeb Risk Module Training Guide is a step-by-step guide to recording and managing risks on Datix and can be accessed [here](#).

## 7 SUPPORTING DOCUMENTS

This document should be read in conjunction with the:

- Risk Management Framework
- Risk Appetite Statement
- DatixWeb Risk Module Training Guide

## 8 TRAINING AND IMPLEMENTATION

All new staff are required to attend an Induction Programme which includes risk management training. Additional training will be available through ESR.

Board members will receive risk management training, both individually and collectively, to enable them to discharge their responsibilities effectively. This will be delivered at a minimum through Board Member Induction, with formal training delivered to the collective Board every two years.

The Corporate Governance Directorate will deliver training, and ongoing support and advice to all staff and Board Members. This will ensure that the Health Board incorporates risk management as a core function of all programmes of work associated with the delivery of organisational objectives and will aid in the identification of risks to objectives at the outset of planning processes.

## 9 AUDIT AND REVIEW

This document will be reviewed annually in line with the Risk Management Framework and will be subject to regular auditing to ensure that risk management practices are effectively embedded across the Health Board

## 10 APPENDICES

- Appendix 1 - Risk Statement Examples
- Appendix 2 – NHS Wales Risk Scoring Matrix (5x5 Model)

- Appendix 3 - Risk Assessment Template Divisional / Directorate / Local Risk Assessment
- Appendix 4 - Risk Assessment Template Strategic/Corporate Risk
- Appendix 5 - Escalation Process

## 11 APPENDIX 1: Risk Statement Examples

1. What could go wrong?	2. What could be the cause of this?	3. What would be the effect/impact?	4. Risk Statement (Description)
Poor quality care provided to patients	<ul style="list-style-type: none"> <li>High staff sickness rate</li> <li>Inability to recruit sufficient staff.</li> <li>Inability to release staff for statutory and mandatory training</li> </ul>	<ul style="list-style-type: none"> <li>Adverse harm to patients</li> <li>Loss of public confidence in services</li> <li>Breach of Staffing Levels Act</li> </ul>	There is a risk that safe staffing levels are not maintained, compromising patient safety and care.
Staff could fall over storage boxes	<ul style="list-style-type: none"> <li>Medical records stored in boxes unsafely in office accommodation</li> </ul>	<ul style="list-style-type: none"> <li>Staff absence due to injury</li> <li>Breach of Health &amp; Safety at Work Legislation</li> <li>Litigation Claims for Injury</li> </ul>	There is a risk that the unsafe storage of medical records could cause potential harm to staff and loss to the organisation.
Unable to update electronic patient records	<ul style="list-style-type: none"> <li>System downtime</li> <li>Internet access</li> <li>IT failure</li> </ul>	<ul style="list-style-type: none"> <li>Adverse harm to patients</li> <li>Compliance with record-keeping standards</li> <li>Litigation claims</li> <li>Reputational damage</li> </ul>	There is a risk that patient records will not be updated with critical information should access to web-based/electronic recording systems be compromised.

## 12 APPENDIX 2: NHS Wales Risk Scoring Matrix (5x5 Model)

**X-Axis = Likelihood/Frequency** of the risk occurring.

**Y-Axis =** the level of risk **Consequence/Impact**

Color-coding is crucial for a 5×5 risk assessment matrix to represent the combination level of probability and consequence of the identified risks.

Each risk box represents the rating of a risk that is calculated based on its levels of likelihood and impact using a numeric value.

### Calculating Risks Using the 5×5 Risk Matrix

The first step is to assign a numeric value from 1 to 5, 1 being the lowest, for each of the categories under Likelihood and Consequence. Then, use the formula of multiplying the value of the Likelihood by the value of the Consequence to determine the Risk Level.

**Likelihood x Consequence = Risk Level**

Risk Scoring Matrix					
Likelihood/ Frequency	Consequence/Impact				
	1. Negligible	2. Minor	3. Moderate	4. Major	5. Catastrophic
5. Almost Certain (91%)	5 (Moderate)	10 (High)	15 (Extreme)	20 (Extreme)	25 (Extreme)
4. Likely (61-90%)	4 (Moderate)	8 (High)	12 (High)	16 (Extreme)	20 (Extreme)
3. Possible (41-60%)	3 (Low)	6 (Moderate)	9 (High)	12 (High)	15 (Extreme)
2. Unlikely (11-40%)	2 (Low)	4 (Moderate)	6 (Moderate)	8 (Moderate)	10 (High)
1. Rare (1-10%)	1 (Low)	2 (Low)	3 (Low)	4 (Moderate)	5 (Moderate)

