NHS Forth Valley

Risk Management Strategy
2019 – 2021

Prevention & Early Intervention

Reablement & Care Closer to Home

Hospital Care that is Personal, Safe & Reliable
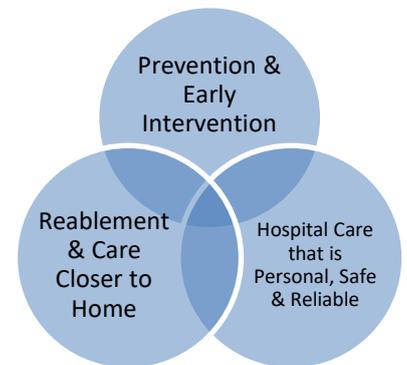
At NHS Forth Valley we strive to be better every day......

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Approved By	Final Version to be approved by NHS Board on 29 January 2019 considered by the Senior Leadership Team and the Audit Committee (comments/feedback incorporated)
Approval Date	
Review Date	October 2020

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Foreword

Effective Risk Management is a fundamental cornerstone of good Corporate Governance and Internal Control and is an essential component in delivery of the Health Board's corporate objectives. This Risk Management Strategy has been written for and with staff and is intended to:

- Influence culture by helping staff better understand how to evaluate and take actions on all their risks to increase the probability of success whilst reducing the likelihood of failure.
- Ensure high conformity with applicable rules, regulatory regulations and mandatory obligations.
- Provide assurance to the Health Board, Integration Joint Boards and its Audit and Assurance Committees that risk management and internal control activities are proportionate, aligned, comprehensive, embedded and dynamic.
- Support decision making using a risk based approach.
- Adopt 'rules of engagement' whilst working in partnership with external stakeholders that are clear and unambiguous to support a culture of engagement and collaboration.

A good understanding and awareness of risks, based on the identification, assessment and mitigation processes as outlined in this Strategy, will enable the Health Board to successfully deliver the vision as set out in our Healthcare Strategy 2016-2021: 'Shaping the Future' and the Health Board's corporate objectives.

I want NHS Forth Valley to be a high performing Health Board. High performing organisations have good governance and management arrangements in place. I believe effective risk management is a key component of these arrangements. This Strategy aims to support a risk management culture that encourages us to be risk aware but not risk averse.

I want us to adopt good risk management behaviours and practice and this will requires all of us to be familiar with our systems, policies and processes and to be able to identify, assess and respond to risks within our operating environment. Training and support will available to staff to underpin this Strategy.

In summary, risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. This Strategy sets out our approach to risk management and outlines the key objectives and responsibilities for the management of risk throughout our organisation.

This Strategy applies to all staff and contractors who work on our NHS owned sites. It will be distributed in electronic format and made accessible to all staff through the Health Board's staff intranet and internet sites. I believe we should not shy away from risk but instead seek to proactively manage it. This will allow us not only to meet the needs of today, but also be prepared to meet the future challenges of tomorrow.

Cathie Cowan

Cathie Cowan
Chief Executive
January 2019

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.

Contingency. An action or arrangement that can be implemented to minimise impact and ensure continuity of service when things go wrong.

Consequence. Most predictable consequence 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.

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.

Initial Risk. Based on the likelihood x consequence, 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 objectives.

Likelihood. Used as a general description of probability or frequency which can be expressed quantitatively or qualitatively.

Mitigating Controls. Something done to minimise risk to an acceptable level either by reducing the likelihood of an adverse event or the severity if its consequences or both.

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.

Current Risk. Based on the likelihood x consequence, 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 Appetite. The level of risk that an organisation is prepared to accept in pursuit of its objectives and before action is deemed necessary to reduce the risk. It represents a balance between the potential benefits of innovation and the threats that change will without doubt bring.

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

Risk Register. A risk management portfolio which allows the register and active management of risks. 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 severity of consequence.

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 severity 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.

Severity. Most predictable consequences to the individual or organisation were the circumstances in question to occur.

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.

Statement on Internal Control. A statement by the accountable office within the published Annual Report, required by HDL(2010)11, on the effectiveness of systems of internal control, for which risk management is a key component.

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.

