

# NHS Ayrshire & Arran



<b>Meeting:</b>	<b>Ayrshire and Arran NHS Board</b>
<b>Meeting date:</b>	<b>Tuesday 23 May 2023</b>
<b>Title:</b>	<b>Risk Management Strategy 2023-2026</b>
<b>Responsible Director:</b>	<b>Dr Crawford McGuffie, Medical Director</b>
<b>Report Authors:</b>	<b>Hugh Currie, Assistant Director for Occupational Health, Safety and Risk Management Kate Macdonald, Risk Manager Kirsty Gargan, Risk Team Lead (interim)</b>

## 1. Purpose

This is presented to the Committee for:

- Decision

This paper relates to:

- NHS Board Strategy

This aligns to the following NHS Scotland quality ambition(s):

- Safe
- Effective
- Person Centred

## 2. Report summary

### 2.1 Situation

The organisation's Risk Management Strategy has been reviewed as it has reached its review date. The paper is presented to Board for discussion and to approve the revised Risk Management Strategy for 2023-2026.

### 2.2 Background

The 2020-2023 Strategy was agreed by the Board in February 2020 and is now due for review.

### 2.3 Assessment

The report consists of one Appendix

- Appendix 1 Risk Management Strategy 2023-2026

The amendments to the Strategy are summarised below:

<p>Statement of Intent:</p>	<p>Objective 1 – rewording from:</p> <ul style="list-style-type: none"> <li>• <i>Create a sense of urgency for completion of robust reviews of all adverse events to enhance timeous learning and outputs for those involved in the review;</i></li> </ul> <p>to</p> <ul style="list-style-type: none"> <li>• <i>Ensure the completion of robust reviews of all adverse events to enhance timeous learning and outputs for those involved in the review</i></li> </ul> <p>Reduction of the nine Objectives to seven, by combining three separate Objectives into one. They had a similar theme relating to organisational learning in relation to adverse events, risks and complaints and creating an integrated linkage between risk and resilience to encompass learning from adverse events and incidents</p> <p>Objective 2 relating to risk management training and support for colleagues, has been widened to include this being provided through a Human Factors approach</p>
<p>Section 6.1 Governance and Reporting - Board</p>	<p>“The NHS Ayrshire &amp; Arran Board has overall responsibility for NHS Ayrshire &amp; Arran’s Risk Management Strategy and for ensuring that significant risks are identified and controlled. <u>This is achieved through compliance with NHS Ayrshire &amp; Arran’s Code of Corporate Governance.</u>”</p> <p>Removal of underlined section above. The Code is a suite of documents providing a framework for corporate governance across NHS Ayrshire &amp; Arran. The Risk section has detail taken from the Strategy and therefore the Code does not require separate compliance.</p> <p>Replace “Integrated Governance Committee” with “individual governance committees”</p> <p>Replace “Corporate Risk Register” with “Strategic Risk Register”</p> <p>Addition of “approving the Risk Appetite Statement every two years or as appropriate”.</p>

<p>Section 6.1 Governance and Reporting - Risk and Resilience Scrutiny and Assurance Group</p>	<p>Addition that the RARSAG has responsibility .....for reporting the relevant Strategic risks to the assigned Governance Committees.</p> <p>Addition of the members not only considering risks regarding escalation and de-escalation of risk from one level of responsibility to the next, but also approving them.</p>
<p>Section 6.2 – Responsibility for Risk Management – Partnership Working</p>	<p>Expansion of this section:</p> <p><i>Working together with our Health and Social Care Partnerships and Local Authorities and their Integrated Joint Boards (IJBs) and constituent parties across North, South and East Ayrshire in terms of Risk Management plays a significant role in the success of the risk management agenda.</i></p> <p><i>The IJBs have their own Risk Management Strategies including a risk monitoring framework, and a Risk Register, which is maintained and shared between parties. Risks on delegated services which are shared between parties require to be communicated across partner organisations with clear responsibilities, ownership and timescales</i></p>
<p>Section 7 – Risk Management Process</p>	<p>Review of Risk Appetite Statement from annually to every two years, or as appropriate.</p>

Section 8 - Information, Instruction and Training	<p>More detailed description of what risk management related training is available:</p> <ul style="list-style-type: none"> <li>• Risk Management Training; Safety Action Notices, Risk Registers, Risk Grading,</li> <li>• Risk Management Awareness; <ul style="list-style-type: none"> <li>○ What is Risk?</li> <li>○ Remit of the Risk Team,</li> </ul> </li> <li>• Adverse Event Review Training: Reporting Training, Reviewer and Final Approver Training, Contributory Factors, Report Writing, Significant Adverse Event Review Team Pre-Meets, Completion of the Adverse Event Decision Making Form Training</li> <li>• Risk System (Datix) Training: System Overview, Extracting Data for Reports</li> </ul>
Section 12 – Monitoring and Review	Move from 2-yearly review to every three years and more frequently if the circumstances demand.
Appendix 1 - Definitions	<p>Updated the meaning of the Code of Corporate Governance to “(The Code) is a set of standards and policies which provide the overarching governance framework presented in a detailed document. The Code sets out how NHS Ayrshire &amp; Arran will conduct its business”</p> <p>Definition of an ‘Issue’ added.</p>
Appendix 2 – Risk Management Responsibilities	<p>The RARSAG, now has a standalone entry, separate from the Governance Committee entry.</p> <p>Chief Executive responsibilities – removed reference to code of corporate governance and replaced with annual governance statement.</p> <p>Updating of the Board’s responsibilities to “receive updates on Strategic Risks twice per year.”</p>
References to <i>Audit Committee</i>	Replaced with <i>Audit and Risk Committee</i>
References to <i>Risk Committee</i>	Replaced with <i>Risk and Resilience Scrutiny and Assurance Group</i>
References to <i>Director of O&amp;HRD</i>	Replaced with <i>HR Director</i>

### 2.3.1 Quality/patient care

The Strategy sets out the risk management standards required to contribute to improving quality and care for patients and continued support for non-patient activities.

This is demonstrated in alignment with the risk appetite statement and the four pillars of performance.

### **2.3.2 Workforce**

The paper provides assurance that risks are being managed appropriately and any impact on workforce is being monitored closely. This is demonstrated in alignment with the risk appetite statement and the four pillars of performance.

### **2.3.3 Financial**

The paper provides assurance that risks are being managed appropriately and any impact on finance will be monitored closely.

### **2.3.4 Risk assessment/management**

This paper provides details of risk management related activity that reports directly to this Committee for governance and assurance.

### **2.3.5 Equality and diversity, including health inequalities**

An impact assessment is not required as the Strategy does not impact on protected characteristics.

### **2.3.6 Other impacts**

- Best value
  - Effective Partnerships
  - Governance and accountability provides assurance of governance requirements
  - Performance management to manage strategic risks in organisation
- Compliance with Corporate Objectives in support of the Risk Management strategy

### **2.3.7 Communication, involvement, engagement and consultation**

For this paper there is no duty to involve and engage external stakeholders.

### **2.3.8 Route to the meeting**

The Strategy been previously considered by the following group as part of its development. The group has supported the content, and their feedback has informed the development of the content presented.

- Risk and Resilience Scrutiny and Assurance Group, 21 April 2023
- Audit and Risk Committee, 10 May 2023

## **2.4 Recommendation**

For Decision. The Board is asked to consider and approve the revised Risk Management Strategy for 2023-2026.

