



RISK MANAGEMENT

ANNUAL REPORT

2017/2018

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1. ASSURANCE STATEMENT

As outlined within the Audit Committee Handbook, Scottish Government, (2008), a key role of the NHS Lanarkshire (NHSL) Audit Committee is to support the Board and Accountable Officer to maintain a sound system of internal control, demonstrated through assurance, defined as “an evaluated opinion, based on evidence gained from review, on the organisation governance, risk management and control framework”.

The Corporate Management Team (CMT) agreed, at its meeting on February 2018, an annual evaluation of the risk management arrangements to assure the Audit Committee, and ultimately enable the Chief Executive to complete the Corporate Governance: Governance Statement. This annual evaluation was set out in the “Key Lines of Enquiry”, based on Annex F of the Audit Committee Handbook. This completed evaluation was agreed by the CMT members in February 2018 and was received by the Audit Committee in March 2018.

Based on the core requirements of the framework already in place, the following are the areas of work undertaken this year, and areas of work identified for improvement in 2018/19 to continue to strengthen the risk management framework.

Strengthening of the Risk Management Framework in year:

The CMT, responsible group for risk management, has received the following risk management reports throughout 2017/18:

- Monthly Corporate Risk Register Report, including the development of review of all very high graded risks across NHSL
- Monthly Corporate Policies Report
- Quarterly Process Compliance Reports, based on the Key Performance Indicators for Risk Register, Adverse Events and Corporate Policies
- Quarterly Summary Report Prepared for the Audit Committee
- Annual Key Lines of Enquiry (self-assessment of the effectiveness of the risk management systems)
- Risk Management Annual Report
- Review of the Risk Management Strategy

The CMT have also overseen and approved:

- Review of the Risk Register Policy
- Review of the Organisation Policies : Development & Monitoring
- Changes to the risk appetite and tolerance, including agreement for the ‘boundary’ method of risk appetite and tolerance
- A revised taxonomy of reporting commensurate with the risk appetite and tolerance, including the governance reporting for all corporate risks, including improved reporting
- Development and application of a process to improve Integrated Risk Registers with North and South Integrated Joint Boards (IJB)
- Development and application of a Risk Register Self- Assessment Tool
- A programme of mentoring for all project/site/division/unit/corporate services risk management facilitators across NHSL

- Review and full updating of the risk management webpage to include a 'blog' page and document page for the risk management facilitators across NHSL

The Corporate Risk Manager meets quarterly with every Director (owners of corporate risks) to ensure all corporate risks are adequately assessed, controlled and / or closed and continue to reflect the risk facing NHSL.

Category 1 Adverse Events are now reported on a weekly basis through the CMT huddle, with performance against SAER management (closure of Category 1 adverse event within 90 days) reported on through the Planning, Performance and Resource Committee (PPRC). The type/trends/outcomes/SAER's/learning and improvements from adverse events is reported on through the Healthcare Quality Assurance & Improvement Committee (HQAIC).

Areas identified for continuous improvement for 2018-2019:

- Maintain good practice for governance and operational risk register reporting, including reporting on all very high graded risks and risks above risk appetite
- Development of improved integrated risk register approach with IJB / H&SCP's, and continue to provide subject expertise, working in collaboration with the North and South H&SCP to agree and support a consistent approach to risk register management across the partner agencies and extending into assurance for the respective Audit Committees.
- Implementation of improved risk register review date KPI reporting (CMT and Audit Committee)
- Annual review of the risk management strategy
- Focus on improvements to corporate policies, including GDPR compliance, and the approved move from internal intranet to the NHSL public website
- Continuous development for the mentoring programme for all risk management facilitators across NHSL, including H&SCP
- Working in collaboration with North and South IJB's to review and update the 3 partner risk management strategies to enable synergy.
- Implementation of management actions as agreed through internal audit findings and recommendations

From the work undertaken during the year, the agreed evaluation through the Key Lines of Enquiry and the Interim Evaluation of Internal Control Framework 17/18 : Assessed Outcome for Corporate Governance : Risk Management Arrangements assessed as Level B, the CMT can confirm that there were adequate and effective risk management arrangements in place throughout 2017 -2018.

2. INTRODUCTION

The duty of the NHS Lanarkshire (NHSL) Board is to deliver healthcare both within the law, and without causing harm or loss to the Organisation and all it represents. It does this by ensuring there is an effective Governance Framework, and the operating of a Corporate Governance and Risk Management System. This report sets out to confirm that there have been adequate and effective risk management arrangements in place throughout the year and highlights material areas of risk.

