Risk Management Strategy

'effective risk management today prevents crisis management tomorrow'

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NHS Lanarkshire

Contents

Glossary Of Terms

Acceptable Risk.	An everyday risk, minor in nature, occurring on a routine basis.
Adverse Event.	Any incident / near miss, event or circumstance arising during NHS service provision that could have or did lead to unexpected harm, loss or damage.
Assurance.	Stakeholder confidence in our service gained from evidence showing that risk is well managed.
Blame.	Inappropriate attribution of responsibility to an individual for an adverse event.
Contingency.	An action or arrangement that can be implemented to minimise impact and ensure continuity of service when things go wrong.
Consequence.	Most predictable outcome to the individual or organisation if the circumstances in question were to occur.
Controls.	An existing process, policy, device, practice or other action that acts to minimise negative risk or enhance positive opportunities.
Corporate Governance.	An annual statement signed by the Chief Executive who has overall responsibility for maintaining sound systems of internal control
Elimination of Risk.	Do things differently and thus remove the risk where it is feasible to do so.
Governance.	The system by which organisations are directed and controlled to achieve objectives and meet the necessary standards of accountability, probity and openness in all areas of governance.
Impact.	Most predictable consequences to the individual or organisation were the circumstances in question to occur.
Incident.	Occurrence of a particular set of circumstances.
Incident Recording.	System to report and learn from adverse events and near misses.
Initial Risk.	Based on the likelihood x impact, this is the assessed level of risk if no controls were in place
Internal Control.	Corporate governance arrangements designed to manage the risk of failure to meet NHS Lanarkshire's objectives.
Likelihood.	Used as a general description of probability or frequency which can be expressed quantitatively or qualitatively.
Mitigating Controls.	An action undertaken that will reduce risk, or maintain the risk at its tolerance level
Near Miss.	An undesirable incident that by chance or design did not result in harm or loss.
Partnership.	Way of working where staff at all levels, and their representatives, are involved in developing and putting into practice the decisions and policies which affect their working lives and intended outcomes.

Current Risk. Based on the likelihood x impact, this is the assessed level of risk remaining after implementation of controls.

Risk. The chance of something happening that will have an impact on the organisations ability to achieve its objectives.

Risk Assessment. The overall process of risk identification, risk analysis, risk evaluation.

Risk Register. A portfolio of risk assessments which allows the register and active management of risks that face NHSL at any one time. Its purpose is to help managers prioritise available resources to minimise risk to best effect and provide assurances that progress is being made.

Risk Level. The classification of a risk expressed as a combination of its likelihood and impact.

Risk Control Measure. An action undertaken that will reduce risk to an acceptable level either by reducing the likelihood of an adverse event or the impact of its consequences or both.

Risk Escalation. The process of delegating upward, ultimately to the Board, responsibility for the management of a risk deemed to be impossible or impractical to manage locally.

Risk Management. The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.

Risk Management Framework. Set of elements of an organisation's management system concerned with managing risk. These include strategic planning, decision making and other strategies, processes and practices for dealing with risk.

Risk Tolerance. The acceptable level of variation relative to the achievement of a specific objective, and will be set at the time of assessment of a risk.

Root Cause Analysis. Structured techniques to establish the true systematic causes of an event as opposed to its apparent causes.

Significant Risk. A risk with a grading of high (orange) or very high (red) determined by using the Risk Grading matrix.

Stakeholder. Those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision, activity or risk.

Tolerable Risk. A risk that is allowed to exist so that certain benefit can be gained whilst there is an acceptable level of confidence that the risk is under control.

Transfer Risk. The most common form of risk transfer is insurance.

Risk Appetite. The amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any one time

1. Introduction

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 having staff with the appropriate skills to identify and assess the potential for risks to arise. It is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects. It is pro-active in understanding risk and uncertainty, it learns and builds upon existing good practice and is a continually evolving process that has an essential role in ensuring that defendable and beneficial decisions are made.

It is therefore firmly linked with the ability of NHS Lanarkshire to fulfil clear business objectives. Risk management is used to reinforce, on an ongoing basis, what senior management and The Board are seeking to achieve. It is important to recognise that risk is not only 'bad things happening', but also 'good things not happening'.

To effectively support the implementation of 'Achieving Excellence: A plan for person-centred, innovative healthcare to help Lanarkshire flourish', March 2017, the application of the agreed risk management framework will be necessary to enable identification, quantification and mitigation of the risks that have the ability to undermine the stated Strategic Aims and key Quality Ambitions.