## **3. List of appendices**

The following appendix is included within this report:

- Appendix 1, Risk Management Strategy 2023-2026

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# RISK MANAGEMENT STRATEGY

## 2023 - 2026

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Version No: 9.0

Prepared By: Hugh Currie, Assistant Director for Occupational Health, Safety and Risk Management  
Kate Macdonald, Risk Manager  
Kirsty Gargan, Risk Team Leader (interim)

Effective From : \_\_\_\_/2023

Review Date: \_\_\_\_/2026

Lead Reviewer: Dr Crawford McGuffie  
Medical Director

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## Document Control Sheet

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Version:	Date:	Summary of Changes:	Responsible Officer:
09.0	April 2023	<ul style="list-style-type: none"> <li>Statement of Intent: <i>Create a sense of urgency for completion of robust reviews of all adverse events to enhance timeous learning and outputs for those involved in the review;</i></li> </ul> <p>to</p> <ul style="list-style-type: none"> <li><i>Ensure the completion of robust reviews of all adverse events to enhance timeous learning and outputs for those involved in the review</i></li> </ul> <p>Reduction of the nine Objectives to seven, by combining three separate Objectives into one. They had a similar theme relating to organisational learning in relation to adverse events, risks and complaints and creating an integrated linkage between risk and resilience to encompass learning from adverse events and incidents</p> <p>Objective 2 relating to risk management training and support for colleagues, has been widened to include this being provided through a Human Factors approach</p>	Kate Macdonald
09.0	April/May 2023	<p>Section 6.1 Governance and Reporting – Board</p> <p>“The NHS Ayrshire &amp; Arran Board has overall responsibility for NHS Ayrshire &amp; Arran’s Risk</p>	Kate Macdonald



		<p>Management Strategy and for ensuring that significant risks are identified and controlled. <u>This is achieved through compliance with NHS Ayrshire &amp; Arran’s Code of Corporate Governance.</u></p> <p>Removal of underlined section above. The Code is a suite of documents providing a framework for corporate governance across NHS Ayrshire &amp; Arran. The Risk section has detail taken from the Strategy and therefore the Code does not require separate compliance.</p> <p>Replace “Integrated Governance Committee” with “individual governance committees”</p> <p>Replace “Corporate Risk Register” with “Strategic Risk Register”</p> <p>Addition of approving the Risk Appetite Statement every two years, or as appropriate.</p>	
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## 1. Statement of Intent

NHS Ayrshire & Arran believes that effective risk management will provide a safer environment and better care for patients and, will help the organisation to capitalise on opportunities and fulfil its corporate objectives in the short and longer term. The Board is committed to making risk management a core organisational process and ensuring that it becomes an integral part of our philosophy, practices and business planning and that responsibility for implementation is accepted at all levels of the organisation.

NHS Ayrshire & Arran acknowledges that providing health services is an inherently risky business and that risk can bring with it positive advantages, benefits and opportunities. The Board does not therefore aim to create a risk-free environment, but rather one in which risk is considered as a matter of course and appropriately identified and controlled.

We will ensure that risk management is embedded into NHS Ayrshire and Arran's vision and organisational culture; existing governance policies; and planning, reporting and decision-making structures at both the strategic and operational levels. We believe that organisations who integrate risk management have a greater likelihood of achieving strategic objectives and delivering services efficiently and effectively.

The Board also recognises the importance of involving local stakeholders in its risk management processes and of working in partnership to identify, prioritise and control shared risks.

NHS Ayrshire and Arran's risk management seven Objectives for 2023 to 2026 are to:

1. Ensure the completion of robust reviews of all adverse events to enhance timeous learning and outputs for those involved in the review;
2. Continual improvement and development of effective training and support for colleagues in relation to risk management activities, through a Human Factors approach;
3. Ensure that the risk appetite statement is embedded in risk management activities and clearly demonstrates application against the four pillars of performance;
4. Maintain provision of assurance to the Board regarding application of the risk management framework with specific assurance that strategic, operational and partnership risks are being managed effectively;
5. Continue to minimise the likelihood of adverse events, risks and complaints through effective risk identification, prioritisation, treatment and monitoring, to ensure integrated linkage between risk and resilience to encompass learning;
6. Provide comprehensive continuity and resilience plans for those risks that we accept
7. Further develop and maintain a robust legal compliance register to provide assurances to the Board on the organisations compliance with legal requirements;

Each objective will be developed further through the implementation of a Risk Management Improvement Plan.

## 2. Introduction

The Risk Management Strategy sets out the principles and approaches to risk management which are to be followed throughout NHS Ayrshire and Arran. Its objective is to achieve a consistent and effective application of risk management and enable it to be embedded into all core processes, forming part of the day-to-day management activity of the organisation.

Primarily, risk management is about good governance and good risk management awareness and practice at all levels across the organisation is a critical success factor for NHS Ayrshire and Arran.

The Management of Health and Safety at Work Regulations 1999 require that as an organisation we should carry out assessments of the risks created by our activities, which may affect our patients, service users, employees, or anyone else who might be affected. Furthermore, the Corporate Homicide Act 2007 highlights the commitment required of senior management to take reasonable steps to protect employees, or anyone else that may be affected where risks are created by their operations. As such the implementation of robust risk management systems is of paramount importance.

The Strategy supports NHS Ayrshire & Arran in the achievement of the Board's Purpose of *'Working together to achieve the healthiest life possible for everyone in Ayrshire and Arran'* and our Values of being *'Caring, Safe and Respectful'*.

### 2.1 What is risk?

A risk can be defined as 'the effect of uncertainty on objectives' (ISO31000). It is essentially any uncertain event which can have an impact upon the achievement of an organisation's objectives – either reducing the likelihood of achievement or stopping it altogether.

Not every perceived problem or adverse event is a risk. An important distinction must be made between what is a risk and what is an issue – or in other words, an uncertainty and a certainty. A risk is an event that may or may not happen. An issue or adverse event is something that is currently happening or has already happened. Issues and adverse events should therefore not be recorded and treated as risks.

### 2.2 What is risk management?

Risk management is a systematic way of dealing with that uncertainty which involves the identification, analysis, control and monitoring of risk. Risk Management activities are designed to achieve the best possible outcomes and reduce the uncertainty. An effective system of risk management will draw together all types of risks and enable an interrelated view of the organisation's risk profile.

Risk Management may be defined as a proactive approach to the:

- Identification of risks;
- Analysis and assessment of the likelihood and potential impact of risks;
- Elimination of those risks that can be reasonably and practicably eliminated;
- Control of those risks that cannot be eliminated by reducing their effects to an acceptable level.

Additionally risk management is an integral part of the Code of Corporate Governance. Corporate assurance is a process designed to provide evidence that an NHS organisation is doing its “reasonable best” to meet objectives, protect patients, Board members, staff, the public and all stakeholders against risks of all kinds.

### **2.3 Why do we need Risk Management?**

An effective system of risk management will deliver a range of outputs:

- Ensuring compliance with legislation, regulations and other mandatory obligations
- Providing assurance to internal and external governance groups that risks are being effectively controlled
- Ensuring that decision making is informed and risk-based in order to mitigate threats to the achievement of key strategic objectives
- Supporting organisational resilience
- Raising awareness of the need for everyone to adopt consistent risk management behaviours and actions in our everyday business
- Empowering all staff to make sound judgements and decisions concerning the management of risk and risk taking
- Anticipating and responding to changing political, environmental, social, technology and legislative requirements and / or opportunities
- Preventing injury and / or harm, damage and losses.

