# Risk Management Strategy and Policy

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# 1.    Introduction

The East of England Ambulance Service NHS Trust Board (the Board) recognises that risk management is an integral part of good governance and management practice and to be most effective, must become part of the Trust's culture. The Board is committed to ensuring that risk management forms an integral part of its philosophy, practices and business plans and that responsibility for implementation is accepted at all levels.

The Trust aims to take all reasonable steps in the management of risk with the overall objective of delivering the Trust's vision and strategic goals, whilst protecting patients, staff and assets. To achieve this objective, the Trust has adopted a proactive approach to risk management that aims to preserve its assets and reputation and to provide protection against preventable injury and loss to patients, the general public and employees.

# 2.    Purpose

Risk Management is the process of identifying, assessing, analysing and managing all potential risks and when done correctly, assists organisations in successful business planning and management to ensuring the delivery of key and strategic objectives.

This document comprises of both the Risk Management Strategy and Policy. The aim is to set out the way in which successful risk management will be achieved by the organisation, which will assist in the delivery of the Trust's strategic objectives. It provides detailed guidance to Trust managers and staff regarding the operation of the risk management system.  It highlights the process to be followed and the responsibilities of those involved in the functioning of the Trust.

The approach outlined places a greater risk focus throughout the organisation, ensuring decision making is grounded in proactive risk identification and mitigation with emphasis on support and controls – working to ensure risk management is not purely seen as a compliance exercise.

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## 3. Duties

### 3.1 Chief Executive

The Chief Executive has overall responsibility for ensuring that an effective risk management system is in place within the Trust and for meeting all statutory requirements in respect of governance. This includes:

- A process for identifying and quantifying risks and potential liabilities
- Management processes to ensure all risks and potential liabilities are addressed including effective systems of internal control.
- Contingency plans to offset the impact of adverse events.
- Audit arrangements including internal audit, clinical audit, health and safety.
- Decisions on which risks shall be insured.
- Arrangements to review the risk management programme.

Whilst the strategic development of risk management and its associated activities lies with the Chief Executive, this responsibility is discharged through the departments and respective directors and senior managers as described.

### 3.2 Executive Leadership Team

The Executive Directors provide executive leadership to the Trust and are responsible for managing the everyday business affairs of the Trust. They are responsible for owning, monitoring and acting upon the Strategic Risks with the intention of mitigating the risks to an acceptable level, in order that the Trust is able to achieve its Strategic Objectives. Other responsibilities include:

- Responsibility for ensuring their respective Directorates comply with the Risk Management Strategy and Policy.
- Implementation of the strategies and policies of the Trust as determined by the Board.
- Consideration of risks in decisions relating to potential new business.
- Monitoring the operation of services, against objectives and action / project plans
- Ensuring implementation of risk management systems
- An awareness of the likelihood and potential impact of risks materialising.

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- Reducing the incidence of impact on the organisation of risks that do materialise.
- Management and mitigation of the Strategic Risks, as well as those Principal Risks escalated through the groups in the Governance and Assurance framework
- Collective ownership of the Board Assurance Framework

### 3.3    Head of Governance

The Head of Governance is responsible for the framework of risk management, ensuring overall compliance with the Strategy and Procedure and escalating issues and non-compliance to the Executive Directors. Other responsibilities include:

- The provision of advisory and practical support to Directors and Managers in risk management issues, actions and policy.
- Administration and review support to the risk register system
- Conducting and supporting the risk assessment process for new schemes and changes
- Development, implementation of and monitoring risk management compliance.
- Coordination of the Board Assurance Framework
- Development of the training needs assessment for risk management and provision of risk management training, in line with the risk management training plan

### 3.4   Heads of Department and Equivalent

Heads of Operations, Heads of Department and their equivalents, are responsible for:

- Ensuring appropriate and effective risk management processes are in place within their designated areas and scope of responsibility.
- Implementing and monitoring any identified and appropriate risk management control measures through the maintenance of risk registers.
- In situations where potential principal risks have been identified and where local control measures are considered to be potentially inadequate, they are responsible for bringing these risks to the attention of the relevant Director and the risk team.

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- Ensuring that all staff are made aware of the risks within their work environment and of their personal responsibilities and that they receive appropriate information, instruction, and training to enable them to work safely.
- Ensuring all new staff attend relevant and timely induction programmes.

### 3.5 Trust Specialists

Trust Specialists (for example Safeguarding Lead, Medicines Management Lead, or Infection, Protection and Control Lead) are responsible for ensuring that relevant risks are escalated to the relevant Governance Sub-Group for review, discussion and action.

### 3.6 All Staff

Staff must adhere to policy and ensure changes to policy or practice are implemented, to ensure safety of staff, patients and the public in all instances. Other responsibilities include:

- Reporting accidents/incidents and near misses in accordance with policy, to enable the Trust to learn and put improvements in place.
- Raising with their line manager, any areas of potential risk that they have recognised.
- Being aware that they have a duty under legislation to take reasonable care for their own safety and the safety of all others who may be affected by the Trust's business.
- Complying with Trust rules, regulations and instructions to protect the health, safety and welfare of anyone affected by the Trust's business.
- Being familiar and complying with the Risk Management Strategy and Policy, together with other policies and procedures.

### 3.7 The Trust Board

The Board is accountable for internal control and is required to produce statements of assurance it is managing the Trust's affairs efficiently and effectively through the implementation of internal controls to manage risk. The Board will:

- Establish the Trust's objectives
- Establish the Risk Appetite of the organisation

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- Identify the strategic risks that may threaten the achievement of these objectives.
- Identify and evaluate key controls to manage these strategic risks.
- Obtain assurance on the effectiveness of key controls across all areas of strategic risk.
- Identify positive assurances and areas where there are gaps in controls.
- Put in place plans to take corrective action where gaps have been identified.
- Maintain dynamic risk management arrangements, including a risk register.