1. Approach to Risk Management

1.1 Risk

Risk is uncertainty of outcome, it is something that has not yet happened but has some probability of occurring. The delivery of the Health Board's corporate objectives is surrounded by uncertainty caused by actions or inactions and/or events which pose threats to success and/or offers opportunity for increasing success. Our approach to managing our exposure to risk involves 5 key stages:

1. Identification: What are the risks at an individual, team/service and organisational level?
2. Assessment/Evaluation: What is the likelihood of the risk occurring and how severe will the risk impact be at an individual, team/service and organisational level?
3. Management/Response: What can we (individually, team/service/partnership, organisationally) do to reduce the impact of the risk where possible, considering the current risk level against the organisational risk appetite?
4. Monitoring/Control: Has the situation changed and/or are there new risks emerging?
5. Reporting and Assurance

1.2 Risk Management Objectives

Good risk management is about identifying what might go wrong, what the consequences might be of something going wrong and finally deciding what we can do to reduce the likelihood or the impact of something going wrong.

Our approach to risk management ensures that organisationally we can make better decisions through a good understanding of potential risks and their likely impact. NHS Forth Valley in this regard is committed to the maintaining a systematic approach to the identification and management of all risks surrounding our activities past, present and future. Our risk management objectives include:

- Identifying and mitigating threats to the achievement of key strategic objectives
- Raising awareness of the need for everyone to adopt consistent risk management behaviours and actions in our everyday business
- Empowerment of all staff to make sound judgements and decisions concerning the management of risk and risk taking
- Ensuring risk management is clearly integrated and evidenced in our organisational culture
- Anticipating and responding to changing political, environmental, social, technology and legislative requirements and/or opportunities
- Informing all strategic and operational decisions using a risk identification process that assesses risk likelihood and impact
- Complying with health & safety and legislative requirements
- Managing risk in accordance with our strategy and best practice

- Preventing injury and/or harm, damage and losses
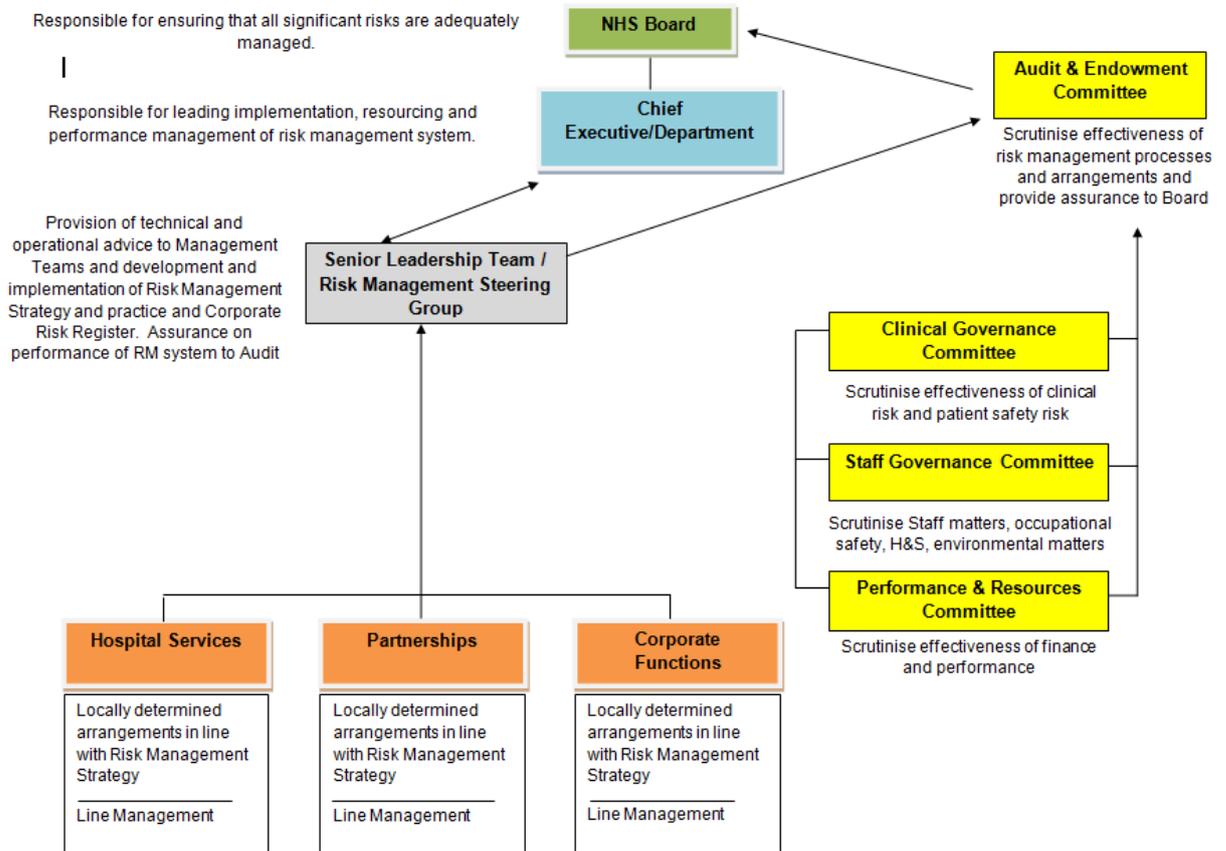
These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines for individuals, teams and assurance committees within NHS Forth Valley for risk management
- Incorporating risk management issues in all Senior Leadership Team, Health Board, Integration Joint Board and Assurance Committees reports and when taking decisions
- Demonstrating and reinforcing the importance of effective risk management principles in our everyday activities
- Maintaining risk registers linked to the organisations corporate or strategic objectives at an:
  - operational service level - wards/departments
  - business unit level where this is appropriate – primary/community care (Partnerships), hospital and business support functions (e.g. HR, finance)
  - corporate level – whereby a risk is escalated
- Safeguard is our risk management system and is an integral part of our risk management approach
- Maintaining a health & safety management system that aligns with our risk management approach
- Maintaining business continuity plans to ensure service continuity where there is a potential for an event to have a major impact on our ability to function and provide services
- Monitoring and reviewing arrangements quarterly as part of our culture and commitment to ongoing learning and improvement
- Additionally seeking to obtain assurance that controls relied on to mitigate key risks are effective

