



Cardiff and Vale University Health Board Risk Management and Board Assurance Framework Strategy					
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Executive Summary:	<p>This strategy sets out the UHB's approach to the Board Assurance Framework and Risk Management. For more information on the Board Assurance Framework or Risk Management please contact the Head of Risk and Regulation email: aaron.fowler@wales.nhs.uk.</p>				
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Important Note: The Intranet version of this document is the only version that is maintained. Any printed copies should therefore be viewed as 'uncontrolled' and, as such, may not necessarily contain the latest updates and amendments.		

Risk Management and Board Assurance Framework Strategy

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1. Introduction and Aims

Risk is inherent in everything we do to deliver high-quality services. Effective and meaningful risk management... remains as important as ever in taking a balanced view to managing opportunity and risk (HM Government, Orange Book, 2020).

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of objectives (ISO 31000, 2018). Risk management consists of defined steps which help us understand risks and their impact. Good risk management awareness and practice at all levels is a critical success factor for any organisation and needs to be seen as integral to effective management practice. Risk needs to be continuously managed in a systematic and consistent manner in all areas; patient, staff, health and safety, environmental, organisational, financial and commercial (NHS Wales Governance e-Manual, 2013)

Cardiff and Vale University Health Board (C&V UHB) is committed to developing and implementing a Risk Management and Board Assurance Framework Strategy that will identify, analyse, evaluate and control the risks that threaten the delivery of its strategic objectives. The Board Assurance Framework (BAF) is the key source of evidence that links strategic objectives to risk and assurance, and the main tool that the Board should use in discharging its overall responsibility for internal control (GGI, 2018). Therefore, the BAF will be used by the Board to identify, monitor and evaluate risks which impact upon Strategic Objectives. It will be considered alongside other key management tools, such as performance and quality dashboards and financial reports, to give the Board a comprehensive picture of the organisational risk profile.

Based on results, audit evidence and a wider understanding of the context, decisions will be made on how to improve the risk management policy, framework, processes and tools. These decisions will be aimed at improving the management of risk and risk culture throughout the organisation. The Risk Management Strategy will be reviewed annually.

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

It aims to:

- Set out respective responsibilities for strategic and operational risk management for the Board and staff throughout the organisation.
- Describe the procedures to be used in identifying, analysing, evaluating and controlling risks to the delivery of strategic objectives.

The objectives of C&V UHB's Risk Management and BAF strategy is to:

- Minimise the impact of risks, adverse incidents, and complaints by effective risk identification, prioritisation, treatment and management.

- Maintain a risk management framework, which provides assurance to the Board that strategic and operational risks are being managed effectively.
- Maintain a cohesive approach to corporate governance and effectively manage risk management resources.
- Ensure that risk management is an integral part of C&V UHB's culture.
- Minimise avoidable financial loss, or the cost of risk transfer through a robust financial strategy.
- Ensure that C&V UHB meets its obligations in respect of Health and Safety.
- Describe the resources available for risk management in the organisation.

2. Scope

The Risk Management and BAF Strategy covers the management of strategic and operational risks and the process for the escalation of risks for inclusion on the BAF.

This Strategy applies to those members of staff that are directly employed by C&V UHB and for whom C&V UHB has legal responsibility.

The Risk Management and BAF Strategy is intended to cover all the potential risks that the organisation could be exposed to. A Risk Management Procedure (UHB 024) has been produced as a subordinate adjunct to this strategy.

3. Definitions

A full list of required definitions is provided in UHB 024 Risk Management Procedure but the following list of terms is provided to ensure understanding of this strategy:

- **Board Assurance Framework (BAF).** The key source of evidence that links strategic objectives to risk and assurance, and the main tool that the Board should use in discharging its overall responsibility for internal control (Good Governance Institute, 2018).
- **Corporate Risk Register.** Clinical Boards/Corporate Directorates submit their candidate risks to the Risk and Regulation team. Candidate risks comprise of all risks with a current risk rating of 20 or above, or those risks with a lower score which in the opinion of the risk owner can no longer be managed at the local level due to a lack of authority/resource, or their complexity or the potential for a health board wide impact. Following review and, if required further consultation or clarification, these risks will then be placed onto the Corporate Risk Register to ensure the notification and the engagement of Executives, Committees or the Board.
- **Controls.** Any process, policy, device, practice or other conditions/actions which modify risk (ISO 31000, 2018). A risk treatment becomes a control once the effectiveness of the treatment has been confirmed through assurance processes.

- **Consequence.** The outcome of an event that has affected objectives. Can be certain or uncertain and can have positive, negative, direct or indirect effects on objectives. Can be expressed qualitatively or quantitatively (ISO 31000, 2018).
- **Current Risk Rating.** The risk score (consequence x likelihood) assessed at a specific period of time. The current risk rating will usually be lower than the initial rating but higher than the target risk rating.
- **Escalation** The act of advancing a risk to a higher management level for resolution, action or attention.
- **Event.** The occurrence or change of a particular set of circumstances. An event can have one or more occurrences and can have several causes and several consequences (ISO 31000, 2018).
- **Initial Risk Rating.** The risk score (consequence x likelihood) assessed before the application of risk treatments/controls.
- **Likelihood.** The chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively, or quantitatively, and described using general terms or mathematically (ISO 31000, 2018).
- **Operational risks.** These are key risks that affect individual Clinical Boards and Corporate Directorates. They are managed within the Clinical Boards and Corporate Directorates and if necessary, escalated through the risk reporting structure to the Corporate Risk Register and potentially the BAF.
- **Risk.** The effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities or threats. Risk is usually expressed in terms of risk sources, potential events, their consequences, and their likelihood (ISO 31000, 2018).
- **Risk Assessment.** The overall process of risk identification, risk analysis and risk evaluation. It should be conducted systematically, iteratively and collaboratively, drawing on the knowledge and views of stakeholders. It should use the best available information, supplemented by further enquiry as necessary (ISO 31000, 2018).
- **Risk Appetite** The amount and type of risk that the Trust Board is willing to take in order to meet its strategic objectives. (IRM, 2021). This reflects the Trust values, policies and objectives.
- **Risk Domains.** Risk domains help classify risks based on potential consequences for example risks impacting on safety or reputation.
- **Risk Management.** The systematic method of identifying, analysing, managing, monitoring and reviewing of risks (ISO 31000, 2018).
- **Risk Register.** A register of all identified risks within a team, department, speciality, board/directorate or the UHB as a whole.

- **Risk Treatment.** Any process, policy, device, practice or other conditions/actions with the potential to modify risk in a desired manner. Risk treatments become controls once their effectiveness in modifying the risk is assured.
- **Strategic risks.** These are significant risks that have the potential to impact upon the delivery of Strategic Objectives and therefore need to be raised and monitored by the Executive Team and the Board.
- **Target Risk Score** The estimated achievable risk score when all risk treatments and mitigations are in place and operating at maximum effectiveness.

