

Risk Management Policy and Process

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1. Introduction

Lewisham Clinical Commissioning Group (CCG) is responsible and accountable for ensuring a Risk Management policy is in place and covers all types of risks faced by the organisation.

Risk is inherent in all the activities the CCG undertakes and in all of the services that it commissions. Effective risk management is therefore fundamental to ensuring that an effective system of governance is in place within the CCG to support the organisation to meet statutory duties and achieve its corporate and strategic objectives.

This Risk Management Policy outlines the way in which NHS Lewisham CCG has effective arrangements in place to manage risk, focussing on:

- The CCG's approach to managing risk.
- The CCG's organisational and individual roles and responsibilities for risk management.
- The CCG's risk management processes

The Risk Management Framework ensures that the CCG:

- Minimises risk of physical or emotional harm to our patients and workforce;
- Maintains comprehensive and responsive arrangements to respond appropriately to emergency situations;
- Minimises the loss or wastage of resources through poor internal control procedures;
- Manages sensitively matters which have a reputational impact or public interest;
- Manages CCG resources (including financial and human) effectively;
- Ensures CCG staff are risk aware and skilled in risk management
- Effectively escalates risks so that action is taken at the appropriate level and the impact is monitored.

The CCG monitors and reports on risk in the following key ways:

1. The Governing Body Board Assurance Framework, which focusses on strategic / long-term risks that may impact the delivery of the CCG's corporate and strategic objectives, and, for risks, have a score of 12 or above.
2. The Corporate Risk Register, which focusses on risks that may impact the delivery of the CCG's corporate and strategic objectives but which are scored as under '12' for risks.
3. Through Directorate Risk registers, which focus on risks that may impact on the Directorates achievement of its objectives.

2. Scope of this framework

This framework applies to NHS Lewisham CCG and applies to all employees and members of the Governing Body and its committees who must comply with the arrangements outlined in this framework.

3. Related policies

This framework should be read in conjunction with the Issues Management Policy.

4. Purpose

The aim of this policy and process document is to:

- Demonstrate the importance of risk management to the CCG and provide assurance to the Board that appropriate processes are in place to manage corporate, operational and strategic risks effectively
- support the Governing Body, the CCG membership and staff to understand their roles and have a consistent approach to risk management;
- ensure that correct and cohesive systems and processes are in place to for the governance of risk

5. Risk management statement

NHS Lewisham CCG is committed to the active management of risk within the organisation and within the services it commissions.

NHS Lewisham CCG is dedicated to ensuring a positive risk management culture is in place that ensures that risk management is an integral part of everything it does, and is part of management processes. This is supported by a comprehensive system of internal controls and risk management processes to assure the Governing Body is identifying and managing risks to the fulfilment of statutory duties and the achievement of strategic priorities. All identified risks will be required to:

- be recorded with a core standard amount of information as set out in section 9.2 of this document;
- have an identified risk owner and action owners.
- be assessed on the likelihood of the risk being realised and the level of impact should the risk be realised.

6. Risk management approach, objectives and risk appetite

6.1 Approach

NHS Lewisham CCG's approach to risk management is based on ensuring a robust management system is in place, understood and effective.

Effective risk management relies on the full engagement of people in all areas and accurate and timely receipt and analysis of information.

To support staff in embedding risk management in their day to day work, management arrangements must be effective, light touch and meaningful, and should be viewed as part of the process of 'managing'.

To support the Governing Body, risks should be clearly described, with clear actions to mitigate impacts.

To support the CCG's approach to risk management, an on-line database (DATIX) is used to record all organisational level risks and assist in their management.

6.2 Key Objectives for Risk Management

The key objectives for risk management are to:

1. Effectively identify, report and manage risk.
2. Establish and put in place appropriate mitigating controls to manage identified risks to an acceptable level
3. Escalate and report key risk information to support management decision making and oversight at all levels on a continuous basis, enabling learning for future risks.
4. Ensure clear accountability for the management and reporting of risk.
5. Ensure and evidence statutory and regulatory compliance. ,
6. Continuously monitor key risks, the effectiveness of mitigation strategies and the application of the Framework,
7. Proactively identify new and rising risks.

6.3 Risk Appetite

Acknowledging that risk is unavoidable and that the CCG needs to manage risk, risk appetite is the amount of risk that is judged to 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives.' (Institute of Risk Management).

