ITEM 16C

NHS
Lanarkshire

Section I

Risk Management

This section explains how NHS Lanarkshire will manage risks that affect the organisation.

Referenced to the approved:

NHS Lanarkshire Risk Management Strategy

NHS Lanarkshire Risk Register Policy

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 The NHSL Risk Management Strategy : Scope and Purpose

The NHSL Risk Management 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 the NHSL Risk Management 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, tolerate 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 organisational attitude. 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 section defines individual and organisational arrangements at local, system wide and Board level, and is also set out within the NHSL Risk Management Strategy.

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

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 and 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.

3.4 Patients and the Public

Very High graded risks will be managed and communicated through the Board papers. 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. Risk Registers

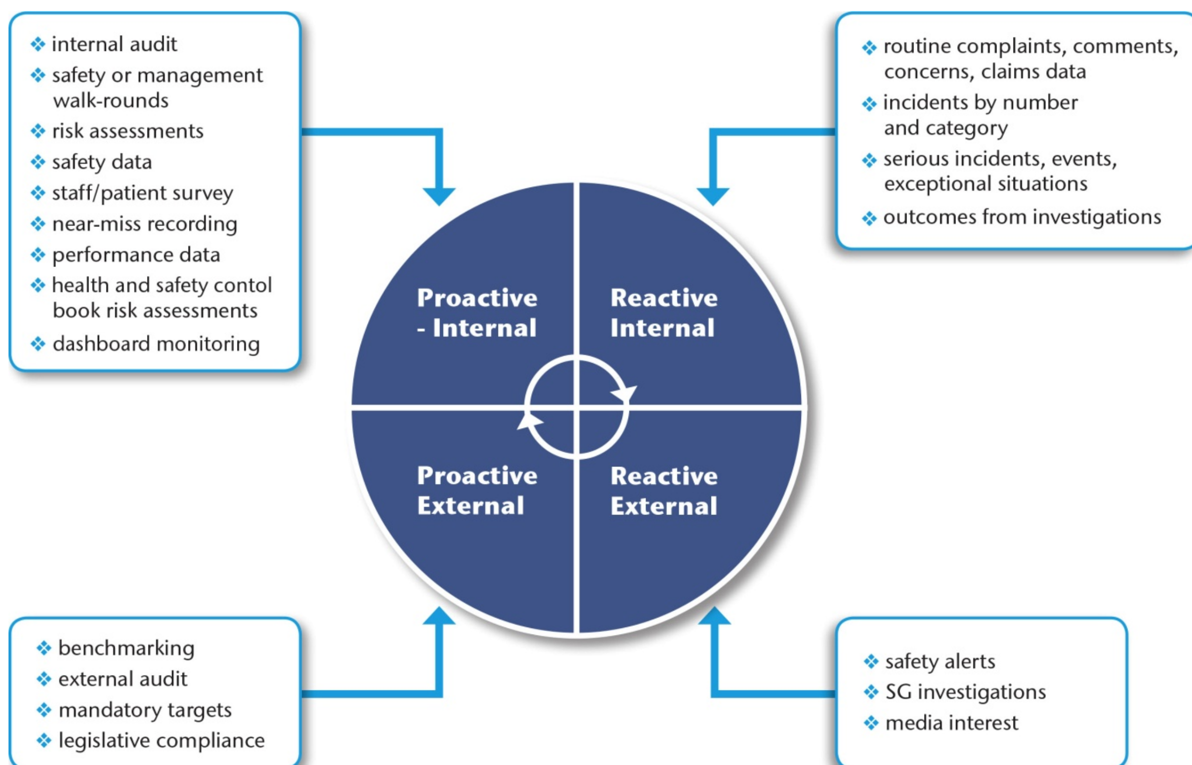
The risk register is a tool which will be used to record and manage the organisation's risks. The risk register has been designed to allow risks to be recorded consistently across the organisation and directs users to the key information required to record and manage risk.