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 within a risk management framework
- Reduction in management time spent 'fire fighting'
- Assurance that information is accurate and that controls and systems are clear and defensible.

Application of the risk management framework will ensure the Organisation's management understands the risks to which it is exposed and deals with them in an informed, proactive manner. Staff are empowered to use their professional judgement in deciding which risks are significant.

The complete elimination of risk will not be a feasible goal for the Board, however in certain circumstances calculated and balanced risk taking and risk mitigation will be required to achieve creative or innovative solutions that will help to improve the services to patients, as expressed through the risk appetite statement. In seeking to deliver these objectives, the CMT will advise on/oversee and/or support:

- Implementation of the Risk Management Strategy & Framework
- Management of Joint Risk with the Integrated Joint Boards (IJB's)
- NHSL Corporate Risk Register
- Risks assessed as very high throughout the organisation
- Risk appetite and tolerance measures, specifically the high and very high graded risks
- Quarterly process compliance reporting with the risk KPI's
- Category 1 adverse event reporting

Application of risk management at all levels in NHS Lanarkshire will further underpin the success of 'Achieving Excellence: A Plan for Person-Centred, Innovative Healthcare to Help Lanarkshire flourish', March 2017, the IJB Commissioning Plans and the NHSL Transforming Patient Safety & Quality of Care Strategy in NHS Lanarkshire, by defining the amount of balanced risk that can be taken to achieve the strategic aims.

There has been, and will continue to be a strengthening of the risk management framework at strategic, corporate, commissioning and delivery level to identify risks and to put in place control measures to mitigate their impact.

There are designated risk management facilitators across the operational sites/units/divisions/corporate services and business critical projects, to facilitate and support the

- Implementation of risk policies and procedures
- Joint risk register management
- Monitoring of compliance with the risk KPI's
- Operational risk reporting
- Use of local data for continuous quality improvement

Continued contributions from all staff groups across NHSL, is essential to respond to the many challenges NHSL will face in delivering a safe, effective and person-centred care in the years ahead; within the financial constraints delivery of Cash Releasing Efficiency Schemes (CRES) and the impact of the integrated Health and Social Care Partnerships; nGMS Contract and Regional Planning.

3. STRATEGY AND FRAMEWORK YEAR 2017-2018

3.1 Risk Management Strategy Review

NHSL has in place an approved Risk Management Strategy with a scheme of delegation. The Strategy has been subject to review in year to reflect the changes resulting from new Population Health & Primary Care Governance Committee, Acute Governance Committee and review of risk appetite and risk tolerance statement.

The Risk Management Strategy sets-out:

- risk management guiding principles
- aims and objectives
- scheme of delegation
- implementation of the strategy and framework
- risk appetite and risk tolerance

The Strategy can be accessed through the Risk Management web page.

3.2 Organisational Structure : Risk Management Reporting

The accountability and reporting structure for the risk management function is outlined in the risk management strategy, with the CMT having the responsibility to develop, refine, review and oversee the implementation of the Strategy in support of the Board and in collaboration with the Governance Committees. The CMT has a collective responsibility to support and promote risk management across NHSL.

The Audit Committee has overall responsibility to evaluate the System of Internal Control and Corporate Governance, including the Risk Management Strategy, Framework and Processes.

Core risk management reporting through the year is outlined below:

- The CMT have received standard monthly risk reports:
 - Corporate Risk Register Report
 - Corporate Policies Report
- The agreed schedule of reporting for CMT and onward reporting to the Audit Committee was implemented and included:
 - Quarterly Risk Management Process Compliance Report
 - Quarterly Risk Management Report
 - Annual Review of the Strategy
 - Annual Key Lines of Enquiry
 - Annual Report
 - Any other relevant reports including internal/external audit, Healthcare Improvement Scotland (HIS) Reports

