## Risk Management Policy

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<th>1.2</th>
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<tr>
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<tr>
<td>Name of originator/author:</td>
<td>Keren Salt, Head of Governance</td>
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<td>January 2011</td>
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<td>Target audience:</td>
<td>NHS Northamptonshire Staff</td>
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Comments/queries please contact:

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<td>June 10</td>
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Introduction

1.1 This Risk Management Policy is a fundamental part of the PCTs risk management arrangements and underpins the delivery of the Risk Management Strategy.

1.2 Risk management is a proactive business management tool involving identification, assessment, analysis and management of all risks to which the Trust is exposed (e.g. financial, organisational, clinical, political/reputational).

1.3 Effective management of risk helps the organisation to set priorities and improve decision making to reach an optimal balance of risk, benefit and cost. Having a robust risk management process in place reduces the vulnerability of a service, project or plan and ensures, through an appropriate system of escalation, that the Board is kept informed of key risks to its business and is able to control them.

1.4 It is acknowledged that some risks are inherent and cannot be eliminated entirely, but should be identified. Every effort should be made to ensure that all risks are maintained at as low a risk grading as practicable.

Purpose of Risk Management

2.1 The purpose of risk management is to identify potential opportunities and hazards, analyse the associated risks, (considering what impact they might have and how likely it is to happen) and implement plans to systematically control those risks.

2.2 Each risk can be handled in one of a number of ways:

   Elimination - eliminating the activity that gives rise to risk

   Reduction - taking action to reduce the risk and impact/likelihood of an adverse event occurring

   Control - controls the risk by means of safe systems of work thus minimising the likelihood of adverse events occurring, and/or the impact should it occur.

   Acceptance - if the risk is negligible or cannot be eliminated, reduced or controlled

2.3 Risk Management forms a key part of organisational assurance. Effective assurance requires a number of elements to be present together:

   - the right governance framework and risk culture and a clear understanding of strategic objectives and risks;
   - good internal controls;
   - evidence that internal controls are operating effectively; and
   - good data quality

   Audit Commission, 2009
Defining Risk

3.1 The PCT defines a risk as: “Anything that represents a threat or opportunity toward the achievement of our objectives, programmes or delivery of services to the residents of Northamptonshire.” This may include damage to the reputation of the PCT which could undermine the public's confidence. This definition includes risks to the PCT from the services that it commissions, alongside those services that are provided by its provider arm.

3.2 Risk Management is “the process of defining and analysing risks, and then deciding on the appropriate course of action in order to minimise these risks, whilst still achieving business goals” (Chief Executive Officer website, 2009). It is important to remember that risk management involves identifying opportunities as well as avoiding or mitigating losses (Australia/New Zealand Risk Management Standard, 1999, updated 2009).

3.3 The term "risk" is often confused with "hazard" and "issue". The identification of risk must be thought of in terms of the delivery of the corporate and directorate objectives.

A risk is the probability or chance of danger, loss or injury.

A hazard is the basis from which a potential risk can occur.

An issue is an occurrence that has actually happened.

For example:

The issue of a milestone within a project not being reached could create a risk that the project may not succeed.

The cable being left trailing across the floor could present a hazard, which could result in the risk of someone being injured.

Risks that can be of most concern to NHS organisations include, for example; patient safety, quality of service, equality & diversity, failure to manage major projects, failure of strategy, failure to innovate, poor reputation or brand management and a lack of employee motivation and poor performance.

Responsibilities and Accountabilities

4.1 NHSN Board

- Requires assurance from the Accountable Officer that a framework for the effective management of risk is in place
- Endorses the policy and approves the strategy
- Receives a formal annual review from the Accountable Officer as the basis for the preparation of the Statement on Internal Control
- Receives and comments upon the key risks facing the PCT and the actions put in place to manage those risks

4.2 Executive Responsibilities

Accountable Officer (the Chief Executive)
• Accepts overall responsibility for risk management within the PCT
• Sets the policy and strategy for the management of risk within the PCT

Executive Management Team

• Implement the policy and strategy set by the Accountable Officer and endorsed by the Board
• Ensure strategic risks are identified and that effective mitigation is in place.
• Review strategic risks and action plans, including those identified through the operational risk management process on a periodic basis and reports this to the Board
• Ensure that an appropriate framework is in place in order that risk management objectives are met
• Determines the level of maturity the risk management process should achieve

Executive Directors

• Identify key risks to business plan objectives as an integral part of the business planning process
• Ensure that management plans are in place and reviewed to mitigate the key risks identified during the business planning risk assessment process
• Ensure regular receipt and review of risk reports on key business plan objectives within their area of responsibility
• Ensure that an escalation process is in place for key risks within their area of responsibility for upward reporting to Board for further consideration and review
• Ensure that risks to business plan objectives is a standing item on the agenda for senior management team meetings