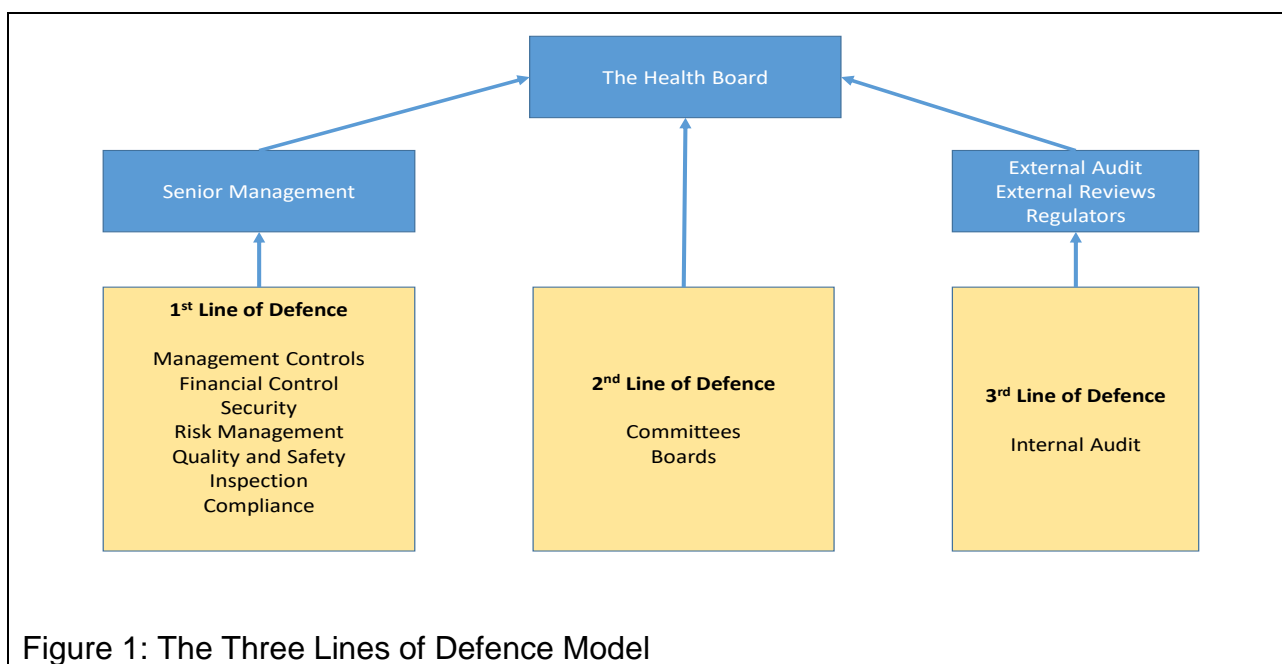
4. Risk Management Organisational Structure

C&V UHB's risk management and reporting structure is attached at Appendix 1.

4.1 The Lines of Defence in Effective Risk Management and Control

This strategy describes risk and control functions across C&V UHB. The identification, management, coordination and assurance of risk in a broad and complex organisation such as ours involves an association of individuals and teams from diverse professional backgrounds such as internal auditors, risk specialists, compliance officers, health and safety and clinicians etc. Because these advising and controlling functions are increasingly split across multiple areas, the optimum coordination and control needed for effective risk management can become compromised and result in gaps in control or unnecessary duplication of coverage.

The Three Lines of Defence Model (see figure 1) has been designed to outline in principle the risk management roles, responsibilities and accountabilities to enhance communication and coordination of risk management and control across the organisation (The Institute of Internal Auditors, 2013).



Executives and the Board collectively have responsibility and accountability for identifying and attaining the organisation’s objectives. Risk management is an essential part of governance and leadership and fundamental to how organisations are directed, managed and controlled at all levels (HM Government, The Orange Book, 2020). Therefore, Executives and Boards establish risk management structures and processes, including the lines of defence, to optimise their risk management framework to realise their strategic objectives.

The 1st Line of Defence is the level of operational management where managers own and manage risks. Operational management have responsibility for day to day risk management: identifying, assessing, recording, controlling and (where necessary) reporting risks to senior management. Operational management control of risk is ostensibly through the design, implementation and assurance of controls.

Also operating within the 1st Line of Defence are those risk management and compliance functions that have the specific authority, specialist tools, systems and advice to support those who own and manage risk. They work with risk owners and managers to ensure that the 1st Line of Defence is properly designed, and functioning as designed. Examples of these functions include Health and Safety, Risk and Regulation Teams, Patient Safety, Financial Control, and Corporate Governance. These functions have been established to ensure that the 1st line of defence is properly designed and functioning as designed.

The 2nd Line of Defence are the UHBs committees and management boards. These are ostensibly assurance functions independent of the first line of defence. The Institute of Internal Auditors (2013) identifies the responsibilities of the 2nd Line of Defence functions as follows:

- Supporting management policies, defining role and responsibilities, and setting goals for implementation.
- Providing risk management frameworks.
- Identifying known and emerging issues.
- Identifying shifts in the organisations implicit risk appetite.
- Assisting management in developing processes and controls to manage risks and issues.
- Providing guidance and training on risk management processes.
- Facilitating and monitoring implementation of effective risk management practices by operational management.
- Alerting operational management to emerging issues and changing regulatory and risk scenarios.
- Monitoring the adequacy and effectiveness of internal control, accuracy and completeness of reporting, compliance with laws and regulations, and timely remediation of deficiencies.

The 3rd Line of Defence are those functions providing independent internal assurance that the 1st and 2nd lines of defence are operating in a manner which ensures the overall effectiveness of the risk management framework, reporting the results of their assessment to Senior Management and the Board.

4.2 The Board

Executive Directors and Independent Members share responsibility for the success of C&V UHB, 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 for the organisation.
- Protecting the reputation of the organisation.
- Providing leadership on the management of risk.
- Approving 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.
- Reviewing the BAF (strategic risks) and the Corporate Risk Register (operational risks 20 and above) at each meeting.
- Endorsing risk related disclosure documents.
- Approving the Risk Management and BAF Strategy on at least an annual basis.

4.3 Audit and Assurance Committee

The Audit and Assurance Committee operates in the 2nd Line of Defence. It has a specific role to assess the effectiveness of the Risk Management and BAF strategy by reviewing the adequacy and effectiveness of:

- All risk and control related disclosure statements (in particular the Annual Governance Statement), prior to endorsement by the Board.
- The underlying assurance processes that indicate the degree of achievement of strategic objectives, the effectiveness of the systems and processes for the management of risks, the BAF and the appropriateness of disclosure documents.