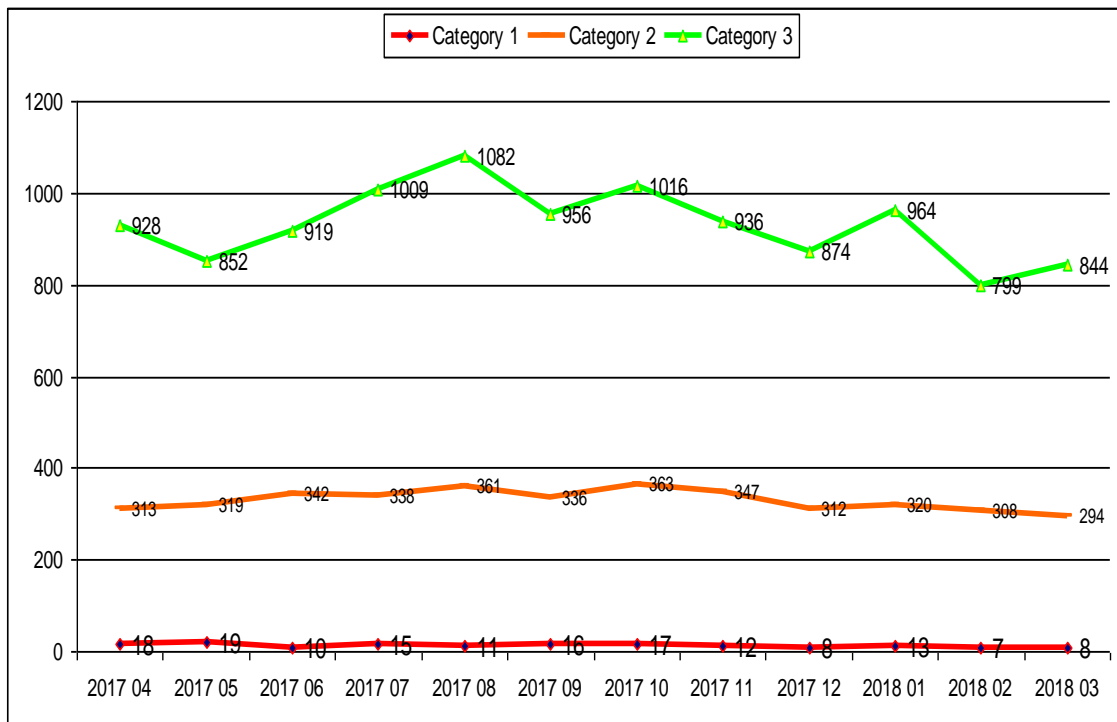
3.3 Electronic Risk Management System: DATIX & Data Reporting

NHSL continues to use Datix as the electronic Risk Management System, utilising the following modules:

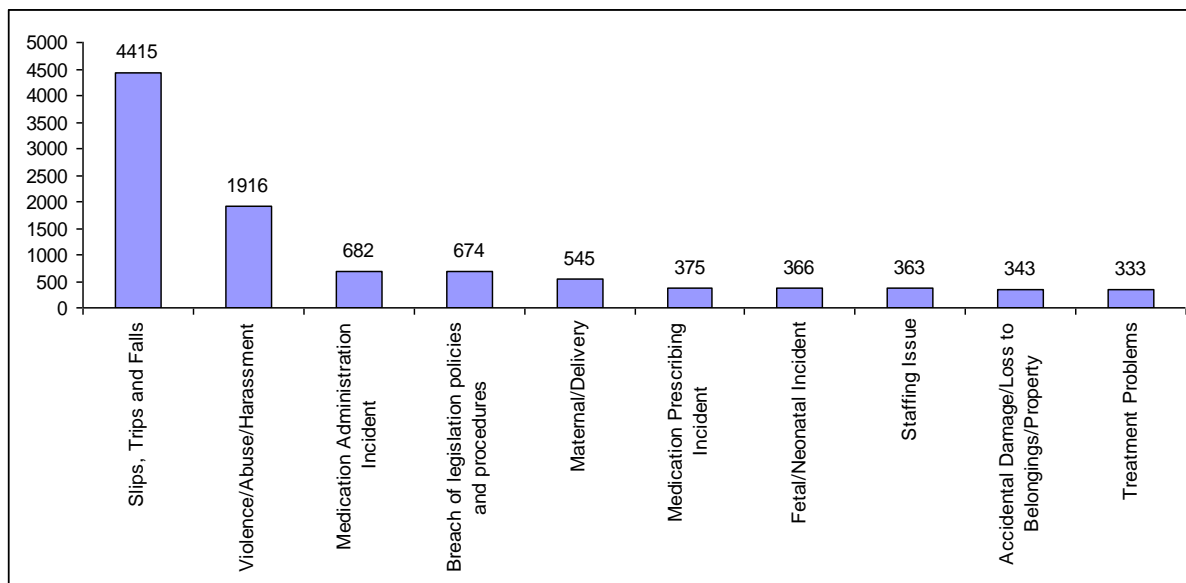
- Risk Register module
- Incident recording module
- Claims module
- Complaints module
- PALS module (as a general enquiry line)