1.1 Risk Management Guiding Principles

Good risk management has the potential to impact on performance improvement, leading to:

- improvement in service delivery;

- more efficient and effective use of resources;

- improved safety of patients, staff and visitors;

- promotion of innovation;

- assurance that information is accurate and that controls and systems are robust and defensible;

- protection of assets;

- Compliance with relevant legislation and regulatory requirements;

- Improved organisational resilience through risk based business continuity planning;

- an established positive reputation for NHS Lanarkshire;

To achieve this, it is essential to actively manage all of the risks involved in service delivery as a routine part of day-to day activities.

1.2 Delivering Corporate Governance

Effective Corporate Governance requires a clear risk management strategy and subsequent policies and systems for managing risk across the whole organisation, this includes addressing how internal controls will operate, be reviewed and provide assurance to the Board. The effectiveness of the Risk Management systems will contribute to the overall assurance process in the form of the Annual Governance Statement.

1.3 Scope and Purpose of the Risk Management Strategy

The Strategy applies to the management of all risk within NHS Lanarkshire. It applies to everyone employed by NHSL and includes permanent, temporary, locum, contracted, agency and bank staff. It also involves working in partnership with other relevant agencies and internal partnership arrangements with staff side.

The purpose of this Strategy is to set out the Board's vision for risk management with a supporting framework that will ensure all the key elements of a risk management system are in place that:

- is integral to achieving objectives and defining accountability;

- has a sense that risk taking can bring both rewards and challenges;

- is a common framework for the analysis of risks;

- is a single point of co-ordination for the process;

- will provide assurance that effective systems are in place;

- identify responsibilities for managing risk;

- describe the remit and relationships of Governance and Risk Management Groups;

- sets out the risk appetite and tolerance for NHSL;

1.4 Risk Appetite and Tolerance

NHS Lanarkshire risk appetite is described as the amount of risk that NHSL is prepared to accept, or be exposed to at any one time in the pursuit of its three principal objectives: Safe, Effective and Person-Centred Care.

Risks with a current risk matrix score of 10, or greater, is considered to exceed NSHL's level of risk appetite and further actions must be taken to mitigate to the lowest possible level. Risks with a score of 9, or less, are considered to be within NHSL's level of risk appetite and are subject to regular monitoring.

Where new risks, or further risks to ongoing activities are identified, NHSL will always attempt to mitigate such risks to a level judged to be acceptable in the prevailing conditions and in the context of a risk aware organisation. An individual risk may have the tolerance set above the risk appetite and must be approved by the Board of NHS Lanarkshire

2. ORGANISATION RESPONSIBILITY AND ACCOUNTABILITY (SCHEME OF DELEGATION)

2.1 Risk Management in Context

There needs to be clarity of 'who does what' otherwise risks may remain unidentified, causing loss that could otherwise be controlled or avoided. This Strategy defines individual and organisational arrangements at local, system wide and Board level.

2.2 Responsibility for Risk Management

There needs to be an appropriate Individual and Committee infrastructure to support the NHSL risk management agenda. This responsibility rises through the organisational structure, ultimately to the Board.

Local Level Responsibility

Clinicians and other staff groups: those at the operational level closest to the risk with the competence and capacity to recognise and manage a particular risk.

Department/Service/Operational Managers and Clinical Leads: day-to-day implementation of risk management within their areas.

Overarching Control

Chief Executive: is the responsible Corporate Management Team member appointed by NHSL for ensuring there is an agreed and fully implemented Risk Management Framework across NHSL.

Medical Director: is accountable for ensuring application of risk management framework to support Quality Strategy.

Director of Quality: is responsible for the identification and effective management of significant adverse events, complaints and legal claims through the Quality Strategy; identification and oversight of significant clinical risk; and alignment of work streams with corporate risks where relevant

Corporate Risk Manager: responsible for development, implementation, evaluation and monitoring of the Risk Management Framework as set-out in the Risk Management Strategy, and provides expert advice to the CMT & Operational Management Teams on the risks registers

Board Secretary: has delegated authority to oversee the corporate risk management function; and the Corporate Governance component part of the Corporate Risk Register on behalf of the Chief Executive.