4.4 Other Committees of the Board

The Committees of the Board all have a role to play in ensuring effective risk management. In particular they will, through the scrutiny inherent in their committee activity, provide onwards assurance to the Board in relation to their elements of the BAF.

4.5 Management Executive and Health Systems Management Board

A critical component of the 2nd Line of Defence, the Management Executive and Health Systems Management Board (HSMB) undertake the following duties:

- Promote a culture within the Health Board which encourages open and honest reporting of risk with local responsibility and accountability.
- Provide a forum for the discussion of key risk management issues within the Health Board.
- Ensure appropriate actions are applied to both clinical and non-clinical risks Health Board wide.
- Enable risks which cannot be dealt with locally to be escalated, discussed and prioritised.
- Ensure Clinical Board and Corporate Directorate Risk Registers are appropriately rated and agreeing action plans to control them.
- Review the risks on the Corporate Risk Register to determine whether any of them will impact on the Health Boards Strategic Objectives, and if so, adding the risk to the BAF.
- Review the BAF before presenting it to the Board.
- Advise the Board of exceptional risks to the Trust and any financial implications of these risks.
- Review and monitor the implementation of the Risk Management and BAF Strategy.

- Ensure that all appropriate and relevant requirements are met to enable the Chief Executive to sign the Annual Governance Statement.
- Approve documentation relevant to the implementation of the Risk Management and BAF Strategy.

These duties have the ultimate aim of providing assurance to the Board that there is an effective system of risk management across the organisation.

4.6 Clinical Boards and Corporate Directorates

The Clinical Boards and Corporate Directorates operate within the First Line of Defence. They are responsible for risks within their areas of operation and providing assurance to the Management Executive and HSMB on the operational management and any support required in relation to the management of risk.

The Clinical Boards and Corporate Directorates will review and update existing risks, consider new risks for inclusion and escalate any extreme risks, utilising, where required, specialist input from individuals/teams within the 1st Line of Defence. These are presented to the HSMB by the Clinical Boards or Corporate Directorates.

5. Duties

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

5.1 All staff

All members of staff are accountable for maintaining risk awareness, identifying and reporting risks as appropriate to their line manager. More specifically they will:

- Accept personal responsibility for maintaining a safe environment, which includes being aware of their duty under legislation to take reasonable care of their own safety and all others that may be affected by the health board's business.
- Report all incidents/accidents and near misses and comply with the health board's incident and near miss reporting procedures;
- Be responsible for attending mandatory and relevant education and training events.
- Participate in the risk management system, including the risk assessments within their area of work and the notification to their line manager of any perceived risk which may not have been assessed.
- Be aware of and comply with the health board's Risk Management and BAF strategy, processes, and associated procedures.

5.2 Line Managers

The identification and management of risk requires the active engagement and involvement of staff at all levels. This First Line of Defence recognises that staff are best placed to understand the risks relevant to their areas of responsibility and that the identification and management of risk requires the active engagement and involvement of operational teams.

Therefore, staff must be supported and enabled to manage these risks, within a structured risk management framework, and 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 Strategy 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 UHB's approach to risk management and governance. They will support the application of this Strategy and its related processes and participate in the monitoring and auditing process.

5.3 Clinical Board Directors

Clinical Board Directors are responsible for implementation of the Risk Management and BAF Strategy and any other policies which support the health board's risk management approach.

Specifically, they will:

- Ensure a forum for discussing risk and its management is maintained within their Clinical Board to encourage integration of risk management and the creation of a positive risk management culture.
- Co-ordinate the risk management processes to encompass risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register.
- Ensure that there is a system for monitoring the application of risk management within their area, and that risks are treated in accordance with the risk grading guidance contained in this document.
- Provide reports to the appropriate committees of the Board that will contribute to the UHB-wide monitoring and auditing of risk.
- Assess and communicate the risk management related training needs of their staff and ensure staff attend relevant mandatory and local training programmes.
- Ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting.

5.4 The Director of Corporate Governance

The Director of Corporate Governance will:

- Work closely with the Chair, Chief Executive, Chair of the Audit and Assurance Committee and Executive Directors to implement and maintain the Risk Management and Board Assurance Strategy and related processes, ensuring that effective governance systems are in place.
- Work with the Board to develop a shared understanding of the risks to the UHB's strategic objectives.
- Develop and communicate the Board's risk awareness, appetite and tolerance.
- Lead and participate in risk management oversight at the highest level, covering all risks across the organisation, on a UHB basis.
- Work closely with the Chief Executive and Directors to support the development and maintenance of Corporate and Directorate level risk registers.
- Develop and oversee the effective execution of the BAF and ensure effective processes are embedded to rigorously manage the risks therein.
- Monitor the action plans and the processes for risk reporting to the Board and relevant Committees.
- Develop and implement the Health Board's Risk Management and Board Assurance Framework Strategy.

5.5 Executive Directors

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

Specifically they will:

- Communicate to their directorate 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.

- Co-ordinate risk management processes to encompass risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register.
- Ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading guidance contained in this document.
- Provide reports to the appropriate committee of the Board that will contribute to the monitoring and auditing of risk.
- Assess and communicate the risk related training needs of their staff and ensure staff attend relevant mandatory and local training programmes.
- Ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting.
- Ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post and those key objectives are reflected in the individual performance review/staff appraisal process.

Executive Directors are also responsible for ensuring that the BAF and the risk management reporting timetable are delivered to the Board.

5.6 Chief Executive

The Chief Executive is the Accountable Officer of the UHB 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.

The Chief Executive has overall accountability and responsibility for ensuring that the health board maintains an up to date Risk Management and Board Assurance Framework that is endorsed by the Board. In addition, the Chief Executive will:

- Ensure that there is a framework in place which provides assurance to the Board in relation to the management of risk and internal control.
- Ensure that risk issues are considered at each level of business planning from the corporate process to the setting of staff objectives.
- Have in place an effective system of risk management and internal control.
- Set out the C&V UHBs 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.

5.7 Internal Auditors

Operating as the 3rd Line of Defence Internal Audit Services, provided by NHS Wales Shared Services Partnership, through a risk-based programme of work, will provide the health board with independent assurance in respect of the adequacy of the systems of internal control across a range of financial and business areas in accordance with the standards and good practice contained within the NHS Internal Audit Manual. They will also review the effectiveness of risk management arrangements as part of their programme of audits and reviews, reporting findings to the Audit and Assurance Committee as appropriate.

5.8 Central Corporate Functions

Central Corporate Functions such as Corporate Governance, Patient Safety and Learning, Health and Safety Advisers, Capital Estates and Facilities, Finance Directorate, Workforce and Organisational Development Directorate, Occupational Health etc operate in the 1st Line of Defence. They will assist clinicians and managers by providing risk related advice and support specific to their area of responsibility.