## 3.8   Assurance Committees

The committees are responsible for seeking assurance in relation to the risks relevant to that committee, in order to assure the Board that the Trust is on course to deliver against its strategic objectives. The Board Assurance Framework highlights which committee is responsible for the oversight of which risks.

The Committees are also responsible for receiving and reviewing key risks and actions in place to mitigate those risks, highlighted through the assurance and escalation process set out in the Board Governance and Assurance Strategy and Framework.

### 3.8.1   Audit Committee
The Audit Committee is responsible for providing an independent overview on the effectiveness of the Trust's risk management and internal control systems. It is also responsible for considering evidence from other areas of the business to enable the provision of robust assurance to the Board that the Trust has a robust and effective risk management system in place – this includes evidence from areas such as internal audit and counter-fraud.

## 3.9  Executive Leadership Sub-Groups

The Governance Sub-Groups of the Executive Leadership Team are responsible for considering all risks relevant to their Terms of Reference. The remit is to seek assurance that controls and actions in place are successful in risk mitigation, and escalating risks unable to be managed at that level to the Corporate Risk Register.

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The Sub-Groups are also responsible for providing assurance to the relevant Committees on the management and mitigation of the risks pertaining to their Terms of Reference.

## 4. Risk Management Strategy and Aim

Aim of the strategy: Support the delivery of the Trust's Vision and Strategic Goals, through the minimisation of risk materialisation.

To do this, the organisation must ensure that all activities – planned or undertaken – are adequately assessed to ensure that risks have been identified and evaluated, and that appropriate controls and actions are in place to minimise either the likelihood or impact of the risk. It is essential that the organisation not only considers the risks of carrying out an activity, but also those actions that the organisation decides not to take.

Objectives underpinning this aim are:

- Ensure that risk management is linked to implementation and achievement of strategic aims and objectives.
- Identify and control risks which may adversely affect the Trust's operational ability.
- Provide and maintain a safe and secure environment for patients, staff and visitors.
- Protect the services, finances and reputation of the Trust through risk evaluation, control, elimination, transfer or acceptance of risk.
- Provide a systematic approach to risk discussions to ensure a 'no surprises' culture.

The Risk Management Strategy will be applied through a number of methods, including:

| Method | Assurance |
|---|---|
| Implementation of and adherence to the Risk Management Policy | KPI monitoring through Audit Committee |
| Implementation and adherence to all policies in use in the organisation, ensuring a risk management focus across policies | Application of monitoring within each policy<br>Metrics across committees for key workstreams<br>Internal Audit processes |

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| Method | Assurance |
|---|---|
| Ensuring that all formal Trust groups and committees consider risks. | Terms of Reference and Group Assurance Reports to Committees |
| Provision of risk management training according to the role of the staff member | KPI monitoring through audit committee |
| Ensuring that adequate resources are made available to provide safe systems of work. Including making provision for risk assessments, appropriate control measures, raising concerns, ensuring safe practices and continued monitoring and revision. | Health and Safety Policy compliance and reporting<br>Risk profile<br>Internal Audit opinion on control effectiveness |
| Working to ensure an open culture that reports and responds appropriately to risks, incidents and concerns, ensuring learning and sustainable improvement. | Committee risk monitoring and assurance process |
| Ensuring that staff attend statutory and mandatory training. | Statutory and mandatory training compliance (IPR report) |
| Promoting greater risk management and health and safety awareness amongst all staff and ensuring properly trained and competent staff are in place | Risk training KPI through Audit Committee |

## 5. Risk Management Key Performance Indicators

The aim of the risk management KPIs are to provide some measure of the total risk exposure of the Trust coupled with the effectiveness of the application of the risk management strategy:

- **KPI 1: Inherent / Residual Risk Profile** – how many of our inherent Red 15 + Risks have reduced to either amber / green scores due to mitigating controls and actions and how many remain as Red 15+ risks as a proportion of the total risks on the register. Target: 2% reduction in risk profile per year

- **KPI 2: Red Risk Review –** the number/percentage of our residually red (15+) risks that have been reviewed and updated every month. Target: 20% increase in compliance per month. Aspiration: 100% per month

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- **KPI 3: Risk Review** – the number / percentage of our low to moderate (<15) risks that have been reviewed and updated every quarter. Target: 10% increase in compliance per quarter. Aspiration: 100% per quarter

- **KPI 4: Outstanding Actions** - the number of actions created for open risks that are overdue and outstanding on the risk register as a proportion of all actions created. Target: 5% reduction in overdue actions per month. Aspiration 0% overdue

- **KPI 5: Red Risk Assurances** – the proportion of red risk controls with an assurance rating. Target: 10% in assurance completion per month. Aspiration 100% controls with assurance level.

- **KPI6: Risk Training (a)** – the percentage of quarterly facilitated team sessions for risk management. Target: Minimum 75% per quarter. Aspiration: 100% per quarter

- **KPI7: Risk Training (b)** – completion of the Risk Management Policy passport training. Target: 5% increase in completion per month. Aspiration 90% staff undertake training

- **KPI8: Statutory Training** – completion of statutory and mandatory training. Target: 90% compliance every month. Aspiration: 95%

## 6. Risk Appetite

The Trust Board has established the risk appetite for the organisation, in order to assist with determining the level of risk and risk areas requiring focus. This is the amount of risk the Trust is prepared to accept in the pursuit of its strategic objectives. This is a complex concept to define within an organisation, and the Board therefore has a different appetite for different types of risk.