The 5 risk rating levels under Likelihood/Frequency are as follows:

	Likelihood/frequency score (severity levels) and examples of descriptors				
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. (e.g., 1 – 10%)	Do not expect it to happen/recur but it is possible it may do so. (e.g., 11 – 40%)	Might happen or recur occasionally. (e.g., 41 – 60%)	Will probably happen/recur but it is not a persisting issue. (e.g., 61 – 90%)	Will undoubtedly happen/recur, possibly frequently. (e.g., 91 -100%)

The 5 risk rating levels under Consequence/Impact are as follows:

	Severity/Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
Domains	Negligible	Minor	Moderate	Major	Catastrophic
Impact on the safety of patients, staff or public  (Physical 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 many patients

<b>Quality</b>  <b>Complaints</b>  <b>Audit</b>	Peripheral element of treatment or service suboptimal	Overall treatment or service suboptimal	Treatment or service has significantly reduced effectiveness	Non-compliance with national standards with significant risk to patients if unresolved	Totally unacceptable level or quality of treatment/service
	Informal complaint/inquiry	Formal complaint (Stage 1)	Formal complaint (stage 2) complaint	Multiple complaints/independent review	Gross failure of patient safety if findings not acted on.
		Local resolution	Local resolution (with potential to go to independent review)	Low performance rating	Inquest/ombudsman inquiry
		Single failure to meet internal standards.	Repeated failure to meet internal standards.	Critical report	Gross failure to meet national standards
		Minor implications for patient safety if unresolved	Major patient safety implications if findings are not acted on		
<b>Human resources</b>  <b>Organisational Development</b>  <b>Staffing</b>  <b>Competence</b>	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	Uncertain delivery of key objective/service due to lack of staff	Non-delivery of key objective/service due to lack of staff
			Unsafe staffing level or competence (>1 day)	Unsafe staffing level or competence (>5 days)	Ongoing unsafe staffing levels or competence
			Low staff morale	Loss of key staff	Loss of several key staff
					No staff attending mandatory training

			Poor staff attendance for mandatory/key training	Very low staff morale  No staff attending mandatory/ key training.	/key training on an ongoing basis.
Statutory duty  Inspections	No or minimal impact or breach of guidance/ statutory duty	Breach of statutory legislation	Single breach in statutory duty	Enforcement action	Multiple breaches in statutory duty
		Reduced performance rating if unresolved	Challenging external recommendations/ improvement notice	Multiple breaches in statutory duty	Prosecution
				Improvement notices	Complete systems change required.
				Low performance rating	Zero performance rating
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
Business objectives / Projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget	5–10 per cent over project budget  Schedule slippage	Non-compliance with national 10–25 per cent over project budget	Incident leading >25 per cent over project/ budget



		Schedule slippage		Schedule slippage  Key objectives not met	Schedule slippage  Key objectives not met
<b>Finance including claims</b>	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget  Claim less than £10,000	Loss of 0.25–0.5 per cent of budget  Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget  Claim(s) between £100,000 and £1 million  Purchasers failing to pay on time	Non-delivery of key objective/ Loss of >1 per cent of budget  Failure to meet specification/ slippage  Loss of contract / payment by results  Claim(s) >£1 million
<b>Fraud</b>	Unlikely to result in material loss or reputational damage.  Little or no loss to the organisation, material loss less than £500	Material loss or reputational damage likely to be minimal.  Some risk to the organisation which may result in minor reduction in service capacity or material loss of up to £5000.  Reputational damage likely to be within the organisation which may lead to complaint	Could result in material loss or reputational damage.  Moderate risk to the organisation which may result in reduction of service. Material loss of up to £10000.  Reputational damage across NHS with a high potential for complaint or a low risk of litigation	Could result in high material loss or reputational damage.  May result in temporary loss of service or material loss of up to £50000.  Reputational damage widespread and outside of NHS with a likelihood of litigation)	Could result in significant material loss or reputational damage.  High risk which may result in prolonged loss of service or material loss of over £50000.  Nationwide media coverage causes reputational damage which is likely to lead to criminal prosecution or external investigation)
<b>Service/business interruption</b>	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
<b>Environmental impact</b>	Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

The table below outlines the time frame for implementation of actions based on risk score and level.

Risk Score	Overall Risk	Timeframe
1 - 3	Low	Quick, easy measures implemented immediately, and further action planned for when resources permit.
4 - 8	Moderate	Actions implemented as soon as possible but no later than a year.
8 - 12	High	Actions implemented as soon as possible but no later than six months.
15 - 25	Extreme	Requires urgent action. The Health Board is made aware, and it implements immediate corrective action. However, where likelihood is rare or unlikely then potential decision needed on tolerance and action timescales.