5.8.1 Local Counter Fraud Services. The UHB's Local Counter Fraud Specialist (LCFS) provides assurance to the Board regarding risks relating to fraud and/or corruption. The UHB's Annual Counter Fraud Work Plan, as agreed by the Audit and Assurance Committee, identifies the arrangements for managing and mitigating risks as a result of fraud and/or corruption. Where such issues are identified they are investigated by the LCFS and then reported to the Audit and Assurance Committee as appropriate. The LCFS works with the Director of Corporate Governance to review any fraud or corruption risks. Such risks are referred to the relevant risk register for the Directorate concerned and are then escalated through the UHB's escalation process.

5.8.2 Health and Safety Team. The Health and Safety Department will be responsible for providing advice where a risk is related to Health and Safety (H&S). H&S issues are closely linked with risk management and specialist H&S advisers can assist with the conduct of specific and/or specialist assessments.

5.8.3 Risk and Regulation Team. The Risk and Regulation are responsible for co-ordinating the Health Board's operational and strategic risks, including the Corporate Risk register and the BAF. The team has a remit to work with Executives and Managers to co-ordinate, integrate, oversee and support the risk management agenda, ensuring that risk management principles are embedded across the Health

Board. The team will also coordinate the Risk Management Internal Audit process. On a quarterly basis they will receive from Clinical Boards and Corporate Directorates candidate risks for potential inclusion on the Corporate Risk Register, as well as updates on those risks already being managed on the Corporate Risk Register. The team also provides training and support for C&V UHB individuals and teams engaged in Risk Management.

6. Risk Management Process

The Risk Management Process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk.

The risk management process can be applied at strategic and operational level, for risks of all types, and it may be customised to achieve objectives within specific external or internal contexts (ISO 31000, 2018). Risk management must be collaborative and informed by the best available information and expertise (HM Government, The Orange Book, 2020).

6.1 Communication and Consultation

The purpose of communication and consultation is to assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required (ISO 31000, 2018). Communication and consultation aims to bring together expertise for each step of the risk management process, ensure that different views are considered when defining and evaluating risk, provide information to enable oversight of risk and to build or maintain a sense of risk ownership within the team.

This strategy recognises that communication and consultation is primarily the business of those individuals/teams operating in the 1st Line of Defence and therefore it does not prescribe specific mechanisms for risk communication and consultation. However, the specialist functions operating in the 2nd Line of Defence may be consulted as required.

6.2 Types of Risk

There are two categories of risk, **strategic** and **operational**. These include risks from all domains i.e. safety, financial, regulatory, clinical and non-clinical etc.

Strategic risks are risks that could significantly interfere with the Health Board achieving its strategic objectives as outlined in its IMTP. Operational risks are risks that, if they occur, will affect the quality, safety or delivery of services or continuity of

business. They are not mutually exclusive and a risk may escalate from an operational risk to a strategic risk or be both.

6.3 Risk Appetite

Organisations should specify the amount and type of risk that it may, or may not take, relative to objectives. They should define the amount of risk they are willing to take in pursuit of value, or that it is prepared to accept in the pursuit of its strategic objectives (ISO 31000, 2018). This is achieved through the publication of a risk appetite matrix that describes the organisation’s willingness or tendency to take risk in specific circumstances, with the purpose of providing managers and stakeholders with guidance that enables a consistent approach to risk-based decision making at all levels of the organisation.

Decisions on accepting risks may be influenced by the following:

- The likely consequences are insignificant and/or the risk has a very low possibility of occurring.
- A higher risk consequence is outweighed by the chance of a much larger benefit if the risk is appropriately managed.
- The potential financial costs of minimising the risk outweigh the costs that would arise if the risk event occurred.
- Treating the risk may lead to further unacceptable risks in other ways.
- It is reasonable to accept a risk that under normal circumstances would be unacceptable if the risks or all other alternatives, including nothing, is even greater (NPSA, 2004).

The Board’s assessment of Risk Appetite is based on the Good Governance Institute Matrix for NHS Organisations (GGI, 2019) and is published at Appendix 2. The Board will review its risk appetite on an annual basis.

The C&V UHB risk appetite matrix recognises the key elements described in the GGI matrix (financial, compliance, innovation/quality/outcomes and reputation) but it adds sub-elements to improve the precision of application to UHB activities and consequently greater risk sensitivity in decision making.

The C&V UHB risk appetite matrix retains the 5 risk levels described in the CGI Risk Appetite Maturity Matrix:

Avoid	Avoidance of risk and uncertainty is a Key Organisational objective
Minimal	Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward

Open	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward
Seek	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)
Mature	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.

Figure 2: CGI Risk Appetite Levels

6.4 Risk Assessment

Risk assessment is a collective term for an overall process of risk identification, risk analysis and risk evaluation that is conducted systematically, iteratively and collaboratively across stakeholders (ISO 31000, 2018).

Each Clinical Board or Corporate Directorate needs to identify operational and strategic risks through the completion of risk assessments and for ensuring that risk assessments are completed on an ongoing basis.

Detailed guidance on Risk Assessment is provided in UHB 024 Risk Management Procedure.

6.4.1 Risk Identification. Risk identification is the finding, recognition and description of risks that have the potential to assist or prevent an organisation from achieving its objectives, or which might cause harm or loss. A range of techniques can be used to identify risk and this might include specific techniques advised or delivered by the risk management and compliance functions operating in the second line of defence. A variety of factors may be considered when identifying risk, either individually or in a co-relationship:

- Risk causes and risk events.
- Threats and opportunities.
- Vulnerabilities and capabilities.
- Changes to the internal or external context.
- The nature and value of assets and resources.
- Limitations of knowledge and the reliability of information.
- Time related factors
- The biases, assumptions and beliefs of those involved in decision making.

6.4.2 Risk Analysis. The purpose of risk analysis is to understand the nature of the risk including the level of risk it might present to the organisation. Risk analysis is an essential prelude to risk evaluation, where decisions are made on whether risks need to be treated, and if they are to be treated then how they are to be treated. Risk analysis requires a detailed consideration of context (including objectives),

uncertainties, risk sources, consequences, likelihood, events, scenarios and the effectiveness of any existing controls.

Risk analysis can involve varying degrees of detail and complexity according to the potential extent of the threat, the available decision-making time and the available resources. It should consider factors such as:

- The likelihood of a risk event and the consequences (impact) on objectives, or the harm/loss, if a risk event occurs.
- The complexity of a risk event and any connectivity with other risks.
- Time related factors (where feasible).
- The effectiveness of existing controls.
- The general level of confidence in the reliability of information and decision making related to the risk.