During the covid-19 pandemic, the focus of risk management is on maximising safety for patients and the workforce (including culture) whilst ensuring legislative compliance. Therefore, these three areas are of greatest priority at the current time with other aspects to be considered in that context. The following table outlines the recommended action regarding risks, based upon the organisation's risk appetite:

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| Assessment | Description of potential effect | What does this mean? |
|---|---|---|
| **High Risk Appetite** | The Trust is willing to accept the risks that <u>may</u> result but may choose to mitigate further. | Risks tolerated or treated by exception. If exception and for mitigation, monitored through ELT sub-group. Risks can be logged on 4Risk, with controls added and the current score determined and then monitored. |
| **Moderate Risk Appetite** | The Trust is willing to accept <u>some</u> risks <u>in certain circumstances</u>. Subject to the circumstances, the Trust will otherwise seek to proportionately mitigate the risk. | The majority of these to be treated and monitored through relevant ELT sub-group. Risks can be logged on 4Risk, with controls added and the current score determined and then closed (<15) by the owner. |
| **Low Risk Appetite** | The Trust is <u>not</u> willing to accept (<u>except in very exceptional circumstances</u>) these risks. Subject to the prevailing exceptional circumstances the Trust will seek to mitigate the risk as far as practically possible. | All risks to be actively treated and monitored through the relevant ELT sub-group, until target score met. No closure of risks with a score of 8 or higher |

The following table identifies the level of risk appetite within each category of risk. This gives the level of risk the Trust is willing to accept within that category, in pursuit of objectives:
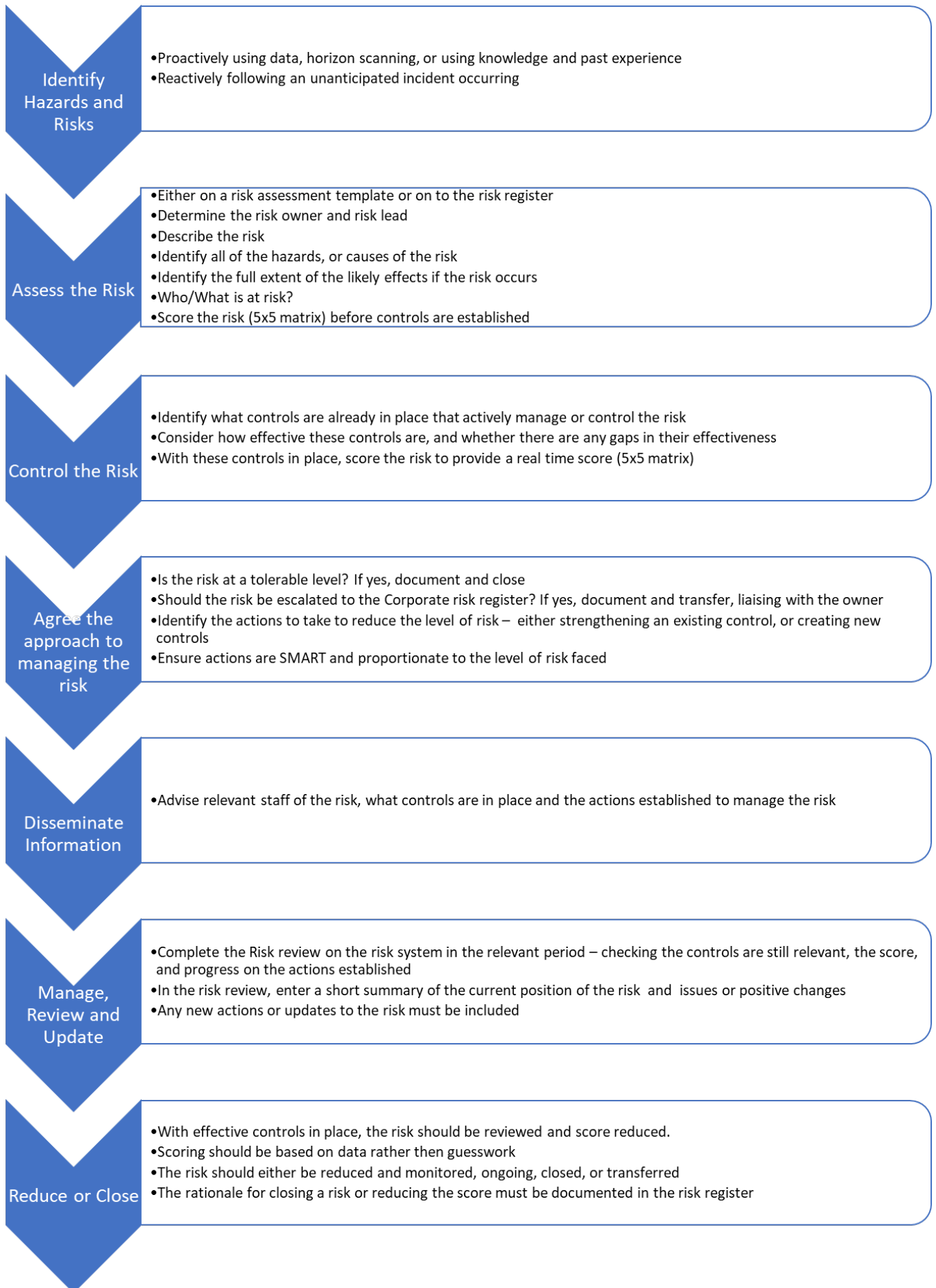
| Category | Risk Appetite | Notes |
|---|---|---|
| Quality | Moderate | Quality is a key objective for the Trust and should therefore be treated as such; however, focus upon safety is the over-riding priority and actions to improve quality must be balanced against this and financial capability. |