3.3.1 Adverse Event Data

The adverse event recording process, as with other Health Board areas, is a voluntary recording system dependent on the culture of the organisation and may not represent all adverse events that actually occur, or some types of adverse events may be overly represented. The following table outlines the overall number of incidents recorded for the period 1st April 2017 – 31st March 2018 for Category 1, Category 2 and Category 3 incidents by month.



The top ten reported category of incident is occurring across NHSL is set out below:



Slips Trips & Falls, Violence/Abuse/Harassment continue to be the adverse events that are consistently recorded across NHSL and are the top 2 recorded events in numbers. Over the year, the other categories have fluctuated.

Category 1 Adverse Events are now reported on a weekly basis through the CMT huddle, with performance against SAER management (closure of Category 1 adverse event within 90 days).

Reported through the Planning, Performance and Resource Committee (PPRC). The type/trends/outcomes/SAER's/learning and improvements from adverse events is reported on through the Healthcare Quality Assurance & Improvement Committee (HQAIC).

3.3.2 Risk Registers

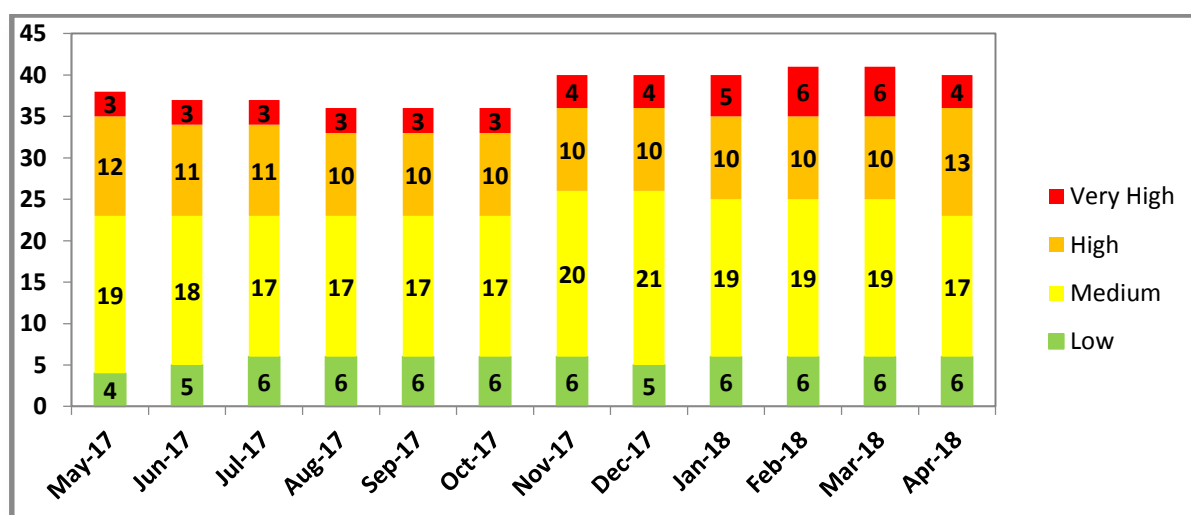
Improvements to the risk register process this year included:

- Improved assurance and compliance reporting
- Defining and monitoring of risk tolerance
- Integrating risk profile, heatmap and stratification of risks into reporting
- Implementation of risk reporting to all governance committees through an agreed taxonomy as set out below:

Assessed Level of Risk	Approved Risk Tolerance Descriptor	Level & Frequency of Review / Assurance
Very High 16 - 25	Risk level exceeds corporate risk appetite and requires immediate corrective action to be taken with monitoring at CMT and Board Level.	<ul style="list-style-type: none"> • Every Board Meeting for decision-making and assurance • Every PPRC meeting for decision-making and assurance • Every Audit Committee meeting for assurance • Monthly CMT for discussion and review of mitigation controls, triggers and assessment
High 10-15	Risk level exceeds corporate risk appetite and requires measures be put in place to reduce exposure with monitoring at Corporate Management Team and appropriate NHS Board Governance Committee. Individual risks can be tolerated at high, but only where CMT propose acceptance of tolerance graded high for any one specific risk in exceptional circumstances and final approval must be through the Board of NHS Lanarkshire.	<ul style="list-style-type: none"> • Every PPRC for decision-making and assurance • Every Audit Committee for assurance • Monthly CMT for discussion and review of mitigation controls, triggers and assessment <p>PPRC, Audit Committee and/or CMT can escalate any individual high graded risk to the Board as required</p>
Medium 5-9	Risk level within corporate risk appetite and subject to regular active monitoring measures by responsible Director and Managers	<ul style="list-style-type: none"> • CMT quarterly with assurance report from the risk owner • Board through Annual Report • Audit Committee through quarterly risk profile reporting and Annual Report
Low 1-4	Risk level within corporate risk appetite and subject to regular passive monitoring measures	<ul style="list-style-type: none"> • CMT 6 monthly through the presentation of the full Corporate Risk Register • Board through Annual Report • Audit Committee through quarterly risk profile reporting and Annual Report

3.3.3 NHSL Risk Profile

The table below outlines the changing NHSL risk profile from 1st April 2017 to 1st April 2018, noting the overall fluctuation in number of risks and the increasing number of high graded risks.



As at the 1st April 2018, there was 40 live Corporate Risk with the profile demonstrated in the heatmap by likelihood x impact as below:

			IMPACT				
			Negligible	Minor	Moderate	Major	Extreme
		Score	1	2	3	4	5
LIKELIHOOD	Almost Certain	5			1	2	
	Likely	4		1	3	2	
	Possible	3		3	7	9	
	Unlikely	2		3	2	4	
	Rare	1		1	2		

Corporate Objectives

All risks continue to be aligned to the 3 primary corporate objectives agreed this year as Effective, Person – centred, Safe and as at 1st April 2018 the risk profile against corporate objectives is set out below:

	Low	Medium	High	Very High	Totals
Effective	4	10	7	1	22
Person - Centred	0	0	0	0	0
Safe	2	7	6	3	18
Totals	6	17	13	4	40

Risk Types

The 40 risks were further described and set out as risk types below:

	Low	Medium	High	Very High	Totals
Business	2	9	11	4	26
Clinical	4	7	1	0	12
Reputation	0	1	1	0	2
Staff	0	0	0	0	0
Totals	6	17	13	4	40

The 4 very high graded risks for NHSL as at the 1st April 2018 are set out below:

ID	Title	Likelihood x Impact	Risk Type	Corporate Objective
1590	NHSL Ability to realise the required savings within year 2018/19	5x4	Business	Effective
1364	Risk of Cyber Attack in respect of stored NHSL Date	5x4	Business	Effective
1412	GP input to sustain current community hospital clinical model of service	4x4	Business	Safety
1450	Ability to maintain existing GMP Services across NHS Lanarkshire	4x4	Business	Safety

From the 40 Corporate Risks, the Chief Executive for NHS Lanarkshire remains the Lead for the overall Corporate Risk Register. However, as the Health & Social Care Partnerships were evolving moving towards working within a whole –system principle there is an increasing requirement for co-ownership of a number of risks where all 3 partners (NHSL, North H&SCP and South H&SCP) have a unique role to play in effective mitigation of the risk. As the H&SCP further evolve and mature, risks may migrate between the 3 partners. There are currently five (5) risks that had co-ownership at the end of March 2018:

ID	Opened Date	Title	Risk level (current)	Risk Type	Risk Owners
1412	13/06/17	GP input to sustain current community hospital clinical model of service.	Very High	Business	C Campbell / V De Souza / J Hewitt
1450	14/11/16	Ability to maintain existing GM Services across NHS Lanarkshire	Very High	Business	C Campbell / V De Souza / J Hewitt
1491	27/04/17	Community Bed Reprovision to Align with Balance of Care Need.	High	Business	C Campbell / V De Souza / J Hewitt
1379	14/12/15	Delayed Discharge Performance and Impact	High	Business	C Campbell / V De Souza / J Hewitt
1587	13/12/17	Sustainability of the 2 Site Model for OOH Service	High	Business	C Campbell / V De Souza / J Hewitt

NHSL has an identified taxonomy of level of organisation risk registers that are defined and assessed using the same matrix and can be escalated and / or de-escalated dependent on the nature of the risk and effectiveness of mitigation.