The approach to quantifying risk is described in Appendix 3. Each risk is assessed and scored on the likelihood of occurrence and the severity/impact in the initial (without controls), current (with controls) and target (after completion of actions) circumstances.

The score of a particular current risk rating will determine at what level decisions on acceptability of the risk should be made and where it should be reported to. The Board defines as “Extreme” any risk that has the potential to damage the organisation’s objectives. General guidelines are in Figure 3:

Risk Level	Risk Score	Action
Extreme Risk	15 -25	Immediately report the risk to the relevant Executive Director who will inform the Chief Executive. In the event that this might cause delay, the Clinical Board Director should report directly to the Chief Executive.
High Risk	8-12	Report to Clinical Board (or for Corporate Directorates to the Executive Director).
Moderate Risk	4-6	Report to Heads of Service with proposed treatment/action plans, for particular monitoring.
Low Risk	1-3	Report to local manager for local action to reduce risk

Figure 3: Risk Levels

6.4.3 Risk Evaluation. Risk evaluation supports decisions. The evaluation takes account of the wider context and is a comparison of the results of the risk analysis

with the established risk criteria and risk appetite to determine what subsequent action is required. Potential decisions could be to:

- Do nothing further because the risk likelihood/impact, complexity or connectivity are within established risk criteria and the risk can therefore be tolerated. No active management of the risk is required.
- Decide that existing controls for this risk are effective. Therefore, no new risk treatment is required but the risk will require continued active management.
- Decide that the risk is at an intolerable level and it therefore requires treatment and continued active management.
- Reconsider objectives if the threat from the risk, even after treatment, remains significant.
- Undertake further analysis to better understand the risk.

6.5 Risk Treatment

Risk treatment is an iterative process in which options for the reduction of risks are identified, selected, implemented and monitored.

Identifying and selecting the most appropriate risk treatment option(s) requires the balancing of cost, effort or disadvantages inherent in their implementation, against the benefits to be derived in the achievement of objectives or minimisation of losses/harms.

ISO 31000 (2018) identifies that options for treating risk may involve one or more of the following:

- Remove the source of the risk i.e. eliminate the hazard(s) that create the risk potential.
- Avoid the risk by deciding not to undertake the activity that provokes the risk i.e. avoid exposure to the hazard(s).
- Accept the risk because it is unavoidable or because it might create opportunity.
- Reduce the likelihood.
- Reduce the impact (consequence).
- Share the risk (for example through contracts or insurance).

Risk treatments may not produce the desired outcomes, may produce unintended consequences, may not take effect within the desired timeframe or may even introduce new risks. Therefore, if there are no treatment options available or if they do not modify the risk in the required timeframe and/or to an acceptable level, then the risk should be recorded on a risk register and be regularly monitored and reviewed.

6.6 Monitoring and Review

Risk management should be continually improved through learning and experience (HM Government, The Orange Book, 2020). The purpose of monitoring and review is to assure and improve the quality and effectiveness of the (risk) process design, implementation and outcomes (ISO 31000, 2018).

Once a risk has been identified, analysed and evaluated a Risk Owner should be appointed. Risk owners should be the individuals best placed through their authority and influence to take responsibility for mitigation of the risk. The identified risk owner is responsible for:

- Ensuring that the risk is managed appropriately, controls are in place to mitigate the risk and an action plan is identified to address gaps in control measures.
- Reviewing the risk register at appropriate intervals to ensure the descriptor, controls and risk score accurately reflect the level of risk and that progress is being made at sufficient pace to reduce the risk score to the target risk level.
- Liaising with action owners to ensure they are aware of their responsibilities for delivering actions.
- Reporting on the overall status of the risk, escalating where appropriate in line with local risk procedure and the risk escalation process detailed in this policy.

Action owners have responsibility for the activities needed to address gaps in control measures and the assurance of the effectiveness of existing controls. Action owners are required to report progress to Risk Owners in a timeframe and manner identified by the Risk Owner. Action owners will normally be identified from within the same Clinical Board or Corporate Directorate as the Risk Owner but specialists from other areas of the organisation, such as HR or H&S may also be required to perform as specialist action owners.

Ongoing and continuous monitoring supports risk owners and the organisation in understanding if and how risks may be changing, and the extent to which risk treatments are operating as intended. The results of monitoring and review provide assurance that risks are managed to a level that is unlikely to threaten the attainment of objectives or create significant loss or harm. Risk owners are responsible for monitoring and reviewing their own elements of the risk management process; this will generally occur through the recording of assurance on risk registers but may also occur through the delivery of assurance reports to committees and boards. Functions within the second line of defence have specific responsibilities for the monitoring of the overall risk process through ongoing, regular, periodic and ad-hoc monitoring and review.

All C&V UHB risk management policies will be reviewed on an annual basis and as and when required in accordance with the following:

- Legislative changes.
- Good practice guidance including 1st and 2nd line audit.
- Case law.
- Significant incidents.

- New vulnerabilities.
- Changes to organisational structures.

Overall accountability for procedural documents across the Health Board lies with the Chief Executive who has overall responsibility for establishing and maintaining an effective document management system, for meeting all statutory requirements and adhering to guidance issued in respect of procedural documents.

Overall responsibility for the Risk Management and Board Assurance Framework Strategy lies with the Director of Corporate Governance who has delegated responsibility for managing the development and implementation of the strategy to the Head of Risk and Regulation.

6.7 Recording and Reporting

The purpose of risk recording and reporting is to communicate risk management activities and outcomes across the organisation, provide information for decision making, meet governance requirements and support the Board and oversight bodies in meeting their responsibilities.

6.7.1 Risk Registers. Risk registers will cover all risk types to create central references that informs the decision making of managers, executives, risk committees and the Board. Four levels of risk register will be maintained as follows:

- Ward/Department/Team Risk Register.
- Directorate Risk Register.
- Clinical Board/Corporate Directorate.
- Corporate Risk Register.

Risks registers will record the Initial Risk Rating, Current Risk Rating, and Target Risk rating. Current controls (and the assurance of their effectiveness) will be listed along with outstanding actions needed to create the control necessary to reach the target risk rating.

6.7.2 The Escalation of Risks. Action should be taken at each level of the organisation to lessen or remove the risk. As may be seen in Figure 4, risks will predominantly be escalated according to the current risk rating score. However, if the appointed Risk Owner feels that the risk can no longer be managed locally and requires more senior input and support, or that the risk event may impact across the wider UHB enterprise, then irrespective of its risk score it may be escalated, if necessary up to the Board. This should not be seen as failure but instead as prudent risk management that seeks to ensure an appropriate response at the most appropriate level within the organisation. The Risk and Regulation team are available for further advice on risks of this type.