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| Category | Risk Appetite | Notes |
|---|---|---|
| Safety | Low | Safety must be prioritised within any activities – for patients, staff and the public – this includes security and health and safety. |
| Workforce | Low | Workforce culture, development and wellbeing are all areas of focus for the Trust and improvements should be actively pursued, but focus on safety, and statutory requirements must be considered and mitigated first. |
| Performance | Moderate | Performance is a priority and should be treated as such; however, focus upon safety is the over-riding concern and actions to improve performance must be balanced against financial capability. |
| Finance | Low | Efficient use of public monies is essential and should be prioritised, although must be balanced with safety. |
| Statutory requirements | Low | Pursuit of all objectives must seek to support compliance with statutory and legislative requirements. |
| Transformation | Moderate | Due to its nature, the Trust is willing to accept a moderate level of risk in regard to the progression of transformation schemes; however other areas such as safety and finance must be balanced in pursuit of transformation. |
| Commercial | Low | The Trust is keen to progress and expand commercially, however risks arising from commercial progress must be minimised with a reasonable level of confidence in delivery, prior to proceeding. Commercial advances must not adversely impact upon the Trust's core areas of business. |
| Reputation | Moderate | Reputation is important to the Trust and so efforts should be made not to adversely impact |

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| Category | Risk Appetite | Notes |
|---|---|---|
| | | reputation. However, application of risk appetite in regard to safety, finance and statutory requirements and will positively impact upon our reputation. |
| Informatics and Technology | Moderate | Data and technology are essential to our business and must therefore be prioritised, but pursuit of improvement in this area must be balanced against safety, financial capability and statutory requirements. |

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# 7. Risk Management Policy

The following sections provide detail in relation to the Risk Management Policy, the approach and how risks should be assessed, documented, managed and reported. Adherence to the policy will ensure that a continual, systematic approach to the management of risks and issues is followed. The following flow chart provides an overview of the risk management process, which is broken down in more detail in subsequent sections:

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**Identify Hazards and Risks**
- Proactively using data, horizon scanning, or using knowledge and past experience
- Reactively following an unanticipated incident occurring

**Assess the Risk**
- Either on a risk assessment template or on to the risk register
- Determine the risk owner and risk lead
- Describe the risk
- Identify all of the hazards, or causes of the risk
- Identify the full extent of the likely effects if the risk occurs
- Who/What is at risk?
- Score the risk (5x5 matrix) before controls are established

**Control the Risk**
- Identify what controls are already in place that actively manage or control the risk
- Consider how effective these controls are, and whether there are any gaps in their effectiveness
- With these controls in place, score the risk to provide a real time score (5x5 matrix)

**Agree the approach to managing the risk**
- Is the risk at a tolerable level? If yes, document and close
- Should the risk be escalated to the Corporate risk register? If yes, document and transfer, liaising with the owner
- Identify the actions to take to reduce the level of risk – either strengthening an existing control, or creating new controls
- Ensure actions are SMART and proportionate to the level of risk faced

**Disseminate Information**
- Advise relevant staff of the risk, what controls are in place and the actions established to manage the risk

**Manage, Review and Update**
- Complete the Risk review on the risk system in the relevant period – checking the controls are still relevant, the score, and progress on the actions established
- In the risk review, enter a short summary of the current position of the risk and issues or positive changes
- Any new actions or updates to the risk must be included

**Reduce or Close**
- With effective controls in place, the risk should be reviewed and score reduced.
- Scoring should be based on data rather then guesswork
- The risk should either be reduced and monitored, ongoing, closed, or transferred
- The rationale for closing a risk or reducing the score must be documented in the risk register

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## 7.1 Risk Identification

The first step in risk management is to identify the risks that could impact upon the objective intending to be met. This should be a continuous process, as new risks and hazards emerge. Risk identification can occur in two main ways – proactively before an event, or reactively following an incident.

## 7.2 Risk Assessment

The risk assessment should include consideration of all questions highlighted in the risk assessment section of the flow chart. It is a fundamental step – if it is not undertaken in a detailed manner, incorrect actions or ineffective controls could be established which do not help to manage the risk and can incur unnecessary cost.

Key points to note:
- Ensure all hazards/causes of the risk are considered, to determine mitigating actions.
- Identify all effects the risk would have if it materialised, to assist with scoring the risk.

For risk assessments pertaining to the Health and Safety at Work Act or other Health and Safety Legislation, please ensure you refer to the Trust's Health, Safety and Security Risk Assessment Process and Guidance

## 7.3 Scoring Risks

The risk score must be based upon the impact to the organisation as a whole, not to a specific team. The score is calculated by giving a 1-5 score for both likelihood and consequence and multiplying them together to give a score out of 25. Definitions for each level of likelihood and consequence can be found in the 5x5 risk matrix in appendix C.

Each risk has three risk scores:
- **Inherent score**: the likelihood and consequence that a risk would have, before any controls are put in place.
- **Residual score**: the current likelihood and consequence of a risk, at the point of each risk review undertaken.
- **Target score**: the likelihood and consequence of a risk the risk owner/lead believes the risk can be reduced to, once effective controls are in place.

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## 7.4 Key Controls

Controls are the things put in place to reduce either the likelihood or consequence of a risk. There are a range of controls that can be applied to risks, designed to either prevent, treat, or direct the risk faced.

A control is only in place if it is embedded in practice – for example, recognition that a policy is required is not a control – it is an action. Once the policy has been written, approved, disseminated to staff and implemented, it then becomes a control.

Controls may only be partially effective – for example implementation of a training course is only effective for those staff who have undertaken the course. Gaps in control should be considered and actions put in place to fill those gaps. In the example of a training course, an action may be delivery against a training trajectory to ensure all staff are suitably trained.

## 7.5 Mitigating Actions

Following risk assessment and determination of the key controls in place, consideration should be given to the actions required to reduce the risk likelihood or consequence.

Actions should be designed to form controls, must be cost-effective and bring about a reduction in the risk score. Actions should follow the SMART principles of specific, measurable, achievable, realistic and timed. Decisions on actions must be taken in line with the scheme of delegation and the responsibility level of the individuals involved. This may require business case proposals through a relevant decision-making group.

Should a specific action plan already be established within the Integrated Improvement Plan or project documentation, the actions do not need duplicating in the risk register. The risk register should contain a summary action to link to the improvement plan, for example *"delivery of the XX action plan by XX date"*.

## 8.    Escalation, De-escalation and Removal of Risks

Risks are live; it is important that risk scores, detail, causes, controls and actions are all subject to change. Risk register design is such that risks can

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be easily escalated, de-escalated or closed (and then reopened) at any point in time.

Options for movement in relation to risks are:

- **Escalation** – risks can be moved from a local or directorate register up to the Corporate register, if deemed to be a principal risk. This decision is taken by the Deputy Director or Head of Department. A principal risk can be escalated to the Board Assurance Framework, should the Executive Leadership Team consider it to be a sufficient threat to delivery of Strategic Objectives.
- **De-escalation** – risks can be moved from the Corporate register to a local risk register, in cases where the risk has been controlled to an acceptable level, or when actions have been completed and the risk can be managed in a more local forum. This decision is taken by the risk owner.
- **Closure** – where the risk has been terminated, reached its target score or is in line with risk appetite, it can be closed. Risks should only be closed when the risk owner has sufficient assurance to be confident that no further action to mitigate is needed.
- **Ongoing monitoring** – there will be a number of risks that are unable to be mitigated further but remain at a residual score of 8 or higher. These should remain open on the risk register and reviewed monthly to ensure no change, or no further action.

Only the Trust Board can determine the need to remove a Strategic Risk from the Board Assurance Framework.

## 8.1 Escalation to the Corporate Risk Register

Risks should be considered for escalation to the Corporate Risk Register based on the following points:
- Multi-directorate involvement in the impact, or in the response to the risk
- Impact upon the strategic risks or goals
- Lack of confidence in the ability to manage the risk effectively at local level

## 9. Responsibility for Managing Different Levels of Risk

Once a risk has been scored, it will be graded and managed in line with the process below:

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| Risk Type | Risk Score | Responsible Person | Review Frequency | Comments |
|---|---|---|---|---|
| **Low** | 2-6 | Local manager | Quarterly | Close if no actions |
| **Moderate** | 8-12 | Head of Department | Quarterly | Review at team meetings. Ensure actions completed in time |
| **High** | 15-25 | Head of Department | Monthly | Review at all team meetings. Senior Management Group and Committee monthly oversight |
| **Strategic Risks** | Any | Executive Director | Monthly | Review with Head of Governance, report to Board and Committees |

## 9.1  Risk Review Process

The flow chart outlines the approach for risk owners to take on reviewing their open risks on the risk register:

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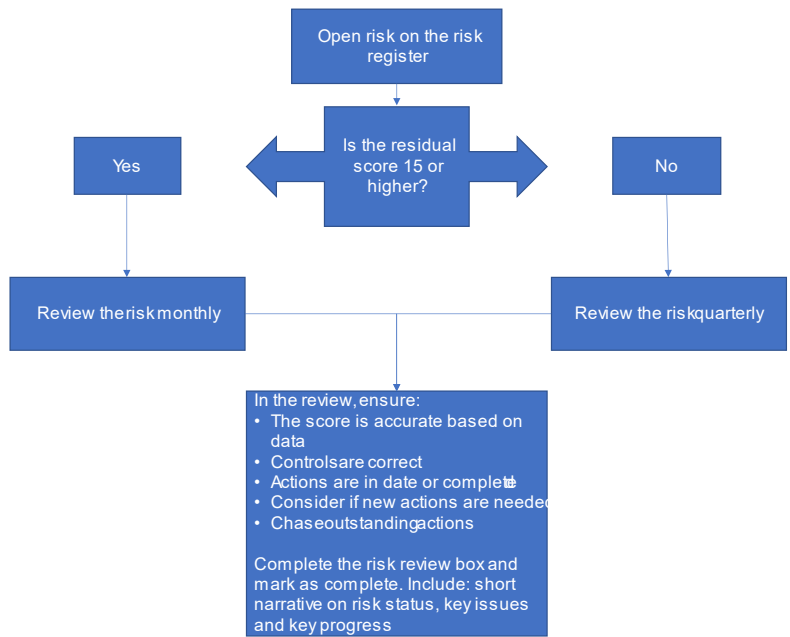
## 9.2  Compliance Escalation Process

Non-compliance with monthly red risk review will be escalated to the Audit Committee Chair each month. Non-compliance with quarterly low to moderate risk review will be escalated to the Executive Director and monitored via Audit Committee.

## 10.  Service Changes, Projects and Quality Cost Improvement Programmes

All proposed service changes, projects and Cost Improvement Programmes should have a full risk assessment, taking into account the potential impacts upon quality, prior to approval and initiation. This risk assessment **must** be carried out on either a standard risk assessment template or a Quality Risk Assessment template within the project documentation workbooks.

Please refer to the Board Governance and Assurance Framework for greater clarity on the correct Executive sub-group pathway for approvals process of projects.