NHS Lewisham CCG's aim is to minimise the risk of harm wherever possible to service users, the public, staff, members and other stakeholders. However, the CCG also recognises the need to take considered risks in some areas (for example, transformation / re-design of services) and that an overly risk averse approach can be a threat to the achievement of some corporate and strategic objectives.

7. Definition of risk

Risk can be defined as “an uncertain event or series of events that, should it occur, would have an effect on the achievement of objectives” and is measured in terms of impact / consequence and likelihood. Risk is normally perceived as negative, i.e. as a threat, however, risk can also be positive, i.e. present an opportunity.

There are a variety of types of risks that may occur in or be faced by any CCG and this Risk Management Framework and related processes cover all types of risk. The main risk categories are given below:

- **Quality Risks:** Quality risks are defined as ‘those risks which have a cause or effect which is primarily related to the quality of clinical or medical care’.

Examples include risks relating to clinical care activities, medicines management, patient experience, patient safety, clinical effectiveness and equality and diversity.

- **Financial & Performance Risks:** Financial and performance risks are defined as ‘those risks whose principal cause or effect would be financial or performance related’.

Examples include poor financial control, fraud, risks to delivery of cost improvements and risks to the non-delivery of performance standards

- **Corporate Risks:** Corporate risks are defined as ‘those risks which primarily relate to the way in which the CCG is organised, managed and governed’.

Examples include information governance risks, health and safety / property related risks, corporate governance risks and human resource risks.

7.1 Issues Versus Risks

Issues and risks are not the same.

A risk is something that it is anticipated may occur in the future.

An issue is something that has already happened. It may not have been anticipated or it may be a risk that has now crystallised.

Guidance is provided for the reporting and management of issues in the Lewisham CCG Issue Management Framework.

8. Governance

Accountability arrangements for risk management can be split into two elements:

- Accountability for scrutiny of risk processes and management

- Accountability for the management of risk.

9. Scrutiny of Risk Processes and Management

This section describes the key Committees within the CCG that are involved in scrutinising risk management processes and confirms each group's specific remit for risk management.

Governing Body

NHS Lewisham CCG Governing Body is collectively responsible and accountable for setting the strategic direction for risk and ensuring that integrated risk management arrangements are in place across the organisation.

The Governing Body is responsible for:

- setting the CCG's appetite for risks to its corporate and strategic aims and objectives;
- seeking assurance that the CCG has identified the key risks to the CCG's corporate and strategic objectives and has adequate controls to mitigate the risks.
- Seeking assurances that effective ongoing monitoring and mitigating action is being taken by the Executive Team.

The Governing Body has delegated overview and scrutiny of the management of risk to the Integrated Governance Committee, which reviews this Risk Management Framework and the Board Assurance Framework. The Governing Body will receive assurance through reports from the Integrated Governance Committee to ensure the risk management process is operating effectively and action any concerns escalated to them regarding risk management.

The Governing Body reviews and approves the Annual Report and Annual Governance Statement (AGS) or may delegate responsibility to the Audit Committee to undertake this role on their behalf. The AGS is subject to national guidance and is the key document describing how CCG systems of internal control, and in particular risk management systems and processes, have been effective in enabling the CCG to manage risks to its business during the year. The Chief Officer signs the AGS based on assurances and advice from the Audit Committee regarding the effectiveness of systems of assurance and control.

All risks are monitored through the Governing Body's committees, with those risks scoring 12 or above (i.e. those rated serious or critical) being specifically reported to the Governing Body through the Board Assurance Framework.

The Governing Body will receive and approve the high level risks (i.e. risks with a risk score of 12 or more) on the Risk Register. These risks will reviewed by the Governing Body upon on completion of each risk reporting cycle. The Governing Body will receive the High Level Risk Log as a true and fair reflection of these risks and their management.

Integrated Governance Committee

Integrated Governance Committee (IGC) is responsible for:

- reviewing the Board Assurance Framework to ensure that the highest risks to in year delivery of the CCG's objectives reflect the true position and that mitigation controls and action plans are effective;
- identifying new risks to the in year delivery of the CCG's objectives;

Finance and Investment Committee

Finance and Investment Committee is responsible for:

- reviewing the Corporate Risk Register to ensure that the financial risks reflect the true position and that mitigation controls and action plans are effective;
- identifying new financial risks;
- escalating risks scored at or over 12 to the Governing Body via the Board Assurance Framework.

