Cardiff and Vale University Health Board
Risk Management and Board Assurance Framework Strategy

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Documents to be read alongside this policy:	• Standing Orders • Scheme of Reservation and Delegation • Standing Financial Instructions. • UHB 435 - SOP Managing Concerns • UHB 024 - Risk Management Procedures • UHB Procedure for NHS Staff to Raise Concerns

Executive Summary:

This strategy sets out the UHB's approach to the Board Assurance Framework and Risk Management

For more information on the Board Assurance Framework or Risk Management please contact the Director of Corporate Governance email: nicola.foreman@wales.nhs.uk. You may also send an email to the Governance Directorates Advice inbox Advice.Cav@wales.nhs.uk

Disclaimer

The latest version of this document is located on the UHB's intranet. Please check the review date and if there are any doubts contact the author.

Proprietary Information

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Name	Title	Date Consulted
Management Executive		July 2019
Health Systems Management Board		July 2019

Version Control Table

Version No	Issue Date:	Summary of Amendments
1	27.09.2019	New Strategy approved by the Board in July 2019
2	12.03.2021	Incorporation of a revised Risk Appetite Table and updated links.
3		

Important Note:
The Intranet version of this document is the only version that is maintained.

Any printed copies should therefore be viewed as 'uncontrolled' and, as such, may not necessarily contain the latest updates and amendments.

Risk Management and Board Assurance Framework Strategy

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1. Introduction and aims

Cardiff and Vale University Health Board is committed to developing and implementing a Risk Management and Board Assurance Framework Strategy that will identify, analyse, evaluate and control the risks that threaten the delivery of its strategic objectives. The Board Assurance Framework (BAF) will be used by the Board to identify, monitor and evaluate risks which impact upon Strategic Objectives. It will be considered alongside other key management tools, such as performance and quality dashboards and financial reports, to give the Board a comprehensive picture of the organisational risk profile.

The purpose of this document is to provide guidance to all staff on the management of strategic and operational risks and the Board Assurance Framework within the organisation.

It aims to:

- set out respective responsibilities for strategic and operational risk management for the Board and staff throughout the organisation; and
- describe the procedures to be used in identifying, analysing, evaluating and controlling risks to the delivery of strategic objectives.

The objectives of Cardiff and Vale University Health Board's Risk Management and Board Assurance Framework are to:

- minimise impact of risks, adverse incidents, and complaints by effective risk identification, prioritisation, treatment and management;
- maintain a risk management framework, which provides assurance to the Board that strategic and operational risks are being managed effectively;
- maintain a cohesive approach to corporate governance and effectively manage risk management resources;
- ensure that risk management is an integral part of Cardiff and Vale University Health Board's culture;
- minimise avoidable financial loss, or the cost of risk transfer through a robust financial strategy;
- ensure that Cardiff and Vale University Health Board meets its obligations in respect of Health and Safety.

2. Scope

The Risk Management and Board Assurance Framework Strategy covers the management of strategic and operational risks and the process for the escalation of risks for inclusion on the Board Assurance Framework. Strategic risks are significant risks that have the potential to impact upon the delivery of Strategic Objectives and are

raised and monitored by the Executive Team and the Board. Operational risks are key risks that affect individual Clinical Boards and Corporate Directorates and are managed within the Clinical Boards and Corporate Directorates and if necessary, escalated through the risk reporting structure (See Appendix 2).

The Board Assurance Framework (BAF) is an integral part of the system of internal control and defines the extreme potential risks (15 & above) which impact upon the delivery of Strategic Objectives. It also summarises the controls and assurances that are in place or plans to mitigate them. The BAF aligns principal risks, key controls and assurances on controls alongside each of the Health Boards strategic objectives.

Gaps are identified where key controls and assurances are insufficient to reduce the risk of non-delivery of objectives. This enables the development of an action plan for closing the gaps and mitigating the risks which is subsequently monitored by the Board for implementation.

Levels of assurance are applied to each of the controls and the assurance on controls as follows:

(1) Management Reviewed Assurance
(2) Board or Committee Reviewed Assurance
(3) External Reviewed Assurance

This provides an overall assurance level on each of the strategic risks.

This Strategy applies to those members of staff that are directly employed by Cardiff and Vale University Health Board and for whom Cardiff and Vale University Health Board has legal responsibility.

The Risk Management and Board Assurance Framework Strategy is intended to cover all the potential risks that the organisation could be exposed to.

3. Risk Management Organisational Structure

3.1 The Board

Executive Directors and Independent Members share responsibility for the success of Cardiff and Vale University Health Board, including the effective management of risk and compliance with relevant legislation. In relation to risk management, the Board is responsible for:

- articulating the Strategic Objectives for the organisation;
- protecting the reputation of Cardiff and Vale University Health Board;
- providing leadership on the management of risk;
- approving the risk appetite for Cardiff and Vale University Health Board;

- ensuring the approach to risk management is consistently applied;
- ensuring that assurances demonstrate that risk has been identified, assessed and all reasonable steps taken to manage it effectively and appropriately;
- reviewing the Board Assurance Framework (strategic risks) and the corporate risk register risks (operational risks 15 and above) at each meeting
- endorsing risk related disclosure documents
- Approving the Risk Management and Board Assurance Framework Strategy on an annual basis**.**

3.2 Audit and Assurance Committee

The Audit and Assurance Committee has a specific role in relation to reviewing the effectiveness of the Risk Management and Board Assurance Framework Strategy.

In relation to risk management, the Audit and Assurance Committee is responsible for reviewing the adequacy and effectiveness of:

- all risk and control related disclosure statements (in particular the Annual Governance Statement), prior to endorsement by the Board; and
- the underlying assurance processes that indicate the degree of achievement of strategic objectives, the effectiveness of the systems and processes for the management of risks, the Board Assurance Framework and the appropriateness of disclosure documents.

3.3 Other Committees of the Board

The Committees of the Board all have a role to play in ensuring effective risk management in particular they will:

- Receive and scrutinise assurances and provide onwards assurance to the Board in relation to their areas on the Board Assurance Framework.

3.4 Management Executive and Health Systems Management Board

The Management Executive and Health Systems Management Board undertake the following duties:

- Promote a culture within the Health Board which encourages open and honest reporting of risk with local responsibility and accountability.
- Provide a forum for the discussion of key risk management issues within the Health Board
- Ensure appropriate actions are applied to both clinical and non-clinical risks Health Board wide.

- Enable risks which cannot be dealt locally to be escalated, discussed and prioritised.
- Ensure Clinical Board and Corporate Directorate Risk Registers are appropriately rated and agreeing action plans to control them.
- Review the risks on the Corporate Risk Register (risks 15-25 from Clinical Boards and Corporate Directorates) to determine whether any of them will impact on the Health Boards Strategic Objectives, and if so, the risk will be added to the Board Assurance Framework (BAF).
- Review the Board Assurance Framework prior to its presentation to the Board.
- Advise the Board of exceptional risks to the Trust and any financial implications of these risks.
- Review and monitor the implementation of the Risk Management and Board Assurance Framework Strategy
- Ensure that all appropriate and relevant requirements are met to enable the Chief Executive to sign the Annual Governance Statement
- Approve documentation relevant to the implementation of the Risk Management and Board Assurance Framework Strategy

Provide assurance to the Board that there is an effective system of risk management across the organisation.

3.5 Clinical Boards and Corporate Directorates

The Clinical Boards and Corporate Directorates are responsible for risks within their areas of operation and providing assurance to the Management Executive and HSMB on the operational management and any support required in relation to the management of risk.

The Clinical Boards and Corporate Directorates will review and update existing risks, consider new risks for inclusion and escalate any extreme risks. These are presented to the HSMB by the Clinical Boards of Corporate Directorates.

Cardiff and Vale University Health Board's risk reporting structure is attached at Appendix 2.

4 Duties

The following paragraphs set out the respective risk management duties and responsibilities for individual staff members.

4.1 All staff

All members of staff are accountable for maintaining risk awareness, identifying and reporting risks as appropriate to their line manager.

In addition, they will ensure that they familiarise themselves and comply with all the relevant risk management strategies and procedures for Cardiff and Vale University Health Board and attend/complete risk management training as appropriate.

They will:

- accept personal responsibility for maintaining a safe environment, which includes being aware of their duty under legislation to take reasonable care of their own safety and all others that may be affected by the health board's business;
- report all incidents/accidents and near misses;
- comply with the health board's incident and near miss reporting procedures;
- be responsible for attending mandatory and relevant education and training events;
- participate in the risk management system, including the risk assessments within their area of work and the notification to their line manager of any perceived risk which may not have been assessed; and
- be aware of the health board's Risk Management and Board Assurance Framework and processes and the local strategy and procedures and comply with them.

4.2 Line Managers

The identification and management of risk requires the active engagement and involvement of staff at all levels, as staff are best placed to understand the risks relevant to their areas of responsibility and must be supported and enabled to manage these risks, within a structured risk management framework.

Managers at all levels of the organisation are therefore expected to take an active lead to ensure that risk management is embedded into the way their service/team/ward operates. Managers must ensure that their staff understand and implement this Strategy and supporting processes, ensuring that staff are provided with the education and training to enable them to do so.

Managers must be fully conversant with the UHB's approach to risk management and governance. They will support the application of this Strategy and its related processes and participate in the monitoring and auditing process.

4.3 Clinical Board Directors

Clinical Board Directors are responsible for implementation of the Risk Management and Board Assurance Framework Strategy and relevant policies which support the health board's risk management approach.

Specifically they will:

- ensure a forum for discussing risk and risk management is maintained within their Clinical Board which will encourage integration of risk management;
- co-ordinate the risk management processes which includes: risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;
- ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;
- provide reports to the appropriate committee of the Board that will contribute to the UHB-wide monitoring and auditing of risk;
- ensure staff attend relevant mandatory and local training programmes;
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting; and

4.4 The Director of Corporate Governance

The Director of Corporate Governance will:

- work closely with the Chair, Chief Executive, Chair of the Audit and Assurance Committee and Executive Directors to implement and maintain the Risk Management and Board Assurance Strategy and related processes, ensuring that effective governance systems are in place;
- work with the Board to develop a shared understanding of the risks to the UHB's strategic objectives;
- develop and communicate the Board's risk awareness, appetite and tolerance;
- lead and participate in risk management oversight at the highest level, covering all risks across the organisation, on a UHB basis;
- work closely with the Chief Executive and Directors to support the development and maintenance of Corporate and Directorate level risk registers;
- develop and oversee the effective execution of the BAF and ensure effective processes are embedded to rigorously manage the risks therein,
- monitoring the action plans and reporting to the Board and relevant Committees; and
- develop and implement the health board's Risk Management and Board Assurance Framework Strategy.

4.5 Executive Directors

Executive Directors are accountable and responsible for ensuring that their directorates are implementing this Strategy and related policies. Each Director is accountable for the delivery of their particular area of responsibility and will therefore ensure that the systems, policies and people are in place to manage, eliminate or transfer the key risks related to the health board's strategic objectives.

Specifically they will:

- communicate to their directorate the Board's strategic objectives and ensure that directorate, service and individual objectives and risk reporting are aligned to these;
- ensure that a forum for discussing risk and risk management is maintained within their area which will encourage integration of risk management;
- co-ordinate the risk management processes which include: risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;
- ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;
- provide reports to the appropriate committee of the Board that will contribute to the monitoring and auditing of risk;
- ensure staff attend relevant mandatory and local training programmes;
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting; and
- ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post and those key objectives are reflected in the individual performance review/staff appraisal process.

Executive Directors are also responsible for ensuring that the BAF and the risk management reporting timetable are delivered to the Board**.**

4.6 Chief Executive

The Chief Executive is the Accountable Officer of the UHB and has overall accountability and responsibility for ensuring it meets its statutory and legal requirements and adheres to guidance issued by the Welsh Government in respect of Governance. This responsibility encompasses risk management, health and safety, financial and organisational controls and governance.

The Chief Executive has overall accountability and responsibility for:

- ensuring the health board maintains an up- to-date Risk Management and Board Assurance Framework
- endorsed by the Board;
- promoting a risk management culture throughout the health board;
- ensuring that there is a framework in place which provides assurance to the Board in relation to the management of risk and internal control;
- ensuring that risk issues are considered at each level of business planning from the corporate process to the setting of staff objectives;
- having in place an effective system of risk management and internal control;
- setting out their commitment to the risk management principles, which is a legal requirement under the Health and Safety at Work Act 1974.

The Welsh Government requires the Chief Executive to sign a Governance Statement annually on behalf of the Board. This outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.

4.7 Internal Auditors

Internal Audit Services, provided by NHS Wales Shared Services Partnership will, through a risk based programme of work, provide the health board with independent assurance in respect of the adequacy of the systems of internal control across a range of financial and business areas in accordance with the standards and good practice contained within the NHS Internal Audit Manual. They will also review the effectiveness of risk management arrangements as part of their programme of audits and reviews, reporting findings to the Audit and Assurance Committee as appropriate.

4.8 Local Counter Fraud Services

The UHB's Local Counter Fraud Specialist (LCFS) provides assurance to the Board regarding risks relating to fraud and/or corruption. The UHB's Annual Counter Fraud Work Plan, as agreed by the Audit and Assurance Committee, identifies the arrangements for managing and mitigating risks as a result of fraud and/or corruption. Where such issues are identified they are investigated by the LCFS and then reported to the Audit and Assurance Committee as appropriate.

The LCFS works with the Director of Corporate Governance to review any fraud or corruption risks. Such risks are referred to the relevant risk register for the Directorate concerned and are then escalated through the UHB's escalation process**.**

5 Risk Management Process

Cardiff and Vale University Health Board is committed to developing a pro-active and systematic approach to risk management.

A separate document attached at Appendix 4 sets out in detail the approach to identifying, assessing and managing risks.

5.1 Risk Assessment

Each Clinical Board or Corporate Directorate needs to identify operational and strategic risks through the completion of risk assessments and for ensuring that risk assessments are completed on an ongoing basis.

5.2 Risk Register

The Risk Register is a record of all the risks identified through the Risk Management process, their controls, score and risk treatment/mitigation.

The risk register covers all risks and will inform the decision making of the risk committees and managers by providing them with a central reference of all risks.

5.3 Management of Local Risks

Any risks identified and evaluated as having a low/moderate rating, i.e. a score of between one and six, can be managed locally within the relevant area. These risks can typically be resolved quickly and relatively easily if the correct actions are identified, completed and become controls under business as usual. These risks are recorded locally in the local risk register within each ward / department.

All local risks should be reviewed and updated monthly at a minimum. This may need to be more frequently if circumstances require.

If it is felt that the risk can no longer be managed locally and requires more senior input and support then it will be escalated up through the Clinical Board and beyond all the way to the Board if required.

5.4 Types of Risk

There are two categories of risk, **strategic** and **operational**. These include clinical and non-clinical risks.

Strategic risks are risks that could significantly interfere with the Health Board achieving its strategic objectives as outlined in its IMTP. These are most likely to affect the performance and delivery of strategic objectives. Operational risks are risks that,

if they occur, will affect the quality, safety or delivery of services or continuity of business. They are not mutually exclusive and a risk may escalate from an operational risk to a strategic risk or be both.

5.5 Board Assurance Framework (BAF)

The BAF details the highest risks faced by the Health Board in meeting its strategic objectives and provides the Health Board with a comprehensive method of describing the Health Board's objectives, identifying key risks to their achievement and the gaps in assurances on which the Board relies.

The BAF is developed through the following key steps:

a. The Board annually agree the Strategic objectives as part of the business planning cycle.

b. The Management Executive with the support of the Director of Corporate Governance will draft the principle risks that may threaten the achievement of the strategic objectives; these risks will then be discussed and approved by the Board of Directors.

c. For each principle risk the Executive Lead will:
   - Give an initial (inherent) risk score, by determining the consequence and likelihood of the risk being realised,
   - Link the risk to the strategic objectives

d. Risks from the previous year's BAF will be reviewed and a decision made whether to:
   - Transfer the risk on to the BAF for the current year
   - Move the risk to the corporate risk register and nominate a risk owner Management Group
   - Close the risk

e. The Executive Lead will then:
   - Identify the key controls in place to manage the risks and achieve delivery of the strategic objective
   - Identify the arrangements for obtaining assurance on the effectiveness of key controls across all the areas of principal risk
   - Evaluating the assurance across all areas of principal risk, i.e. identifying sources of assurance the Health Board is managing the risks to an acceptable level of tolerance
   - Identify how / where / when those assurances will be reported

- Identify areas where there are gaps in controls (where the Health Board is failing to implement controls or failing to make them effective)
- Identify areas where there are gaps in assurances (where the Health Board does not have the evidence to assure that the controls are effective)
- Develop an action plan to mitigate the risk
- Agree a current (residual) risk rating for the first quarter of the financial year which is determined by the consequence and likelihood of the risks

f. The BAF will be presented to the first meeting, in the financial year, of the HSMB. It will moderate the risk scores and ensure there are appropriate controls and assurances, gaps in control and assurances with associated action plans in place for each risk.

