



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 This is to avoid the risk of out-of-date printed versions of the document.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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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.

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.

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.

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 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 Science) 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.

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.

Principles of Risk Management

- Recognises that risk is inherent and will exist at all levels of the organisation;
- 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.

Benefits of Risk Management

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

Risk Management Framework

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:

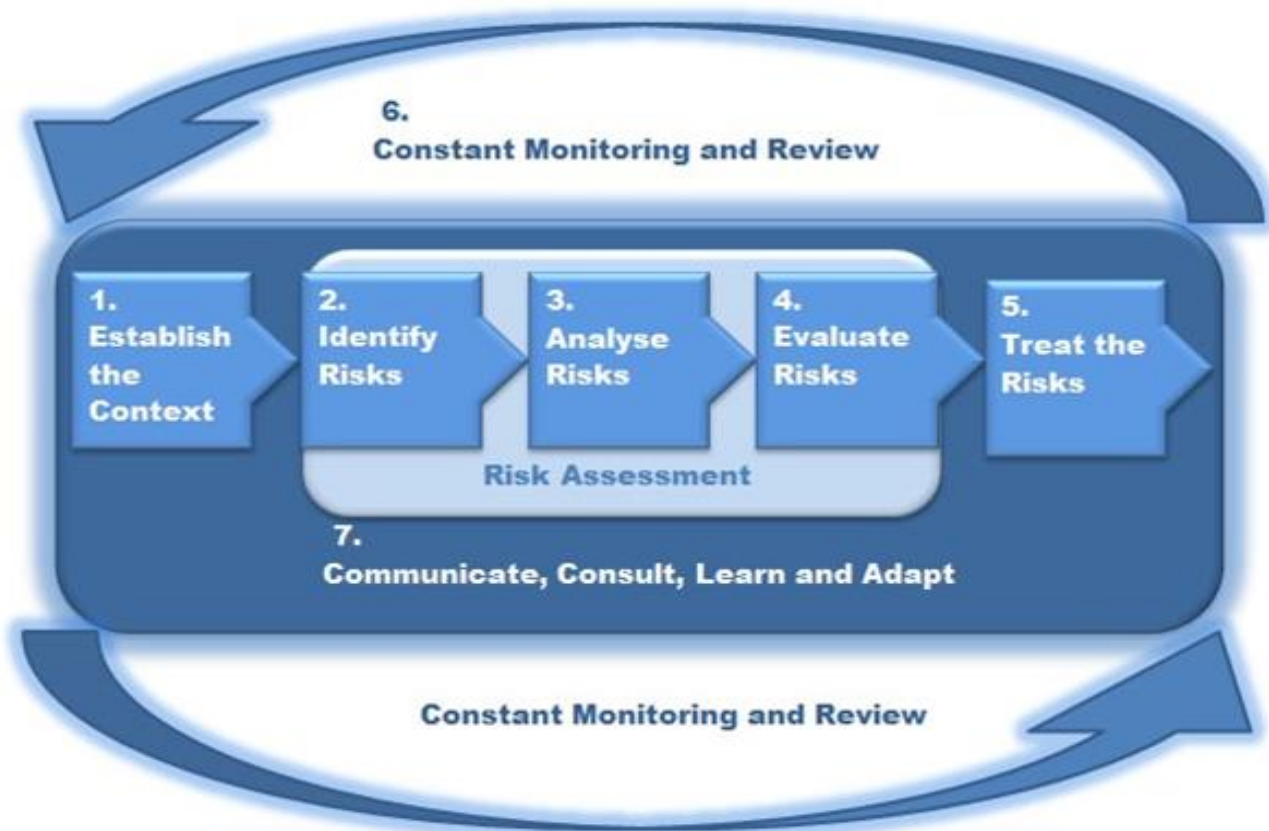
- **Strategic risks** – risks that affect the Health Board's ability to deliver its strategic priorities or to function as an organisation as a whole;
- **Corporate Risks** – risks that have an impact on the delivery of the Health Board's business objectives or common risks that necessitate a corporate 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.

Risk Management Process

The risk management process is illustrated in Figure 1. This is then broken down into individual steps and explained in greater detail.

Figure 1



Step 1: Establish the Context

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.

Step 2: Identify 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.