4.3 Risk Sponsor – Director of Quality and Safeguarding

• Receives and approves periodic reports on operational risk management issues
• Reports any strategic issues and risks identified through the operational risk management process to EMT
• Promotes and supports the development of good risk management practice
• Acts as a conduit at EMT

4.4 Risk Manager – Head of Governance

The Risk Manager’s role is to provide a dedicated resource and focus for the development and implementation of the risk management framework. This involves:

• Maintaining appropriate methodologies
- Compiling risk management reports for Board, Committees and the Risk Sponsor
- Maintain guidance for staff via the intranet
- Identifying learning needs and ensuring the provision of suitable training

The Risk Manager’s role is not to assume responsibility for the management of strategic or operational risks, this clearly remains the responsibility of the individual assigned to ensure that action plans are developed and implemented to effectively manage the risk i.e. the risk owner.

4.5 Risk Owner

The risk owner is the PCT officer charged with the delivery of the task in hand, with responsibility for ensuring that the risk is managed and mitigated. This includes identifying the controls in place to mitigate the risk, evidencing that the risk is being managed effectively and identifying any further actions required to mitigate or eliminate the risk. It is the risk owners responsibility to ensure that risks are appropriately monitored and reported.

4.6 Caldicott Guardian

The prime responsibility of the Caldicott Guardian is to ensure appropriate patient confidentiality and information sharing issues and is concerned with the management of patient information.

4.7 Senior Information Risk Owner (SIRO)

The SIRO is accountable for managing information risks and incidents and is concerned with the management of all information assets.

Risk Management Process

1.1 The starting point for risk management is a clear understanding of what the organisation is trying to achieve. Risk management is about managing the threats that may hinder delivery of our priorities and core service provisions, and maximizing the opportunities that will help to deliver them. Therefore effective risk management should take account of the environment within which the PCT operates and be clearly aligned to the following processes:

- Strategic planning
- Financial planning
- Policy making and review
- Performance management
- Project management
- Partnership working

The following diagram demonstrates the cyclical process of risk management.
As stated above, key to effective risk management is understanding what the organisation is trying to achieve and identifying the threats and opportunities to the delivery of those aims. The NHSN Risk Management Model at appendix 1, illustrates how this is done and the following sections describe this in greater detail.

**Corporate and Directorate Objectives**

6.1 Corporate Objectives are set by the Board of NHS Northamptonshire annually, usually at the beginning of each financial year, and reviewed in year when required by national policy change. Corporate objectives must be high level and provide a framework from which the organisation is able to deliver its intended outcomes.

6.2 Once the Corporate Objectives have been set, directorate objectives are identified for every directorate. These objectives define the role that each directorate will play in the delivery of the corporate objectives and will be relevant to the particular portfolio of the respective directorate.

**Strategic Risks and Board Assurance Framework**

7.1 Strategic risks are defined as those risks that pose a threat/opportunity to the delivery of the Corporate Objectives. A simultaneous process of re-assessing previous strategic risks for continued relevance or closure; and identification of new strategic risks is undertaken each time the Corporate Objectives are set. This review is undertaken by the members of the Risk Escalation and Assurance Group who will also identify the associated controls, assurances, gaps and action plans. This information is captured on a draft Board Assurance Framework (BAF) which is then submitted to the Executive Management Team (EMT) for
comment/endorsement. Any amendments are made prior to the BAF being submitted to NHSN Board. Information contained within the BAF is reviewed by the appropriate executive director on a monthly basis. The BAF is then maintained and reported to the Board bi-monthly at the Public Board Meetings throughout the year.

**Directorate Risks and the Corporate Risk Register**

8.1 Each Directorate holds its own Risk Register that details the risks associated with the delivery of that directorate’s objectives. The responsibility for the co-ordination of the review and update of this risk register lies with the ‘risk champion’ within each directorate. Each directorate also has an identified member of the Risk Escalation and Assurance Group who will liaise between their directorate and REAG to ensure an open dialogue on the management of risk.

8.2 The Head of Governance will call for updated copies of Directorate Risk Registers on a monthly basis from the Risk Champions. The Directorate Risk Registers will be scrutinised at REAG to challenge the management of those risks and ensure organisational approach and consistency.

8.3 Any directorate risks that have a residual risk rating of 8 or above (amber or red) will be escalated to the Head of Governance who will record them within the Corporate Risk Register. The Corporate Risk Register is presented at least every 6 months to REAG, who will ensure that the risks identified are relevant to the delivery of the organisations objectives (both directorate and corporate); that the controls and assurances are appropriate; that actions are being implemented and are able to take a view on whether, in their opinion, the risk is being effectively managed.

8.4 Once the Corporate Risk Register has been discussed and finalised through REAG it will be submitted to the Executive Management Team for comment, prior to being presented by the Head of Governance to the Quality and Risk Committee on a quarterly basis.