Projects, Cost Improvement Programmes or service developments monitor their risks within the project documentation, not on the risk register, in line with project governance. Risks should be reviewed and monitored at every project planning meeting. However, if a project risk may impact upon business as usual or prevent the overall delivery of the project then it will be necessary to escalate the risk to the appropriate directorate risk register.

Please refer to the Project Management Office for further detail on the above approach.

## Appendices

A          Monitoring Table

B          Definitions

C          Risk Score Matrix

D          Risk Assessment Template

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## Appendix A: Monitoring Table

| What | Who | How | Frequency | Evidence | Reporting arrangements | Acting on recommendations | Change in practice /lessons |
|------|-----|-----|-----------|----------|------------------------|---------------------------|----------------------------|
| KPI 1: Inherent/ Residual Risk Profile | Audit Committee | Risk KPI compliance report Deep Dives | Quarterly | Compliance Report Assurance reports from sub-committees | Audit Committee Compliance and Risk Group | Head of Governance and Risk Owners | |
| KPI 2: Red Risk Review | Audit Committee; Committee Chair | Monthly KPI exceptions report | Monthly to Chair Quarterly to Committee | Escalation and compliance reports | Audit Committee Senior Management Group | Head of Governance Executive Directors Risk Owners | Required changes to practice will be identified and actioned within a specific time frame. |
| KPI 3: Risk Review | Audit Committee and Executive Directors | Quarterly exceptions report | Quarterly to Executive Directors and Committee | Escalation and compliance reports | Executive Directors Audit Committee Compliance and Risk Group | Head of Governance Executive Directors | |
| KPI 4: Outstanding Actions | Risk Owners Governance Sub-groups | Compliance report | Monthly | Compliance reports | Audit Committee | Risk Owners | A lead member of the team will |

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| What | Who | How | Frequency | Evidence | Reporting arrangements | Acting on recommendations | Change in practice /lessons |
|---|---|---|---|---|---|---|---|
| | | In-Meeting risk review | Every Group Meeting | Group minutes and reports | Compliance and Risk Group | Governance Sub-Group Chairs | be identified to take each change forward where appropriate. |
| KPI 5: Red Risk Assurances | Governance Team Internal Audit | Internal Audit Compliance report | As occurring Quarterly | Internal Audit reports Compliance report | Audit Committee Compliance and Risk Group | Heads of Department Head of Governance | |
| KPI6: quarterly training | Governance Team | Quarterly monitoring | Quarterly | Audit Reports | Audit Committee Compliance and Risk Group | Heads of Department Head of Governance | |
| KPI7:Passport training | Governance Team | Monthly monitoring | Monthly | Audit reports | Audit Committee Compliance and Risk Group | Heads of Department Head of Governance | |
| KPI8: Statutory training | Workforce Directorate | Monthly monitoring | Monthly | Integrated Performance Report | Monthly to Board via IPR | Heads of Department Workforce Director | |

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| What | Who | How | Frequency | Evidence | Reporting arrangements | Acting on recommendations | Change in practice /lessons |
|---|---|---|---|---|---|---|---|
| Risk Management Effectiveness | Internal Audit Audit Committee | Monitoring reports and audit | Every 3 years Every audit committee | Audit report Committee reports | Audit Committee Compliance and Risk Group | Head of Governance | |
| Corporate Risk Register mitigation | Senior Management Group | Risk Register Review | Monthly | Minutes and papers | To relevant Board Committees and ELT | Risk Owners | |
| 15+ risk mitigation | Senior Management Group | Risk Register review | Monthly | Minutes and papers | To relevant Board Committees and ELT | Risk Owners | |

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## Appendix B: Definitions

**Assurance:** Assurance is the level of confidence the Board has in the Trust's ability to manage the risks to business delivery and achievement of the strategic objectives. Executive Directors and managers are required to provide assurance to the Board, which can be through a range of methods including internal audit, surveys and evidence-based updates to action plans.

**Board Assurance Framework:** This term is used to describe the document which holds the Strategic risk register, or summary of all of the strategic risks, their scores and what mitigating actions are being taken. The BAF is an essential document which enables the Board and its associated sub-committees to gain assurance on risk management and progress towards strategic objective achievement, as well as to inform Board and Committee agenda planning. It is a key governance tool that enables the Board to gain assurance that the strategic risks are being effectively managed. Executive Directors own the Strategic Risks, with the Head of Governance responsible for coordinating and updating the BAF document.

**Consequence:** This phrase is used interchangeably with impact (below). This provides a score out of five which demonstrates the level of effect a risk will have, should it occur.

**Control:** A risk control is a system, process or other tangible thing which has been put in place to better manage a risk. Examples could be training, a procedure or equipment which reduces either the likelihood or the impact of a risk. If the control is not yet in place but is being developed, it is a risk action until implemented.

**Governance:** The mechanisms, systems and processes within the Trust that ensures robust control and management of the way in which the organisation goes about its business. This incorporates specialist fields of governance, for example clinical, information, financial and project. Please refer to the Governance and Assurance Strategy and Framework for more information.

**Hazard:** A danger, or the source of a risk. It has the potential to cause harm if the hazard is not managed or removed. Whilst the

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term hazard is often used interchangeably with 'risk'', a hazard is best described as the cause of a risk, rather than the risk itself.

**Impact:** This phrase is used interchangeably with consequence (above). This provides a score out of five which demonstrates the level of effect a risk will have, should it occur.

**Inherent Score:** The score of the risk if there were no mitigating controls in place. This demonstrates the worst position that would be caused through the risk materialising.

**Likelihood:** The probability of the risk occurring. Based upon a percentage or ratio, for example the risk is likely to occur on 10% or 1 in 10 occasions. There are five levels of likelihood set out in the risk matrix.

**Mitigation:** to put in place something which reduces either the impact or likelihood of a risk occurring, through the adding of controls.