Hospital Directors: accountable to the Divisional Director for ensuring the implementation of risk management within their area, including development of risk registers aligned to the Divisional Risk Register

Divisional & Corporate Services Directors: provide leadership for risk management across their areas of responsibility, including review of joint risk management and risk performance. Responsible for the development of Divisional Risk Registers aligned to the NHSL Corporate Risk Register.

Where directorates/departments are jointly working with other bodies the risks and the responsibility for managing them should be clearly identified.

Board Level Responsibility

The Board: The Board must ensure that the system of internal control is effective in managing those risks in the manner which it has approved.

Chief Executive: has ultimate responsibility for maintaining a sound system of internal control that supports the achievement of the Board's policies, aims and objectives, whilst safeguarding the public funds and assets. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Board's policies, aims and objectives.

Directors for Medical and Nursing, Human Resources, Finance and Strategic Planning & Performance: provide leadership and co-ordination of the corporate governance, staff governance, financial governance, information governance and clinical governance risk agendas as part of the wider management of risk. This includes identification and management of their component parts of the Corporate Risk Register.

2.3 Organisational Arrangements

Risk will be managed as a routine part of day-to-day business at operational level closest to the risk:

Local Level Responsibility and Co-ordination

Department/Service/Operational Managers: day-to-day implementation of risk management including responsibility for general risk assessment to enable operational decision making, adverse event recording, root cause analysis of adverse events, dissemination of risk information and lessons learned with promotion of learning.

Management Teams: provide leadership, driving the agenda and setting the tone for risk management, review of aggregated risk data, review of directorate/locality risk registers, ensuring integration of risk management, and overview of local risk management performance.

Overarching Responsibility and Co-ordination

Corporate Management Team: leads in the development of the Corporate Risk Register and by doing so ensures that there is an ongoing process in place which is designed to identify the business critical and principal risks to the achievement of the Board's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Quality Directorate: responsible for the development and oversight of adverse events, complaints and legal claims processes in order to provide assurances to the Board through the Governance Committees and external bodies, for example Health Improvement Scotland (HIS) and External Audit.
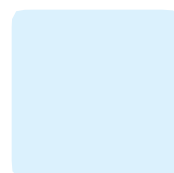
2.4 Board Level Accountability

The Governance Committees of the NHSL Board should review all associated corporate risks associated with their area of business at each of their meetings, and are responsible for challenging the relevant risk reports.

The Board: corporately responsible for owning the NHSL risk management strategy and to ensure that significant risks are adequately controlled. Collectively and individually Board members personally accept vicarious liability for the actions of NHSL and criminal sanctions for breaches of statutory obligations to protect employees

The Planning, Performance & Resource Committee (PPRC): oversee Policy and Strategy development, including development of the financial Strategy. Risk management should be included within performance reports and be an integral part of the planning and performance processes

Audit Committee: through assurance processes that include internal and external audit, an independent objective opinion will be provided to the Board on governance, risk management and the control framework.

The Healthcare Quality, Assurance and Improvement Committee (HQAIC): The role of the HQAIC of the NHSL Board is to provide systems assurance that clinical governance mechanisms, including those relating to clinical risk management, are in place and effective through NHS Lanarkshire

Staff Governance Committee: The Committee has an important role in ensuring consistency of Policy and equity of treatment of staff across the Board, including remuneration and health and safety issues, where they are not already covered by existing arrangements at national level. The Committee must be reassured that risk management systems are in place to deliver the objective of the Committee.

Population Health, Primary Care & Community Services Governance Committee: will govern the actions of NHS Lanarkshire in protecting and improving the health of the population with particular emphasis on addressing inequalities and on delivering effective primary care services. The focus will be on populations and the actions of organisations; provide support to the governance and delivery of Community based services by Health and Social Care Partnerships given their role in the delivery of programmes and services that impact on public health; and be responsible for monitoring the governance of mental health (including learning disability) services.

Acute Governance Committee: monitors and reviews the provision of services by the Acute Division, to ensure that services are provided as efficiently and effectively as possible to meet recognised standards, within available resources, and that services, increasingly, are designed and operated to deliver an integrated patient service.

2.5 Committee / Group Responsibilities

Corporate Management Team: single point of co-ordination to integrate, oversee and direct the risk management agenda, sign off corporate risk policy and consolidate assurances for the Governance Committees that all significant risks are adequately managed, and provide managerial assurances in line with the Management Letter (2012) Governance Statement

The Professional Governance, Strategic Planning and Sharing and Learning Group: co-ordinates the implementation of risk control plans relating to clinical activity, including adverse events and infection control. Review and report on trend analysis for adverse events

Occupational Health and Safety Management Group: co-ordinates the implementation of risk control plans relating to Occupational Health and Safety activity

Other Specialist Committees: Provide assurances to the CMT that specialty risks are being managed effectively and bring to their attention any significant risks. These arrangements are displayed in Appendix A: Risk Management Structure.

3. Risk management aims and objectives

The overall goal of risk management is to establish an appropriate infrastructure and culture of effective and efficient management of risk that will enable continuous improvement in decision-making and facilitate continuous improvement in performance so NHSL can achieve the objectives safely and at lower overall cost.

3.1 Risk Management Objectives

- Risk Management is integral to all business decision making, planning, performance reporting and delivery process to achieve a confident and rigorous basis for decision-making;

- There is an approved risk appetite and tolerance statement;

- Implementation of the Risk Management processes achieves a balance between realising opportunities for gains while minimising losses, in an environment where risk is recognised as a deviation from what is planned or expected rather than interpreted in terms of hazards or negative impacts;

- Risks are managed by targeting underlying system weaknesses rather than blaming staff for error (providing they are not wilful, criminal or evident professional misconduct);

- Management of risk is owned by, and / or devolved to the responsible areas, using a consistent approach to risk management and assessment that informs prioritised decision-making;

- The Corporate Management Team regularly reviews the effectiveness of its risk management strategy, systems and processes across the organisation through the scheduled risk management reporting to CMT, process compliance reporting annual reporting, KPI reporting, internal audit reports, external standards reports and endorsing risk management policies;

- Have available through a range of methods, toolkit and training for staff on, Developing and Monitoring of Risk Registers; Adverse Event Recording and Management; and Complaints and Legal Claims Management;

- Effective process for 'learning lessons' and sharing internally and externally of 'lessons learned'

These objectives will be achieved by having in place a risk management framework.

3.2 Risk Management Framework

The Risk Management Framework, describes the practicalities of how risk management will be approached within NHS Lanarkshire.

Risk assessment: A universal approach (based on the NHS HIS matrix) has been defined for identifying and assessing the significance of risk to judge whether additional controls are required or whether the risk can be accepted. All departments will have arrangements in place for a regular programme of risk assessment the web-based incident recording system, health & safety control book.

Recording and sharing of learning: Adverse incidents/events, complaints and claims tend to fall into recurring patterns regardless of the people involved, mainly due to system weaknesses. Recording of all types of adverse incidents /events and near-misses will enable trends to be identified, system weaknesses to be captured and action taken as defined with the Adverse Event Policy.

Risk registers and escalation: The electronic risk management system is subject to continuous review and enables collation and management of Risk Registers' containing risk assessments With details of mitigating control measures. Its purpose is to help every level of the organisation prioritise available resources to best effect and provide assurances that progress is being made. Significant risks deemed impossible or impractical to manage at a lower level will be escalated to a more senior level.

Monitoring progress: The CMT oversees the progress of risk management as a component of the overarching performance management arrangements to identify and prioritise areas requiring additional support.

Assurance of effectiveness of control: The Corporate Management Team undertakes a self-assessment of the risk management systems through the developed Key Lines of Enquiry to enable the Audit and Governance Committees to provide evidence for the Chief Executive's Annual Corporate Governance Statement.

3.3 Risk Management in Partnership

The NHSL approach to risk management recognises the importance of working in partnership with all relevant internal and external stakeholders, including the Health and Social Care Partnerships. Risk Management partnership working also includes other Health Boards, contractors and the third sector organisations as appropriate.

NHS Lanarkshire has worked in collaboration with the North and South IJB's and Health and Social Care Partnerships to agree a Memorandum of Agreement when considering appropriate ownership of risks that may impact on more than one partner agency and are discussed through the NHSL Corporate Management Team. (see Appendix B)

3.4 Patients and the Public

Risks relating to service availability and quality of service will be managed and communicated. Because NHSL seeks to inspire public trust, for all risks, the Organisation commits to:

- Being open and transparent about our understanding of the nature of risks to the public;
- Seek patient and public involvement in the decision making process of these affected;
- Act proportionately and consistently in dealing with public risks;
- Base decisions on evidence;
- Publish assurance through the Risk Management Annual Report, and the Annual Accountability Review, that we are doing our best to manage risk;
- Engaging in learning lessons when things go wrong.