g. By monthly the Executive lead will with the support of the Director for Corporate Governance, for each of the risks for which they are responsible, review and monitor the controls and reported assurances and update the risk score and action plans.

h. The Executive will review and monitor all of the risks on the BAF each month prior to presentation to the Board. In particular the Management Executive will ensure that progress is being made to reduce or eliminate the impact of the risk.

i. Once agreed by Management Executive the completed BAF will be presented to the Board for scrutiny and approval on a monthly basis. At the first meeting, in the financial year, it will be reviewed in its entirety.

The Audit and Assurance Committee, as a sub-committee of the Board, has oversight of the processes through which the Board gains assurance in relation to the management of the BAF.

5.6 Risk Quantification and Escalation

The approach to quantifying risk is described in Appendix 4. Each risk is assessed and scored on the likelihood of occurrence and the severity/impact in the initial (without controls), current (with controls) and target (after completion of actions) circumstances. A risk scoring matrix to describe the quantification of risk is also included in the Procedure.

The score of a particular risk will determine at what level decisions on acceptability of the risk should be made and where it should be reported to. The Board defines as

"Extreme" any risk that has the potential to damage the organisation's objectives. General guidelines are:

Extreme Risk	Score 15 - 25	Report immediately to relevant Executive Director who will inform the Chief Executive. In the event this causes delay the Clinical Board Director can report directly to the Chief Executive.
High Risk	Score 8 - 12	Report to Clinical Board or for Corporate Directorates to the Executive Director
Moderate Risk	Score 4 – 6	Report to Heads of Service with proposed treatment/action plans, for particular monitoring.
Low Risk	Score 1 – 3	Report to local manager for local action to reduce risk

5.7 Risk Appetite

At its simplest, risk appetite can be defined as the amount of risk that an organisation is willing to take on in pursuit of value, or that it is prepared to accept in the pursuit of its strategic objectives.

Decisions on accepting risks may be influenced by the following:

- the likely consequences are insignificant
- a higher risk consequence is outweighed by the chance of a much larger benefit
- occurrence is rare
- the potential financial costs of minimising the risk outweighs the cost consequences of the risk itself
- reducing the risk may lead to further unacceptable risks in other ways

Therefore a risk with a high numerical value may be acceptable to the organisation, but that decision would be taken at an appropriate level.

The Board assessed its risk appetite using the Good Governance Institute Matrix for NHS Organisations at a Board Development Workshop on 25th April 2019 and agreed that it currently had an overall 'risk appetite' which is 'cautious'. However, overtime and with a clear plan of development in place it agreed that it wished to have an appetite which was 'seek'. The Board will review its risk appetite on an annual basis to ensure

that progress is being made to the 'risk appetite' the UHB wishes to achieve. The matrix has six risk levels as follows:

Avoid	Avoidance of risk and uncertainty is a Key Organisational objective
Minimal	Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward
Open	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward
Seek	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)
Mature	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.

The current risk appetite can be found at Appendix 3; the first page summarises the current risk appetite and the following pages illustrate the risk appetite level being sought over time.

6 Accountability, responsibilities and training

Overall accountability for procedural documents across the Health Board lies with the Chief Executive who has overall responsibility for establishing and maintaining an effective document management system, for meeting all statutory requirements and adhering to guidance issued in respect of procedural documents.

Overall responsibility for the Risk Management and Board Assurance Framework Strategy lies with the Director of Corporate Governance who has delegated responsibility for managing the development and implementation of the Risk Management and Board Assurance Framework Strategy.

7 Monitoring and review

7.1 Monitoring

This policy will be reviewed on an annual basis and as and when required in accordance with the following:

- legislative changes;
- good practice guidance;

- case law;
- significant incidents reported;
- new vulnerabilities; and
- changes to organisational infrastructure.

7.2 Equality impact assessment

Cardiff and Vale University Health Board aims to design and implement services and policies that are fair and equitable. As part of its development, this Strategy and its impact on staff, patients and the public have been reviewed in line with the Cardiff and Vale's Equality Impact Assessment. The purpose of the assessment is to improve service delivery by minimising and if possible removing any disproportionate adverse impact on employees, patients and the public on the grounds of race, socially excluded groups, gender, disability, age, sexual orientation or religion/belief.