Any risks identified and evaluated as having a low/moderate current risk rating (1-6) can be managed locally within the relevant area. These risks can typically be resolved quickly and relatively easily if the correct actions are identified, completed and become controls under business as usual. These risks are recorded in the local risk register within each ward / department; the Clinical Board/Corporate Directorate to which the ward/department belongs are responsible for the oversight and governance of these risk registers.

Risks identified and evaluated as having a high rating current risk rating (8-12) should be immediately escalated to the designated Clinical Board/Corporate Directorate Risk Lead who will place the risk onto the Clinical Board/Corporate Directorate risk register and monitor/report the progress of the risk thereafter.

Risks identified and evaluated as having an extreme current risk rating (15-25) should be immediately escalated to the designated Clinical Board/Corporate Directorate Risk Lead. The Risk Lead will immediately report risk greater than 20 to the relevant Executive Director who will inform the Chief Executive. In the event that this will cause delay the Clinical Board Director can report directly to the Chief Executive. Following this urgent notification process, risks greater than 20 should be notified to the Risk and Regulation Team for placement onto the Corporate Risk Register, using the proforma at Appendix 4.

The Corporate Risk Register will map extreme level risks, as well as risks that, whilst having a relatively low current risk rating, are sufficiently complex or wide in their potential impact, to require Executive Level/Board scrutiny. Risks appearing on this register have potential to impact on the achievement of strategic objectives. This information will be used by the Risk and Regulation Team to shape the agenda for Board and Committee meetings and the BAF, to ensure that the Health Board is actively responding to and considering its key risks.

6.7.3 Review of Risks. Risk Owners should consider the frequency with which they want to review risks, and this decision will usually be influenced by the type of risk, or the strength of current controls. The decision may also be influenced by specific requirements imposed by statute or by regulators/auditors/inspectors. However, as a minimum standard low risk (1-3) should be reviewed and updated at least biannually, moderate risks (4-6) should be reviewed and updated at least quarterly, and high (8-12) and extreme (15-25) risks should be reviewed and updated monthly.

Assurance	Current Risk Rating	Level	Actions
Board Bi-Monthly	20-25	Board Assurance Framework (BAF)	Strategic Risks identified by Committees, Clinical Boards or Corporate Directorates.
HMSB Quarterly		Corporate Risk Register	Extreme Operational Risks or Risks to Strategic Objectives

Board Bi-Monthly			
Clinical Board/QSE Quarterly	15-25	Clinical Board/Corporate Directorate	Risks scoring 20 or > require immediate escalation to Risk and Regulation team who will pass to appropriate Executive and/or committee and consider for placement on the Corporate Risk Register and, if strategic objectives are threatened, for ultimate placement on the BAF. Risks scoring less than 20 should be retained and managed at Clinical Board/Corporate Directorate level unless they require escalation to their complexity or cross health board impact.
Directorate Meeting Monthly	8-12	Directorate	Risk added to Directorate Risk Register. Risks to be reviewed monthly.
Ward Department Risk Review meetings – at least quarterly.	4-6	Ward/Department/Team	Inform Line Manager and risk may be added to the Risk Register. These risks will be managed by the Line Manager/Department Manager. These risks will form part of the departmental risk register that will be reviewed by the department at least every 6 months.
Risk Review meetings – at least 6 monthly	1-3	Ward/Department/Team	If unable to immediately mitigate the risk, add to local risk register. This risk should be managed locally with all staff having authority to manage the risk. These risks form part of the departmental risk register.
Figure 4: Risk Escalation Guide			

6.7.3 Board Assurance Framework (BAF)

The BAF identifies from the Corporate Risk Register the highest risks faced by the Health Board in achieving its strategic objectives, and the gaps in assurances on which the Board relies.

The BAF is developed through the following key steps:

- a. The Board annually agree the Strategic objectives as part of the business planning cycle.
- b. The Management Executive, with the support of the Director of Corporate Governance, will draft the principle risks that may threaten the achievement of the strategic objectives; these risks will then be discussed and approved by the Board of Directors.
- c. For each principle risk the Executive Lead will:
 - (1) Give an initial (inherent) risk score, by determining the consequence and likelihood of the risk being realised.
 - (2) Link the risk to the strategic objectives.
- d. Risks from the previous year's BAF will be reviewed and a decision made whether to:
 - (1) Transfer the risk on to the BAF for the current year.
 - (2) Move the risk to the Corporate Risk Register and nominate a Risk Owner or Management Group.
 - (3) Accept or Close the risk.
- e. The Executive Lead will then:
 - (1) Identify the key controls in place to manage the risks and achieve delivery of the strategic objective(s).
 - (2) Identify the arrangements for obtaining assurance on the effectiveness of key controls across all the areas of principal risk.
 - (3) Evaluating the assurance across all areas of principal risk i.e. identifying sources of assurance the Health Board is managing the risks to an acceptable level of tolerance.
 - (4) Identify how / where / when those assurances will be reported.
 - (5) Identify areas where there are gaps in controls (where the Health Board is failing to implement controls or failing to make them effective).
 - (6) Identify areas where there are gaps in assurances (where the Health Board does not have the evidence to assure that the controls are effective).

(7) Develop an action plan to mitigate the risk.

(8) Agree a current (residual) risk rating for the first quarter of the financial year which is determined by the consequence and likelihood of the risks.

f. The BAF will be presented to the first HSMB meeting of the new financial year. It will moderate the risk scores and ensure there are appropriate controls and assurances. Where gaps in control and assurances exist, they will ensure that associated action plans are in place for each risk thus affected.

g. Bi-monthly the Executive lead, supported by the Director for Corporate Governance, will review and monitor the controls and reported assurances and update the risk score and action plans for each of the risks for which they are responsible.

h. The Executive will review and monitor all of the risks on the BAF each month prior to presentation to the Board. In particular the Management Executive will ensure that progress is being made to reduce or eliminate the impact of the risk.

i. Once agreed by Management Executive the completed BAF will be presented to the Board for scrutiny and approval on a monthly basis. At the first meeting of the financial year it will be reviewed in its entirety.

The Audit and Assurance Committee, as a sub-committee of the Board, has oversight of the processes through which the Board gains assurance in relation to the management of the BAF.

The BAF is an integral part of the system of internal control and defines those extreme risks with potential to impact upon the delivery of Strategic Objectives. It also summarises the controls and assurances that are in place, or the plans to mitigate them. The BAF aligns principal risks, key controls and assurances on controls alongside each of the Health Boards strategic objectives.

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

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

(1) Management Reviewed Assurance.

(2) Board or Committee Reviewed Assurance.

(3) External Reviewed Assurance.