### **2.4 Integration of Risk Management**

Successful alignment of risk management and governance requires four key factors:

- 1) Organisation focus – where there is an identifiable source of risk management expertise within the organisation and senior managers come together on a regular basis to discuss risk management issues;
- 2) Organisation direction – where a clear direction and strategy is established for risk management, including articulating the organisation’s risk appetite and giving a clear mandate for what constitutes effective risk management;
- 3) Decision-making structures – where risk management is not a separate process, but a key consideration at all parts of the decision-making chain: being factored into strategic and operational planning; included as a common component in all project proposals and business cases; and,
- 4) Capacity and capability – where the organisation’s senior management invests time and resources to build momentum, capacity and capability, including: ensuring that there is a shared language of risk management; a common understanding of the principles; training and development to build expertise; and established tools and processes for risk management.

Integrated risk management requires an ongoing assessment of potential risks and opportunities for an organisation at every level. The results should inform all organisational level risks, facilitate priority setting and improve decision making.

### **3. Aims of the Strategy**

The aims of this strategy is to establish and maintain a framework for risk management which will lead to:

- the Board being supported to achieve its corporate objectives and the delivery of high quality care and services that are safe, effective and focused on the patient experience;
- achieving a high standard of health, safety and wellbeing at work for all employees and others visiting, engaged in or affected by its activities and services of the NHS Board;
- processes that are based on best practice and national guidance and compliance with the relevant Legislation/Standards;
- integrated risk management across NHS Ayrshire & Arran and supporting convergence of all aspects of Governance;
- risk management practice embedded into the day-to-day functions of NHS Ayrshire & Arran and within the role of every Board member and member of staff;
- assurance that appropriate management standards are robust and that controls and systems are defensible; and,
- a reduction in resource waste

### **4. Scope of the Strategy**

This strategy is intended to provide an overarching framework for the management of risk within NHS Ayrshire & Arran and it will apply across all parts of the organisation. It applies to everyone employed by NHS Ayrshire & Arran and includes permanent, temporary, locum, contracted agency and bank staff.

### **5. Definitions**

Definitions used throughout this strategy can be found at Appendix 1.

### **6. Organisational Responsibility and Accountability (Scheme of Delegation)**

Clear responsibility and accountability needs to be in place otherwise risks may remain unidentified; causing loss that could be controlled or avoided. The strategy defines individual and organisation arrangements at local, system wide and Board levels

#### **6.1 Governance and Reporting**

##### **NHS Ayrshire & Arran Board**

The NHS Ayrshire & Arran Board has overall responsibility for NHS Ayrshire & Arran's Risk Management Strategy and for ensuring that significant risks are identified and controlled.



The Board is accountable and responsible for ensuring that an effective programme for managing all types of risk is in place. In order to verify that risks are being managed appropriately and that the Board can deliver its objectives, the Board receives and considers reports from the Standing Governance Committees. In particular, the Board will:

- receive annual assurance from individual governance committees and the Audit and Risk Committee that effective risk management is taking place
- consider the Strategic Risk Register annually
- consider risk reduction plans and receive assurance that progress on action plans on all significant risks (very high) on at least a six monthly basis
- review and agree the Risk Appetite Statement every two years, or as appropriate.

## **Governance Committees**

The NHS Board has delegated the function of risk governance to the governance committees. The Audit and Risk Committee has responsibility to review the effectiveness of the risk management system within the organisation.

Each committee has a responsibility to provide assurance to the NHS Board in respect of the risks that fall within their specific remit. Each committee has a further responsibility to encourage lead Directors and Senior Managers to ensure the dissemination of learning across NHS Ayrshire & Arran from adverse events, near misses, complaints and claims.

As part of the annual assurance process, in June of each year the Audit and Risk Committee will receive the full strategic risk register.

Governance will be informed by two key Committees as described below:

### **Risk and Resilience Scrutiny Assurance Group**

- Keeps the Strategic, Operational and Partnership risks, under regular review
- Has responsibility for monitoring the organisation's risk profile and for reporting the relevant Strategic risks to the assigned Governance Committees of the NHS Board, namely the Integrated Governance Committee, Audit and Risk Committee, Healthcare Governance Committee, Information Governance Committee, Performance Governance Committee and the Staff Governance Committee.
- Considers and approves risks brought before members for decisions regarding escalation and de-escalation of risk from one level of responsibility to the next, or where it is deemed impossible or unpractical to manage certain risks within their current level and with the resources currently available.
- Receives assurance from Directors on the implementation of the risk management objectives at an operational level. This will be done on a cyclical basis and will include assurances on the management of very high and high operational risks.

In order to provide the foundation and framework for the work of the Risk and Resilience Scrutiny Assurance Group, NHS Ayrshire & Arran will ensure that a Risk Management Improvement Plan will be in place clearly detailing the direction for medium to long term objectives. The Improvement Plan will be led by this Group and will be realistic, achievable and allow the Group to focus on strategic issues whilst enabling a focus on continually developing operational improvements and programmes to deliver objectives.

## Health, Safety and Wellbeing Committee

- Mandated by Section 2(7) of the Health and Safety at Work etc. Act 1974 and recognised by the Secretary of State under Statutory Instrument 1977 No. 500 Health and Safety - The Safety Representatives and Safety Committees Regulations 1977.
- Has the role of keeping under review the measures taken to ensure the effective management of the health and safety at work of employees, and also that of patients, contractors and other persons who could be affected by the various work activities of NHS Ayrshire & Arran.

Health, safety and wellbeing is a crucial part of delivering on NHS Ayrshire & Arran's commitment to ensure that we are working together to achieve the healthiest life possible for everyone in Ayrshire and Arran. The focus in relation to our staff is to prevent them becoming injured or ill; keep them healthy in work; and provide accessible support to enable them to remain in or return to work more quickly.

The management of health, safety and wellbeing follows the principles of risk management and this Committee monitors and provides assurance to the Staff Governance Committee through the Area Partnership Forum that the Board is meeting its legal duty.

### 6.2 Responsibility for Risk Management

The following sections provide detailed information in relation to responsibilities for risk management and a summary matrix highlighting key responsibilities for specific areas is contained at Appendix 2.

#### The Ayrshire and Arran NHS Board

Executive and Non-Executive Board Members share a responsibility for ensuring the success of the NHS Ayrshire & Arran activities, including the effective management of risk and compliance with relevant legislation. In relation to risk management the Board is responsible for:

- articulating the critical success factors for the organisation;
- protecting the reputation of NHS Ayrshire & Arran;
- providing leadership on the management of risk;
- determining the risk appetite for NHS Ayrshire & Arran;
- ensuring the approach to risk management is consistently applied; and
- ensuring that assurances demonstrate that risk has been identified, assessed and all reasonable steps are taken to manage it effectively and appropriately.

#### Chief Executive

As the Accountable Officer, the Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's objectives. To fulfil this responsibility the Chief Executive will:

- ensure that management processes fulfil the responsibilities for risk management as set out in this strategy;
- ensure that full support and commitment is provided and maintained in every activity relating to risk management;

- plan for adequate resources to ensure that priority areas such as people, services, finance and quality are effective, ensuring a positive impact on the management of risk within the organisation;
- ensure an appropriate Code of Corporate Governance is prepared and regularly updated and receives appropriate consideration; and
- ensure that an Annual Governance Statement, adequately reflecting the risk management issues within the NHS Ayrshire and Arran, is prepared and signed off each year.