Within the NHSL Risk Register Policy, a risk is defined as:

' a potential event or set of circumstances which could adversely affect the ability of the organisation to achieve its objectives'

4.1 Risk Identification

Risk(s) can be identified from a number of sources:



4.2 Core Information Required to Fully Describe and Quantify a Risk

A risk register is a management tool enabling the organisation, at different levels, to quantify, understand and manage its risk profile. Each risk will be constructed with the core information:

Core Information	Descriptor
Risk Identification Number	This is generated through the electronic repository system – Datix
Related Corporate Objective	The high level corporate objective potentially affected by the risk (see Appendix 1)
Date the risk is opened	When the risk was identified and first assessed
Description of the Risk	All risks are described in a standardised way as set out below: **"There is a risk that…"** What event could happen that creates uncertainty as to the achievement of the stated objective? **"because…"** Why and/or how could this event occur? **"leading to…"** What would the consequence be if the event occurred
Initial Risk Level	Based on likelihood x impact (see Appendix 2). This is the risk level when the risk is first recorded in the risk register. This is sometimes referred to as 'inherent' risk
Mitigating Controls	Review what is in place to reduce the likelihood of the risk occurring; what is in place to reduce the impact should the risk materialise? Record what is in place Identify any gaps; what is missing and what actions can be put in place to minimise the consequences? Add relevant documentation to evidence effectiveness of the mitigating controls
Current Risk Level	Based on likelihood x impact (see Appendix 2). This is the assessed level of risk at the most recent review of the mitigating controls in place. This is sometimes referred to as 'residual' risk
Risk Tolerance Level	Based on likelihood x impact (see Appendix 2). This is the highest level of risk that is judged to be acceptable, but would not normally be above Medium (score of 9). Higher level of tolerance must be approved by the NHSL Board
Risk Owner	This is the person who has day–to–day operational management of the risk
Risk Lead	Level 1 Corporate Risk Register: the Chief Executive Level 2 Acute Divisional Director, Head of Health for H&SCP Level 3 Site Directors, Unit General Managers, Director/General Manager for Corporate Services eg. PSSD, eHealth
Risk Review Date	This is the date by which the next review must take place (see paragraph 4.6)
Risk Type / Sub Type	Categorised by Business, Clinical, Staff and Reputation (see Appendix 3 for sub types and guidelines on impact levels)
Operating Division	The part of the organisation responsible for the risk

4.3 Quantification of Risk

A risk is assessed as **Likelihood** x **Impact.**

Likelihood

Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Can't believe this event would happen – will only happen in exceptional circumstances. Extremely unlikely	Not expected to happen, but definite potential exists – unlikely to occur. Possible but improbable	May occur occasionally, has happened before on occasions – reasonable chance of occurring. Might happen	Strong possibility that this could occur – likely to occur. Strong possibility	This is expected to occur frequently / in most circumstances – more likely to occur than not. Expected

Impact

Impact is assessed as, Negligible, Minor, Moderate, Major or Extreme.

Risk Level

The 5 x 5 matrix used by NHSL is based on the AUS/NZ Standard, and adapted for the use by NHS Lanarkshire for assessment of risk levels.

	Impact				
Likelihood	**Negligible (1)**	**Minor (2)**	**Moderate (3)**	**Major (4)**	**Extreme (5)**
Almost Certain (5)	Medium (5)	High (10)	High (15)	Very High (20)	Very High (25)
Likely (4)	Low (4)	Medium (8)	High (12)	Very High (16)	Very High (20)
Possible (3)	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Medium (4)	Medium (5)