Audit Committee

The Audit Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the CCG's activities.

The Audit Committee may undertake 'deep dives' into particular risks or aspects of the BAF, over the course of the financial year to seek assurance that the CCG has processes in place to properly identify and mitigate/manage risks.

Senior Management Team

The Senior Management Team through the Risk Management Group is responsible for:

- overseeing the implementation of the risk management framework;
- reviewing the Corporate Risk Register to ensure that the risks reflect the true position and that mitigation controls and action plans are effective;
- Recommending the Board Assurance Framework to the Governing Body and to Integrated Governance Committee (IGC).
- Escalating risks scored at or over 12 to the Governing Body via the Board Assurance Framework.
- 'Horizon Scanning' for any new threats to the CCG achievement of its Corporate Objectives.

8.1 Roles & Responsibilities - Management of Risk

Governing Body

The Governing Body. has overall responsibility for the management of risks within the CCG.

All risks are monitored through the Governing Body's committees, with those risks scoring 12 or above (i.e. those rated serious or critical) being specifically reported to the Governing Body through the Board Assurance Framework.

The Governing Body will receive and approve the high level risks (i.e. risks with a risk score of 12 or more) on the Risk Register. These risks will reviewed by the Governing Body upon on completion of each risk reporting cycle. The Governing Body will receive the High Level Risk Log as a true and fair reflection of these risks and their management.

The Governing Body is responsible for:

- setting the CCG's appetite for risks to its corporate and strategic objectives;
- seeking assurance that the CCG has identified the key risks to the CCG's objectives and has adequate controls to mitigate the risks.

The Governing Body will do this by reviewing the Board Assurance Framework at its meetings held in public.

Accountable Officer

The Accountable has overall responsibility for the management of risk within the CCG. The Accountable Officer, on behalf of the CCG, approves the Annual Governance Statement or equivalent, following recommendation from the Audit Committee.

Managing Director

The Managing Director has overall responsibility for the management of the process of risk within the CCG, delegated from the Accountable Officer. This includes Chairing the Risk Management Group, and the escalating risks to the Governing Body for their attention.

Senior Management Team

The Senior Management Team are responsible for:

- Promoting a risk aware culture within the organisation;
- Peer review of the Corporate Risk Register through the Risk Management Group;
- Reviewing the content of the corporate risk register for each risk reporting cycle, focussing on the completeness and accuracy of content and on the appropriateness of scoring and of any further actions required to manage risk.
- Ensuring sufficient resource and support is available for managing risks;

- Ensuring organisational Risk Management policies and procedures are implemented within their area of responsibility and adapted as necessary to reflect local risk profiles;
- Promoting a supportive environment to facilitate the reporting of risks and incidents;
- Keeping staff informed of the significant risks faced by the organisation and what is being done to reduce them.

Risk Owners

A risk owner is the individual who is responsible for the management, monitoring and control of an identified risk, including the implementation of the selected responses.

The risk owner should be capable of managing the risk and have the knowledge, resources, and authority to deal with the risk.

Risk owners will be required to assess their risk and report on a regular basis the status of the risk. Risks are discussed as part of the bi-monthly Risk Management Group meetings.

Risk Managers

The Risk Manager is the person who will ensure that the actions described in the response are undertaken.

Associate Director of Integrated Governance

The Associate Director of Integrated Governance is responsible for:

- Developing and promoting a risk aware culture within the organisation
- Supporting the Senior Management Team and staff in their identification and continuous management of risk;
- Co-ordinating the Risk Register and Assurance Framework to facilitate consistency of reporting;
- Ensuring risks are appropriately reported to the Senior Management Team Committees and the Governing Body;
- Ensuring access to specialist risk management knowledge, training and development for staff, Committees and the Governing Body.

All Employees

All employees must:

- Be familiar with and comply with this Integrated Risk Management Framework.
- Identify, record and manage risks relevant to their areas of work.

10. Risk management process

9.1 Risk Management Process

Throughout the course of the year, the CCG follows a stepped approach to the management of risk, which follows the below process: Information should be recorded on the Risk Register, which can be found in Appendix I.

Step 1: Identify the Risk. The CCG identifies the major risks to the achievement of the Corporate Objectives and achieving the desired outcomes.