Level of Risk Register	
Level 1	Corporate Risk Register
Level 2	Operating Divisional Risk Register Corporate Support Services Risk Register H&SCP Unit Risk Register
Level 3	Acute Hospital Site Risk Register Service and Function Risk Register

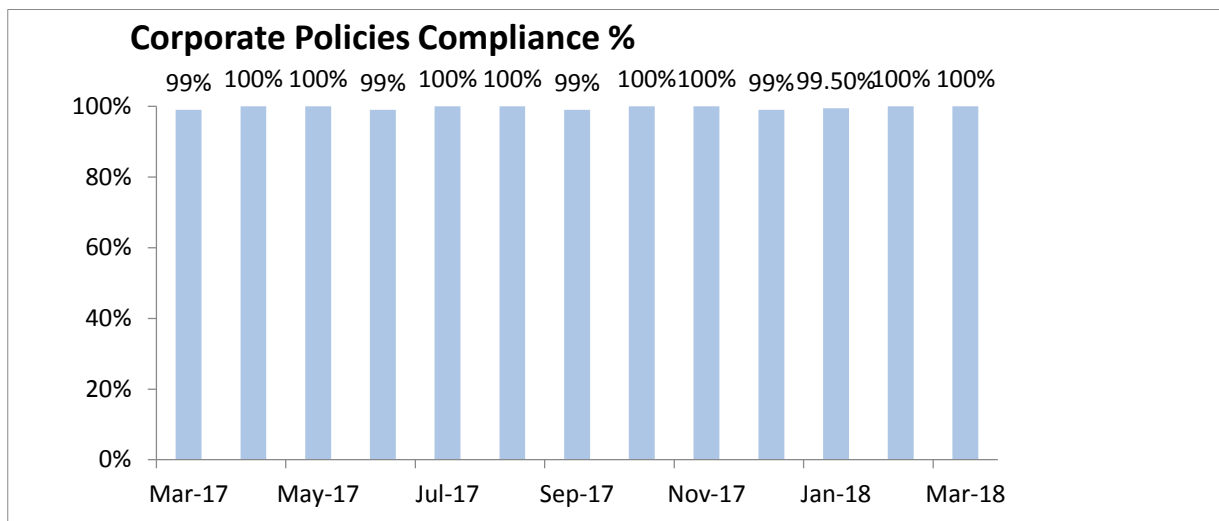
3.4 Risk Management Key Performance Indicators (KPIs)

Within this year, there was the continuation of the quarterly monitoring and reporting of the agreed set of KPIs. The reports were prepared for the CMT with onwards reporting to the Audit Committee and are set out in the table below:

Key Performance Indicator (KPI's)		Quarterly Reported Compliance			
		Jun 17	Sept 17	Dec 17	Mar 18
Adverse Events	*Category 1 (extreme & major) incidents are closed within indicative timescale of 90 days	89%	80%	80%	71%
	Category 2 (moderate) incidents are closed within indicative timescale of 30 days	89%	89%	89%	98%
	Category 2 (minor) incidents are closed within indicative timescale of 30 days	90%	94%	89%	94%
	Category 3 (low/no harm) incidents are closed within the indicative timescale of 10 days	90%	92%	82%	78%
Risk Register	All risk should be reviewed within the review date	100%	99.7%	99.7%	99.5%
	All very high graded risks should be reviewed monthly	100%	100%	100%	100%
	Designated committees and groups receive the risk registers as scheduled	100%	100%	100%	100%
Corporate Policies	All Policies are Within Review Date	99%	99%	99%	100%

3.5 Management and Improvement of NHSL Corporate Policies

There has been continuous monthly monitoring of the KPI: All Policies are Within Review Date by the CMT and quarterly review at the Audit Committee, integral to the compliance reporting. Reporting period 1st April, with chart showing March 2017 to end of March 2018:



4. WORK ACTIVITY FOR YEAR 2018-2019

This year, there will be the maintenance of the current systems with the development focussing on:

- Maintain good practice for governance and operational risk register reporting, including reporting on all very high graded risks and risks above risk appetite
- Development of improved integrated risk register approach with IJB / H&SCP's, and continue to provide subject expertise, working in collaboration with the North and South H&SCP to agree and support a consistent approach to risk register management across the partner agencies and extending into assurance for the respective Audit Committees.
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