## **Executive Directors**

Directors will act as responsible officers for their respective areas and will ensure that within their directorates all risk management issues are coordinated, managed, monitored and reviewed including:

- notifying their directorate senior management team of any strategic risks to the delivery of defined objectives or escalating operational problems for onward reporting to the Corporate Management Team;
- leading the management of risk by devising short, medium and long-term strategies to tackle identified risk, including the production of any action plans;
- ensuring that all activities undertaken within their directorate are consistent with the safe operation of the NHS Ayrshire & Arran Board expectation;
- ensuring risk management / health, safety and wellbeing objectives are considered in individual's personal objectives;
- ensuring staff comply with all organisational policies and procedures;
- ensuring that appropriate operational risk registers are maintained and actively managed within their directorate or programme area; and
- making recommendations to the Risk and Resilience Scrutiny Assurance Group in relation to directorate high level risks.

## **Medical Director**

Whilst the Chief Executive has overall accountability for risk management across NHS Ayrshire and Arran, the Medical Director is directly accountable to the Chief Executive and is the executive lead for the Risk Management Strategy, related processes and systems. The Medical Director is responsible for overall leadership and co-ordination of the risk management agenda for all categories of risk, in partnership with other Directors and is supported by the Competent Person - Risk.

## **Human Resource Director**

The Human Resource (HR) Director is accountable to Chief Executive for leadership and co-ordination of the staff governance agenda and staff risk (including management of staff and occupational health and safety risks). The HR Director works in partnership with the Medical Director to ensure that there is continued focus on an integrated risk management agenda and is supported in this process by the Competent Person –Occupational Health and Safety.

## **General Managers, Heads of Service, Senior Managers and Clinical Leads**

All General Managers, Senior Managers and Clinical Leads are responsible for ensuring:

- that appropriate and effective risk management processes are in place within their designated areas and scope of responsibility including;
- that all their staff are made aware of the risks within their work environment and of their personal responsibilities, and that all their staff receive appropriate information, instruction and training to enable them to work safely. This responsibility extends to anyone affected by the Board's operations, including patients, contractors, members of the public and visitors; and,
- that all necessary risk assessments are carried out within their directorate/department in liaison with relevant advisors where necessary, e.g. Risk Management, Health and Safety, Infection Prevention and Control, etc.

## **Directorate/Department Risk Officers**

Responsible within an individual speciality, department or Directorate area for maintaining lines of communication with the risk function, administering the risk register and coordinating all risk activities

## **All Staff**

All staff have a responsibility for contributing to the management of risk and are therefore responsible for:

- familiarising themselves and complying with this strategy and any relevant departmental risk management procedures;
- complying with all Board policies, procedures and guidance for the protection of the health, safety and wellbeing of themselves and others;
- being aware of their duty under legislation and Staff Governance Standards to take reasonable care of their own safety and the safety of others;
- identifying risks within their area of work and taking appropriate action to assess and manage such risks and/or report them to their line manager;
- being aware of any emergency procedures relevant to their role and place of work, e.g. resuscitation, evacuation and fire precaution procedures;
- attending training and development events to ensure a full understanding of their risk management responsibilities; and,
- reporting adverse events and near misses using the Adverse Event Reporting System (Datix).

## **Partnership Working**

Working together with our Health and Social Care Partnerships and Local Authorities and their Integrated Joint Boards (IJBs) and constituent parties across North, South and East Ayrshire in terms of Risk Management plays a significant role in the success of the risk management agenda.

The IJBs have their own Risk Management Strategies including a risk monitoring framework, and a Risk Register, which is maintained and shared between parties. Risks on delegated services which are shared between parties require to be communicated across partner organisations with clear responsibilities, ownership and timescales

Our approach to risk management recognises the importance of working in partnership with all relevant stakeholders including:

- Patients and the Public;
- Staff; and
- Partner Agencies, Contractors and the Voluntary Sector.

## 7. Risk Management Process

### Overview

The Board has adopted the Australia/New Zealand risk management model. This provides a generic model for identifying, prioritising and dealing with risks in any situation – whether at local or corporate level. The process is shown at Figure 1.

Each stage of the risk management process should be documented in order to:

- demonstrate the process is conducted properly;
- provide evidence of systematic approach;
- provide a record of risk and to develop the Board’s knowledge of risk;
- provide relevant decision makers with a risk management plan for approval etc.,
- provide an accountability mechanism and tool;
- facilitate review and monitoring;
- provide an audit trail; and,
- share and communicate information.

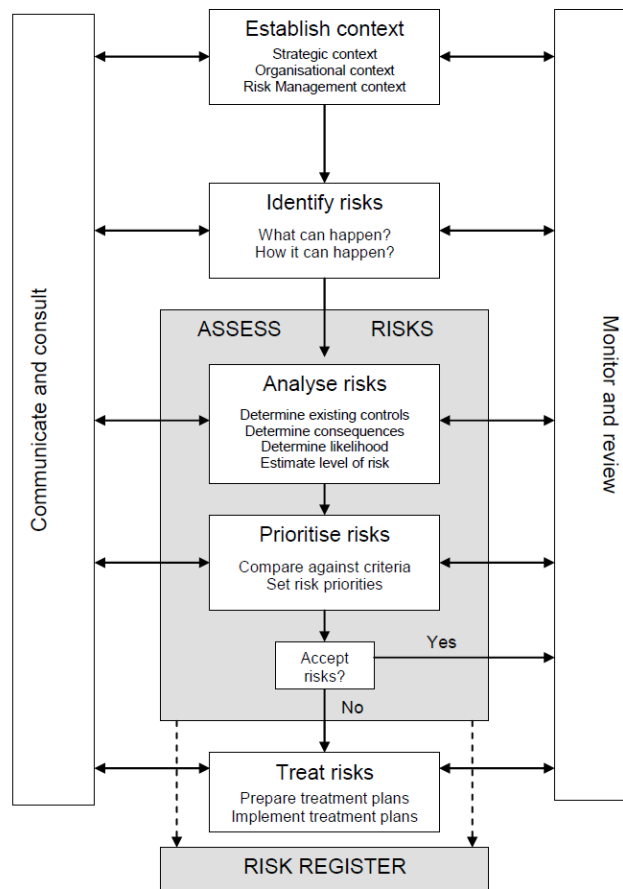


Figure 1 – Risk Management Process

This process has been simplified into four stages covering the identification, assessment, management and treatment of risk. This four stage approach along with a brief management of risk guide is contained at Appendix 3.

### Rating of Risks

The rating of risk is useful as a guide for prioritising risks and in ensuring that risks are brought to the attention of the most appropriate staff, i.e. the highest risks are notified to the most senior management level.

Risk is measured in two dimensions: the *consequence* (what the outcome would be should the risk occur) and the *likelihood* (how probable it is that the risk will occur). The matrix that the Board use for rating risks is contained within the Risk Management – Quick Guide Appendix 3 and will result in risks being rated in one of the following four categories as shown in Table 1:

Very High Risk	Red
High Risk	Orange
Moderate Risk	Yellow
Low Risk	Green

Table 1 – Risk Categories

In many cases, there will be existing controls already in place to reduce the consequence and likelihood of risks, e.g. policies and procedures, monitoring and reporting mechanisms, audits, etc., The effectiveness of these controls will be mapped against identified risks and the residual risk assessed using the same categories as above.

The risk management process specifies risks that need to be actively managed. These are assigned a risk owner who is accountable for:

- owning the risk;
- overseeing the development and maintenance of appropriate control measures;
- monitoring the risk where there is material change in its status; and
- reporting on the risk.

While the risk owner has overall accountability for the management of the risk, they might not own or operate the control(s) which relates to the risk. In this case, the role of the risk owner is to oversee that the control(s) is / are owned, are fit for purpose and operate effectively.

### Prioritisation of Risks

Risk prioritisation involves agreeing the order in which risks need to be addressed. Generally, risks will be prioritised according to their rating, i.e. the higher the rating, the higher the priority afforded to the risk. However, some minor risks may be easy to address and tackled sooner rather than later for that reason. Some very high risks may be part of the nature of care given itself and difficult, impractical and even inappropriate to reduce. Reducing a risk may have an adverse impact on another aspect of the Board's business, prevent the taking up of an important opportunity or stifle innovation. The risk prioritisation must consider these broader considerations. For this reason, the Integrated Governance Committee in conjunction with the Corporate Management Team will have final responsibility for prioritising risks.

## **Risk Appetite**

Risk appetite is the amount of risk which is judged tolerable and justifiable. It is the amount of risk that any organisation is prepared to accept, tolerate, or be exposed to at any one point in time. A formal risk appetite statement is in place; it will be agreed every two years by the Board and included within the Code of Corporate Governance

## **Treatment of Risks – 4Ts**

The following options required to be assessed and the most appropriate option selected for the management of each risk:

**Tolerate the risk (accept)** – means the risk is known and accepted by the organisation. In instances such as high/very high risk the Risk and Resilience Scrutiny and Assurance Group should formally sign off that this course of action has been taken;

**Treat the risk (manage)** – means we aim to reduce the likelihood of the threat materialising or else reduce the resultant impact through introducing relevant controls and continuity strategies;

**Terminate the risk** – do things different therefore removing the risk; and

**Transfer the risk** – arranging for another party to bear or share some part of the risk, through contracts, partnerships, joint working, Insurance, etc., although this does not eliminate the risk.

Further information on the treatment of risk can be found within the “Managing and Controlling Risks” section of Appendix 3.

## **Monitoring and Review of Risks**

Progress in implementing the Board’s risk action plans will be monitored on at least a quarterly basis to enable the underlying risks to be re-assessed. This monitoring will be carried out by the respective Governance Committee and overseen by the Integrated Governance Committee.

Where the residual risk remains in the moderate to very high, the risk management process will be repeated until the risk is either eliminated or reduced to an acceptable level so far as is reasonably practicable.

## **Risk Registers**

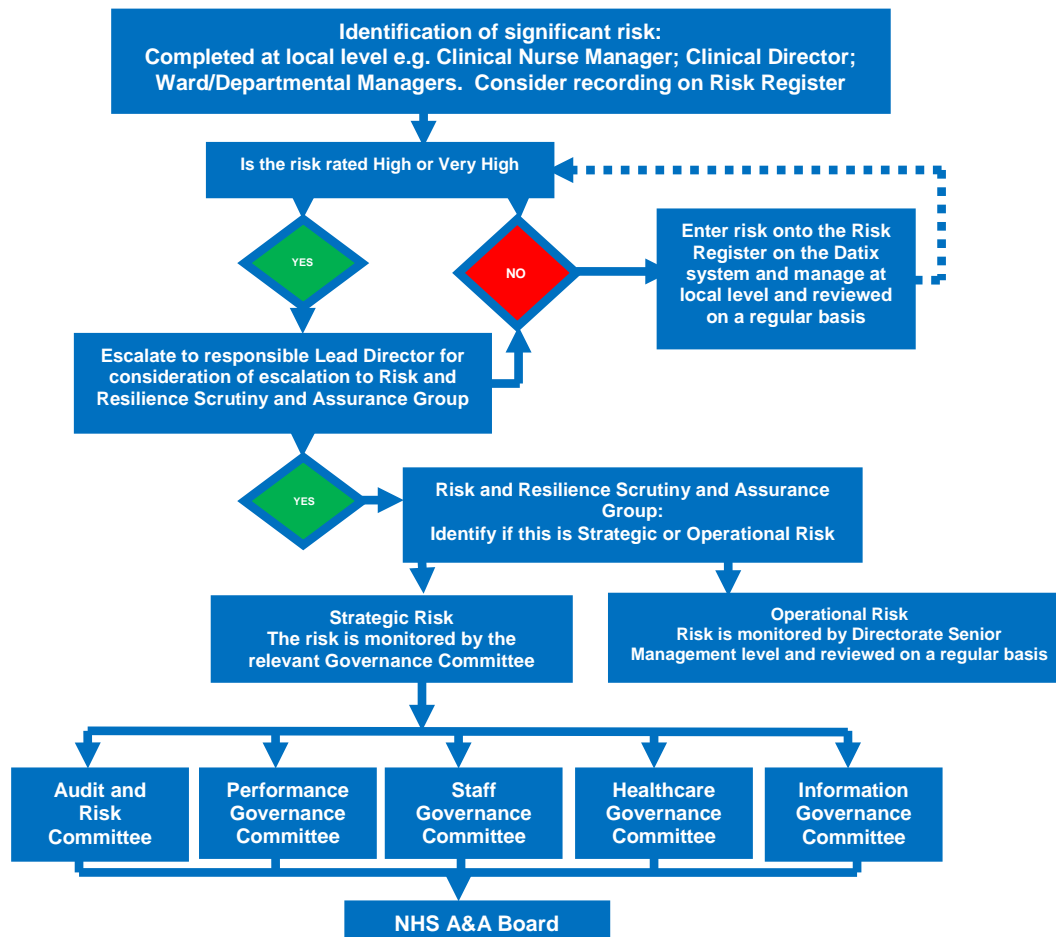
The risks faced by the organisation are many and varied, ranging from health and safety risks to its employees, clinical risk to patients, to the potential failure to balance the books or achieve the corporate objectives.

At the heart of the risk management process outlined above is the risk register, a management tool that enables the organisation to understand its comprehensive risk profile. It is a repository for all risk information. The related risk action plan provides the priority given to managing the risk by the organisation together with the actions needed to address the risk in question.

A tiered process involving local directorate based registers and a corporate register has therefore been implemented to reflect this risk profile. The aim of this approach is to ensure that the higher risk picture does not become clouded by the day to day risk

management issues that can be and are dealt with as a matter of course at local level, whilst still providing a clear route for significant local issues to influence the strategic risk profile. Figure 2 below demonstrates the process of escalation for risks, commencing with activity based risk assessments, escalating to recording on local directorate based registers and finally escalation to recording on the strategic risk register.

**Figure 2: Risk Escalation Process**



## Annual Governance Statement

As Accountable Officer, the Chief Executives is responsible for maintaining sound systems of internal control. The Governance Statement is part of the overall assurance process and will include a section on how NHS Ayrshire & Arran provides assurance that an effective risk management process is in place and risk are identified, assessed and reviewed accordingly.

## 8. Information, Instruction and Training

To implement this strategy effectively, it is essential to achieve:

- a workforce with the competence and capacity to manage risk and handle risk judgements with confidence;
- an organisational focus on identifying malfunctioning systems rather than people; and,
- organisational learning from events.



Training is an essential element in supporting and embedding risk management throughout NHS Ayrshire & Arran and the development of the organisation's risk management service.

To meet organisational requirements, training will be delivered which is dependent upon departmental training needs analysis and risk. Whilst there are many subjects which will fall under the description of risk management, the following courses/tutorials will be provided:

- Risk Management Training; Safety Action Notices, Risk Registers, Risk Grading,
- Risk Management Awareness; What is Risk?, Remit of the Risk Team,
- Adverse Event Review Training: Reporting Training, Reviewer and Final Approver Training, Contributory Factors, Report Writing, SAER Team Pre-Meets, Completion of the Adverse Event Decision Making Form Training
- Risk System (Datix) Training: System Overview, Extracting Data for Reports
- Root Cause Analysis Training

## **9. Key Performance Indicators**

Each part of the organisation is responsible for developing appropriate measures to monitor risk management performance.

The Risk and Resilience Scrutiny and Assurance Group is responsible for developing organisational Key Performance Indicators in line with their approved improvement plan.

## **10. Links to other Policies/Procedures and Guidance**

The Risk Management Strategy should be read in conjunction with the following Corporate Policies:

- Code of Corporate Governance;
- Risk Appetite Statement;
- Health, Safety and Wellbeing Strategy and Policy;
- Health and Safety Manual Procedure No 4 General Risk Assessment Procedure; and
- Adverse Events Policy and supporting guidance.

## **11. Implementation of Strategy**

Support and guidance will be given to all staff to implement the strategy. To support the implementation of the strategy, risk management must be incorporated into the performance objectives for all staff on an annual basis and be part of the induction programme for all new staff.

It is important that all staff understand their roles and responsibilities in relation to Risk Management. These responsibilities are detailed within section 6.2 of this strategy.

Risk Management will work within the remit of the Risk and Resilience Scrutiny and Assurance Group in identifying appropriate training levels commensurate with the requirements of specific job roles.

## **12. Monitoring and Review**

The following reports and information will be provided in support of this strategy:

- the Board will receive an annual assessment of the Risk Management function
- the Audit and Risk Committee and the Board will receive the Strategic Risk Register twice per year for review and assurance:
- the Board will receive notification of all Very High Risks and specifically those relating to Strategic and Partnership Risks;
- the Integrated Governance Committee and the Governance Committees will receive detailed risk management reports including assurance on the management of risk, every quarter;
- A measuring performance programme will be developed to measure the implementation of the risk management strategy at all levels of the organisation and
- A measuring performance report on the Risk Management function within the organisation

The strategy will be reviewed every three years and more frequently if the circumstances demand.

## Definitions

**A risk** is an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives of a programme area (critical success factors). It is measured in terms of consequence/impact and likelihood. It consists of a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on the objectives, where:

- threat is an uncertain event that could have a negative impact on objectives.
- opportunity is an uncertain event that could have a favourable impact on objectives.

An **issue** is a challenging event which has already occurred or currently occurring

The **Code of Corporate Governance** (The Code) is a set of standards and policies which provide the overarching governance framework presented in a detailed document. The Code sets out how NHS Ayrshire & Arran will conduct its business.

**Consequence/Impact** is a measure of the effect that the predicted harm, loss or damage would have on the people, property or objectives affected.

The **control** of risk involves taking steps to reduce the risk from occurring such as application of policies or procedures.

**Critical Success Factor (CSF)** is a measure used by NHS Ayrshire & Arran to ensure that the key programme objectives are being met.

**Gaps in controls or assurance** are where an additional system or process is needed, or evidence of effective management of the risk is lacking.

**Independent assurance** is external evidence that risks are being effectively managed (e.g. planned or received audit reviews).

**Inherent risk** is a risk which is impossible to manage or transfer away.

**Key control mechanisms** are the systems and processes in place that mitigate this risk

**Likelihood** is a measure of the probability that the predicted harm, loss or damage will occur.

**Management assurance/actions** are what we are doing to manage the risk and how this is evidenced – how and when will this be reported to the Board.

**Operational risk** is a key risk, which impacts on a programme's operational achievement.

**Risk assessment** is the process used to evaluate the risk and to determine whether precautions are adequate or more should be done. The risk is compared against predetermined acceptable levels of risk.

**Risk management** is the systematic application of management policies, procedures and practices to the tasks of identifying, analysing, assessing, treating and monitoring risk.

**Strategic (Corporate) risk** is a significant risk that will have an impact across the organisation and not just a specific directorate.

### Risk Management Responsibilities – Quick Reference Guide

	<b>Departmental Risk Registers</b>	<b>Operational Risk Registers</b>	<b>Strategic Risk Registers</b>
<b>All Staff</b>	To identify and report risks for Departmental Risk Registers	N/A	N/A
<b>Competent Person(s)</b>	To provide guidance and support to Directors and Heads of Services as appropriate	To provide guidance and support to Directors and Heads of Services as appropriate	To support and assist the Risk and Resilience Scrutiny and Assurance Group in the development and review of Strategic Risks
<b>General Managers, Heads of Service, Senior Managers and Clinical Leads</b>	To prepare, at least twice per year and in consultation with appropriate colleagues, a 'local' Risk Register for their Departments	To provide assurance to Directors that robust Risk Management Procedures are in place and being monitored	To highlight risks within Department for the attention of the Risk and Resilience Scrutiny and Assurance Group and decision making in relation to addition to Strategic Risk Register
<b>HR Director</b>	Ensure competent support and guidance is available to Directors and Heads of Service in relation to Staff Governance Risks	Ensure competent support and guidance is available to Directors and Heads of Service in relation to Staff Governance Risks	Ensure competent support and guidance is available to Directors and Heads of Service in relation to Staff Governance Risks
<b>Medical Director</b>	Ensure competent support, guidance and systems are in place to enable the management of risk at a Directorate level.	Ensure competent support, guidance and systems are in place to enable the effective reviews of risk registers at a Directorate level	Management of the Strategic risk register process ensuring agreed reporting structures and submission dates are met
<b>All Directors</b>	Ensure suitable arrangements are in place for the management of risk within their Directorate	To receive assurance that Directorate robust Risk Management Procedures are in place and being monitored	To review their Strategic Risks in accordance with time-scale for risk category i.e. very High quarterly, High Six monthly, etc.
<b>Chief Executive</b>	Receiving assurances that all Directors have suitable and sufficient risk management process in place	Receiving assurance that Directorate risk register are reviewed	Receiving assurance that management of the strategic risk register process is in place and included in the Annual Governance Statement

	<b>Departmental Risk Registers</b>	<b>Operational Risk Registers</b>	<b>Strategic Risk Registers</b>
<b>Governance Committees</b>	N/A	N/A	Each committee has a responsibility to provide assurance to the NHS Board in respect of the strategic risks that fall within their specific remit. Strategic risk registers relating to each committee will be provided on a quarterly basis following approval at RARSAG
<b>Risk and Resilience Scrutiny and Assurance Group</b>	<p>Develops, reviews and monitors implementation of NHS Ayrshire &amp; Arran's Risk Management Strategy and assuring operational delivery.</p> <p>Embeds risk management and organisational resilience wherever possible into the organisation's existing philosophy, practices and business processes.</p> <p>Develops, reviews and monitors implementation of NHS Ayrshire &amp; Arran's Organisational Resilience Strategy.</p>		
<b>The Board</b>	N/A	N/A	<p>To receive updates on Strategic Risks twice per year.</p> <p>To receive annual assurance from the Board's Governance Committees that effective Risk Management is taking place.</p>

## Risk Management – A Quick Guide

### What is Risk Management and why do we have to do it?

Risk is something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat. Good risk management means that we have a better understanding of what risks and opportunities NHS Ayrshire & Arran faces and how it can best manage them.

This quick guide provides basic details on the risk management process more detailed information in relation to using the Risk Management System (Datix) risk register, directorate risk registers, peer review process, etc. can be found in the supporting Management of Risk Guidance document.

Understanding and managing threats or risks comes down to four very simple questions:

1. What are the worst things that could happen to us?
2. What is the likelihood of them happening?
3. What would be the impact?
4. What can we do about it? (how can we prevent it from happening, or what can we put in place to manage it if it should?)

There are several tools which can be used to answer these questions. For simplicity and ease of understanding our approach is to use a simple 4 stage process of identification, assessment, management and review to ensure our risks are recorded and effectively managed. This approach is shown in Figure 3 and described in the four sections below.

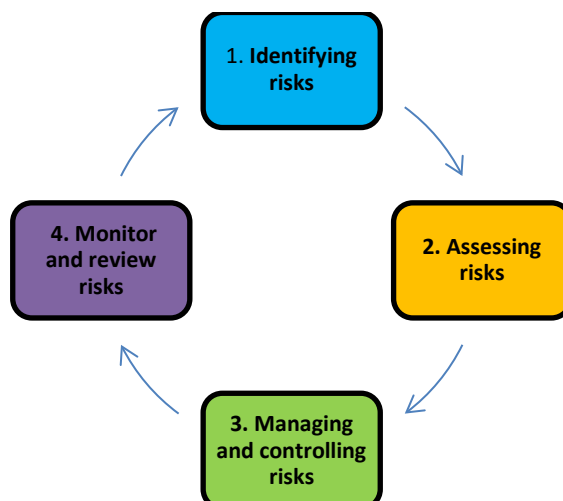


Figure 3 – Four Steps to Managing Risk

## 1. Identifying risks

To identify risks think through the things that could prevent or hinder your team from achieving its business objectives. There are three parts to a risk – an event that has a consequence that leads to an impact on our objectives. Typical risk phrasing could be:

*loss of...  
failure of.....  
failure to...  
lack of...  
development of...* }      *leads to .....*      *resulting in.....*

You will also need to identify whether the risk is:

- Strategic: risks that are significant in size and duration and will impact on the reputation and performance of NHS Ayrshire & Arran as a whole and in particular on its ability to deliver its four Board objectives;
- Corporate: risks to corporate systems or processes that underpin the organisation's overall governance, operation and ability to deliver services;
- Partnership: risks to a partnership meeting its objectives or delivering agreed services/projects; or,
- Operational: risks specific to the delivery of individual services/service performance/project.

## 2. Assessing risks

Residual = the level of risk remaining after managing it through treatment and/or control measures.

To identify the Residual we simply identify the consequence score from the appropriate domain listed in Table 2 after we have identified the control measure. We then multiple the consequence score by the likelihood of the event occurring. The likelihood score is taken from the matrix at Table 3.

Multiplying the consequence x likelihood then provides us with the Residual Risk. The Residual risk score helps to make decisions about the significance of risks to the NHS Ayrshire and Arran, and how they will be managed, the controls required and the treatment of the risk. This can be found in Table 4.



## SEVERITY CONSEQUENCE MATRIX

Description and definition of the **CONSEQUENCE / IMPACT** of the risk should it occur (these are a guide)

<b>“Domains”</b>	<b>1 Insignificant</b>	<b>2 Minor</b>	<b>3 Moderate</b>	<b>4 Major</b>	<b>5 Extreme</b>
Objectives and projects	<ul style="list-style-type: none"> <li>Barely noticeable reduction in scope / quality / schedule</li> </ul>	<ul style="list-style-type: none"> <li>Minor reduction in scope / quality / schedule</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in scope or quality, project objectives or schedule.</li> </ul>	<ul style="list-style-type: none"> <li>Significant reduction in ability to meet project objectives or schedule.</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet project objectives, reputation of the organisation seriously damaged and failure to appropriately manage finances.</li> </ul>
Injury (physical and psychological) to service users/staff.	<ul style="list-style-type: none"> <li>Adverse event leading to minor injury not requiring first aid.</li> </ul>	<ul style="list-style-type: none"> <li>Minor injury or illness, first-aid treatment needed. No staff absence required.</li> </ul>	<ul style="list-style-type: none"> <li>Significant injury requiring medical treatment and/or counselling.</li> </ul>	<ul style="list-style-type: none"> <li>Major injuries or long term incapacity/ disability (loss of limb), requiring medical treatment and/or counselling.</li> </ul>	<ul style="list-style-type: none"> <li>Incident leading to death or major permanent incapacity.</li> </ul>
Patient/Service User experience & outcome	<ul style="list-style-type: none"> <li>Reduced quality of service user experience / clinical outcome not directly related to delivery of clinical care.</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory service user experience / clinical outcome directly related to care provision – readily resolvable</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory service user experience / clinical outcome, short term effects – expect recovery &lt; 1Wk</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory service user experience / clinical outcome, long term effects - expect recovery &gt; 1Wk</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory service user experience / clinical outcome, continued ongoing long term effects.</li> </ul>
Complaints / claims	<ul style="list-style-type: none"> <li>Locally resolved complaint</li> </ul>	<ul style="list-style-type: none"> <li>Justified complaint peripheral to clinical care</li> </ul>	<ul style="list-style-type: none"> <li>Below excess claim.</li> <li>Justified complaint involving lack of appropriate care.</li> </ul>	<ul style="list-style-type: none"> <li>Claim above excess level.</li> <li>Multiple justified complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple claims or single major claim.</li> </ul>
Staffing and competence	<ul style="list-style-type: none"> <li>Short term low staffing level (&lt; 1 day), where there is no disruption to patient care.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing low staffing level results in minor reduction in quality of service user care</li> <li>Minor error due to ineffective training / implementation of training.</li> </ul>	<ul style="list-style-type: none"> <li>Late delivery of key objective / service due to lack of staff.</li> <li>Moderate error due to ineffective training / implementation of training.</li> <li>Ongoing problems with staffing levels</li> </ul>	<ul style="list-style-type: none"> <li>Uncertain delivery of key objective / service due to lack of staff.</li> <li>Major error due to ineffective training / implementation of training.</li> </ul>	<ul style="list-style-type: none"> <li>Non delivery of key objective / service due to lack of staff.</li> <li>Loss of key staff.</li> <li>Critical error due to insufficient training / implementation of training.</li> </ul>