1.3 Risk Management Structure

The Board of NHS Forth Valley is corporately responsible for this Risk Management Strategy and for ensuring that significant risks are adequately controlled. To support the Board a number of formal committees have been established and are responsible for various aspects of risk management, principally these are the Audit, Performance & Resources, Clinical Governance and Staff Governance Assurance Committees. All Health Board Committees are responsible for monitoring the effective and efficient management of risks relevant to their areas of responsibility. The Audit Committee has a responsibility for overseeing the operation of this risk management strategy (as distinct from the management of specific risks), taking assurance from the Senior Leadership Team.

Diagram 1 illustrates NHS Forth Valley's risk management structure and how they relate to the Chief Executive, Senior Leadership Team and Directorates/Partnerships responsibilities.

Diagram 1 – Risk Management Structure

Responsible for ensuring that all significant risks are adequately managed.

Responsible for leading implementation, resourcing and performance management of risk management system.

Provision of technical and operational advice to Management Teams and development and implementation of Risk Management Strategy and practice and Corporate Risk Register. Assurance on performance of RM system to Audit

NHS Board

Chief Executive/Department

Audit & Endowment Committee

Scrutinise effectiveness of risk management processes and arrangements and provide assurance to Board

Senior Leadership Team / Risk Management Steering Group

Clinical Governance Committee

Scrutinise effectiveness of clinical risk and patient safety risk

Staff Governance Committee

Scrutinise Staff matters, occupational safety, H&S, environmental matters

Performance & Resources Committee

Scrutinise effectiveness of finance and performance

Hospital Services

Locally determined arrangements in line with Risk Management Strategy
_____
Line Management

Partnerships

Locally determined arrangements in line with Risk Management Strategy
_____
Line Management

Corporate Functions

Locally determined arrangements in line with Risk Management Strategy
_____
Line Management

1.4 Roles and Responsibilities

The role of the **NHS Board** is to provide leadership to NHS Forth Valley (the organisation) within a Corporate Governance framework that describes prudent and effective controls to enable risk to be appropriately assessed and managed.

The **Chief Executive** has overall accountability for Risk Management. The Chief Executive has delegated this responsibility to an Executive lead for Risk (Director of Finance). The Executive Lead for Risk is responsible for formally reporting on a quarterly basis to the Board of NHS Forth Valley on the development and progress of Risk Management, and for ensuring that the Risk Management Strategy is implemented and evaluated effectively.