4. Implementation of the risk Management strategy

Success of the Strategy will be dependent on both sharing the Objectives with all Stakeholders and enabling effective implementation across NHS Lanarkshire.

4.1 Implementation

This strategy sets out the key risk management objectives that are overseen by the Corporate Management Team and reported on through the Risk Management Annual Report.

4.2 Integration with Quality, Assurance and Improvement

The Transforming Patient Safety and Quality of Care Strategy, includes application of the risk framework through the effective management of adverse events and complaints. Assurance Reporting on the contemporary risks and the risk management framework is through the NHSL Audit Committee.

4.3 Review of Strategy

The Strategy is subject to a level of review annually, or earlier where significant change is required, and/or requested through the Corporate Management Team.

4.4 Access to the Risk Management Strategy

The Risk Management Strategy is accessible through the risk management webpage and will be circulated through the Corporate Management Team that includes Chief Officers for both North and South Health & Social Care Partnerships.

Risk Management Reporting Structure

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                        │      NHS BOARD      │
                        └─────────────────────┘
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                              │  Planning, Performance & Resource Committee │
                              └──────────────────────────────────────────┘
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| Audit Committee | Healthcare Quality, Assurance & Improvement Committee | Staff Governance Committee | Acute Governance Committee | Population Health & Primary Care Committee |

| Internal Audit | | Occupational Health & Safety Management Group | Site Clinical Governance & Risk Groups | Public Health Governance |

| Professional Governance, Strategic Planning, Sharing & Learning Group | Information Governance Committee |

Corporate Management Team

The Board

Accountable to Stakeholders for the Governance of Risk

Governance Committees

Review of governance reports and effectiveness of risk manage measures with oversight of relevant risks

CMT

Strategic direction, co-ordination & resolving conflicts and risk prioritisation; risk policies, procedures and monitoring of risk management performance

INTEGRATED RISK MANAGEMENT: RISK REGISTERS

Memorandum of Agreement (MoA)

In continuing to strengthen the risk management partnership arrangements, it will be necessary to agree how some emerging risks may have impact on more than 1 partner. This MoA sets out the process for discussions that will enable risks to be directed to the relevant risk register(s) for effective ownership and mitigation.

Emerging Risk Identified By:

NHSL Board (CMT)   ☐   NHSL Acute Division ☐ NHSL Corporate Functions   ☐

North IJB   ☐   North H&SCP   ☐ South IJB ☐   South H&SCP ☐

(N&SLC –test phase 2) ☐

Date of Identification of Emerging Risk: --/--/--

Describe the nature of emerging risk	Set out mitigation required

Agree ownership of the nature of the risk and mitigating controls, noting that they may be different for each partner with an interdependency on the hosting arrangements, delivery and commissioning aspect of the risk and leads for mitigating controls

Initial Assessed Level of Risk = Likelihood Scoring x Initial Impact Scoring

Likelihood (score 1- 5)		Impact (score 1-5)		Assessed Level of Risk			
Score	Risk	Score	Risk	Score	Risk	Score	Risk
1-4	Low	5-9	Medium	10-15	High	16-25	Very High

Who Else May This Affect?

NHSL Board   ☐   NHSL Acute Division ☐   NHSL Corporate Functions   ☐

North IJB   ☐   North H&SCP   ☐   South IJB   ☐   South H&SCP ☐

Does This Risk Affect/Impact on:

Strategic Commissioning Intentions ☐ ---

Strategic Planning Intentions ☐ ---

Service Delivery ☐ --

Performance Targets ☐---

Staff, Financial or Clinical Governance Implications ☐ ---

CMT for consideration with agreement on the risk and impact for one or more partners

Agreed Outcome - risk to be added to the following risk registers. Description, assessment and mitigation of the risk may vary according to the nature of the impact and the responsibility for mitigation.

	Yes	No
NHSL Corporate Risk Register	☐	☐
NHSL Acute Divisional Risk Register	☐	☐
North IJB Risk Register	☐	☐
North H&SCP Risk Register (health and / or social care component part)	☐	☐
South IJB Risk Register	☐	☐
South H&SCP Risk Register (health and / or social care component part)	☐	☐

Date Discussed and Agreed at CMT: --/--/--

May 2018 / C McGhee