**Operational Risks**

9.1 Officers of the PCT maintain operational risk registers which identify the opportunities/threats to the delivery of their departmental/team objectives. These risks are managed by the respective risk owner, as part of their day-to-day management responsibility; and are escalated on to the Directorate Risk Register if they become residually ‘red’ or ‘amber’ and potentially affect the delivery of a directorate objective.

**Risk Management Assurance**

The reporting and monitoring of risk is detailed above. The committees with a high level overarching responsibility for ensuring that risk is appropriately embedded and managed are detailed below:

10.1 Audit Committee
The Audit Committee is established as a full committee of the NHSN Board. This Committee is the senior scrutiny committee with responsibility for risk awareness, assurance and governance; it carries this out through reviewing the effectiveness of the PCT’s internal controls and risk management systems.

10.2 Quality & Risk Committee

The Quality & Risk Committee is established as a full committee of the NHSN Board. This committee will ensure that risks are being controlled and managed effectively.

10.3 Risk Escalation and Assurance Group

This group has been established as a sub committee of the Quality & Risk Committee. The group will ensure that there is a coherent model of risk management employed by the PCT and drive a culture and approach to risk management that is consistent across the organisation. It will ensure that actions in respect of risk mitigation are appropriate and implemented and that risks are escalated when required.

Monitoring and Control of this Policy

11.1 Risk Management at NHSN, which includes the effective implementation of this policy, is monitored through the organisational programme of internal audit. Furthermore, a report on risk management within NHSN, including risk management process assurance, based on all available relevant information, is submitted quarterly to the Quality and Risk Committee and monthly to NHSN Board.

Links to other Risk Documents

The following documents provide guidance on various aspects of risk management:

Risk Management Strategy
Guide to Grading Risk
Incident Reporting Policy
Health & Safety Policy
Fire Policy
Appendix 1 - NHSN Risk Management Model

Corporate Objectives (set by the Board)

Strategic Risks (Risks that affect the delivery of the Corporate Objectives)

Board Assurance Framework (demonstrates effectiveness of the management of strategic risks)

Corporate Risk Register (CRR) (demonstrates effectiveness of the management of corporate risks, and is scrutinised at REAG and EMT prior to submission to Quality & Risk Committee quarterly)

Directorate Objectives (set by the Director to deliver the Corporate Objectives after every refresh of the Corporate Objectives)

Directorate Risks (Risks that affect the delivery of the Directorate Objectives)

Directorate Risk Register (DRR) (any red/amber risks must be escalated to the CRR)

Department/Team Objectives (set by operational managers to deliver the directorate objectives)

Operational Risks (Risks that affect the delivery of the Department/Team Objectives)

Operational Risk Register (to assist managers to manage their risks) (any red/amber risks must be escalated to the DRR)
### Equality Impact Assessment Questions and Definitions

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<th>Yes/No</th>
<th>Comments</th>
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<td><strong>Does the document/guidance content affect one group less or more favourably than another on the basis of:</strong></td>
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<tr>
<td><strong>Race</strong></td>
<td>Refers to the protected characteristic of race. It refers to a group of people defined by their race, colour, nationality (e.g. citizenship), ethnic or national origins (e.g. gypsies and travellers)</td>
<td>No</td>
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<tr>
<td><strong>Religion or belief</strong></td>
<td>Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (e.g. atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition.</td>
<td>No</td>
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<tr>
<td><strong>Gender</strong></td>
<td>Refers to eliminating sex discrimination and harassment and to promote equality for women and men.</td>
<td>No</td>
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<td><strong>Sexual Orientation</strong></td>
<td>Whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.</td>
<td>No</td>
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<tr>
<td><strong>Gender Identity</strong></td>
<td>Whether a person's gender identity is with their own gender or the opposite gender.</td>
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<td><strong>Age</strong></td>
<td>This refers to a person belonging to a particular age group, which can mean people of the same age (e.g. 32-year-olds) or range of ages (e.g. 18–30-year-olds, or people over 50)</td>
<td>No</td>
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<td><strong>Disability</strong></td>
<td>A person has a disability if he or she has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.</td>
<td>No</td>
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<tr>
<td><strong>Socio-Economic</strong></td>
<td>A group of people who face disadvantage based on their location, background and other protected characteristics e.g. Post Code Lottery - where they live means there life expectancy is lower.</td>
<td>No</td>
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<td><strong>Carers</strong></td>
<td>A person cares for a child under 16 or a disabled child under 18, or if they’re a carer for an adult, where it has an effect on that person's ability to carry out normal day-to-day activities.</td>
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<td><strong>Is there any evidence that some groups are affected differently?</strong></td>
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<td>No</td>
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<td><strong>If so, can the impact be avoided?</strong></td>
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<td><strong>Can we reduce the impact by taking different action?</strong></td>
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