4.4 Risk Type, Sub-Type and Impact Measurement

Risk Type	Risk Sub-Type	Impact: Negligible (1)	Impact: Minor (2)	Impact: Moderate (3)	Impact: Major (4)	Impact: Extreme (5)
BUSINESS	Project	Very low increase in costs and/or timescale. No reduction in scope	Increase in costs and /or timescale of < 10%. Minor reduction in scope	Increase in costs and /or timescale of 10% - 20%. Objectives threatened	Increase in costs and /or timescale of 20% - 50%. Objectives significantly threatened	Increase in costs and /or timescale of > 50%. Objectives cannot to be achieved
	Financial	Low financial loss (< £10k)	Minor financial loss (£10-100k)	Significant financial loss (£100 - 250k)	Major financial loss (£250k - £1m)	Severe financial loss (> £1m)
CLINICAL	Patient Safety	Very minor injury or near-miss of harm. No treatment required	Minor injury or harm. First-aid treatment required	Injury or harm. Medical treatment and / or care intervention required	Extensive injury or major harm. Significant medical treatment or care intervention required	Extensive injury or major harm leading to major permanent incapacity or death
	Patient Experience	Locally resolved complaints or observations	Justified written complaint peripheral to, or involving clinical care	Below excess claim. Several justified similar complaints involving lack of appropriate care.	Claim above excess level. Multiple justified complaints. Problem themes developing, informed from more than one source	Multiple claims or single major claim above excess level Confirmed problem themes informed from more than one source
	Service Interruption	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service	Short term disruption to service with minor impact on patient care	Some disruption in service with unacceptable impact on patient care. Temporary loss of ability to provide service	Sustained loss of service which has serious impact on delivery of service and patient care resulting in major contingency plans being invoked	Permanent loss of core service or facility. Total failure of service provision with significant "knock on" effect elsewhere in the system
	Inspection / Audit	Small number of recommendations which focus on minor quality improvement issues	Recommendations made which can be addressed by low level of management action	Challenging recommendations that can be addressed with appropriate action plan	Mandatory improvement required. Low rating. Critical report. High level action plan is necessary	Threat of prosecution. Very low rating. Severely critical report. Board level action plan required
STAFF	Staff Safety	Very minor injury or harm	Minor H&S incident as a result of unsafe environment or working practice	H&S incident with harm as a result of unsafe environment or working practice	H&S incident with severe harm as a result of unsafe environment or working practice	H&S incident causing death as a result of unsafe environment or working practice
	Staffing Levels	Temporary delay in recruiting staff	Short term vacancy (< 6 months)	Vacancies open for some time (> 6 months)	Unable to recruit to key roles for extended periods (> 9 months)	Sustained loss of key staff groups
	Staff Competency	Individual training issues	Small number of staff affected by training deficiencies	Moderate number of staff affected by training deficiencies	Significant number of staff affected by training deficiencies	Very significant training deficiencies throughout the organisation
	Staff Complaints	Individual complaints	Small number of staff making similar complaints	Unrest in staff groups. Threat of industrial action	Industrial action	Prolonged industrial action
REPUTATION	Reputation	Rumours, no media coverage. Little effect on staff morale.	Local media coverage – short term. Minor effect on staff morale / public attitudes	Local media – long-term adverse publicity. Significant effect on staff morale and public perception of the organisation.	National media adverse publicity, less than 3 days. MSP concern Public confidence in the organisation undermined and use of services affected.	National and international media adverse publicity, for more than 3 days. MSP questions in parliament Court Enforcement. Public Inquiry/FAI

4.5 Review, Reporting and Assurance

The management of risk should be continuously reviewed to monitor whether or not the risk profile is changing, to gain assurance that risk management is effective and to identify when further action is necessary to deliver assurance on the effectiveness of control. In addition, the overall risk management process will be part of the annual internal audit planning process to provide assurance that it remains appropriate and effective. Formal risk register reports will be provided to the Board, Governance Committees and Corporate Management Team as per the committee meeting schedules, including risks that exceed the corporate risk appetite as set out below:

Assessed Level of Risk	Risk Appetite and 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.	• 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.	• Every PPRC for decision-making and assurance • Every Audit Committee for assurance • Monthly CMT for discussion and review of mitigation controls, triggers and assessment PPRC, Audit Committee and/or CMT can escalate any individual high graded risk to the Board as required
Medium 5-9	Risk level within corporate risk appetite and subject to regular active monitoring measures by responsible Director and Managers	• 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	• 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

5. Internal Controls Assurance

To support the delivery of strategic, business or project objectives, the organisation should understand and apply the key processes and controls which need to be in place to minimise risk, deliver consistently high quality service and comply with relevant regulations, professional standards and internal policies and procedures.

These processes and controls need to be monitored, reviewed and challenged to identify where they are working well and also identify where controls are absent or need to be improved. This is in addition to the work that is undertaken by internal, external and service audit/inspection bodies. The absence of controls or weak controls could result in the organisation being exposed to risks.

Many processes already exist for assessing controls and identifying risk throughout the organisation. These could for example include the planning mechanism for delivering operational objectives, ensuring regulatory requirements are maintained, internal and external audit reports, Incident / Adverse Event reporting, Health and Safety requirements and so on. The controls around core business delivery should be reviewed, assessed and improved where appropriate. Internal and external audit play a crucial role in the risk assessment process.

6. Learning and Development

Effective risk management depends on all staff having a clear understanding of the subject and the contribution they can make to managing risk. Managers are responsible for ensuring that through Personal Development of their staff, that they are enabled to identify learning needs and participate in appropriate risk management related activities.