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

7. Risk Management Training

The following training is designed to complement the risk related elements of the Core Mandatory Training identified in C&V UHB Mandatory/Statutory Training Procedure (UHB 080). The aim of the tiered Risk Management training is to enable UHB personnel to meet their Risk Management responsibilities outlined in this strategy:

Level One – Risk Management Awareness. This will be provided to all staff on induction, as part of Core Mandatory Training, and will be repeated on ESR every 2 years. The intended learning outcomes are to understand what risk is, what risk management is, how a risk is reported and how the organisation's risk appetite and culture operates.

Level Two – Practical Risk Management. This level of training is targeted for any employee undertaking risk management as part of their primary or secondary roles, and for Team Leaders/Managers/Departmental Heads. Line Managers, Clinical Board Directors and Executive Directors have a specific role to play in identifying candidates for this training, ideally in prelude to assuming a risk facing role, but if not then as soon as practicable after assumption of role. Level Two training does not require repetition, though this does not mean that additional risk related training and education should not be identified through PDR. This training will be in two parts:

- **Part 1.** To understand the risk management framework including the risk management strategy, the BAF, the corporate risk register, risk appetite, risk culture, and roles and responsibilities.
- **Part 2.** To understand the risk management process including context, risk versus issue and incidents. Risk assessment, risk tolerance, risk scoring, risk treatments, escalation, communication, monitoring and review.

Level Three – Board Level Risk Management Awareness. This level of training is designed for Board Members and Board Directors. It will be provided on induction and to meet governance requirements it must be repeated every two years thereafter. Level Three training will be facilitated by the Director of Corporate Governance and scheduled within the rhythm of board meetings. The training aim is to provide the audience with an understanding of: the risk management framework, with specific emphasis on the operational risk management approach; the risk management strategy;

'setting the tone' and risk culture; risk appetite; the corporate risk register and the Board Assurance Framework.

Non-Specific Training and Support. It is recognised that, in addition to these three levels of specified training, there may emerge a need for non-specific risk management training and support. Where this is applicable the Risk and Regulation team can discuss the apparent training need and either signpost to external sources of training/education or provide a bespoke training event for individuals or small groups.

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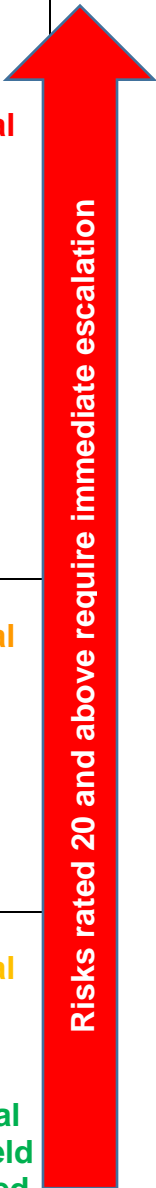
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9. Equality impact assessment

C&V UHB aims to design and implement services and policies that are fair and equitable. As part of its development, this Strategy and its impact on staff, patients and the public have been reviewed in line with the Cardiff and Vale's Equality Impact Assessment. The purpose of the assessment is to improve service delivery by minimising and if possible removing any disproportionate adverse impact on employees, patients and the public on the grounds of race, socially excluded groups, gender, disability, age, sexual orientation or religion/belief.

The equality impact assessment has been completed and has identified impact or potential impact as "no impact".

Risk Registers and Risk Reporting Hierarchy

<p>Board - Bi-Monthly</p> <p>HMSB - Quarterly</p> <p>Board – Bi-Monthly</p>	<p>Board Assurance Framework</p>	<p>Any risk that affects the organisation's ability to achieve its strategic objectives. HMSB recommend to the Board that these risks are PRINCIPAL risks and therefore should appear on the BAF.</p> <p>Where the current risk rating is 20 or more or Risk control is to a significant extent beyond the Clinical Board/Directorates influence.</p>	<p>Strategic Risks</p> <p>Operational Risks 20-25</p>	 <p>Risks rated 20 and above require immediate escalation</p>
<p>Clinical Board - Quarterly</p> <p>QSE – Quarterly</p>	<p>Clinical Board or Corporate Directorate Risk Registers</p>	<p>Includes any operational risks that affect the Clinical Board/Directorates ability to meet its objectives. The Head of Clinical Board or Directorate is responsible for approving the inclusion of risks onto the Register.</p>	<p>Operational Risks 12-25</p>	
<p>Directorate Meeting – Monthly</p>	<p>Directorate Risk Register</p>	<p>Includes any risk which affects a service or department. The Service/Department Manager is responsible for approving the inclusion of risks onto the Register.</p>	<p>Operational Risks 8-12</p> <p>(Operational Risks 1-6 held and managed locally)</p>	

Appendix 2

Cardiff and Vale UHB – Summary Risk Appetite Matrix

GGI Key Element/Lead	Sub Element	Current Risk Appetite	Target Risk Appetite
1. Financial/Value for Money (VfM) Executive Director of Finance	1a. The availability of Financial Resources and the value derived from their application.	Cautious: VfM remains our primary concern but we are prepared to accept limited financial loss or higher cost options where improvements to service delivery standards are possible.	Seek: We invest for the best possible return. We have controls in place but we still accept the possibility of financial loss.
2. Compliance and Regulatory Director of Corporate Governance	2a. The Regulation & Governance of our activity to ensure legal compliance and recognised best practice.	Cautious: Challenge of our decisions/actions/omissions <i>will</i> occur and we want to be reasonably sure that such challenge is defensible.	Open: Challenge will occur and <i>could</i> be problematic. However, the gain will outweigh the adverse impact
3. Quality and Outcomes Executive Nurse Director & Executive Medical Director	3a. The Safety, Quality and Accessibility of Care.	Open: Despite short term inherent risks we recognise potential for long term gain. We often challenge current clinical practices and often pursue innovative treatment and care solutions. Confident in our risk control we allow non-critical decisions to be devolved to a low operational level.	Seek: Despite short term inherent risks we seek potential for long term gain. We routinely challenge current clinical practices and routinely pursue innovative treatment and care solutions.
	3b. The Accessibility, Quality and Security of Information.	Open: Despite short term inherent risks we recognise potential for long term gain. We <i>usually</i> challenge current information management practices and pursue innovative technological solutions. We are confident that our risk management controls allow for non-critical decisions to be devolved to a low operational level.	Seek: Despite short term inherent risks we seek potential for long term gain. We <i>routinely</i> challenge current information management practices and pursue innovative technological solutions.
	3c. An effective, valued and well developed Workforce.	Open: Despite short term inherent risks we recognise potential for long term gain. We <i>usually</i> challenge current recruitment, retention, training and regulation practices and/or procedures. We are confident that our risk management controls allow for non-critical decisions to be devolved to a low operational level.	Seek: Despite short term inherent risks we recognise potential for long term gain. We <i>routinely</i> challenge current recruitment, retention, training and regulation practices and/or procedures.
	3d. The availability of the Materiel, Infrastructure and Sustainability required to meet our objectives, business needs or statutory obligations.	Open: There are short term inherent risks to the availability or sustainability of materiel/infrastructure. However, we are willing to manage these risks to a tolerable level because we recognise potential for long term gain.	Seek: Allocation and investment decisions related to sustainability, materiel and infrastructure will seek the best possible return. With rigid controls in place there is an acceptance of the possibility for financial loss, loss of resource availability or failure to meet statutory obligations.
4. Innovation Director of Transformation	4a. The application of Foresight & Innovation to our current and future activities	Cautious: Innovations in practice and/or risks arising from technological developments will only be considered if they have a strong potential to improve service quality, financial position or statutory compliance.	Seek: We consider the risks associated with innovation, creativity and research to be an essential component part of C&V UHB activity. We have devolved the authority for risk decisions to an operational level.
5. Reputation Chief Executive	5a. The positive Reputation of C&V UHB and the wider Wales NHS	Open: We are willing to take decisions that have potential to expose the organisation to additional scrutiny or interest. The means to manage the organisation's reputation are in place.	Seek: We recognise that the organisation will be subject to additional scrutiny/interest but we feel that the potential benefits outweigh the risks. New ideas are seen as potentially enhancing the reputation of the organisation.