**Operational Risks:** Risks encountered in the everyday work of managers and staff. Operational risks may be linked to strategic risks if they could impact on the strategic objectives. They are not limited to service delivery but encompass all areas of the Trust and its business.

**Principal Risks:** The risks residing on the Corporate Risk register. These are not identified by score, but by the nature of the risks and the required methods for mitigation. Principal risks can be described as:

- Likely to affect achievement of the Trust's priorities.
- Impact across multiple directorates
- Require collaborative working between directorates to resolve in an effective manner.

**Project and Programme Risks:** Risks that are only associated with the specific project, programme, or delivery of the project output. As such, these risks do not impact the Trust's business as usual state. Project risks are scored in regard to their impact upon the project rather than the Trust as a whole and as such, can result in higher

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scores. As a result, they are not escalated beyond the project unless they have a direct impact upon the strategic objectives.

**Red Risks:** This is a term often used to describe the collective risks that the Trust has with a residual risk score of 15 or above, based upon assessment of the impact and likelihood.

**Residual Score:** The score of the risk after controls have been identified and working effectively. This is the current score assigned to the risk and demonstrates whether the controls that have been put in place are working effectively to reduce the risk.

**Risk:** The chance of something happening that will have an impact on objectives. It is measured in terms of impact and likelihood. Risks may be strategic, operational, clinical, environmental, financial, economic, political or reputational. Simply put, a risk is the probability that exposure to a hazard – or risk cause – will result in a negative consequence occurring.

**Risk Assessment:** The systematic review of all strategic and operational activities to identify hazards and develop control measures that eliminate or mitigate the risk. The risk assessment process is a step-by-step method to ensure all factors are considered and to ensure that the correct actions are taken to help reduce or control the risk.

**Risk Lead:** The person that the Risk Owner feels is better placed to manage the risk on their behalf and to regularly update and report back on progress and mitigation. The Risk Lead takes day to day responsibility and has the most influence in terms of completion of the mitigating actions required.

**Risk Owner:** The person with overall responsibility for the management of a particular risk. Strategic risks (as per the definitions above) are always assigned to a Director.

**Risk Register:** Risk registers are an essential tool the Trust employs to document, assess and manage risks the organisation faces. The Trust's Risk Management System is a tool used to effectively identify, prioritise, monitor and manage risk, and will comprise of the following parts:

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- Strategic Risks (Board Assurance Framework)
- Corporate risk register, comprising of the principal risks.
- Director risk registers
- Sector risk registers, a sub-section of Directorate registers to manage ownership.

Projects have project-specific risk registers embedded within the project workbooks, in line with good project governance. As such, only project risks which impact upon business as usual will be entered onto and managed on the risk register.

**Strategic Risks:** Risks that may prevent achievement of the Trust's strategic objectives. These are identified, assessed and managed by the Board and are reviewed at each Board meeting.

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# Appendix C: Risk Matrix

**Purpose**
The purpose of the risk matrix is to provide a consistent approach to the grading of risks arising within the Trust, however and from wherever, they are identified. This means that no matter the risk source (i.e., where they are identified from; for example, a Health and Safety risk assessment, a clinical incident, a legal claim or a self-assessment of risk controls), are graded in the same consistent manner against the same generic criteria.

**Method**
The accepted formula for grading risk is*: Consequences x Likelihood.*

This involves making a judgement both as to the *Consequences* to the Trust or person(s) involved and the Trust if the risk is realised, and the *Likelihood* (or probability) of the risk occurring, or recurring, and then allocating a number from 1 to 5 to reflect this. The numbers represent the following values:

| *Consequences:* | *Likelihood:* |
|---|---|
| *1 = insignificant* | *1 = rare* |
| *2 = minor* | *2 = unlikely* |
| *3 = moderate* | *3 = possible* |
| *4 = major* | *4 = likely* |
| *5 = catastrophic* | *5 = almost certain* |

(In the case of a **'near miss',** by definition, no injury or damage has resulted. However, in slightly different circumstances, injury or damage could have resulted and it is the risk of this potential injury or damage which should be graded.)

**Risk Matrix: R (Risk) = C (Consequence) x L (Likelihood)**

| | CONSEQUENCES (IMPACT) | | | | |
|---|---|---|---|---|---|
| **LIKELIHOOD** | **1 - Insignificant** | **2 – Minor** | **3 – Moderate** | **4 – Major** | **5 - Catastrophic** |
| **1 Rare** | 1 | 2 | 3 | 4 | 5 |
| **2 Unlikely** | 2 | 4 | 6 | 8 | 10 |
| **3 Possible** | 3 | 6 | 9 | 12 | 15 |
| **4 Likely** | 4 | 8 | 12 | 16 | 20 |
| **5 Almost Certain** | 5 | 10 | 15 | 20 | 25 |

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## Instructions for use

1. Define the risk(s) explicitly in terms of the adverse impact that might arise from the risk.
2. Use **Table 1** (see below) to determine the **evidence-based** Likelihood score(s) for those adverse outcomes. If possible, score the likelihood by assigning a predicted frequency of the adverse outcome occurring. If this is not possible, assign a probability to the adverse outcome occurring within a given time frame, such as the lifetime of the project or the patient care episode. If it is not possible to determine a numerical probability, then use the probability descriptions to determine the most appropriate score.
3. Use **Table 2** (see below) to determine the **evidence-based** Impact score(s) for the potential adverse outcome(s) relevant to the risk being evaluated.
4. Multiply the Impact Score for each of the descriptors with the Likelihood Score to obtain the risk rating which should be a score between 1 and 25.
5. Use the risk matrix, shown below to determine the colour banding for the risk in respect of each descriptor (the highest score will determine the overall risk level).

### Table 1: Likelihood score:

|  | Probability | Description |
|---|---|---|
| **Rare** | 1 in 100,000 chance | Do not believe will ever happen |
| **Unlikely** | 1 in 10,000 chance | Do not expect to happen |
| **Possible** | 1 in 1,000 chance | May occur occasionally |
| **Likely** | 1 in 100 chance | Will probably occur |
| **Most certain** | 1 in 10 chance | Likely to occur |

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## Table 2: Consequence score:

| Domains | 1 Negligible | 2 Minor | 3 Moderate | 4 Major | 5 Catastrophic |
|---|---|---|---|---|---|
| **Statutory duty / inspections** | No or minimal impact or breech of guidance / statutory duty | Breech of statutory legislation; Reduced performance 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<br><br>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 public expectation | National media coverage with >3 days service well below public expectation. MP concern (questions in the House). Total loss of public confidence. |
| **Business objectives / projects** | Insignificant cost increase / schedule slippage | <5 per cent over project budget<br><br>Schedule slippage | 5-10 per cent over project budget<br><br>Schedule slippage | Non-compliance with national 10-25 per cent over project budget; schedule slippage.<br><br>Key objective not met. | Incident leading >25 per cent over project budget;<br><br>Schedule slippage<br><br>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 | Non delivery of key objective / loss of >1 per cent of budget Failure to meet specification / |

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| Domains | 1 Negligible | 2 Minor | 3 Moderate | 4 Major | 5 Catastrophic |
|---|---|---|---|---|---|
| | | | | £1 million Purchasers failing to pay on time | slippage Loss of contract / payment by results Claim(s) >£1 million |
| **Impact on the safety of patients, staff of public (physical / psychological harm)** | Minimal injury requiring no / minimal intervention or treatment<br><br>No time off work required | Overall treatment or service sub-optimal<br><br>Formal complaint; Local resolution; Single failure to meet internal standards; Minor implications for patient safety if unresolved<br><br>Reduced performance rating if unresolved | Moderate injury requiring professional intervention<br><br>Requiring time off work for 4-14 days; increase in length of hospital stay by 4-15 days; RIDDOR / agency reportable incident<br><br>An event which impacts on a small number of patients | Major injury leading to long-term incapacity / disability<br><br>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 a large number of patients |
| **Quality / complaints / audit** | Peripheral element of treatment or service sub-optimal; Informal complaint / inquiry | Overall treatment or service sub-optimal; Formal complaint; Local resolution; Single failure to meet internal standards; Minor implications for patient | Treatment of service has significantly reduced effectiveness; 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 | Incident leading to totally unacceptable level or quality of treatment / service; Gross failure of patient safety if findings are not acted on; Inquest / ombudsman inquiry; Gross failure to |

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| Domains | 1<br>Negligible | 2<br>Minor | 3<br>Moderate | 4<br>Major | 5<br>Catastrophic |
|---|---|---|---|---|---|
| | | safety if unresolved; Reduced performance rating if unresolved | | | 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 service quality | Late delivery of key objective / service due to lack of staff; Unsafe staffing level or competence (>1 day); Low staff morale; Poor staff attendance for mandatory / key training | Uncertain delivery of key objectives / service due to lack of staff; unsafe staffing level or competence (>5 days); Loss of key staff; Very low staff morale; No staff attendance for mandatory / key training | 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 / key training |

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## Appendix D: Risk Assessment Template

| **Summary of task / hazard** (Describe the hazard / activity giving cause to the hazard) |
|---|
| • Bullet point summary<br> o |

| **Risks associated with the task / hazard.** |
|---|
| 1. Describe risk, bullet point potential harm.<br>   • Potential harm (e.g., patient harm, delay, reputation)<br>2. Describe risk, bullet point potential harm.<br>   • Potential harm |

**Risk groups/areas** (those most likely or especially at risk)

| Operational emergency staff | | New/inexperienced staff | |
|---|---|---|---|
| EOC staff | | Visitors | |
| Non-emergency services (PTS) | | Service users/Public | |
| Critical Care/Air Ambulance | | Lone workers | |
| First or Co-Responders (e.g., CFR) | | Young or vulnerable persons | |
| Other emergency services | | New/expectant mothers | |
| Other ambulance services | | Contractors | |
| Other healthcare staff/organisations | | Administration staff | |
| Information governance/Caldicott impact link here | | | |

| **Existing controls** (*precautions in place*) | **Gaps in control** |
|---|---|
| 1.   Reference risks above, bullet point controls | |
| 2. Reference risks above, bullet point control | |

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| | |
|---|---|
| 3. Reference risks above, bullet point control | |
| 4. Reference risks above, bullet point controls | |

**Risk rating** (Risk rating with existing controls / precautions in place) – Refer to EEAST risk matrix

*Consequence score of incident (actual and potential)*

| (5) Catastrophic | | (4) Major | | (3) Moderate | | (2) Minor | | (1) Insignificant | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

*Likelihood score of incident*

| (5) Almost certain | | (4) Likely | | (3) Possible | | (2) Unlikely | | (1) Rare | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

*Detail reasons for giving this score.*

Enter rationale

*Risk rating score*

| Risk rating score (To attain risk rating multiply scores of consequence and likelihood) | | Colour coded rating | |
|---|---|---|---|

| **Are the current controls adequate?** |
|---|
| Yes or No with reason |

| **If No, what controls can be established to mitigate the risk?** |
|---|

*Risk rating score  - following implementation of additional controls*

| Risk rating score (To attain risk rating multiply scores of consequence and likelihood) | | Colour coded rating | |
|---|---|---|---|

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