Step 2: Analyse the risk. Once the risks are identified, the likelihood (l) and impact (i) of each risk is determined (the original risk score). The CCG develops an understanding of the nature of the risk and its potential to affect goals and objectives. The score is placed on a heatmap (below) to show the magnitude of the risk.

Likelihood	Almost certain 5	Moderate	High	Very High	Very High	Very High
	Likely 4	Moderate	High	High	Very High	Very High
	Possible 3	Low	Moderate	High	High	Very High
	Unlikely 2	Low	Moderate	Moderate	High	High
	Rare 1	Low	Low	Low	Moderate	Moderate
Risk Matrix	Negligible 1	Minor 2	Moderate	Major 4	Catastrophic 5	
	Impact					

Step 3: Risk Evaluation: The Risk Owner evaluates (or ranks) the risk by determining the risk magnitude, which is the combination of likelihood and impact. A decision is made about whether the risk is acceptable or whether it is serious enough to warrant treatment. During this stage the score should be compared with the agreed target score, risk appetite and risk tolerance. For corporate and strategic objectives these are set by the Governing Body.

Step 4: Examine Solutions. What are the potential ways to treat the risk and of these, which strikes the best balance between being affordable and effective?

Once risks are evaluated a decision is made on how they should be treated. There are four options:

Accepted: risks that fall within the Governing Body's risk appetite can be accepted and require no further action other than ongoing monitoring.

Mitigated: controls are applied to reduce the risk to an acceptable level, which is agreed as the target risk score and which will fall within the Governing Body's risk

appetite. Controls can be applied to reduce the likelihood of the risk occurring or to reduce the impact of the risk should it be realised.

Part of risk mitigation is the development of contingency plans which are implemented after a risk has occurred. These actions are developed as far as possible in advance to help the CCG recover after a risk event has occurred.

Transferred: risks can be transferred to other organisations, such as an insurance company or risk pooling scheme.

Avoided: where the Governing Body has no appetite for risks in a particular area of business it should be avoided. This may involve ceasing the activity giving rise to the risk.

Step 5: Monitor and Review the risk. All elements of the risk should be reviewed on a regular periodic basis, with attention to:

- Risk scores:
 - Current: ensuring that they reflect the current situation
 - Target: taking account of the current controls and the planned actions, where will the risk score be at the end of the financial year.
- Mitigating actions: ensuring that they are SMART (Specific, Measurable, Attainable, Realistic, Timely).

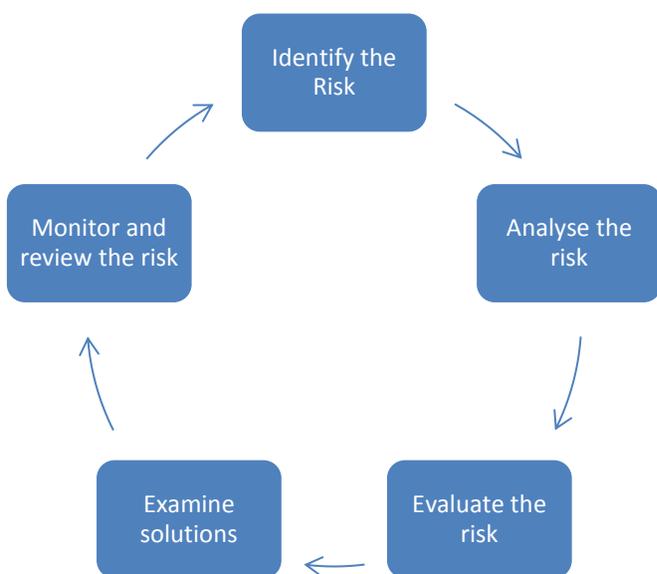


Figure 1: The Risk Management Process

The review commences at an amended step 2:

Step 2: Re- analyse the risk. The Current Score is determined by taking into account the original score and the impact of the current controls The score is placed on the heatmap (as above) to show the magnitude of the risk.

Step 3: Risk Evaluation

Step 4: Examine Solutions

Step 5: Monitor and Review the risk

9.2 Recording Risks

Risks should be recorded using the template at appendix I.

This contains the following fields:

- The Corporate Objective
- Risk title
- A unique identifier for each risk
- A description of the risk (including the cause, risk event and effect e.g. because of heavy rain, there is a threat of the field flooding which would spoil the crops)
- Risk scores:
 - original (the assessment of the risk at the start of the financial year or when the risk was identified)
 - current (the assessment of the status of the risk now)
 - the target score should include a date of when this level of risk is anticipated to be achieved. As risks reflect the risk of not delivering the annual corporate objectives, it may be appropriate for this to be the end of the financial year. However, the date required to hit the target may be earlier, or there may be a need to note that further action will be required to achieve the true acceptable risk.
- Risk owner
- Controls: This includes what the CCG has in place to lessen the impact of the risk should it occur and reduce the likelihood of it occurring
- Assurance Sources: This demonstrates where the evidence can be found that its controls are effective
- Risk assurance: information which provides evidence that controls are (or are not) working.
- Assurance Type: Whether the evidence was generated and collated by management (Internal Assurance shown as IA+ for positive assurance and IA- in red text for negative assurance) or by an independent body (External Assurance shown as EA+ for positive assurance and EA- in red text for negative assurance)
- Assurance level: this shows the strength of the evidence and whether it is Non;, Limited (e.g. internal meetings only); Adequate (e.g. internal and external meetings); Significant (e.g. e.g. internal and external meetings; audits etc)
- Gaps in Risk Controls: what else could be done that has not yet been completed to mitigate the risk.

- Risk response actions: these actions must include dates of delivery and action owners
- Review and updated dates and by whom.

The Risk Management Glossary provides explanations of these terms and can be found at Appendix II.

11. Distribution and training

This policy will be made available to all staff through the CCGs internet and intranet sites. Staff will be informed of this policy through the staff newsletter and through staff briefings.

To support the implementation and embedding of this policy, training and development will be provided to risk owners and the Governing Body as appropriately identified. All staff will be supported by the Associate Director of Integrated Governance.

Appendix I

Corporate Objective:	
Risk	
Risk Description: (What is the risk?)	

Risk Owner:		Risk Manager:	
Directorate:			

Risk Appetite:		Risk Response:	
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Original Score:	Current Score:	Target Score: [DN: Predicted score??]		Risk Movement:
		EOY	Date	

Controls: (What are we doing to mitigate the risk?)	
Assurance Sources:	
Risk Assurances: (What evidence do we have that the controls are working?)	
Assurance Type:	
Assurance level:	
Gaps in Risk Controls:	
Actions:	

Last updated:	Reviewed by: Date:
	Updated by: Date:

Appendix II: Glossary of terms

Risk Definition

“The combination of the probability of an event and its consequence. Consequences can range from positive to negative.” (Institute of Risk Management)

“A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through pre-emptive action.” (Business Dictionary)

A	
	Action Required Work that is required to close assurance gaps
	Action Target Date The date that the actions are due to be completed
	Assurance Gaps Where the CCG has no evidence of whether or not its controls are effective
	Assurance Given The evidence that controls are effective or not
	Assurance Level The strength of the evidence; None, Limited, Adequate, Significant
	Assurance Source Where the CCG finds evidence that its controls are effective
	Assurance Type Whether the evidence was generated and collated by management (Internal Assurance shown as IA+ for positive assurance and IA- in red text for negative assurance) or by an independent body (External Assurance shown as EA+ for positive assurance and EA- in red text for negative assurance)

C	
	Controls What the CCG has put in place to lessen the impact of the risk should it occur and reduce the likelihood of it occurring
	Current Score The Current ('residual') risk score which is the most recent risk assessment

I	
	Issue Management Issue management is a planned process for dealing with an unexpected issue if and when it arises (See

	Lewisham CCG Issue Management Policy)
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O	
	Original Score The score that has been assessed at the beginning of the financial year

R	
	Response What the CCG has decided to do about the risk: mitigate, accept, transfer or close.

	Risk Appetite ‘The amount and type of risk that an organisation is willing to take in order to meet their corporate and strategic objectives.’ (Institute of Risk Management) Risk appetite is normally smaller or less than risk tolerance. “The amount and type of risk than an organisation is prepared to seek, accept or tolerate.” (BS 31100:2008) “The amount of risk, on a broad level, that an organisation is willing to take on in pursuit of value.” (KPMG)
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	Risk Scores Risk Scoring Matrix																																													
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		Impact																																												
	NHS Lewisham CCG uses the standard NHS 5*5 risk scoring matrix shown above. The impact or consequence of the risk should it occur is measured on the x axis and the likelihood of the risk occurring is measured on the y axis.																																													
	Risks are evaluated using the matrix x * y, shown as I * L (Impact * Likelihood), assessed against the descriptors below and scored as:																																													
	<ul style="list-style-type: none"> 1 - 3 (green) Low Risk 4 - 6 (yellow) Moderate Risk 																																													

- 9 - 12 (amber) High Risk
- 15 - 25 (red) Very High Risk.

Likelihood Descriptors

Score	Descriptor	Description
1	Rare	Cannot predict that an event of this type will occur in the foreseeable future. The event may occur only in exceptional circumstances.
2	Unlikely	The event could occur at sometime.
3	Possible	The event should occur at sometime.
4	Likely	The event will occur in most circumstances.
5	Almost Certain	The event is expected to occur in most circumstances.

Summary Impact Descriptors

Score	Descriptor	Description
1	Negligible	First aid treatment. Moderate financial loss.
2	Minor	Medical treatment required. Moderate environmental implications. High financial loss. Moderate loss of reputation. Serious business interruption.
3	Moderate	Serious injuries. Serious environmental implications. Serious financial loss. Serious loss of reputation. Serious business interruption.
4	Major	Excessive injuries. High environmental implications. Major financial loss. Major loss of reputation. Major business interruption.
5	Catastrophic	Single or multiple deaths of any persons.

Risk Tolerance

“While risk appetite is about the pursuit of risk, risk tolerance is about what an organisation can deal with.” (Institute of Risk Management)

The organisation’s readiness to bear the risk after risk treatments in order to achieve its objectives. (BS 31100:2008)

“Risk thresholds, or risk tolerances, are the typical measures of risk used to monitor exposure compared with the stated risk appetite.”

The following pages have been copied from Institute of Risk Management (2011), *“Risk Appetite and*

	<i>Tolerance. Executive Summary.</i> ” Institute of Risk Management, London.
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T	Target Score All risks on the CCG Risk Register specify the target risk score (i.e. a desired level of risk that the organisation believes is optimal to meet its objectives. The target score should include a date of when this level of risk is anticipated to be achieved. As risks reflect the risk of not delivering the annual corporate objectives, it may be appropriate for this to be the end of the financial year. However, the date required to hit the target may be earlier, or there may be a need to note that further action will be required to achieve the true acceptable risk. The acceptability of the target risk score is subject to review by senior management and relevant Committee as part of the normal review process for the Risk Register.
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Appendix III :Impact Descriptors

Impact Categories	Negligible	Minor	Moderate	Major	Catastrophic
Injury / Harm (physical /psychological)	Minimal injury requiring no/ minimal intervention or treatment. No time off work	Minor injury or illness, first aid treatment / minor intervention required Requiring time off work for <=3 days Increase in length of hospital stay by 1-3 days	Significant injury requiring professional intervention (medical treatment and/or counselling) Requiring time off work for 4-14 days Increase in length of hospital stay by 4 – 15 days RIDDOR reportable (absence more than 7 days) An event which impacts on a small number of patients	Major injury leading to long term incapacity or disability (e.g. loss of limb) Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Adverse publicity / reputation	Rumours Potential for public concern	Local media coverage – short term reduction in public confidence Elements of public expectation	Local media coverage – moderate loss of public confidence in the organisation	National media coverage with <3 days service well below reasonable public expectation. Long term reduction in	National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in House).

Impact Categories	Negligible	Minor	Moderate	Major	Catastrophic
		not being met		public confidence.	Total loss of public confidence in the organisation.
Business objectives / projects	Insignificant cost increase / schedule slippage Barely noticeable reduction in scope or quality	<5% over project budget Schedule slippage or minor reduction in quality / scope	5-10% over project budget Schedule slippage or reduction in quality / scope	Non-compliance with national 10-25% over project budget Schedule slippage Key objective not met	Incident leading >25% over project budget Schedule slippage Key objectives not met
Service Business Interruption	Loss interruption of 1-8 hours Minimal or no impact on the environment /ability to continue to provide service	Loss interruption of 8-24 hours Minor impact on environment / ability to continue to provide service	Loss of interruption 1-7 days Moderate impact on the environment / some disruption in service provision	Loss interruption of >1 week (not permanent) Major impact on environment / sustained loss of service which has serious impact on delivery of patient care resulting in major contingency plans being invoked	Permanent loss of service or facility Catastrophic impact on environment / disruption to service / facility leading to significant “knock on effect”
Personal Identifiable Data (serious incident)*	Damage to an individual’s reputation. Possible media interest e.g. celebrity involved Potentially serious breach Less than 5 people affected or risk assessed as low e.g. files	Damage to a team’s reputation. Some local media interest that may not go public. Serious potential breach and risk assessed high e.g. unencrypted clinical records lost. Up to 20 people affected.	Damage to a service reputation. Low key local media coverage. Serious breach of confidentiality e.g. up to 100 people affected.	Damage to an organisations reputation. Local media coverage. Serious breach with either particular sensitivity e.g. sexual health details or up to 1000 people affected.	Damage to NHS reputation. National media coverage. Serious breach with potential for ID theft or over 1000 people affected.

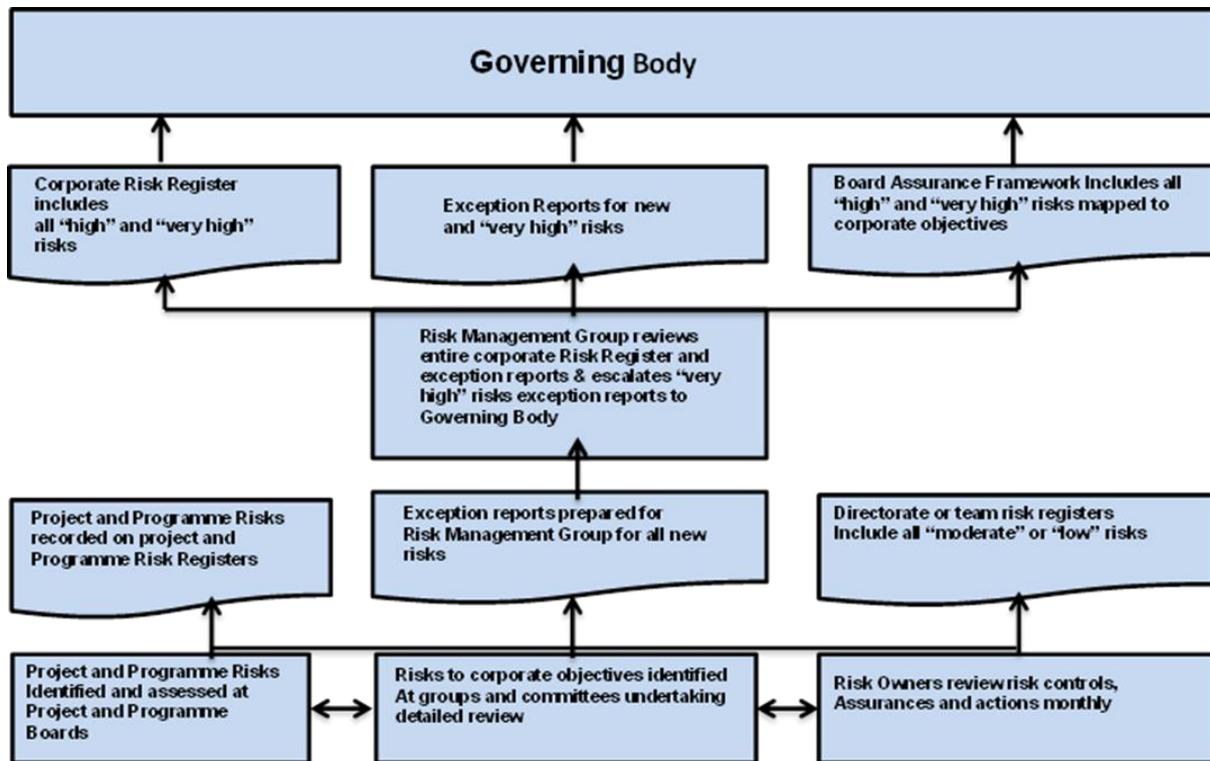
Impact Categories	Negligible	Minor	Moderate	Major	Catastrophic
	were encrypted				
Complaints / Claims	Locally resolved complaint Risk of claim remote	Justified complaint peripheral to clinical care e.g. civil action with or without defence. Claim less than £10k	Below excess claim. Justified complaint involving lack of appropriate care. Claim(s) between £10k and £100k	Claim above excess level. Claim(s) between £100k and £1 million. Multiple justified complaints	Multiple claims or single major claim >£1 million. Significant financial loss >£1 million
HR/Organisational Development Staffing and Competence	Short term low staffing level temporarily reduces service quality (< 1 day)	Ongoing low staffing level that reduces service quality.	Late delivery of key objectives/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 objective / service due to lack of staff Unsafe staffing level or competence (>5 days) Loss of key staff Very low staff morale No staff attending mandatory / key training	Non-delivery of key objectives / service due to lack of staff Ongoing unsafe staffing levels or incompetence Loss of several key staff No staff attending mandatory training / key training on an ongoing basis
Financial (damage/loss/ fraud)	Negligible organisational/financial loss covered by team / department budget	Negligible organisational/financial loss covered by Directorate budgets	Organisational/financial loss covered by CCG reserves. Year end break even plus delivers required surplus	Organisational/ financial loss. Year end break even but does not deliver required surplus	Organisational/financial loss failure to meet statutory financial targets

Impact Categories	Negligible	Minor	Moderate	Major	Catastrophic
Inspection / Audit	Minor recommendations Minor non-compliance with standards	Recommendations given Non-compliance with standards Reduced performance rating if unresolved	Reduced rating Challenging recommendations Non-compliance with core standards Prohibition notice served.	Enforcement action Low rating Critical report. Major non-compliance with core standards. Improvement notice	Prosecution. Zero rating. Severely critical report. Complete systems change required.

Appendix IV: Risk Appetite Matrix

Good Governance Institute v2.2 Nov 2011		Appendix 4 Risk Appetite for NHS Organisations - A maturity matrix to support better use of risk in decision taking				Developed with Southwark BSU
Risk levels [®] Key elements [©]	0 Avoid Avoidance of risk and uncertainty is a Key Organisational objective	1 Minimal (ALARP) (as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	2 Cautious Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	3 Open Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	4 Seek Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).	5 Mature Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Financial /VFM	Avoidance of financial loss is a key objective. Only willing to accept the low cost option. VfM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept possibility of some limited financial loss. VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach	Consistently focussed on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself
Compliance / regulatory	Avoid anything which could be challenged, even unsuccessfully. Play safe	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation
Innovation/ Quality / Outcomes	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems / technology developments	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
APPETITE	NONE	LOW	MODERATE	HIGH	SIGNIFICANT	

Appendix V: Evaluation of Risk Process



Identified risks will be analysed using the risk scoring matrix shown below in Figure 1. Risks are scored based on the analysis of the likelihood of the risk being realised and the severity of the potential impact or consequences in a 5 x 5 grid. The risk score is the outcome of Likelihood x Impact.

The descriptors for Likelihood scores are listed in Table 1.

The descriptors for Impact scores are listed in Table 2. More detailed descriptors for Impact scores are listed in Appendix B.

Figure 1. Risk Scoring Matrix

Likelihood	Almost certain 5	Moderate	High	Very High	Very High	Very High
	Likely 4	Moderate	High	High	Very High	Very High
	Possible 3	Low	Moderate	High	High	Very High
	Unlikely 2	Low	Moderate	Moderate	High	High
	Rare 1	Low	Low	Low	Moderate	Moderate
Risk Matrix	Negligible 1	Minor 2	Moderate	Major 4	Catastrophic 5	Impact

Table 1. Likelihood Descriptors

Score	Descriptor	Description
1	Rare	Cannot predict that an event of this type will occur in the foreseeable future. The event may occur only in exceptional circumstances.
2	Unlikely	The event could occur at sometime
3	Possible	The event should occur at sometime
4	Likely	The event will occur in most circumstances.
5	Almost Certain	The event is expected to occur in most circumstances.

Table 2. Summary Impact Descriptors

Score	Descriptor	Description
1	Negligible	First aid treatment. Moderate financial loss.
2	Minor	Medical treatment required. Moderate environmental implications. High financial loss. Moderate loss of reputation. Serious business interruption.
3	Moderate	Serious injuries. Serious environmental implications. Serious financial loss. Serious loss of reputation. Serious business interruption.
4	Major	Excessive injuries. High environmental implications. Major financial loss. Major loss of reputation. Major business interruption.
5	Catastrophic	Single or multiple deaths of any persons.

(See Appendix B for more detailed Impact Descriptors)

Risks that are scored 1 – 3 are considered Low Risk.

Risks that are scored 4 - 6 are considered Moderate Risk.

Risks that are scored 8 – 12 are considered High Risk.

Risks that are scored 15 to 25 are considered Very High Risk.

