Section G

Risk Management

This section explains how NHS Ayrshire & Arran staff will manage risks that affect the organisation.

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Item 1: Statement of Intent

NHS Ayrshire and 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 and 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 linage 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.

Item 2: Purpose

2.1 NHS Ayrshire & Arran's purpose is 'Working together to achieve the healthiest life possible for everyone in Ayrshire and Arran'. This purpose is supported through commitments to our service users and families, our staff and our partners and underpinned by our values: Caring, Safe and Respectful.

The NHS Board recognises that it is not possible to eliminate all the risks which are inherent in the delivery of healthcare and is willing to accept a certain degree of risk.

2.2 Risk management is an integral part of the NHS Ayrshire & Arran system of internal control. Corporate assurance is a process designed to provide evidence that an NHS organisation is doing its "reasonable best" to meet objectives, protect patients, staff, the public and all stakeholders against risks of all kinds.

2.3 In the case of Partnership Working with other agencies, the NHS Ayrshire & Arran Risk Management Strategy will be shared to identify and quantify the individual risks, particularly where responsibility cannot be assigned to an individual partner. In the particular case of NHS and Local Authorities jointly managed services, each partner's risk management arrangements will be taken into account when identifying and quantifying risks associated with the provision of such jointly managed services.

Item 3: Approach to Risk Management

3.1 The Risk Management Strategy provides the overarching framework for the management of risk within NHS Ayrshire & Arran and it applies across all parts of the organisation and to everyone employed by NHS Ayrshire & Arran, including permanent, temporary, locum, contracted agency and bank staff.

3.2 The Strategy sets out the the vision, objectives and organisational arrangements for the management of risk, over the three-year period from 2023-2026 and describes in detail the risk management process for identifying, rating, prioritising and managing risk, how these functions should be carried out and organisational responsibility and accountability. These functions include adverse event and near miss reporting and management; identification and management of risk; and a more integrated approach to sharing of learning information with the ultimate aim of improving patient care and reducing harm.

3.3 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 & Arran. Risk management is central to the effective running of any organisation. At its simplest, risk management is good management practice and it should not be seen as an end in itself, but as part of an overall management approach.

3.4 In essence, 'Risk management' means having in place a corporate and systematic process for evaluating and addressing the impact of risks in a cost effective way and ensuring that staff have the appropriate competencies to identify and assess the potential for risks to arise.

3.5 Risk management proactively reduces identified risks to an acceptable level by creating robust systems for assessment and prevention, rather than reaction and remedy. It plays a vital part in informing decision making and supporting a culture of quality improvement within an organisation. A risk management system is based on a systematic process of:

- Identification
- Assessing
- Managing and controlling
- Monitor and review

3.6 Many of the organisation's existing practices and processes already include elements of risk management. The integrated approach consolidates these elements in order to:

- provide a consistent approach to risk management
- demonstrate how risk management is integrated into the organisation's strategic planning, operational and day to day activities
- ensure that risk management is embedded in the decisions staff make
- clarify roles and responsibilities in the risk management process
- continuously improve risk management approach and the quality of risk information the organisation holds
- provide a framework that will give assurance to the NHS Board and stakeholders of the organisation's ability to deliver its strategic objectives

3.7 NHS Ayrshire & Arran's approach to risk management recognises the importance of working in partnership with all relevant stakeholders where appropriate including:

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

3.8 Working together with our Health and Social Care Partnerships, Integration Joint Boards (IJBs) and Local Authorities 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

Item 4: Organisational Responsibility and Accountability

The Risk Management Strategy defines the control framework, that is the Scheme of Delegation, set by the NHS Board in relation to responsibility for risk management throughout NHS Ayrshire & Arran. The Scheme of Delegation identifies which powers and functions the Chief Executive shall perform personally and those which they have delegated to other Directors and Officers. In addition it identifies those powers and functions delegated by the NHS Board to sub-committees.

4.1   NHS Ayrshire & Arran Board

4.1.1   The NHS Board has overall corporate responsibility for the risk management strategy and for ensuring that significant risks are suitably and sufficiently identified, monitored and controlled. It does this by ensuring that an effective programme for managing all types of risk is in place.

4.1.2   The NHS Board will receive a Strategic Risk Register report relating to high risks and above every six months for review and assurance. The minutes of the Governance Committees will fully reflect discussion on risk and identify the corporate risks that require to be highlighted to the NHS Board.

4.2   Governance Committees

4.2.1   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.