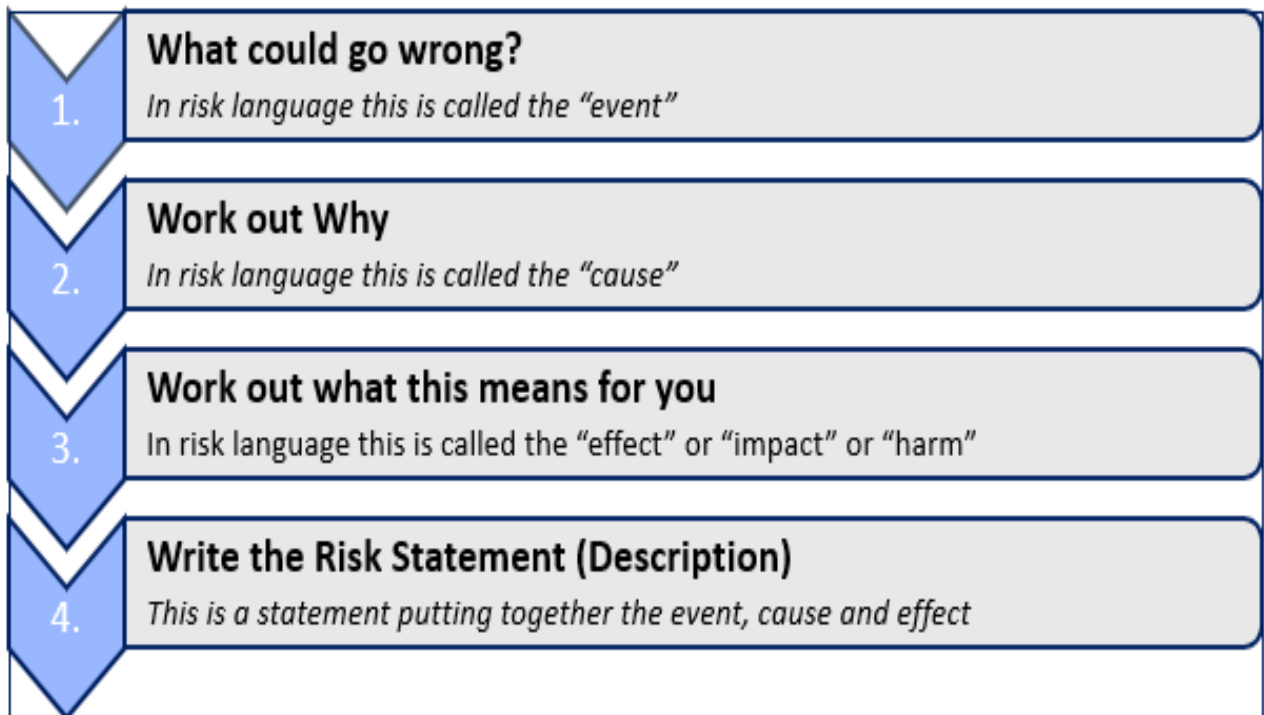
Temporal Proximity	Risk or Issue
Has happened or is currently happening	Issue
Potential to materialise in this financial year	Risk
Potential to materialise in the next financial year	Risk
Potential to materialise in the next 3-5 years	Risk

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**.



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**.

Step 4: Evaluate the Risk

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.

Step 5: Treat the Risk

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.

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.

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

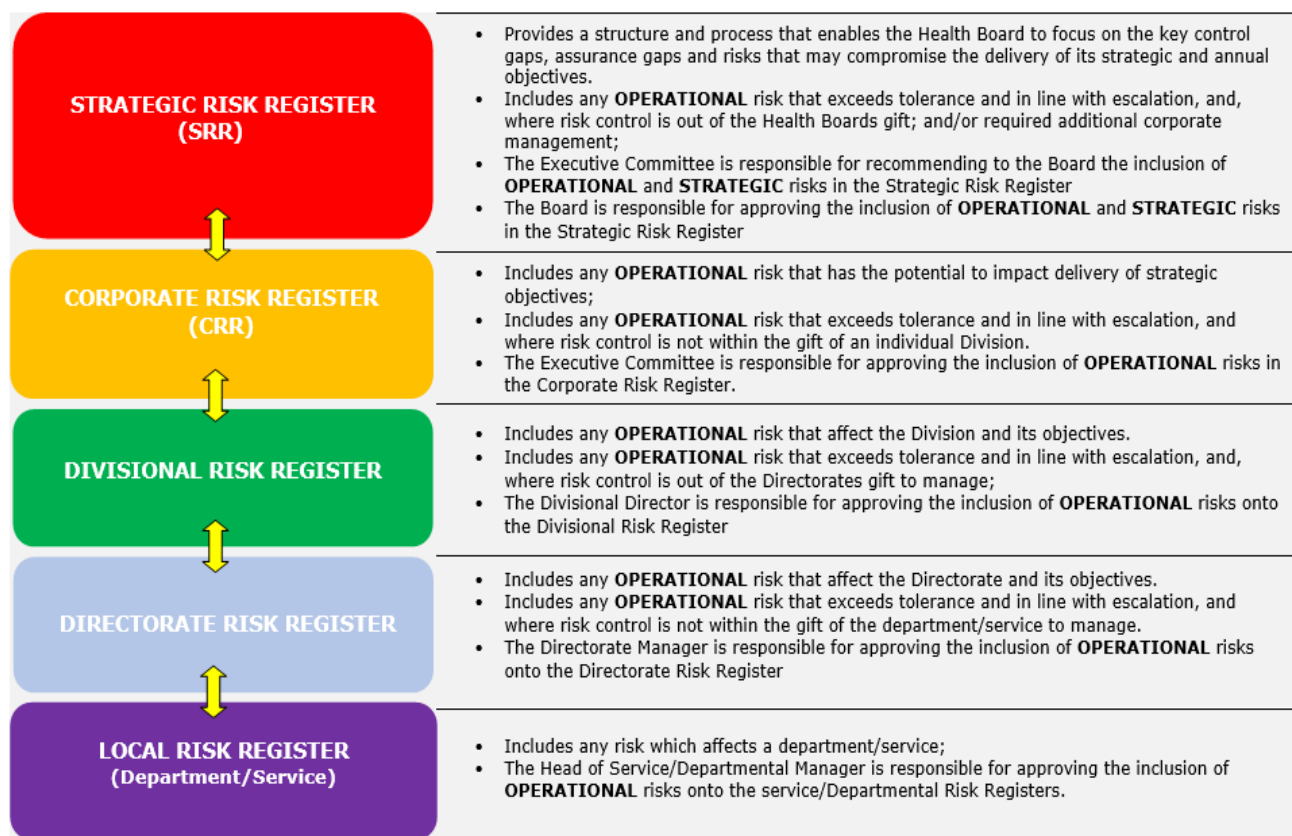
required to mitigate them, are such that the risk needs to be escalated to a higher management level.

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](#).

SUPPORTING DOCUMENTS

This document should be read in conjunction with the:

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

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.

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.

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

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"> High staff sickness rate Inability to recruit sufficient staff. Inability to release staff for statutory and mandatory training 	<ul style="list-style-type: none"> Adverse harm to patients Loss of public confidence in services Breach of Staffing Levels Act 	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"> Medical records stored in boxes unsafely in office accommodation 	<ul style="list-style-type: none"> Staff absence due to injury Breach of Health & Safety at Work Legislation Litigation Claims for Injury 	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"> System downtime Internet access IT failure 	<ul style="list-style-type: none"> Adverse harm to patients Compliance with record-keeping standards Litigation claims Reputational damage 	There is a risk that patient records will not be updated with critical information should access to web-based/electronic recording systems be compromised.

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
Quality Complaints Audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint (Stage 1) Local resolution	Treatment or service has significantly reduced effectiveness Formal complaint (stage 2) complaint Local resolution (with potential to	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/independent review	Totally unacceptable level or quality of treatment/service Gross failure of patient safety if findings not acted on. Inquest/ombudsman inquiry

		Single failure to meet internal standards. Minor implications for patient safety if unresolved Reduced performance rating if unresolved	go to independent review) Repeated failure to meet internal standards. Major patient safety implications if findings are not acted on	Low performance rating Critical report	Gross failure to meet national standards
Human resources Organisational Development Staffing Competence	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.
Statutory duty Inspections	No or minimal impact or breach of guidance/ statutory duty	Breach of statutory legislation Reduced performance rating if unresolved	Single breach in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breaches in statutory duty Improvement notices Low performance rating Critical report	Multiple breaches in statutory duty Prosecution Complete systems change required. Zero performance rating Severely critical report
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 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
Finance including claims	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
Fraud	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)
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
Environmental impact	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: Risk Assessment Template Divisional / Directorate / Local Risk Assessment

RISK ID:																			
Description																			
Threat																			
Impact	<p>Notes for completion: 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).</p> <p>The Threshold for escalation to the:</p> <ul style="list-style-type: none"> > Directorate Risk Register is set at 8 and above, > Divisional Risk Register 12 and above, > Corporate Risk Register 20 and above. 																		
Risk Handler		Risk Exposure	Current Level	Target															
Monitoring Forum		Likelihood																	
Initial Date of Assessment		Impact																	
Last Reviewed		Risk rating																	
<p>The timeframe for actions to be implemented must be aligned to the risk score/level.</p> <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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8 - 12	High	Actions implemented as soon as possible but no later than six months																	
15 - 25	Extreme	Requires urgent action																	

Key Controls <i>(What controls/ systems & 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 Gaps Control <i>(Are further controls possible to reduce risk exposure to target level)</i>	Timeframe to Implement further enhancement of controls	Progress against Actions to Improve Control <i>(What has been implemented)</i>

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 within/outside of target level but within/outside appetite threshold. The target level to be achieved is within/outside 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 & 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 (Overall Assessment)
			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>				

APPENDIX 5: Escalation Process