The Non-Executive and Executive Directors also play key roles in the management of risk. The **Executive Directors** are accountable and responsible for ensuring the Corporate Directorates are implementing the Risk Management Strategy and related policies. For example:

- The Director of Finance for managing the Board's principal risks relating to health and safety and risks relating to delivery of financial balance.
- The Director of Nursing is responsible for managing the principal risks relating to infection control.
- The Medical Director for managing the principal risks relating to patient safety.
- The Director of Public Health for managing the principal risks relating to business continuity and service recovery, including major emergency and continuity planning.
- The Human Resources Director for managing the principal risks relating to staff governance standards.

The **Non-Executives and Executives Directors** have a collective responsibility as a Board of Governance to ensure that the Risk Management processes are providing them with adequate and appropriate information and assurances relating to risks against the Boards approved corporate objectives. In addition, Non-Executive and Executive Directors are responsible for ensuring that they are adequately equipped with the knowledge and skills to fulfil this role. Risk management training sessions will be provided as part of this Strategy launch in March 2019.

The **Head of Risk Management** is responsible for maintaining and updating appropriate and compliant Risk Management policies and procedures. In addition, this postholder will be responsible for ensuring the Board has a comprehensive and dynamic Risk register and working with **Senior Managers** and **Professional Leads** to ensure that they understand their accountability and responsibilities for managing risks within their areas.

The Director Facilities and Infrastructure has responsibility for ensuring that safe systems of work are in place for the management of buildings, catering, transport, security and waste management risk. Specialist advice is sourced through appropriate channels where required.

All staff are required to be conversant with the Risk Management Strategy and have a working knowledge of all related risk policies. In addition, all staff are required to acknowledge that risk management is integral to their working practice and comply with NHS Forth Valley (Board) policies, procedures and guidelines to protect the health, safety and welfare of any individuals affected by Board activity. In the event of an incident or near miss, all staff have a duty to report all incidents in line with policies and to take action to reduce or eliminate further incidents.

2. Risk Management Process

2.1 Risk Identification and reporting

Risk identification is an ongoing process that determines what risks might threaten the delivery of the Health Board's corporate objectives whether these are strategic or operational. NHS Forth Valley aims to minimise the likelihood and impact or severity of risk events by the recording of all incidents or near misses through our Safeguard system - a patient safety and risk management software application to enable incidents to be logged, registers to be updated, and trends to be tracked as incident/adverse events occur and reduce future harm by prioritising risks and putting in place corrective actions.

Risks can be identified from a number of sources, including:

- Bi annual horizon scanning using a PESTLE approach led by the Board and involving the Senior Leadership Team
- Changes in the authorising/operating environment
- Planning as part of strategic, corporate and operational levels financial, service and workforce strategies/plans
- Health Board Assurance Committees including the Audit Committee (role to monitor audit and performance risks), each Assurance Committee will seek assurance on risks and internal audit reports assigned to them
- Projects (separate risk and issues and lessons learned logs)
- Incident Management/Reporting
- Inspections

It is intended that a quarterly Risk Management report will be presented to the Health Board, the report will report on our corporate risks. Assurance Committees will also be required to provide assurance supported by their designated Executive Director Lead on the management of corporate risks assigned to their area of scrutiny. The Senior Leadership Team will act as the Risk Management Steering Group and minutes will be shared with the Audit Committee to enable it to fulfil its risk management oversight role to assure the Health Board.

Risk Management KPIs will be developed and reported within the Risk Management report as part of this strategy to enhance annual risk assurance reporting. These will include:
- Frequency of full review of the Corporate Risk Register;
- Analysis of risks moving towards the risk appetite;
- Percentage of risks reviewed/closed within agreed timescales;
- Corporate Risk reporting to Board and Standing Committees;
- Timely review of corporate, directorate, service and departmental risks.

The Health and Social Care Integration Schemes for both Falkirk Integration Joint Board (IJB) and Clackmannanshire and Stirling IJB, detail the requirements and responsibilities

regarding Risk Management for the IJBs and constituent parties. The IJBs will establish a Risk Management Strategy including a risk monitoring framework, and a Risk Register, to be maintained and shared between parties. Risks on delegated services which are shared between parties will require to be communicated across partner organisations with clear responsibilities, ownership and timescales.

2.2 Risk Assessment

Following the identification of a risk, a risk will be assessed using the approved risk assessment process and included in the appropriate risk register. All risks will be assessed using a standard classification matrix set out below. This classification will be applied consistently across NHS Forth Valley. This will involve the assessment of risk in terms of likelihood and impact or consequences of occurrence and/or missed opportunity.

<u>Risk Classification Matrix</u>

			Impact				
			Negligible	Minor	Moderate	Major	Extreme
			1	2	3	4	5
Likelihood	Almost Certain	5	Medium	High	High	Very High	Very High
	Likely	4	Medium	Medium	High	High	Very High
	Possible	3	Low	Medium	Medium	High	High
	Unlikely	2	Low	Medium	Medium	Medium	High
	Rare	1	Low	Low	Low	Medium	Medium

2.3 Risk Appetite

Risk appetite is the amount of risk that NHS Forth Valley is prepared to accept, tolerate or be exposed to at any point in time. The Health Board may have different appetites for different categories of risk. As part of the Health Board's annual performance review, the Board will consider its risk appetite for each of the categories of risk as set out below:

- Hungry (eager to be innovative and to choose options offering potentially bigger rewards despite greater inherent risk)

- Open (willing to consider all options and choose the one that is most likely to result in success, while also providing an acceptable level of reward)
- Cautious (preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward)
- Minimalist (preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward)
- Averse (avoidance of risk and uncertainty is a key organisational objective)

The Health Board will need to consider the level and types of risk it is prepared to take in delivering its corporate objectives. Table 1 below describes 5 risk categories that are aligned to our Corporate Objectives and will help the Health Board describe its risk appetite for each risk category.

Table 1 - Risk Categories

Risk Category	Corporate Objective
Strategic and Reputational: Implementing our vision and strategy	- Plan for the future - Improve the Health and Wellbeing of the people of Forth Valley whilst reducing health inequalities
Clinical	Improve our focus on safety and quality
People	Value and develop our people (Board members are responsible for modelling the Heath Board's Values through the management of people and engagement with stakeholders - People/Workforce agenda)
Innovation and Transformation	Demonstrate behaviours that nurture, and support transformational change across our health and care system (Reform agenda - creating a culture that promotes improvement, integration and innovation)
Finance and Sustainability	- Demonstrate best value using our resources - Promote and build integrated services locally and regionally (Value and service/funding sustainability agenda)
Performance	Demonstrate best value using our resources (Ensure the Board meets and maintains its performance and delivery of key objectives and agreed LDP standards)

2.4 Risk Response

All significant risks (high or very high) identified within a ward/department/service or on the and/or captured on the Corporate Risk Register will be required to have a supporting action plan that describes the activities being taken to mitigate the risk (or prevent the risk) to an acceptable tolerance level. Risk management and our response can be captured in four key categories:

- Prevent risk having determined that there is no missed opportunity: activities with a high likelihood and high impact should be avoided or terminated (e.g. project) to eliminate the risk or alternatively deliver in a different way
- Mitigate risk: activities with a high likelihood of occurring but the impact is small is best addressed using management control systems including providing an alternative to reduce the risk
- Transfer risk: activities with a low likelihood of occurring but with a high impact should be transferred to a third party (e.g. CNORIS) or in patient safety terms to another NHS Board who has the capability and capacity to care/manage the patient's condition (regional and national agenda)
- Accept risk: if the cost-benefit analysis determines the cost to mitigate the risk is higher than the cost to bear the risk then the response would be to accept and monitor the risk
- Escalate Risk: as detailed in Section 2.6.

It is important to note that risk is everyone's responsibility. Accountability for risk management is held at all levels of the organisation and everyone has a duty for taking appropriate action on a risk.

2.5 Risk Registers and Mitigation

Risk mitigation involves the actions and controls that managers and/or the Health Board intend to put in place to reduce or minimise the likelihood and/or impact should the risk occur. The net risk is the residual risk which takes account of the mitigations. It is good practice at this stage to determine our risk target or the tolerable level risk that is intended to aim for.

Risk registers are a key component of our risk management arrangements. Wards/Departments/Partnerships/Directorates (and specific Projects) are expected to have active risk registers which when audited show documented evidence of a regular review process.   A single framework for the assessment, rating and management of risk operates throughout NHS Forth Valley.   Table 2 below describes the risk rating and the level of monitoring.