**NB:** Depending on the Likelihood and Impact, a score of 8 can indicate a 'moderate' or 'high' risk. For a moderate score of 8, the Likelihood would be 2 (Unlikely) x Impact 4 (Major). For it to be 'High,' the Likelihood would be 4 (Likely) x Impact 2 (Minor).

### Appendix 3: Local Risk Assessment

<b>RISK ID:</b>																				
<b>Description</b>																				
<b>Threat</b>																				
<b>Impact</b>					<b>Notes for completion:</b> When a potential risk threatens the achievement of objectives or is deemed a high-level operational risk, it should be escalated through the hierarchical structure and a request to the Lead Executive Director for consideration by the Executive Committee for inclusion on the Corporate Risk Register (CRR).  The <b>Threshold</b> for escalation to the: ➤ Directorate Risk Register is set at <b>8 and above</b> , ➤ Divisional Risk Register <b>12 and above</b> , ➤ Corporate Risk Register <b>20 and above</b> .															
<b>Risk Handler</b>		<b>Risk Exposure</b>	<b>Current Level</b>	<b>Target</b>																
<b>Monitoring Forum</b>		<b>Likelihood</b>																		
<b>Initial Date of Assessment</b>		<b>Impact</b>																		
<b>Last Reviewed</b>		<b>Risk rating</b>																		
<table border="1"> <thead> <tr> <th>Score</th> <th>Overall Risk</th> <th>Timeframe for implementing Actions</th> </tr> </thead> <tbody> <tr> <td>1 - 3</td> <td>Low</td> <td>Quick, easy measures implemented immediately, and further action planned for when resources permit</td> </tr> <tr> <td>4 - 8</td> <td>Moderate</td> <td>Actions implemented as soon as possible but no later than a year</td> </tr> <tr> <td>8 - 12</td> <td>High</td> <td>Actions implemented as soon as possible but no later than six months</td> </tr> <tr> <td>15 - 25</td> <td>Extreme</td> <td>Requires urgent action</td> </tr> </tbody> </table>						Score	Overall Risk	Timeframe for implementing Actions	1 - 3	Low	Quick, easy measures implemented immediately, and further action planned for when resources permit	4 - 8	Moderate	Actions implemented as soon as possible but no later than a year	8 - 12	High	Actions implemented as soon as possible but no later than six months	15 - 25	Extreme	Requires urgent action
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<b>Key Controls</b> <i>(What controls/ systems &amp; processes do we already have in place to assist us in managing the risk and reducing the likelihood/ impact of the threat)</i>		<b>Plans to Improve Gaps Control</b> <i>(Are further controls possible to reduce risk exposure to target level)</i>		<b>Timeframe to Implement further enhancement of controls</b>	<b>Progress against Actions to Improve Control</b> <i>(What has been implemented)</i>															

### 13 APPENDIX 4: Risk Assessment Template Strategic/Corporate Risk

Risk ID:	STRATEGIC/CORPROATE RISK				
Description					
Strategic Threat				Risk Appetite Level – Use RA Statement to complete.	
Impact				Risk Appetite Threshold - Use RA Statement to complete.	
				SUMMARY The current risk level is <b>within/outside</b> of target level but <b>within/outside</b> appetite threshold. The target level to be achieved is <b>within/outside</b> the set appetite threshold.	
				RUN CHART TO BE ADDED HERE	
Lead Director		Risk Exposure	Current Level		Target Level
Monitoring Committee		Likelihood			
Initial Date of Assessment		Impact			
Last Reviewed		Risk rating			

Key Controls <i>(What controls/ systems &amp; processes do we already have in place to assist us in managing the risk and reducing the likelihood/ impact of the threat)</i>	Plans to Improve Control <i>(Are further controls possible to reduce risk exposure within tolerable range?)</i>	Sources of Assurance <i>(Evidence that the controls/ systems which we are placing reliance on are effective)</i>	Gaps in Assurance/ Actions to Address Gaps <i>(Insufficient evidence as to the effectiveness of the controls or negative assurance)</i>	Assurance Rating <i>(Overall Assessment)</i>
		Level 1 Operational <i>(Implemented by the department that performs daily operation activities)</i>	Gaps in Assurance	Positive Reasonable Negative Assurance
		Level 2 Organisational <i>(Executed by risk management and compliance functions.)</i>	Action to Address Gaps in Assurance	
		Level 3 Independent <i>(Internal and external independent bodies.)</i>		

## 14 APPENDIX 5: Escalation Process