<b>“Domains”</b>	<b>1 Insignificant</b>	<b>2 Minor</b>	<b>3 Moderate</b>	<b>4 Major</b>	<b>5 Extreme</b>
Service / business interruption	<ul style="list-style-type: none"> <li>Interruption in a service which does not impact on the delivery of service user care or the ability to continue to provide service</li> </ul>	<ul style="list-style-type: none"> <li>Short term disruption to service with minor impact on service user care.</li> </ul>	<ul style="list-style-type: none"> <li>Some disruption in service with unacceptable impact on service user care.</li> <li>Temporary loss of ability to provide service.</li> </ul>	<ul style="list-style-type: none"> <li>Sustained loss of service which has serious impact on delivery of service user care resulting in major contingency plans being invoked.</li> </ul>	<ul style="list-style-type: none"> <li>Permanent loss of core service or facility.</li> <li>Disruption to facility leading to significant “knock on” effect.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>Negligible organisational financial loss (£&lt; 1k).</li> </ul>	<ul style="list-style-type: none"> <li>Minor organisational financial loss (£1-10k).</li> </ul>	<ul style="list-style-type: none"> <li>Significant organisational financial loss (£10-100k).</li> </ul>	<ul style="list-style-type: none"> <li>Major organisational financial loss (£100k-1m).</li> </ul>	<ul style="list-style-type: none"> <li>Severe organisational financial loss (£&gt;1m).</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Small number of recommendations which focus on minor quality improvement issues.</li> </ul>	<ul style="list-style-type: none"> <li>Minor recommendations made which can be addressed by low level of management action.</li> </ul>	<ul style="list-style-type: none"> <li>Challenging recommendations but can be addressed with appropriate action plan.</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement Action.</li> <li>Low rating.</li> <li>Critical report.</li> </ul>	<ul style="list-style-type: none"> <li>Prosecution.</li> <li>Zero Rating.</li> <li>Severely critical report.</li> </ul>
Adverse publicity / reputation	<ul style="list-style-type: none"> <li>No media coverage, little effect on staff morale.</li> </ul>	<ul style="list-style-type: none"> <li>Local Media – short term.</li> <li>Minor effect on staff morale / public attitudes.</li> </ul>	<ul style="list-style-type: none"> <li>Local Media – long term.</li> <li>Impact on staff morale and public perception of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>National Media (&lt; 3 days).</li> <li>Public confidence in the organisation undermined.</li> <li>Usage of services affected.</li> </ul>	<ul style="list-style-type: none"> <li>National Media (&gt; 3 days).</li> <li>MP / MSP Concern (Questions in Parliament).</li> </ul>
Organisational / Personal Security, and Equipment	<ul style="list-style-type: none"> <li>Damage, loss, theft (£&lt; 1k).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£1-10k).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£10-100k).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£100k-1m).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£&gt;1m).</li> </ul>

Table 2 – Consequence/Impact Matrix

**Likelihood**

	<b>1 Remote</b>	<b>2 Unlikely</b>	<b>3 Possible</b>	<b>4 Likely</b>	<b>5 Almost Certain</b>
Probability	<ul style="list-style-type: none"> <li>Will only occur in exceptional circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>Unlikely to occur but definite potential exists.</li> </ul>	<ul style="list-style-type: none"> <li>Reasonable chance of occurring – has happened before on occasions.</li> </ul>	<ul style="list-style-type: none"> <li>Likely to occur – strong possibility.</li> </ul>	<ul style="list-style-type: none"> <li>The event will occur in most circumstances.</li> </ul>

Table 3 – Likelihood

LIKELIHOOD	SEVERITY				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
5 Almost Certain	5	10	15	20	25
4 Likely	4	8	12	16	20
3 Possible	3	6	9	12	15
2 Unlikely	2	4	6	8	10
1 Remote	1	2	3	4	5

Table 4 – Risk Rating

### 3. Managing and controlling risks

Level of Risk	Risk	How the risk should be managed
<b>VeryHigh (20-25)</b>	Immediate Action Required Intolerable	Requires active management to manage down and maintain the exposure at an acceptable level. Escalate upwards. The activity or process should not be started or allowed to continue until the risk level has been reduced. While the control measures selected should be cost-effective, legally there is an absolute duty to reduce the risk. Review every 3 months.
<b>High (10-16)</b>	Immediate Action Required Unacceptable	Contingency plans may suffice together with early warning mechanisms to detect any deviation from the profile. Escalate upwards. If a new activity or process, it should not be started until the risk has been reduced. Considerable resources may have to be allocated to reduce the risk. Where the risk involves an existing activity or process, the problem should normally be remedied within one to three months. Review every 6 months.
<b>Moderate (4-9)</b>	Action Required	Efforts should be made to reduce the risk, but the cost of reduction should be carefully measured and limited. Risk reduction measures should normally be implemented within three to six months. Re-assess frequently
<b>Low (1-3)</b>	Acceptable	No further preventative action is necessary, but consideration should be given to more cost-effective solutions or improvements that impose no additional cost burden. Monitoring is required to ensure that the controls are maintained. Review periodically to ensure conditions have not changed.

Table 5 – How Risks should be managed

## THE FOUR Ts

The level of the inherent risk will help determine the best treatment for a risk, whether strategic, corporate, partnership or operational. Once the type of risk has been determined, consideration must be given to the most appropriate to treat the risk, action plan will be require to be drawn up and implemented. The rating and prioritisation of the risk will determine the speed with which the risk action plan should be implemented and at which level of the organisation the risk needs to be reported.

<b>Tolerating</b>	<p>NHS Ayrshire &amp; Arran may tolerate a risk where:</p> <ul style="list-style-type: none"> <li>• the risk is effectively mitigated by internal controls, even if it is a high risk</li> <li>• the risk cannot be mitigated cost effectively</li> <li>• the risk opens up greater benefits</li> </ul> <p>These risks must be monitored and contingency plans should be put in place in case the risks occur.</p>
<b>Treating</b>	<p>This is the most widely used approach. The purpose of treating a risk is to continue with the activity which gives rise to the risk, but to bring the risk to an acceptable level by taking action to control it in some way through either:</p> <ul style="list-style-type: none"> <li>• containment actions (these lessen the likelihood or consequences of a risk and are applied before the risk materialises) or</li> <li>• contingency actions (these are put into action after the risk has happened, thus reducing the impact. These must be pre-planned)</li> </ul>
<b>Terminating</b>	<p>Doing things differently and therefore removing the risk. This is particularly important in terms of project risk, but is often severely limited in terms of the strategic risks of an organisation.</p>
<b>Transfer</b>	<p>Transferring some aspects of the risk to a third party, e.g. via insurance, or by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks, or risks to assets. However it is a limited option.</p>

Table 6 – The Four Ts

## CONTROLS

Any action, procedure or operation undertaken to either contain a risk to an acceptable level (the impact), or to reduce the likelihood. Where future actions are planned these should have a date by which they will be implemented.

## 4. Monitor and Review Risks

### REPORTING RISK

Nothing stays the same forever. By talking to your staff and monitoring incident rates and control measures, you will be able to judge whether your risk control measures are effective. Managers and staff must be given responsibility to oversee the process and develop reporting procedures, discussing and helping to implement solutions, as well as monitoring the solutions for effectiveness.

Your risks should be reviewed regularly to ensure that the risk has not changed and that no further control measures are needed. A risk should also be reviewed if any changes occur that may increase the risk of an adverse event occurring.

There is no legal time frame for when you should review your risk assessment. However, NHS Ayrshire & Arran has adopted the “It is at your discretion” to decide when a review is deemed necessary, but the risk assessment is a working document and, as your business experiences change, this information should be recorded and updated. As a guide, it is recommended that risk assessments be reviewed on an annual basis.