The equality impact assessment has been completed and has identified impact or potential impact as "no impact".

Appendix 1

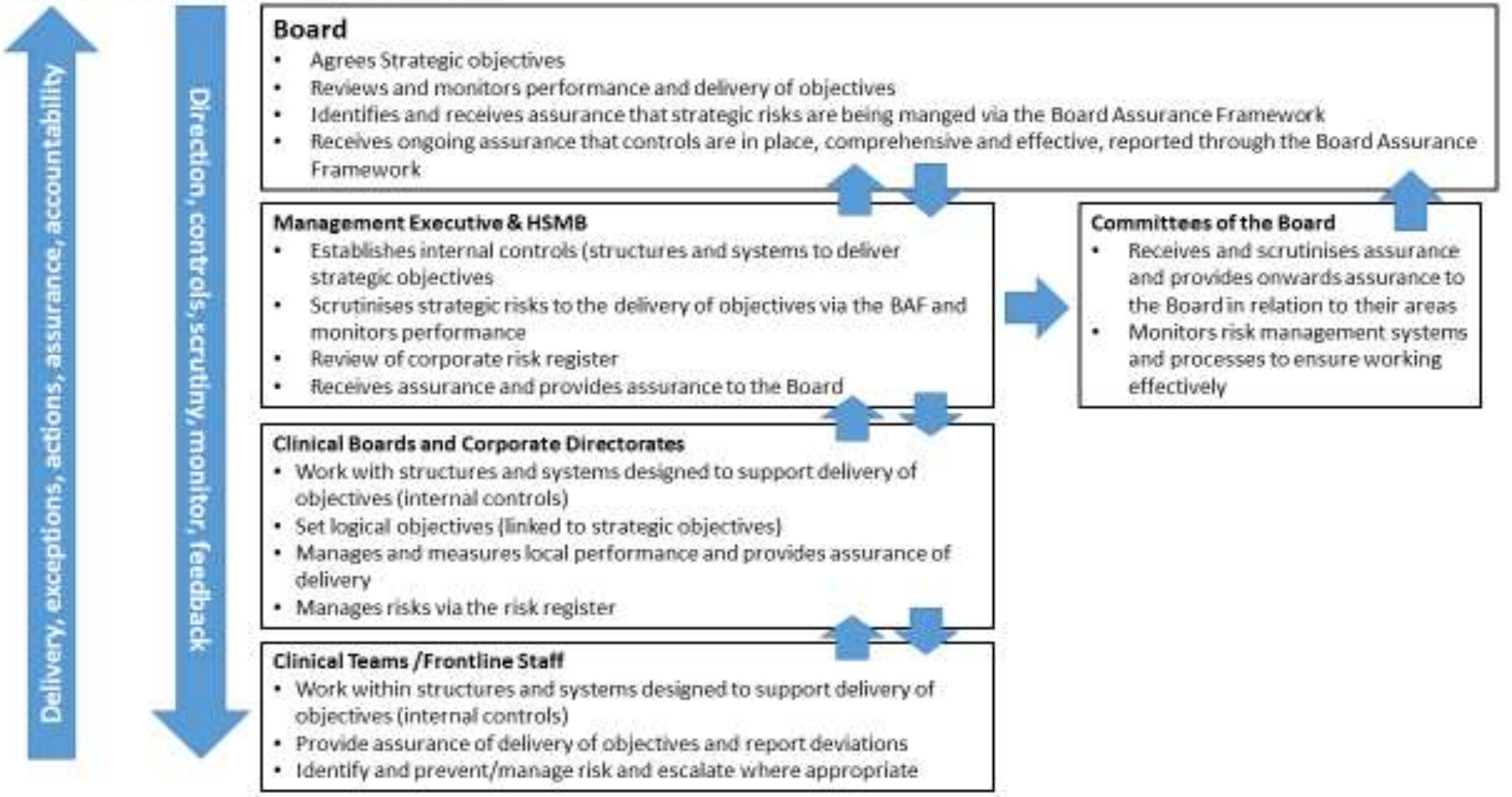
Definitions

Ref.	Column Heading	Information Required
1.	Date Opened	Date the risk was added to the Risk Register.
2.	Risk Description	A structured statement describing the risk usually containing the following elements: sources, events, causes and consequences / impact. A well-written risk statement contains three main parts; 1. **Explain risk-** Summarise the relevant background facts. These may include prior decisions, assumptions, dependencies and relevant objectives, i.e. introduce the area / topic. *Start by writing "There is a risk that……."* 2. **Source(s) of uncertainty / Cause / Event -** The conditions that currently exist that create the risk i.e. the factors that may cause the risk to occur and/or influence the extent of its effect. *Start by writing "Due to……."* 3. **Consequence / Impact -** The impact to the Programme / Organisation in the event of the risk occurring. Consequence could also result in opportunities that may surface in correcting the problems. *Start by writing "Resulting in …."*
3.	Risk Rating	This is calculated by multiplying consequence x likelihood (impact x probability).
4.	Impact / Consequence (see separate risk scoring matrix document)	This is the outcome of an event that has an effect on objectives. A single event can generate a range of consequences which can have both positive and negative effects on objectives. Initial consequences can also escalate through knock-on effects.
5.	Probability / Likelihood	This is the chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively and can be expressed either qualitatively or quantitatively.

	(see separate risk scoring matrix document)	
6.	Initial Risk Rating	The risk rating before any controls have been put in place.
7.	Current Risk Rating	The risk rating whilst risk responses are in the process of being implemented. Some controls are probably in place but others required are still being actioned & will be shown as gaps in control & actions until implemented.
8.	Target risk rating / Residual Risk	When action is taken to treat risks, it may eradicate the possibility of the risk occurring. However, actions are often more likely to reduce the probability of the risk occurring, leaving the residual risk. The remaining level of risk after all treatment plans have been implemented is the residual risk. Generally the target level is the level at which the organisation is saying it's happy to live with. All agreed controls are in place & assurance is being provided that controls are working as planned. At this point the risk should be closed unless further actions are deemed required.
9.	Controls	A control is any measure or action that modifies risk. Controls include any policy, procedure, practice, process, technology, technique, method, or device that modifies or manages risk. Risk treatments become controls, or modify existing controls, once they have been implemented.
10.	Gaps in Controls	A gap in control implies a measure or action that would help modify or control the risk is missing / yet to be implemented. Gaps result from failure to put in place sufficiently effective policies, procedures, practices or organisational structures to manage risks and achieve objectives
11.	Assurance	Confidence gained, based on sufficient evidence, that internal controls are in place and are operating effectively, and that objectives are being achieved. Sources of assurance include; reviews, audits, inspections both internal & external.

12.	Gaps in assurance	Gaps in assurance imply that insufficient evidence is available that controls are in place & operating effectively & that the risk is being actively managed & controlled. Work is required to fill gaps & enable assurance to be obtained.
13.	Actions	Actions required to mitigate the risk. Actions should be SMART & have clear owners assigned. This will allow action progress to be tracked & monitored & issues with action completion to be visible & dealt with.
14.	Risk Owner	Senior person best placed to keep an eye on the risk with decision making authority. This person is accountable for the Risk & should be aware of its current status.
15.	Action Owner	Person responsible for implementing the risk response / actions, providing updates on action progress & flagging issues relating to action completion.
16.	Risk treatment / Risk response	This is a risk modification process. It involves selecting & implementing one or more treatment options. Once a treatment has been implemented, it becomes a control or it modifies existing controls. Treatment options include; • Avoidance / Remove the source of the risk • Reduction • Transference • Retain / Accept the risk • Also known as the four T's – Treat, Transfer, Tolerate & Terminate
17.	Assurance rating	This is the rating which has been given regarding the level of assurance: • (1) = Management Reviewed Assurance • (2)= Board Reviewed Assurance • (3)= External Reviewed Assurance

Risk Management Reporting Structure



Cardiff and Vale UHB Risk Appetite Matrix

Appendix 3

Appendix 4

Approach to assessing Risk

Consequence scores

Choose the most appropriate domain for the identified risk from the left hand side of the table Then work along the columns in same row to assess the severity of the risk on the scale of 1–5 to determine the consequence score, which is the number given at the top of the column.

	Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
Domains	**Negligible**	**Minor**	**Moderate**	**Major**	**Catastrophic**
Impact on the safety of patients, staff or public (physical/psychological harm)	Minimal injury requiring no/minimal intervention or treatment No time off work	Minor injury or illness, requiring minor intervention Requiring time off work for <3 days Increase in length of hospital stay by 1–3 days	Moderate injury requiring professional intervention Requiring time off work for 4–14 days Increase in length of hospital stay by 4–15 days RIDDOR/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long-term incapacity/disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Quality/complaints/audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint (stage 1) Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint (stage 2) complaint Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/ independent review Low performance rating Critical report	Totally unacceptable level or quality of treatment/service Gross failure of patient safety if findings not acted on Inquest/ombudsman inquiry Gross failure to meet national standards
Human resources/ organisational development/staffing/ competence	Short-term low staffing level that temporarily reduces service quality (< 1 day)	Low staffing level that reduces the service quality	Late delivery of key objective/ service due to lack of staff Unsafe staffing level or competence (>1 day) Low staff morale	Uncertain delivery of key objective/service due to lack of staff Unsafe staffing level or competence (>5 days) Loss of key staff	Non-delivery of key objective/service due to lack of staff Ongoing unsafe staffing levels or competence Loss of several key staff No staff attending mandatory training /key

			Poor staff attendance for mandatory/key training	Very low staff morale No staff attending mandatory/ key training	training on an ongoing basis
Statutory duty/ inspections	No or minimal impact or breech of guidance/ statutory duty	Breech of statutory legislation Reduced performance rating if unresolved	Single breech in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breeches in statutory duty Improvement notices Low performance rating Critical report	Multiple breeches in statutory duty Prosecution Complete systems change required Zero performance rating Severely critical report
Adverse publicity/ reputation	Rumours Potential for public concern	Local media coverage – short-term reduction in public confidence Elements of public expectation not being met	Local media coverage – long-term reduction in public confidence	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House) Total loss of public confidence
Business objectives/ projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met
Finance including claims	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget Claim less than £10,000	Loss of 0.25–0.5 per cent of budget Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget Claim(s) between £100,000 and £1 million Purchasers failing to pay on time	Non-delivery of key objective/ Loss of >1 per cent of budget Failure to meet specification/ slippage Loss of contract / payment by results Claim(s) >£1 million
Service/business interruption **Environmental impact**	Loss/interruption of >1 hour Minimal or no impact on the environment	Loss/interruption of >8 hours Minor impact on environment	Loss/interruption of >1 day Moderate impact on environment	Loss/interruption of >1 week Major impact on environment	Permanent loss of service or facility Catastrophic impact on environment

Likelihood score (L)

What is the likelihood of the consequence occurring?

The frequency-based score is appropriate in most circumstances and is easier to identify. It should be used whenever it is possible to identify a frequency.

Likelihood score	**1**	**2**	**3**	**4**	**5**
Descriptor	**Rare**	**Unlikely**	**Possible**	**Likely**	**Almost certain**
Frequency How often might it/does it happen	This will probably never happen/recur	Do not expect it to happen/recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue	Will undoubtedly happen/recur, possibly frequently

Risk scoring = consequence × likelihood (C × L)

	Likelihood				
Consequence	**1**	**2**	**3**	**4**	**5**
	Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

For grading risk, the scores obtained from the risk matrix are assigned grades as follows:

1–3	Low risk
4–6	Moderate risk
8–12	High risk
15–25	Extreme risk

Instructions for use

Define the risk(s) explicitly in terms of the adverse consequence(s) that might arise from the risk.

Determine the consequence score(s) (C) for the potential adverse outcome(s) relevant to the risk being evaluated.

Determine the likelihood score(s) (L) for those adverse outcomes. If possible, score the likelihood by assigning a predicted frequency of occurrence of the adverse outcome. If this is not possible, assign a probability to the adverse outcome occurring within a given time frame, such as the lifetime of a project or a patient care episode. If it is not possible to determine a numerical probability then use the probability descriptions to determine the most appropriate score.

Calculate the risk score the risk multiplying the consequence by the likelihood:

C (consequence) × L (likelihood) = R (risk score)

Identify the level at which the risk will be managed in the organisation, assign priorities for remedial action, and determine whether risks are to be accepted on the basis of the colour bandings and risk ratings, and the organisation's risk management system. Include the risk in the organisation risk register at the appropriate level.