Approach to assessing Risk

Consequence scores

Choose the most appropriate domain for the identified risk from the left-hand side of the table. Then work along the columns in same row to assess the severity of the risk on the scale of 1–5 to determine the consequence score, which is the number given at the top of the column.

	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/psychological harm)	<p>Minimal injury requiring no/minimal intervention or treatment</p> <p>No time off work</p> <p>Physical injury to self/others that requires no treatment (including first aid)</p> <p>Minimum psychological impact requiring no support.</p> <p>Low vulnerability to abuse or exploitation – requiring no intervention.</p>	<p>Minor injury or illness, requiring minor intervention. Requiring time off work for <3 days</p> <p>Increase in length of hospital stay by 1–3 days</p> <p>Slight physical injury to self/others that may require first aid.</p> <p>Emotional distress requiring minimal intervention.</p> <p>Increased vulnerability to abuse or exploitation managed by local level intervention.</p>	<p>Moderate injury requiring professional intervention. Requiring time off work for 4–14 days</p> <p>Increase in length of hospital stay by 4–15 days</p> <p>RIDDOR/agency reportable incident</p> <p>An event which impacts on a small number of patients</p> <p>Physical injury to self or others requiring medical treatment</p> <p>Psychological distress requiring formal intervention by mental health professionals.</p> <p>Vulnerability to abuse or exploitation requiring increased intervention</p>	<p>Major injury leading to long-term incapacity/disability</p> <p>Requiring time off work for >14 days</p> <p>Increase in length of hospital stay by >15 days</p> <p>Mismanagement of patient care with long-term effects</p> <p>Significant physical harm to self or others</p> <p>Significant psychological distress requiring specialist mental health intervention.</p> <p>Vulnerability to abuse or exploitation requiring significant levels of intervention</p>	<p>Incident leading to death</p> <p>Multiple permanent injuries or irreversible health effects</p> <p>An event which impacts on a large number of patients</p>

Quality/complaint s/audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint (stage 1) Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint (stage 2) complaint Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/ independent review Low performance rating Critical report	Totally unacceptable level or quality of treatment/service Gross failure of patient safety if findings not acted on Inquest/ombudsman inquiry Gross failure to meet national standards
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
Service/business interruption Environmental impact	Loss/interruption of >1 hour Minimal or no impact on the environment	Loss/interruption of >8 hours Minor impact on environment	Loss/interruption of >1 day Moderate impact on environment	Loss/interruption of >1 week Major impact on environment	Permanent loss of service or facility Catastrophic impact on environment

Likelihood score (L)

What is the likelihood of the consequence occurring?

The frequency-based score is appropriate in most circumstances and is easier to identify. It should be used whenever it is possible to identify a frequency.





Likelihood score	1	2	3	4	5
Descriptor	Rare	Unlikely	Possible	Likely	Almost certain
Frequency How often might it/does it happen	This will probably never happen/recur	Do not expect it to happen/recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue	Will undoubtedly happen/recur, possibly frequently

Risk scoring = consequence x likelihood (C x L)

Likelihood

Consequence	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost certain
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

For grading risk, the scores obtained from the risk matrix are assigned grades as follows:

	1–3	Low risk
	4–6	Moderate risk
	8–12	High risk
	15–25	Extreme risk

Instructions for use

Define the risk(s) explicitly in terms of the adverse consequence(s) that might arise from the risk.



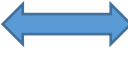
Determine the consequence score(s) (C) for the potential adverse outcome(s) relevant to the risk being evaluated. Where a risk has multiple impacts score the impact with the highest consequence.

Determine the likelihood score(s) (L) for those adverse outcomes. If possible, score the likelihood by assigning a predicted frequency of occurrence of the adverse outcome. If this is not possible, assign a probability to the adverse outcome occurring within a given time frame, such as the lifetime of a project or a patient care episode. If it is not possible to determine a numerical probability then use the probability descriptions to determine the most appropriate score.

Calculate the risk score the risk multiplying the consequence by the likelihood: $C \text{ (consequence)} \times L \text{ (likelihood)} = R \text{ (risk score)}$.

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

Corporate Risk on a page Report as at Click or tap to enter a date.

Update: <input type="checkbox"/>		New Risk for Corporate Risk Register: <input type="checkbox"/>			
Risk Reference: <small>Click or tap here to enter text.</small>	Director Lead:		Date of identification: <small>Click or tap to enter a date.</small>		
	Assuring Committee <small>Click or tap here to enter text.:</small>		Date Last Reviewed: <small>Click or tap to enter a date.</small>		
	Risk: <small>Click or tap here to enter text.</small>		Frequency of Review: <small>Click or tap here to enter text.</small>		
	Impact: <small>Click or tap here to enter text.</small>				
Links to Strategic Objectives: <small>Click or tap here to enter text.</small>					
Movement Since Last Update:			Consequence	Likelihood	Score (CxL)
	<input type="checkbox"/>	Initial Risk Rating	<small>Choose an item.</small>	<small>Choose an item.</small>	<small>Choose an item.</small>
	<input type="checkbox"/>	Current Risk Rating	<small>Choose an item.</small>	<small>Choose an item.</small>	<small>Choose an item.</small>
	<input type="checkbox"/>	Target Risk Rating	<small>Choose an item.</small>	<small>Choose an item.</small>	<small>Choose an item.</small>
Controls		Assurances of Control Effectiveness			
<small>Click or tap here to enter text.</small>		<small>Click or tap here to enter text.</small>			
		Additional Risk Treatments Required			
		<small>Click or tap here to enter text.</small>			

