RISK MANAGEMENT STRATEGY & BOARD ASSURANCE FRAMEWORK

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Target Audience:

People who need to review this document in detail	All Staff with the responsibility for undertaking risk assessments. All staff who approve risks as a risk owner or manager.
People who need to have a broad understanding of this document	All staff.
People who need to know that this document exists	All staff.

Integrated Impact Assessment:

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Approval Route:

Where	When	Why
Audit & Risk Committee		Endorse for Board Approval
Health Board		Approved

Disclaimer:
If the review date of this document has passed please ensure that the version you are using is the most up to date version either by contacting the author or CTM_Corporate_Governance@wales.nhs.uk

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1. Introduction and Aims

1.1 Cwm Taf Morgannwg University Health Board (CTMUHB) is committed to developing and implementing a Risk Management Strategy (and Board Assurance Framework) that will identify, analyse, evaluate and control the risks that threaten the delivery of its strategic objectives and delivering against its Integrated Medium Term Plan (IMTP). 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 workforce, performance, quality dashboards and financial reports, to give the Board a comprehensive picture of the organisational risk profile.

1.2 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.

1.3 It aims to:

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

1.4 The objectives of CTMUHB's Risk Management Strategy (and Board Assurance Framework) are to:

- minimise impact of risks, adverse incidents, and complaints by effective risk identification, prioritisation, treatment and management;
- ensure that risk management is an integral part of CTMUHB's culture;
- 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;
- minimise avoidable financial loss;
- ensure that CTMUHB meets its obligations in respect of Health and Safety and Quality and Safety;
- Manage all potential risks CTMUHB are exposed to;
- supports the calibration of risk scoring so the Health Board can achieve a consistent and moderated approach to risk assessment;
- supports an informed understanding of risk in order for the Health Board to be able to appropriately scrutinise risk treatment options; and
- compliment the Risk Management Policy and Risk Assessment Procedure.

2. Scope

2.1 The Risk Management Strategy (and Board Assurance Framework) covers the management of Strategic/Principal and Organisational risks and the process for the escalation of risks for inclusion on the Organisational Risk Register and Board Assurance Framework.

2.2 A risk can be defined as: "the chance of suffering harm caused by a hazard, loss or damage or the possibility that the CTMUHB will not achieve an objective".
Risk is the uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting:

- Achievement of aims and objectives
- Operational performance
- The meeting of stakeholder expectations

Types of Risk

2.3 ***Strategic/Principal Risks****:* are significant risks that have the potential to impact upon the delivery of Strategic Objectives and are reviewed and monitored by the Strategic Leadership Group (SLG), Board Committees and the Board.

2.4 ***Organisational Risks:*** are risks that are mainly operational in nature and arise from the CTMUHB's day-to-day activities.

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

2.6 The BAF identifies the assurances reported to Board and Committees in relation to the strategic/principal risk identified. It also highlights the gaps in controls and assurances~~.~~ 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.

2.7 This Strategy ~~applies to those members of staff that are directly employed by CTMUHB and for whom CTMUHB has legal responsibility~~ applies to all Staff directly employed by CTMUHB and/or those that hold any form of contract (including agency, honorary, locum etc). ~~However,~~ The culture of risk management and discussion of risk with partners and stakeholders, where appropriate should be encouraged.

2.8 The Risk Management Strategy is intended to cover all the potential risks that the organisation could be exposed to.

3. Risk Management Organisational Structure

The Board

3.1 Executive Directors and Independent Members share responsibility for the effective management of risk and compliance with relevant legislation. In relation to risk management, the Board is responsible for:

- articulating the Strategic Objectives/Goals of CTMUHB;

- articulating the Strategic/Principal Risks of CTMUHB;
- protecting the reputation of CTMUHB;
- providing leadership on the management of risk;
- approving the risk appetite for CTMUHB;
- 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 and approving risks on the Board Assurance Framework ~~and the organisational risks scored 15 and above at each meeting;~~
- endorsing risk related disclosure documents;
- approving the Risk Management Strategy and Board Assurance Framework on an annual basis.

Audit & Risk Committee

3.2 The Audit and Risk Committee has a specific role in relation to undertaking an annual review of the effectiveness of the Risk Management Strategy and the Board Assurance Framework.

3.3 In relation to risk management, the Audit and Risk Committee shall review the establishment and maintenance of an effective system of internal control and risk management. In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Governance Statement), together with any accompanying Head of Internal Audit Opinion, External Audit Opinion and/or other appropriate independent assurance, prior to endorsement by the Board.

- the structures, processes and responsibilities for identifying and managing clinical and non-clinical risks facing the organisation. This will be addressed by ensuring there is a periodical review that risk registers are in place and updated for corporate and clinical areas.

- the Health Board's organisational risk register and the adequacy of the scrutiny of risks by assigned Committees. This will be addressed by ensuring all significant risks (i.e. those escalated to the organisational risk register scoring 15 or above or those not

able to be managed locally) are assigned to a Board Committee for scrutiny, and ensuring that updates on actions to mitigate the risks are provided at each committee meeting.

- the Board Assurance Framework.
- the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct and accountability requirements. By identifying and assessing regulatory, legal and code of conduct issues that could have been prevented by more effective management of risk and assurance of controls in place.
- the operational effectiveness of policies and procedures, through regular review of policies and procedures.
- the effectiveness of risk identification, management, escalation and monitoring. This will be addressed by reviewing the number of risk registers in place, the frequency of updates to the risk register and the escalation of high risks to the ~~Locality~~ Care Group /Central Function and Organisational Risk Registers.

All Board Committees

3.4 All Board Committees have a role to play in ensuring effective risk management in particular they will:

- Receive and scrutinise risks and provide onwards assurance to the Board in relation to risks assigned to them to provide oversight and scrutiny.
- will receive updates in terms of actions taken to mitigate the risks, and provide feedback and challenge to risk owners on the actions taken and any further action required.

~~Strategic Leadership Group (SLG)~~ Executive Leadership Group (ELG)

3.5 The ~~SLG~~ ELG 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 organisational risks.

- Enable risks which cannot be dealt with locally to be escalated, discussed and prioritised.
- Ensure Care Groups and Central Corporate Functions ~~Localities, System Groups, Clinical Service Groups and Corporate Department~~ Risk Registers are appropriately rated and action plans agreed to control them.
- Review the risks on the Organisational Risk Register (those escalated to the organisational risk register scoring 15 or above or those not able to be managed locally) to determine whether they will impact on the Health Boards Strategic Objectives/Goals, and if so, the risk will be added to the Board Assurance Framework (BAF) aligned to the appropriate Strategic/Principal Risk.
- Review the Organisational Risk Register and Board Assurance Framework prior to its presentation to the Board and Committees as appropriate.
- Review and monitor the implementation of the Risk Management Strategy and Board Assurance Framework.
- Ensure that all appropriate and relevant requirements are met to enable the Chief Executive to sign the Governance Statement, outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.
- Approve documentation relevant to the implementation of the Risk Management Strategy and Board Assurance Framework.
- Provide assurance to the Board that there is an effective system of risk management across the Organisation.

Care Groups /Local Services Groups / Corporate Central Functions Leads

3.6 Care Groups, Local Service Groups / Corporate Central Functions are responsible for risks within their areas of operation and providing assurance to the SLG on the operational management and any support required in relation to the management of risk.

3.7 These functions are responsible for the implementation of the Risk Management Strategy and relevant policies, which support the Health Board's risk management approach.

3.8 Specifically they will:

- promote a risk culture which encourages open and honest reporting of risk with local responsibility and accountability;
- use the Datix Risk Management system for recording and reviewing risk.
- ensure a forum for discussing risk, risk management and organisational learning is maintained within their system group area of responsibility;
- 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;
- update ~~SLG~~ ELG on the management and mitigation of risk for their area;
- provide reports to the Management Board and appropriate Committee of the Board that will contribute to the organisational monitoring and auditing of risk;
- escalate service risks graded 15 and above all those not able to be managed to the Strategic Risk Owner for consideration and review at the ~~SLG~~ ELG for escalation to the Organisational Risk Register and Board Assurance Framework;
- contribute to the organisational 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;
- ensure the moderation and calibration of risks across the Health Board to avoid duplication, ensure compliance and alignment with the Risk Management Strategy and ensure shared learning across the Health Board;
- review and updating of existing risks, consider new risks for inclusion and escalate/de-escalate risks as appropriate to the Executive Team Member assigned as the Strategic Risk Owner for the risk being escalated.

3.9 CTMUHB's 'Risk Management Process – Service to Board' is included at Appendix 3.

4. Duties

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

All Staff

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

4.3 In addition, they will ensure that they familiarise themselves and comply with all the relevant risk management strategies and procedures for CTMUHB and attend/complete risk management training as appropriate.

4.4 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 Strategy and Policy documents, ~~and~~ Board Assurance Framework and processes and the local strategy and procedures and comply with them.

All Managers (Leaders of Teams, Service Managers, Area Leads etc)

4.5 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.

4.6 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/area operates. Managers must ensure that their staff understand and implement this Strategy and supporting processes, ensuring that staff attend relevant mandatory and local training programmes.

4.7 Managers must be fully conversant with the Health Board'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.

Director of Corporate Governance

4.8 The Director of Corporate Governance will, with the support of the Assistant Director of Corporate Governance & Risk:

- work closely with the Chair, Chief Executive, Chair of the Audit and Risk Committee and Executive Directors to implement and maintain the Risk Management Strategy and Board Assurance Framework and related processes, ensuring that effective governance systems are in place;
- work with the Board of CTMUHB to develop a shared understanding of the risks to the CTMUHB's strategic objectives/goals;
- develop and communicate the Board's risk awareness, appetite and tolerance;
- develop and oversee the effective execution of the BAF and ensure effective processes are embedded to rigorously manage the risks therein;
- monitor the action plans and reporting to the Health Board and relevant Committees.

Executive Directors

4.9 Executive Directors are accountable and responsible for ensuring that their areas of responsibility 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.

4.10 Specifically they will:

- act as strategic risk owner for risks within their remit escalated to the Organisational Risk Register;
- use the Datix Risk Management system for recording and reviewing risk;
- communicate to their staff the Health Board's strategic objectives and ensure that ~~Locality, System Group,~~ Care Group, Clinical Service Group and Corporate Departments 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 the proactive management of risk;
- 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;

- 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;

  and

- ensure that the BAF and the risk management reporting timetable are delivered to the Health Board.

Chief Executive

4.11 The Chief Executive as Accountable Officer of the Health Board 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, finance, and organisational control and governance.

4.12 The Chief Executive has overall accountability and responsibility for:

- ensuring the Health Board maintains an up-to-date Risk Management Strategy 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 Health Board in relation to the management of risk and internal control;
- putting in place and maintaining an effective system of risk management and internal control.

4.13 The Welsh Government requires the Chief Executive to sign a Governance Statement 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.

Internal Audit

4.14 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. 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 Risk Committee as appropriate.

5. Risk Management Process

5.1 CTMUHB is committed to developing a pro-active and systematic approach to risk management.

5.2 Appendices 2 and 3 outline the risk management and risk quantification process.

Risk Assessment

5.3 Each service within the Health Board needs to identify risks through the completion of risk assessments and ensure that risk assessments are completed and regularly reviewed on an ongoing basis.

Organisational Risk Register (Risks Rated 15 or above and/or those that cannot be managed locally)

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

Management of Local Risks (Risk Rated below 15)

5.5 Any risks identified and evaluated as having a low/moderate rating, i.e. a score of between one and eight, 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 service area / department.

5.6 Any risks identified and evaluated as having a medium rating, i.e. a score between 9 and 12 are managed as follows:

- If a risk is scored below 12 and can be managed at Service Group Level it will not require escalation, however, it is felt that the risk can no longer be managed at Service Group level and requires more Senior input and support then it will be first escalated through the relevant structure e.g. ~~Locality~~ Care Group Group.
- If a risk is scored at 12 or above it should be escalated to the ~~Locality~~ Care Group Group. or relevant escalation point within the function.

5.7 All local risks should be reviewed and updated regularly in accordance with the risk grading. This may need to be more frequent if circumstances require. Risks have been reviewed more frequently (i.e. Monthly) as a consequence of alignment to the new operating model and the new revised Organisational Risk Register.

5.8 If a risk is scored 15 and above it should be escalated as outlined in Appendix 3.

Board Assurance Framework (BAF)

5.9 The Health Board's revised Board Assurance Framework was approved by the Board on the *Pending for 2023*. The BAF is reviewed on annual basis by the Audit & Risk Committee for onward approval by the Board.

5.10 The BAF will be articulated via a Board Assurance Report (BAR) presented to Board that brings together the Health Board's strategic goals and the principal/strategic risks, which may prevent them from being achieved.

5.11 The BAR identifies the controls in place to manage these risks and the assurances, which show whether they are working.

5.12 The BAR will:

- Incorporate action plans for the strategic risks within the "Mitigating Actions" section of the BAR which are closely aligned to the gaps in controls and/or assurances;
- ~~provide action plans to fill any gaps in controls or assurances;~~

- link to key measures of performance and National Priority Measures;
- align strategic risks to operational risks on the Organisational Risk Register.

5.13 The benefits of the BAF include:
- that it is designed specifically for Board-level oversight
- it is a structured and evidence-based assessment of the key risks facing the CTMUHB.
- can be used to shape cycles of business and the work of the Board & committees
- enables Independent Members to focus their scrutiny and constructive challenge
- supports strategic decision-making

5.14 The table below articulates how the BAF differs from the Organisational Risk Register:

Board Assurance Framework	**Organisational Risk Register**
• Strategic/Principal risks aligned to the Health Board's four strategic priorities • Includes only nine principal risks • Risks identified advised by the Executive Team and agreed by Board ('top down') • Decisions to add, remove or re-score risks are taken by the Board • Risks are organisation-wide in scope	• Mostly operational risks arising from the CTMUHB's day-to-day activities • Includes over 50 of the highest level (currently scored over 15) risks • Risks usually identified by individual services or departments ('bottom up') • Agreed by Executive ~~Senior~~ Leadership Group following triage by Care Group ~~Localities~~/ relevant leads • Some are organisation-wide, others are specific to services or directorates, but require involvement by the Executive Team or other services

5.15 The Health Board will monitor and ensure the BAF remains up to date by the following activity:

- Each strategic/principal risk has a Lead Executive(s);
- The Assistant Director of Governance and Risk will review the risk score, action plan and current performance with the Lead Executive(s) in readiness for reporting to the Board;
- Each principal risk has a lead Board Assurance Committee;
- More than one Board Committee will monitor some principal risks. These committees will scrutinise and seek assurances on the principal risks which they own;
- ~~The BAR will include a trend line for each principal risk, showing how the score has changed over time;~~
- The Board should consider annually whether the principal risks are comprehensive, or if risks need to be added / removed / changed.

5.16 The Audit and Risk Committee, as a Committee of the Board, has oversight of the processes through which the Board gains assurance in relation to the management of the BAF.

Risk Quantification and Escalation & De-escalation

5.17 The approach to quantifying risk is described in Appendix 2. 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 risk score (after completion of actions). A risk-scoring matrix to describe the quantification of risk is also included in the Procedure.

5.18 The process of risk escalation and de-escalation will be monitored by the Audit and Risk Committee, through monitoring new risks hitting threshold scores and being escalated as appropriate and/or current risks having their risk grading reduced so that the risks are appropriately de-escalated from the Organisational Risk Register.

5.19 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. The Board defines as "High" any risk that has the potential to damage the Organisation's objectives. General guidelines are:

High Risk	Score 15 - 25 and above or a risk which can no longer be monitored locally	Report immediately to relevant Executive Director and escalate to the Organisational Risk Register. Where a risk is considered appropriate, the Executive Director will escalate to the SLG. In the event this causes delay, the Care Group ~~Locality~~ Director can report directly to the Chief Executive. Formally record on Datix.
Medium Risk	Score 9-12	9-11 – reports to Clinical Service Group 12-14 – reports to ~~localities~~ Care Groups /Corporate Functions Formally record on Datix.
Low Risk	Score 1-8	Report to Service Lead / Team Lead with proposed treatment/action plans, for particular monitoring. Formally record on Datix.

Risk Appetite

5.20 At its simplest, risk appetite can be defined as the amount of risk that an organisation is prepared to accept in the pursuit of its strategic objectives.

5.21 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.

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

5.23 The Board will review its risk appetite on an annual basis to ensure that progress is being made to the 'risk appetite' the Health Board wishes to achieve.

5.24 The matrix has the following risk levels:

Risk Appetite	Description
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimalist	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Cautious	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

5.25 The Health Board's Risk Appetite Statement is included at Appendix 4.

6. Information / Support

6.1 Support and guidance is available from the Assistant Director of Governance & Risk via cally.hamblyn2@wales.nhs.uk.

6.2 Risk Assessment templates and training information is available via the following site on SharePoint: http://ctuhb-intranet/dir/HealthandSafety/default.aspx

7. Appendix 1 - Definitions

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.
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
Control Measures	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.
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.
Initial Risk Rating	The risk rating before any controls have been put in place.
Risk 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.
Risk Appetite	At its simplest, risk appetite can be defined as the amount of risk that an organisation is prepared to accept in the pursuit of its strategic objectives.
Risk Assessment	Risk assessment is a process that is made up of three separate processes: risk identification, risk analysis, and risk evaluation. Risk identification is a process that is used to find, recognize, and describe the risks that could affect the achievement of objectives. Risk analysis is a process that is used to understand the nature, sources, and causes of the risks that you have identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that exist. Risk evaluation is a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable.
Risk Description	A structured statement describing the risk usually containing the following elements: sources, events, causes and consequences / impact. A well-written risk statement captures three main parts; If, Then, Resulting In.

Risk Management	Risk management refers to a coordinated set of activities and methods that is used to direct an organization and to control the many risks that can affect its ability to achieve objectives. The term risk management also refers to the programme that is used to manage risk. This programme includes risk management principles, a risk management framework, and a risk management process.
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.
Risk Rating	This is calculated by multiplying consequence x likelihood (impact x probability). Consequence: is the outcome of an event and has an effect on objectives. Likelihood: is the chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively.
Risk Treatment	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
Strategic Risk Owner	Usually the Executive Director in relation to the risk area.
Target Risk Rating	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.

Risk Domain and Scoring Matrix

Consequence:	1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
Safety & Well-being - Patients/ Staff/Public	Minimal injury requiring no/minimal intervention or treatment. No time off work. Physical injury to self/others that requires no treatment or first aid. Minimum psychological impact requiring no support. Low vulnerability to abuse or exploitation - needs no intervention. Category 1 pressure ulcer.	Minor injury or illness, requiring minor intervention. Requires time off work for >3 days Increased hospital stay 1-3 days. Slight physical injury to self/others that may require first aid. Emotional distress requiring minimal intervention. Increased vulnerability to abuse or exploitation, low-level intervention. Category 2 pressure ulcer.	Moderate injury/professional intervention. Requires time off work 4-14 days. Increased hospital stay 4-15 days. RIDDOR/Agency reportable incident. Impacts on a small number of patients. Physical injury to self/others requiring medical treatment. Psychological distress requiring formal intervention by MH professionals. Vulnerability to abuse or exploitation requiring increased intervention. Category 3 pressure ulcer.	Major injury leading to long-term disability. Requires time off work >14 days. Increased hospital stay >15 days. RIDDOR Reportable. Regulation 4 Specified Injuries to Workers. Patient mismanagement, long-term effects. Significant physical harm to self or others. Significant psychological distress needing specialist intervention. Vulnerability to abuse or exploitation requiring high levels of intervention. Category 4 pressure ulcer.	Incident leading to death. RIDDOR Reportable. Multiple permanent injuries or irreversible health effects. An event, which impacts on a large number of patients.
Quality/ Complaints/ Assurance/ Patient Outcomes	Peripheral element of treatment or service suboptimal. Informal complaint/inquiry.	Overall treatment/service suboptimal. Formal complaint (Stage 1). Local resolution. Single failure of internal standards. Minor implications for patient safety. Reduced performance.	Treatment/service has significantly reduced effectiveness. Formal complaint (Stage 2). Escalation. Local resolution (poss. independent review). Repeated failure of internal standards. Major patient safety implications.	Non-compliance with national standards with significant risk to patients. Multiple complaints/independent review. Low achievement of performance/delivery requirements. Critical report.	Totally unacceptable level or quality of treatment/service. Gross failure of patient safety. Inquest/ombudsman/inquiry. Gross failure to meet national standards/requirements.
Workforce/ 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 (>1 day)/competence. Low staff morale. Poor staff attendance for mandatory/key professional training.	Uncertain delivery of key objective/ service due to lack/loss of staff. Unsafe staffing level (>5 days)/competence. Very low staff morale. Significant numbers of staff not attending mandatory/key professional training.	Non-delivery of key objective/service due to loss of severa key staff. Ongoing unsafe staffing levels or competence/skill mix. No staff attending mandatory/professional training.
Statutory Duty, Regulation, Mandatory Requirements	No or minimal impact or breach of guidance/statutory duty.	Breach of statutory legislation. Reduced performance levels if unresolved.	Single breach in statutory duty. Challenging external recommendations/improvement notice.	Enforcement action. Multiple breaches in statutory duty. Improvement notices. Low achievement of performance/ delivery requirements. Critical report.	Multiple breaches in statutory duty. Zero performance rating. Prosecution. Severely critical report. Total system change needed.
Adverse Publicity or Reputation	Rumours. Low-level negative social media. Potential for public concern.	Local media coverage - short-term reduction in public confidence/trust. Short-term negative social media. Public expectations not met.	Local media coverage - long-term reduction in public confidence & trust. Prolonged negative social media. Reported in local media.	National media coverage <3 days, service well below reasonable public expectation. Prolonged negative social media, reported in national media, long-term reduction in public confidence & trust. Increased scrutiny: inspectorates, regulatory bodies and WG.	National/social media coverage >3 days, service well below reasonable public expectation. Extensive, prolonged social media. MP/MS questions in House/Senedd. Total loss of public confidence/trust. Escalation of scrutiny status by WG.
Business Objectives or 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 targets.10-25 per cent over project budget. Schedule slippage. Key objectives not met.	>25 per cent over project budget. Schedule slippage. Key objectives not met.
Financial Stability & Impact of Litigation	Small loss. Risk of claim remote.	Loss of 0.1–0.25% of budget Claim less than £10,000.	Loss of 0.25–0.5% of budget. Claim(s) between £10,000 and £100,000.	Uncertain delivery of key objective. Loss of 0.5-1.0% 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. Claim(s) >£1 million. Loss of contract/payment by results.
Service/ Business Interruption	Loss/interruption of >1 hour. Minor disruption.	Loss/interruption of >8 hours. Some disruption manageable by altered operational routine.	Loss/interruption of >1 day. Disruption to a number of operational areas in a location, possible flow to other locations.	Loss/interruption of >1 week. All operational areas of a location compromised, other locations may be affected.	Permanent loss of service or facility. Total shutdown of operations.
Environment/Estate/ Infrastructure	Minimal or no impact on environment/service/property.	Minor impact on environment/ service/property.	Moderate impact on environment/ service/property.	Major impact on environment/ service/property.	Catastrophic impact on environment/service/property.
Health Inequalities/ Equity	Minimal or no impact on attempts to reduce health inequalities/improve health equity.	Minor impact on attempts to reduce health inequalities or lack of clarity on the impact on health equity.	Lack of sufficient information to demonstrate reducing equity gap, no positive impact on health improvement or health equity.	Validated data suggests no improvement in the health of the most disadvantaged, whilst supporting the least disadvantaged, no impact on health improvement and/or equity.	Validated data demonstrates a disproportionate widening of health inequalities, or negative impact on health improvement and/or equity.
Fraud/Bribery	Unlikely to result in material loss or reputational damage. (Little or no loss to the organisation, material loss less than £500)	Material loss or reputational damage likely to be minimal. (Some risk to the organisation, which may result in minor reduction in service capacity or material loss of up to £5000. Reputational damage likely to be within the organisation which may lead to complaint)	Could result in material loss or reputational damage. (Moderate risk to the organisation, which may result in reduction of service. Material loss of up to £10000. Reputational damage across the NHS with a high potential for complain or a low risk of litigation)	Could result in high material loss or reputational damage (may result in temporary loss of service or material loss of up to £50,000. Reputational damage widespread and outside of NHS with a likelihood of litigation.	Could result in significant material loss or reputational damage. (High risk, which may result in, prolonged loss o service or material loss of over £50,000. Nationwide media coverage causes reputational damage, which is likely to lead to criminal prosecution or external investigation.

Risk Scoring Matrix (Likelihood x Consequence = Risk Score)		Consequence:				
Likelihood:	**Frequency:**	**1 Negligible**	**2 Minor**	**3 Moderate**	**4 Major**	**5 Catastrophic**
1 Highly Unlikely: Will probably never happen/recur	Not for years	1	2	3	4	5
2 Unlikely: Do not expect it to happen/recur but it is possible	At least annually	2	4	6	8	10
3 Likely: It might happen/recur occasionally	At least monthly	3	6	9	12	15
4 Highly Likely: Will probably happen/recur, but not a persisting issue	At least weekly	4	8	12	16	20
5 Almost Certain: Will undoubtedly happen/recur, maybe frequently	At least daily	5	10	15	20	25

RISK REVIEW

It is essential to continue to reduce risks to their lowest level practicable through ongoing monitoring and review. It is best conducted through normal day-to-day management. A review must be undertaken whenever there are any changes to the existing risk assessment. Risk assessments should also be reviewed on a regular basis as determined below:

1-6	Low	This type of risk is considered low and should be reviewed and progress on actions updated at least every six months.
8-12	Moderate	This type of risk is considered moderate and should be reviewed and progress on actions updated at least quarterly
15-25	High	This type of risk is considered high and should be reviewed and progress on actions updated, at least every two months. If scored 20 or above the risk should be reviewed on a monthly basis.

8. Appendix 3 – Risk Management Process – Service to Board Escalation

	TASK / ACTIVITY	RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
1.	**Risk Assessment** • Identify Operational and Strategic risks through the completion of risk assessment and for ensuring that risk assessments are completed on an ongoing basis. **Training is available for Risk Assessments and for the Datix System** **Please contact:** **Cally.Hamblyn2@wales.nhs.uk or visit:** Risk Assessment - Risk		Each: It is everyone's responsibility to identify risks however, escalation would be through the • Care Group • Central Leads • Corporate Function Lead • Executive Lead	N/A	No
2.	**Risk Register** • Use the Datix Risk Management System to record **all risks** identified through the Risk Management Process, their Controls, and score and risk treatment/mitigation and generate risk registers.		Each: • Care Group • Central Corporate Function • Executive Lead	N/A	No
3.	**Management of Local Risks** • Any risks identified and evaluated as having a low/moderate rating, i.e. a score of between one and eight, can be managed locally within the relevant area. • These risks can typically be resolved quickly and relatively easily if the correct actions identified, completed and become controls under business as usual. These risks are recorded locally in the local risk register within each service area/department. • All local risks should be reviewed and updated as per the frequency captured in Section 9 of the Risk Assessment Procedure.	Scored Between 1-8	Each: • Care Group • Central Corporate Function Executive Lead **Held and Managed Locally**	Local Risk Register	**NO** If it can be managed locally. **YES** If it is felt that the risk can **no longer be managed locally** and requires more Senior input and support then it will be first escalated by the risk owner up through the using the notification / escalation via the Datix system **Care Group Director Triumvirate or Central Corporate Functions as appropriate**
4.	**Clinical Service Group Risks** • Risks Identified at a Service Level should be recorded by a relevant Manager on a Service Group Risk Register. • Reviewed **at least** bi-monthly at the relevant Service Group / Directors meeting.	Scored Between 8-12	Central / Clinical Service Group **Held and Managed at Service Group Level**	Central / Clinical Service Group Risk Register	**NO** If it is scored below 12 and can be managed at Service Group Level **YES** 1) If it is felt that the risk can no **longer be managed at Service Group level** and requires more Senior input and support then it will be first escalated up through the **Care Group Director Triumvirate as appropriate** through the using the notification / escalation via the Datix system And 2) If the risk is scored at **12 or above** it should be escalated to the **Care Group Director Triumvirate**
5.	**Central and Care Group Risks** • The Central Function Director Lead and Care Group Director Triumvirate should have sight of the Service Group Risk Registers and ensure that risks scored at 12 or above are recorded. • Care Group Risk Registers should be monitored at Care Group QSPE Meetings and considered for escalation to the Organisational Risk Register at the Operational Management Service Board. • Central Function Risk Registers should be received at Senior Management Team meetings and considered for escalation to the Organisational Risk Register at the Operational Management Service Board.	All Risks	Central Functions Care Group Director Triumvirate **Held and Managed at Care Group Level**	Care Group Risk Register Central Corporate Functions Risk Register	**NO** If scored below 15. **YES** 1) If it is felt that the risk can no **longer be managed at Central and Care Group Level** and requires Executive Level input and support then it will be first escalated up through the **Operational Management Board (OMB) or the Executive Leadership Group (ELG) as appropriate** to consider escalation to the Organisational Risk Register 2) If the risk is scored at **15 or above** and/or novel or contentious it should be considered for escalation by the Operational Management Board (OMB) or Executive Leadership Group (ELG) as appropriate to the **Organisational Risk Register**

Appendix 4 – Risk Appetite Statement

Cwm Taf Morgannwg University Health Board

Risk Appetite Statement

1. Introduction:

Public sector organisations cannot be culturally risk averse and be successful. Effective and meaningful risk management in government remains more important than ever in taking a balanced of risk and opportunity in delivering public services. Risk management is an integral part of good governance and corporate management mechanisms. An organisation's risk management framework harnesses the activities that identify and manage uncertainty, allows it to take opportunities and to take managed risks not simply to avoid them, and systematically anticipates and prepares successful responses. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the conscious and dynamic determination of the organisation's **risk appetite**.[1]

The Health Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should determine and continuously assess the nature and extent of the principal risks that the organisation is exposed to and is willing to take to achieve its objectives - **its risk appetite** – and ensure that planning and decision-making reflects this assessment. Effective risk management should support informed decision-making in line with this risk appetite, ensure confidence in the response to risks and ensure transparency over the principal risks faced and how these are managed.[2]

The challenge for the Board in managing risk whilst balancing **quality & safety**, **people**, **performance activity** and **financial duties** is not underestimated, and the intention of the Risk Appetite Statement is to support an informed risk based decision.

2. Cwm Taf Morgannwg University Health has adopted the following **Risk Appetite Matrix:**

Risk Appetite	Description
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimalist	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Cautious	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

3. Cwm Taf Morgannwg University Health Boards **Risk Appetite Statement:**

The Health Boards risk appetite has been defined following consideration of organisational risks, issues and consequences. Appetite levels will vary, in some areas our risk tolerance may be cautious in others we may be eager for risk and are willing to carry risk in the pursuit of important strategic objectives.

The Health Board will always aim to operate organisational activities at the levels defined below. Where activities are projected to exceed the defined levels, this will be escalated through the appropriate governance mechanisms to the Board for ratification.

- **Quality and Safety risks -** *(including physical and/or psychological harm) of its patients, people and the population)* – the Health Board has adopted a **Cautious** stance for quality and safety risks, with a preference for safer delivery options, tolerating a cautious degree of residual risk and choosing the option most likely to result in successful delivery, high quality care and value for money services to its population.

- **People risks -** *(including physical and/or psychological harm) to people directly engaged by the Health Board as staff or volunteers –* the Health Board has adopted a **Cautious** stance for people risks, with a preference for consideration of the impact on the well-being of staff, including insufficient staffing numbers, unmanageable workload, burnout, or any safety risks, tolerating a cautious degree of residual risk and choosing the option most likely to result in a positive, healthy experience of work for our people, while also balancing service provision to our population.

[1] Government Finance Function – Risk Appetite Guidance Note – August 2021 – V2.0

[2] The Orange Book – Section A

- **Operational Performance risks –** the Health Board has adopted an **Open** stance for Operational Performance risks, with a preference for innovating service delivery, adoption of new technologies and models of service reconfiguration for the benefit of its patients, people and the population.

- **Reputation / Adverse Publicity (Trust in Confidence) risks** - the Health Board has adopted a **Cautious** stance for reputational risks, with a preference for safer delivery options, tolerating a cautious degree of residual risk and choosing the option most likely to result in successful delivery, high quality care and value for money services to its population.

- **Business Continuity risks -** the Health Board has adopted a **Cautious** stance for Business Continuity Risks. The Board will receive ongoing assurance from the testing of business continuity plans.

- **Legal / Regulatory Compliance risks –** the Health Board has adopted a **Cautious** stance for Legal, Regulatory and Compliance risks, seeking a preference for adhering to responsibilities and safe delivery options with little residual risk. The Board will receive assurance that compliance regimes are in place.

- **Data and Information Management risks –** the Health Board has adopted a **Cautious** stance for data and information management risks seeking a preference for adhering to responsibilities and safe delivery options with little residual risk. There is acceptance for the need for operational effectiveness with risk mitigated through careful management of information sharing and limiting distribution.

- **Financial stability risks –** the Health Boards stance for financial risk is varied as follows:
  - **Averse** for financial propriety, statutory and regularity risks with a determined focus to maintain effective financial control framework accountability structures.
  - **Averse** – in terms of risks related to the Health Boards qualification of accounts, associated process and deviation from reporting timescales.
  - **Cautious -** in terms of risks related to the Health Board’s financial breakeven duties set out in the NHS Wales Finance Act (Wales) 2014, recognising the need to ensure appropriate balance with the Duty of Quality.
  - ~~**Minimalist** – as to risk relating to breaching individual control totals.~~
  - **Cautious –** In relation to the Health Boards budget, spend with the intention that it should maximise the use of resource each year. The Health Board will seek safe delivery options with little residual risk that only yield some upside opportunities. The Board would receive ongoing assurance through reporting structures that policies and procedures are in place to comply with HMT guidance.

- **Assets and Estates risks –** the Health Board has adopted **Cautious** and **Open** stances for assets and estates respectively, seeking value for money but with a preference for proven delivery options have that a cautious residual risk. this means that the Health Board will us solutions for purchase, rental, disposal, construction, and refurbishment that ensures it protects the public purse from as much risk as possible, producing good value for money whilst fully meeting organisational objectives.

- **Technological advances -** the Health Board has adopted an **Open** stance for risks associated with technological advances accepting that system and technology developments can enable improved delivery. Responsibility for non-critical decisions may be devolved in accordance with the Scheme of Delegation. Plans aligned with functional standards and organisational governance.

9. Appendix 5 – Board Assurance Framework (Strategic / Principal Risks)

As at the 1.4.2023, the following Strategic Risks are identified for CTMUHB.

Risk no	Strategic / Principal Risk	Strategic Goal	Lead(s) for this risk	Assurance committee(s)
1.	**Sufficient capacity to meet emergency and elective demand**	**Improving Care**	Chief Operating Officer, Exec. Director of Strategy and Transformation	Quality and Safety; Planning, Performance and Finance
2.	**Ability to deliver improvements which transform care and enhance outcomes**	**Improving Care**	Exec. Dir. Of Nursing, Midwifery & Health Professions; Exec. Medical Director	Quality and Safety
3.	**Finance and Resources**	**Sustaining our Future**	Exec. Director of Finance; Exec. Director for People	Planning, Performance and Finance; People and Culture
4.	**Sufficient workforce to deliver the activity and quality ambitions of the organisation**	**Sustaining our Future**	Executive Director of People	People & Culture Committee
5.	**Community and Partner Engagement**	**Creating Health**	Exec. Director of Public Health	Population Health & Partnerships
6.	**Delivery of a digital and information infrastructure to support organisational transformation**	**Improving Care**	Director of Digital	Digital & Data
7.	**Leadership and Management**	**Inspiring People**	Exec. Director for People	People and Culture
8.	**Culture, Values and Behaviours**	**Inspiring People**	Exec. Director for People	People and Culture
9.	**Fulfilling our Environmental and Social Duties and ambitions**	**Sustaining our Future**	Exec. Director of Strategy and Transformation	Population Health and Partnerships