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

Risk and Resilience Scrutiny and Assurance Group 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. Specifically it is responsible for reviewing and monitoring implementation of NHS Ayrshire & Arran's Risk Management Strategy and assuring operational delivery. It is charged with embedding risk management into the organisation's existing philosophy, practices and business processes

Health, Safety and Wellbeing Committee provides assurance to the Staff Governance Committee that the Board is meeting its legal duty. The Committee 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

4.3.1 Responsibility and accountability is clearly detailed within the Risk Managment Strategy for the following roles:

- Chief Executive
- Medical Director
- Directors (Risk Owners)
- General Managers, Heads of Service, Senior Managers and Clinical Leads (Risk Managers)
- Staff

Item 5: Risk Appetite

5.1 **Risk appetite** is described as the amount of risk, on a broad level, that NHS Ayrshire & Arran is willing to accept in pursuit of its strategic objectives.

5.2 Risk tolerance is the acceptable level of variability to achieving strategic objectives.

5.3 The NHS Board considers the level of risk that it is prepared to accept for key aspects of delivery of healthcare and these are described using our four pillars of performance of service, quality, people and finance, with an underpinning Quality of Reputation, which spans all four Pillars, as demonstrated in the following statement.

5.4 To support the statement, NHS with approval of the Good Governance Institute (GGI) has utilised the use of 'A matrix to support better risk sensitivity in decision taking'. This can be seen as a 'cornerstone' to base our Risk Appetite on. Adaptations have been made to ensure alignment with the needs of NHS Ayrshire & Arran including changes to language to better fit our organisation, and the addition of the People element to align with our four Pillars approach. The matrix is attached at Appendix 1.

NHS Ayrshire & Arran – Risk Appetite Statement

NHS Ayrshire and Arran's purpose is 'Working together to achieve the healthiest life possible for everyone in Ayrshire and Arran.' This purpose is supported through commitments to our service users and families, our staff and our partners and underpinned by our Values: Caring, Safe and Respectful.

The Board recognises that it is not possible to eliminate all the risks which are inherent in the delivery of healthcare. The Board has therefore considered the level of risk that it is prepared to accept for key aspects of the delivery of healthcare and these are described using our four Pillars of performance. However, a fifth Element has been added to the Risk Appetite Statement which covers Reputational risk. This has been added, as we are aware that reputational risk can be found in all of the four Pillars of Performance.

Service

We acknowledge that healthcare operates within a highly regulated environment and that we have to meet high levels of compliance expectations from a range of regulatory sources. We will endeavour to meet those expectations within a framework of prudent controls, balancing the prospect of risk elimination against pragmatic operational imperatives.

We have a **High level of Risk Appetite to Service**, as detailed below (See Appendix 1 for Risk Appetite Matrix): "Any opposition would be problematic but we are likely to win it. We would always comply with legal and regulatory requirements and would be able to evidence this. The gain will outweigh the adverse consequences."

Quality

The quality of our services, measured by clinical outcome, patient safety, wellbeing and patient experience is at the heart of everything we do. We are committed to a culture of quality improvement and learning, ensuring that quality of care and patient safety is above all else.

We have a **High level of Risk Appetite to Quality** (See Appendix 1 for Risk Appetite Matrix):
"Innovation is supported whilst maintaining compliance, and demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved."

People

Our People Strategy identifies the current and anticipated future workforce challenges the Board needs to address, defines the kind of organisation and employer the Board aspires to be, and outlines our commitments and objectives to our people and, reciprocally, what the Board expects from its people.

We have a **High level of Risk Appetite to People** (See Appendix 1 for Risk Appetite Matrix) and are

"Prepared to accept the possibility of some staffing risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention and development opportunities for staff."

Finance

The Board spends about £1 billion a year of taxpayer funding for which we are accountable for financial governance and delivering value for money. Internal and external audit report to the Audit and Risk Committee, however management are responsible for designing and maintaining the systems for internal control within the Board.

We have a **High level of Risk Appetite to Finance** (See Appendix 1 for Risk Appetite Matrix) and are "Prepared to invest for return and minimise the possibility of financial challenge by managing the risks to a tolerable level, whilst maintaining financial governance. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities."

Reputation

It is recognised and accepted that the elements of Quality, People, Finance and Service have reputational risk associated with them and in turn the subsequent requirement to always safeguard it.

We have a High level of Risk Appetite to Reputation and have an (See Appendix 1 for Risk Appetite Matrix) "Appetite to take decisions with potential to expose the organisation to additional examination / interest. Prospective management of organisation's reputation."