Table 2 – Risk Monitoring

Risk Rating	Priority	Response	Level of Monitoring
Green	Low (score of 3 or below)	Accept	No further action or recording required.
Yellow	Medium (score of 4 to 9)	Mitigate	Action required to mitigate risk to an acceptable tolerance level with monitoring as part of Operational Risk Register monitoring arrangements in place.
Amber	High (score of 10 to 16)	Mitigate/Prevent	Monitoring of actions at Risk Management Steering Group to mitigate and/or prevent risk to within an acceptable tolerance level.
Red	Very High (score of 16 to 25)	Prevent	Monitoring of action at SLT level to avoid activities to avoid /prevent risk.

The Risk Register will capture risk to inform priorities/actions and monitoring of agreed mitigating controls. Each risk will be allocated a risk owner (s) who will be responsible for taking appropriate action to minimise impact. Review of the risk register will be a standing management agenda item at Ward/Departments/Partnership/Directorates (and specific Projects) at team meetings to help inform planning, management decisions and priorities. Management Teams will be expected to regularly review and update their risk registers. The Risk Management Steering Group will be responsible for reviewing a risk register quarterly with the Management Lead (s). The Risk Management Steering Group will be required to report to the SLT quarterly. This reporting will be synchronised to inform Health Board reporting.

2.6 Risk Escalation

This is a process that ensures significant risks identified that are deemed impossible or impractical to manage by a local team or function, are escalated appropriately following the Health Board's line management arrangements. Assessment and improvement/mitigation would then be monitored through inclusion in the Corporate Risk Register. The natures of risks that may need to be escalated include:

- Significant threat to achievement of Government objectives and/or standards
- Assessed to be a substantial or intolerable risk, above the agreed risk appetite
- Widespread beyond local area span of control
- Significant cost of control beyond scope of budget holder
- Potential for significant adverse publicity

3 Aligned Risk Strategies

3.1 Health and Safety

Managing Health & Safety is a legal requirement and in this regard NHS Forth Valley is fully committed to promoting the health, safety and welfare for its entire staff. The Health Board will provide leadership to ensure that exemplary health and safety practices are firmly embedded throughout our organisation to provide a secure and healthy environment in which to work. There is an obligation upon every line manager to ensure that staff are informed and instructed with regards to health and safety training and that such activity is properly recorded and records maintained. Staff also have a responsibility to ensure that they are compliant with the Health & Safety Policy (here) and participate in training opportunities (at least annually).

3.2 Patient safety

Risk Management is a process by which we identify factors which may prevent us from providing person centred, **safe** and effective care. Risk can occur in a variety of ways, for example as a result of changes in how/where we deliver care and/or services. At the heart of our services are our patients and part of our risk process includes ensuring that any areas where patient safety may be compromised or where something is identified that may have the potential to cause harm to our patients, is managed. Identifying and reporting safety issues early ensures that we can put in place controls to reduce the likelihood of those risks happening again.

As a Health Board we place the quality of patient care, especially patient safety, above all other aims. By prioritising patient safety we are asking staff to report all incidents or near misses and in return we can together build a fair culture that embraces transparency, learning and continual improvement. To help us deliver on this ambition we also align safety with our person centred agenda and by listening to what our patients tell us through 'their stories/experience', complaints and surveys. It is intended that we:

- Adopt a 'no needless' quality improvement approach to promote:
  - ✓ no needless deaths
  - ✓ no needless pain or suffering
  - ✓ no helplessness in those served or serving
  - ✓ no unwanted waiting (e.g. excludes people not able to attend due to 'social unavailability')
  - ✓ no waste
  - ✓ no one left out
- Lead a review Assurance Committee Improvement Frameworks as a part of overhaul of risk management arrangements
- Lead the redesign of Board Performance reporting
- Invest in QI cohorts to build capacity and capability in improvement methods/behaviours
- Direct and oversee a review of quality walk rounds
- Support risk management training to align with Launch of this Strategy

3.3 Emergency planning and business continuity

Emergency Planning and Business Continuity are also integral parts of this risk management strategy and the Board has in place a Major Emergency Procedure supported by a number of specific Emergency Plans which cover responses to particular threats. In addition all of our teams and services have in business continuity plans in place to reduce any disruption to services in the event of incident.