Item 6: Performance Management

6.1. Continuous monitoring and review of the effectiveness of the risk management arrangements will be undertaken using a range of methods including:

- identified Key Performance Indicators
- internal and external audit reports
- adherence to risk structures and processes
- review of risk registers and levels of risk
- reporting of strategic risk

6.2 The following reports and information will be provided in support of the Risk Management Strategy:

- the Board will receive the Strategic Risk Register every six months for review and assurance
- Governance Committees will receive quarterly risk management reports
- a measuring performance programme will be in place to measure the implementation of the risk management strategy at all levels of the organisation

Performance management sets the context in which risks will be evaluated and managed within the organisation. Risk management should therefore be included within the performance reports and be an integral part of planning and performance processes.

Item 7: Learning and Development

7.1 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
- organisational learning from events

7.2 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.

7.3 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 training will be provided:

- Risk Management Awareness
- Risk Assessment Training
- Adverse Event Review Training
- Risk System Training
- Root Cause Analysis Training

7.4 The Risk Management Strategy calls for a more integrated approach to sharing of learning information with the ultimate aim of improving patient care and reducing

harm. This requirement is reinforced further by the Quality and People strategies which identify the Learning Organisation as a key to the delivery of the Quality Strategy ambitions; the 'Learning from adverse events through reporting and review:A national framework for Scotland December 2019 (4th Edition)' and NHS Ayrshire & Arrans 'purpose'.

7.5   NHS Ayrshire & Arran has ensured that the characteristics of a learning culture[2] are embedded into the organisation. Implementation of such characteristics will have a significant healthy impact upon the management of risk within NHS Ayrshire & Arran.

7.6   Learning does not simply come from the more serious events. The integration of risk management throughout NHS Ayrshire & Arran has led to closer linkages between areas such as Claims, Complaints and Health & Safety providing many areas of learning that require to be shared organisational wide.   A learning note process is in place to facilitate both organisation wide learning and national learning through reporting on Healthcare Improvement Scotland Community of Practice Portal.

of
[2] Quality Improvement Culture and Learning Organisation Strategic Framework, October 2014

Risk Appetite Matrix

NHS Ayrshire & Arran — Good Governance Institute

Success — Service, Quality, People, Finance — **Reputation**

	NONE	LOW	MODERATE	HIGH	VERY HIGH	
Service	Play safe, avoid anything which could be opposed, even unsuccessfully.	Want to be very sure we would win any opposition. Similar situations elsewhere have not breached compliances.	Limited tolerance for exposure to risk whilst maintaining compliance. Want to be reasonably sure we would win any opposition.	Any opposition would be problematic but we are likely to win it. We would always comply with legal and regulatory requirements and would be able to evidence this. The gain will outweigh the adverse consequences.	Chances of losing any opposition are real and consequences would be significant. A win would be a great achievement as compliance may have been compromised if the risk was realised.	Consistently pushing back on regulatory burden. Assertive approach informs better regulation.
Quality	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems / technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority able to be delegated beyond senior management in a limited way. Systems / technology developments limited to improvements to protection of current operations.	Innovation is supported whilst maintaining compliance, and demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
People	Avoidance of decisions that could have a negative impact on staff development, recruitment and retention. Sustainability is primary interest	Avoid all risks relating to the staff unless absolutely essential. Innovative approaches to staff recruitment and retention are not a priority and will only be adopted if established and proven to be effective elsewhere.	Prepared to take limited risks with regards to the staff. Where attempting to innovate, would seek to understand where similar actions have been successful elsewhere before taking any decision	Prepared to accept the possibility of some staffing risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention and development opportunities for staff	Eager to pursue workforce innovation. Willing to take risks which may have implications for the workforce but could improve the skills and capabilities of our staff. Recognise that innovation is likely to be disruptive in the short term but with the possibility of long term gains	
Finance	Avoidance of financial challenge and investing is a key objective. We are only willing to accept the low cost option as Value for Money is the primary concern.	Only prepared to accept the possibility of very limited financial challenges and investing if essential. Value for Money is the primary concern.	Prepared to accept possibility of some limited financial challenge and investing. Value for Money is still the primary concern, but willing to consider other benefits or constraints. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial challenge by managing the risks to a tolerable level, whilst maintaining financial governance. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial challenge (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach.	Consistently focussed on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself.
Reputation	No tolerance for any decisions that could lead to examination of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional examination / interest. Prospective management of organisation's reputation.	Willingness to take decisions that are likely to lead to examination of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
Risk Levels	**0 - Avoid** Avoidance of risk and uncertainty is a Key Organisational objective	**1 - Minimal** Preference for ultra-safe delivery options that have as low degree or as low are reasonably possible, of inherent risk and only for limited reward potential	**2 - Cautious** Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	**3 - Open** Willing to consider all potential delivery options and choose while also providing an acceptable level of reward and maintaining compliance	**4 - Seek** Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)	**5 - Mature** Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust