# Risk Management Strategy and Policy

**Policy Number:** 156  
**Supersedes:** Previous versions  
**Standards For Healthcare Services No/s:** 22

<table>
<thead>
<tr>
<th>Version No.</th>
<th>Date Of Review:</th>
<th>Reviewer Name:</th>
<th>Completed Action:</th>
<th>Approved by:</th>
<th>Date Approved:</th>
<th>New Review Date:</th>
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<tr>
<td>0.2</td>
<td>November 2015</td>
<td>Eileen Curry</td>
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**Brief Summary of Document:** This policy outlines the arrangements for risk management activity at Hywel Dda University Health Board.

To be read in conjunction with:
- 199 - Risk Management Procedure
- 011 - Incident and Hazard Reporting Policy
- 010 - Health and Safety Policy
- 004 - Claims Management Policy
- 198 - Counter Fraud Policy and Response Plan
- 133 - Equality and Diversity Policy
- 153 - Equality Impact Policy and Procedure
- Welsh Language Strategy

**Classification:** Corporate  
**Category:** Policy  
**Freedom Of Information Status:** Open

**Authorised by:** Sarah Jennings  
**Job Title:** Director of Governance, Communication & Engagement  
**Signature:**
## Risk Management Strategy and Policy

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### Scope

<table>
<thead>
<tr>
<th>ORGANISATION WIDE</th>
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### Staff Group

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### CONSULTATION

Please indicate the name of the individual(s)/group(s) or committee(s) involved in the consultation process and state date agreement obtained.

- **Individual(s):**  
  - **Date(s):**

- **Group(s):**  
  - **Date(s):**

- **Committee(s):** Audit Committee  
  - **Date(s):**

### RATIFYING AUTHORITY

(in accordance with the Schedule of Delegation)

<table>
<thead>
<tr>
<th>NAME OF COMMITTEE</th>
<th>Board</th>
<th>COMMENTS/ POINTS TO NOTE</th>
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<tr>
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<td>A – Approval Required</td>
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<td>FR = Final Ratification</td>
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<td>Date Approval Obtained</td>
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**Date Equality Impact Assessment Undertaken:** 28.10.15  
**Group completing Equality impact assessment:** Eileen Curry, Jackie Hooper

Please enter any keywords to be used in the policy search system to enable staff to locate this policy: Risk Management
<table>
<thead>
<tr>
<th>How Will This Policy Be Implemented?</th>
<th>This is an update of a policy that is already implemented. Executive Directors/Risk Leads will disseminate through their structures.</th>
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<tbody>
<tr>
<td>Who Should Use The Document?</td>
<td>The content of the document includes roles and responsibilities, thus making it clear who should use the document.</td>
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<tr>
<td>What (if any) Training/Financial Implications are Associated with this document?</td>
<td>Training will be delivered as part of general risk management awareness training. The cost of implementing risk management actions to manage risks above agreed tolerance levels needs to be integral to budget setting discussions.</td>
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<tr>
<th>Action</th>
<th>By Whom</th>
<th>By When</th>
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<tbody>
<tr>
<td>Dissemination of policy throughout organisational structures.</td>
<td>All Executive Directors</td>
<td>December 2015</td>
</tr>
<tr>
<td>Policy to be placed on HB’s intranet</td>
<td>Policy Coordinator</td>
<td>December 2015</td>
</tr>
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1. INTRODUCTION
Risk management is a process based upon good governance practice and is integral part of the Hywel Dda University Health Board’s (Health Board) approach to ensure it achieves its objectives and protects patients, service users, staff, and the public and other stakeholders against all kinds of risks. Organisations encounter risk every day as objectives are pursued and in conducting appropriate oversight, both management and board must deal with the fundamental question of how much risk is acceptable in pursuit of those objectives. In addition, regulators and other oversight bodies are calling for better descriptions of risk management processes of organisations, including board oversight.

Risk management is a rapidly developing discipline with many and varied views and descriptions of what is involved, what it is for and how it should be conducted. Risk management should be integral to any organisation’s strategic management and be applied across the portfolio of all its activities. It should be a continuous and developing process running through the organisation’s strategy and the implementation of that strategy. Risk management objectives should be aligned to organisational objectives. In any organisation there should be a direct relationship between objectives, which are what an entity strives to achieve, and risk management components, which represent what is needed to achieve them.

The Risk Management Strategy and Policy is central to the development and implementation of a well managed risk environment. The policy is underpinned by a Risk Management Procedure which provides detailed information on the systems and processes for enacting effective risk management at the Health Board.

2. POLICY STATEMENT
Hywel Dda University Health Board Hospital is committed to delivering the highest level of safety for all of its patients, staff and visitors. The complexity of healthcare and the ever-growing demands to meet health care needs, means, that there will always be an element of risk in providing high quality, safe health care services.

The management of risks is a key factor in achieving the provision of the highest quality care to our patients; of equal importance is the legal duty to control any potential risk to staff and the general public as well as safeguarding the assets of the organisation.

The Health Board recognises effective risk management is a key component of corporate and clinical governance and is integral to the delivery of its objectives in service provision to the citizens of the health community. There will be a holistic approach to risk management across the Health Board which embraces financial, clinical and non-clinical risks in which all parts of the organisation are involved through the integrated governance framework.

The mission of the Health Board supports the effective management of risk and the role of the individual. This requires all staff to recognise that there is a responsibility to be involved in the identification and reduction of risks. The Health Board will seek to ensure that risks, untoward incidents and mistakes are identified quickly and acted upon in a positive and constructive manner so that any lessons learnt can be shared. This will ensure the continued improvement in the quality of care and the achievement of the Health Board objectives.

The commitment of the Health Board is therefore to:

a) minimise harm to patients, colleagues or visitors to a level as low as reasonably practicable;
b) protect everything of value to the Health Board (such as high standards of patient care, reputation, community relations, assets and resources);
c) maximise opportunity by adapting and remaining resilient to changing circumstances or events;
d) assist with managing and prioritising the business/activities of the Health Board through using risk information to underpin strategy, decision-making and the allocation of resources;
e) to ensure that there is no unlawful or undesirable discrimination, whether direct, indirect or by way of victimisation, against its service users, carers, visitors, existing employees contractors and partners or those wishing to seek employment, or other association with the organisation.

This policy is therefore a high level statement of intent outlining the Health Board’s approach to, and expectations of risk management and sets out the arrangements for managing risk at all levels within the organisation.

3. SCOPE
This policy applies to all employees of the Health Board and those seconded to work in the organisation. There will be an active lead from managers at all levels to ensure that risk management is a fundamental part of the total approach to health and social care governance, service delivery and corporate governance.

Members of the Board recognise that risk management is an integral part of good management practice and to be most effective should become part of the Health Board’s culture. The Board is therefore committed to ensuring that risk management forms an integral part of its philosophy, practice and planning rather than viewed or practised as a separate programme and that responsibility for implementation is accepted at all levels of the organisation. The Health Board recognises that success will depend upon the commitment of staff at all levels, and the development of a culture of openness within a learning environment will be an important factor.

4. AIMS –
• Risk management is important to the successful delivery of the University Health Board’s services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the responses are effective. Hywel Dda University Health Board understands the implications of risks taken by management in pursuit of improved outcomes in addition to the potential impact of risk-taking on and by its local communities, partner organisations and other stakeholders.
• The Risk Management Strategy & Policy aims to deliver a pragmatic and effective multidisciplinary approach to risk management, which is underpinned by a clear accountability structure from Board to service level. It recognises the need for robust systems and processes to support continuous programmes of risk management, enabling staff to integrate risk management into their daily activities, wherever possible and support better decision making through a good understanding of risks and their likely impact.
• A sound risk management system also enables the Health Board to identify and fulfil its statutory obligations. H.M. Treasury has an expectation that each and every public sector organisation has explicit arrangements in place for its internal governance and integral to this is a robust Risk Management Framework. The Treasury Risk Support Team has developed a Risk Management Framework, advocated for use by public
sector organisations. This framework includes detailed characteristics derived from six high level elements which are expected to be found in a Risk Management Strategy & Policy. The six high level elements are:

- Leadership & Strategy
- Context for Risk Management
- Risk Identification & Evaluation
- Criteria for Evaluation of Risk
- Risk Control Mechanisms
- Review & Assurance Mechanisms

- The Health Board aims to minimise risks and maximise the quality of services for all who receive a service and / or who act as stakeholders in clinical care and service delivery.
- The organisation is aware of all significant risks and can, if appropriate, allocate resources to ensure the risks are prioritised and managed in order that its objectives are achieved.
- There is an assurance framework and clearly defined risk management process embedded and applied throughout the Health Board in a consistent manner.
- The Health Board complies with all relevant statutory, legal and Welsh Government requirements / directives.

5. OBJECTIVES
Risk management at a strategic level is a key component of corporate and clinical governance. Any risks that threaten the delivery of the Health Board’s objectives need to be identified and evaluated, with the appropriate key controls developed to manage those risks. Risk is inherent in everything that we do, from determining service priorities, taking decisions about future strategies, or even deciding not to take action at all. The Board and managers (both clinical and non-clinical) have a duty to protect their patients, staff, visitors and partner organisations and need to have systems and processes in place for achieving this. The Health Board will ensure that this Risk Management Strategy & Policy becomes aligned with other related quality and assurance areas.

The key objectives of the strategy and policy are to:

- Develop a culture where risk management is integrated into all Health Board business;
- Ensure appropriate structures are in place to manage risks with clear escalation levels and processes;
- Create a system which is user friendly and allows the prompt assessment and mitigation of risk;
- Ensure the risk management cycle is supported by robust monitoring and reporting processes at all levels in the organisation and that these arrangements are defined in the Risk Management Strategy & Policy and Procedure;
- Clearly describe the risk appetite of the organisation;
- Enable the Health Board to identify and manage risks emanating from the well-being goals included in the Well Being of Future Generations Act 2015;
- Ensure the Health Board conducts its business to the best possible standard and provides the highest quality of care, as laid down in the Welsh Government’s Citizens Centred Governance principles, which will lead to:
- Minimising real loss through safer systems at work;
- Creating a safer environment;
- Providing an environment in which staff, including primary care contractors, are encouraged to report and learn from incidents;
Risk Management Strategy and Policy

- Increasing awareness and ownership of risk and liabilities;
- Reducing the cost of risk taking and accidents;
- Protecting the Health Board’s capital, resources and reputation.

The Health Board is committed to the principle that risk must be managed, and to ensure:
- Compliance with statutory legislation;
- All sources and consequences of risk are identified;
- Risks are assessed and either eliminated or minimised;
- Information concerning risk is shared with staff across the Health Board;
- Damage and injuries are reduced, and people’s health and well-being is optimised;
- Resources diverted away from patient care to fund risk reduction are minimised;
- Lessons are learnt from incidents, complaints and claims in order to share best practice and prevent reoccurrence.

6. BODY OF POLICY

6.1. RISK MANAGEMENT

Risk Management is the term applied to a logical and systematic application of principles for identifying, analysing, evaluating, reducing and/or controlling the risks associated with an activity, function or process. The risk management process should be a key approach to improving the quality and safety of care for patients, clients and others affected by the activities of the Health Board, offering a practical means of enhancing the safety of services, reducing the potential for systems failing and minimising the effects of the risk when things go wrong. Risk Management is having in place a corporate and systematic process for evaluating and addressing the impact of risk in a cost effective way and having staff with the appropriate skills to identify and assess the potential for risk to arise.

A risk management system should consider the full range of the organisations’ activities and responsibilities and constantly check that various good management disciplines are in place. The Health Board will therefore regularly seek assurance that the following disciplines are in place:
- Well defined strategies & policies are put into practice in all relevant parts of the organisation and are regularly reviewed;
- High quality services are delivered efficiently and effectively;
- Equality Impact Assessment is carried out in accordance with legislation and the Health Board’s Equality Impact Assessment Policy;
- Performance is regularly and rigorously monitored with effective measures implemented to tackle poor performance;
- Compliance with laws and regulations ;
- Information used by the Health Board is relevant, accurate, reliable and timely;
- Financial resources are safeguarded by being managed efficiently and effectively ;
- Human and other resources are appropriately managed and safeguarded.

Hywel Dda University Health Board’s risk management system will also support the compilation of both the Annual Governance Statement and the Annual Quality Statement.

Risk Management is an iterative process consisting of well defined steps which, taken in sequence, support better decision making by contributing a greater insight into risks and their impacts. It is also a dynamic process and as such will require different groups and individuals to be involved in the process at different times. The Health Board recognises that Risk Management is an integral part of good management practice and to be most effective should
become part of the organisation’s culture. Clinical risk management concentrates on identifying and correcting risks associated with direct patient care, whilst non-clinical risk management is associated with all other Health Board activities.

The Health Board will therefore integrate risk management into the organisation’s philosophy, practices and business plans aligned to its corporate objectives, rather than be viewed or practiced as a separate programme. This is a key concept in risk management becoming the business of everyone in the organisation.

The Health Board’s risk management system will ensure that

- Objectives are clear and understood across the organisation;
- Risks to the achievement of objectives are identified;
- Effective controls, understood by those expected to apply them, are in place to mitigate the risk;
- The operation of controls is monitored by management with any gaps being rectified;
- Management are held to account for the effective operation of controls;
- Assurances are reviewed and acted on.

The Health Board will achieve the above by:

- Effective objective setting;
- Effective learning and responsive management action, with dissemination of lessons learnt;
- Effective employee engagement & provision of training and advice to managers and staff;
- Effective liaison with enforcing authorities, regulators and assessors;
- Effective Committee structures with appropriate reporting arrangements;
- Formulation of appropriate policies and procedures;
- Investigation of incidents and implementation of remedial actions;
- Systematic identification, identification & control of risks.

6.2. RISK APPETITE

The Health Board acknowledges that a certain degree of risk is unavoidable and therefore it needs to take action in a way that it can justify, to manage risk to a tolerable level. Risk appetite is the degree of risk exposure, or potential adverse impact from an event, that the Health Board is willing to accept in pursuit of its objectives. H M Treasury has defined risk appetite as “The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time” and the guidance indicates that if no formal statement on its risk appetite is made by an organisation, control problems will be experienced. If no such statement exists, there is insufficient guidance for managers on the levels of risk that they are permitted to take, or opportunities are not seized upon due to the perception that taking on additional risk is discouraged – risk appetite involves taking considered risks where the long term benefits outweigh any short term losses.

Developing a risk appetite is about managing the organisation and not about developing a statement to be filed in a report or included in a strategy and is only useful if it is clear and can be implemented across the organisation. The determination of risk appetite is about making clear the underlying reasons for accepting a specific level of risk. To determine risk appetite, management with board review and concurrence, should take three steps:

- Develop risk appetite – there is no standard or universal risk appetite statement that applies to all organisations, neither is there a “right” risk appetite. Management and
Board must make choices in setting risk appetite. Risk appetite is not a single, fixed concept. There will be a range of appetites for different risks which need to align and may vary over time. Defining risk appetite is not about writing a one–off, standalone statement;

- Communicate risk appetite – several common approaches are used to communicate risk appetite. The first is to create an overall statement that is both broad and descriptive enough for organisations to manage risks consistently. The second is to communicate risk appetite for each strategic objective with the third being communicating for different categories of risk;
- Monitor and update risk appetite – once communicated, the risk appetite needs to be revisited and reinforced – it cannot be set once and then left alone.

The Board recognises the importance of a robust and consistent approach to determining risk appetite in order to ensure:
- The Health Board’s collective appetite for risk and the reasons for it are widely known to avoid erratic or inopportune risk taking, or an overly cautious approach which may stifle growth and development;
- Managers throughout the organisation know the levels of risks that are legitimate for them to take, as well as appropriate opportunities when they arise, in order to ensure service improvements and patient outcomes are not adversely affected.

The Health Board has adopted the following principles/definitions, to be applied to the key business drivers in Table 1 below, in determining risk appetite:

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Description of potential effect</th>
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<tbody>
<tr>
<td>Very High Risk Appetite</td>
<td>The Health Board <strong>accepts risks that are likely</strong> to result in reputation damage, financial loss or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and / or legislative compliance, potential risk of injury to staff / service users.</td>
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<tr>
<td>High Risk Appetite</td>
<td>The Health Board <strong>is willing to accept risks that may result</strong> in reputation damage, financial loss or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and / or legislative compliance, potential risk of injury to staff / service users.</td>
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<tr>
<td>Moderate Risk Appetite</td>
<td>The Health Board <strong>is willing to accept some risks in certain circumstances that may</strong> result in reputation damage, financial loss or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and / or legislative compliance, potential risk of injury to staff / service users.</td>
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<tr>
<td>Low Risk Appetite</td>
<td>The Health Board <strong>aspires to avoid (except in very exceptional circumstances) risks that may</strong> result in reputation damage, financial loss or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and / or legislative compliance, potential risk of injury to staff / service users.</td>
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<tr>
<td>Zero Risk Appetite</td>
<td>The Health Board <strong>aspires to avoid risks under any circumstances that may</strong> result in reputation damage, financial loss or exposure, major breakdown in services, information</td>
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Setting a risk appetite is only a worthwhile exercise if the organisation is able to manage the risk to the level at which it is set. Taking the above factors into account, the Health Board’s overarching risk appetite, outlines its approach to risk in relation to four key areas of the business: quality, finances, performance and reputation.

**Risk Appetite Statement**

The core aim of Health Board is to ensure that it delivers high quality, sustainable services to patients. In doing so, the Board recognises that it is not possible to eliminate all the potential risks which are inherent in the oversight of healthcare providers and is willing to accept a certain degree of risk where it is considered to be in the best interests of patients.

The Board has considered the level of risk that it is prepared to tolerate in relation to key aspects of the business. The following paragraphs set out its attitude to risk in respect of four key domains.

1. **Quality**
   The Board is accountable for ensuring the quality and safety of the services it provides to patients. In setting clear expectations on quality through the planning guidance and holding to account for poor performance where the quality of service to patients is severely compromised, the Health Board have a low appetite for risk. Decision making authority is held by senior management, either clinical or non-clinical, as appropriate. The Health Board’s corporate risk register will continue to reflect material risks that may prevent the organisation in fulfilling its role to deliver clinical services which meet set/recognised standards/ Health Inspectorate Wales’ Standards for Healthcare.

2. **Finances**
   The Board has a low appetite to financial risk in respect of the statutory financial duties, i.e. delivery of the “break even” duty, maintaining expenditure within the allocated resource limit and full adherence to internal expenditure and financial controls, including the demonstration of value for money in spending decisions.

   However, in recognition of the service and workforce challenges in addition to the financial environment in which we are operating and conditional upon maintaining delivery of quality services and compliance with the Welsh Government’s NHS Planning Framework our risk appetite will increase in that we are willing to consider all potential delivery options that ensure the delivery of sustainable, high quality services.

   The Board is prepared to support investments for return and minimise the possibility of financial loss by managing associated risks to a tolerable level. Value and benefits will be considered and resources allocated in order to capitalise on opportunities.

3. **Performance**
   Our performance and delivery function is currently operating in a complex environment that recognises very challenging economic conditions, changing demographics with intense political and regulatory scrutiny.
HYWEL DDA UNIVERSITY HEALTH BOARD

However, the continued delivery of high quality healthcare services, working towards service sustainability, requires some moderate risk to be accepted where this results in better healthcare services for patients. Decision making authority is generally held by senior management with innovations in practice avoided unless really necessary.

Our oversight methodology and process, underpinned by a risk-based escalation rating, subject to regular review, determines how the performance and delivery function engages with the Welsh Government, including the deployment of intervention and development strategies as required.

4. Public Confidence/ Reputation
The Board has a moderate risk appetite for actions and decisions that whilst taken in the interests of ensuring quality and sustainability of the Health Board and its patients, may affect the reputation of the Board and its employees. The tolerance for risk taking will be limited to those events where there is little chance of any significant repercussion for the Board should there be a failure. Such actions and decisions will be subject to a rigorous risk assessment and will be signed off by a member of the Executive Team.

The above statement flows into more specific risk appetites for categories of risk, directed by key drivers, as follows:

<table>
<thead>
<tr>
<th>Key Business Drivers (categories of risk)</th>
<th>Risk Appetite</th>
<th>Description</th>
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<tbody>
<tr>
<td>1 Patient Safety</td>
<td>Low</td>
<td>We will continue to hold the safety of people who use services in the highest regard and will at all times act to avoid risk and uncertainty. Only in exceptional circumstances would the Board have an appetite to make a decision that may jeopardise it. This key value driver directly supports our core objective to improve the safety of our services to patients. The preference is for ultra-safe delivery options with a low degree of inherent risk.</td>
</tr>
<tr>
<td>2 Quality</td>
<td>Low/Moderate 2/3</td>
<td>We will continue to provide high quality services ensuring value for money in a competitive arena and, depending on the circumstances will accept some risks that could limit our ability to fulfil this objective. This key value driver directly supports our core objective to</td>
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</tbody>
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Table 1
<table>
<thead>
<tr>
<th>Risk Area</th>
<th>Level</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Risk Management Strategy and Policy</td>
<td>Low 2</td>
<td>We will continue to employ and retain staff that meet the high quality standards of the organisation and provide on-going training to ensure all staff reach their full potential, always mindful of the professional and managerial capacity and capability of the organisation and staff well-being. In certain circumstances we will accept risks associated with the delivery of this aim. The preference is for ultra-safe delivery options with low degree of inherent risk and only for limited potential.</td>
</tr>
<tr>
<td>Finance</td>
<td>Low 2</td>
<td>We will strive to deliver our services within the available income as laid out in the financial plan and will not accept risks that if realised might cause us to exceed the financial plan. This key value driver directly supports our value to maximise our use of resources and deliver cost effectiveness.</td>
</tr>
<tr>
<td>Public Confidence / Reputation</td>
<td>Moderate 3</td>
<td>We will continue to maintain high standards of conduct and care delivery and will only accept risks in certain circumstances that if realised could cause loss of public confidence / reputational damage to the organisation.</td>
</tr>
<tr>
<td></td>
<td>Compliance with Legislation</td>
<td>Zero/Low 1/2</td>
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<td>6</td>
<td>Quality &amp; Safety</td>
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<td>Mental Health</td>
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<td></td>
<td>Other</td>
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<tr>
<td>7</td>
<td>Environment &amp; Estate</td>
<td>Moderate 3</td>
</tr>
<tr>
<td>8</td>
<td>Service/business Interruption</td>
<td>Low 2</td>
</tr>
<tr>
<td>9</td>
<td>Partnership working</td>
<td>4</td>
</tr>
</tbody>
</table>
The risk appetite of the organisation is not limited to the above drivers and the following will be further developed or incorporated into the Board’s risk appetite:

- Access to Services;
- Public Health;
- Information Governance;
- IM&T;
- Safeguarding.

6.3. RISK TOLERANCE

Whilst risk appetite is about the pursuit of risk, tolerance is about what the organisation is allowed to deal with. In the vast majority of cases, the appetite will be smaller than the risk tolerance, which can be expressed in terms of absolutes, e.g. “the Health Board will not perform certain types of surgical operations”.

Risk tolerance differs from risk appetite in that it is

- Derived from risk appetite;
- Looks at risk at a granular level (e.g. on specific risk, at a transactional level);
- Measured in the form of limits (financial risks) and thresholds (non-financial risks);
- Assists in day to day/operational decision making.

Risk tolerance therefore relates to risk appetite but differs in one fundamental way in that it represents the application of risk appetite to specific objectives.

Whilst risk appetite is broad, risk tolerance is tactical and operational and must be expressed in such a way that it can be:

- Mapped into the same metrics as the organisation uses to measure success;
- Applied to all four categories of objectives – strategic, operations, reporting and compliance;
- Implemented by staff throughout the organisation.

As risk tolerance is defined within the context of objectives and risk appetite, it should be communicated using the metrics in place to measure performance. Risk tolerances guide service/operational areas as they implement risk appetite within their sphere of activity.
6.4. **RISK CULTURE**

Risk culture is a term describing the values, beliefs, knowledge and understanding about risk shared throughout the Health Board and is shaped by the underlying values, beliefs and attitudes of individuals, which are partly inherent but are also influenced by the prevailing culture in the organisation. The culture of the organisation will influence the way it manages risk. Setting the right culture is not achievable without visible support from the highest level within the organisation, which is why overall accountability and responsibility for risk management lies with the Chief Executive & the Board.

The Health Board aims to develop a culture where risk management is viewed positively and seen as an opportunity for learning. As a learning organisation, Hywel Dda University Health Board is committed to promoting a fair and positive approach seeking to learn from experience rather than highlighting individual’s actions. However it is acknowledged that exceptional cases may arise where there is clear evidence of wilful or gross neglect that contravenes the policies and procedures of the organisation and/or professional codes of conduct, or where there is repeated evidence of poor performance despite intervention/support, in which case appropriate action will follow. Problems with risk culture are often blamed for organisational difficulties and an effective risk culture is one that enables and rewards individuals. A good risk culture will facilitate the better management of risk and will underpin the Health Board’s ability to work within its risk appetite.

6.4.1. **The Importance of Risk Culture**

The prevailing risk culture of an organisation can make it significantly better or worse at managing risks and can affects the capability to take strategic decisions and deliver on performance. An organisation with an inappropriate risk culture will inadvertently find itself allowing activities that are either totally at odds with stated policies and procedures or operating completely outside of them. An inappropriate risk culture means not only that certain
individuals or teams will undertake such activities but that the rest of the organisation ignores condones or does not see what is going on. Risk management will only work in the long term if it has been adapted to the Health Board’s particular culture, aims and resources.

6.4.2. The Board’s Role in Risk Culture
The Board has a responsibility to set, communicate and enforce a risk culture that consistently influences, directs and aligns with the strategy and objectives of the organisation, thereby supporting the embedding of its risk management frameworks and processes. Corporate governance requirements are increasingly demanding that boards of organisations should understand and address their risk cultures. Risk management should be integrated into the culture of the organisation with an effective policy and a programme led by senior management. It should translate the strategy into tactical and operational objectives, assigning responsibility throughout the organisation with each manager and employee responsible for the management of risk as part of their job descriptions.

In order to ensure that the Health Board has the appropriate risk culture the Board will consider the following:
- What is the current risk culture within the Health Board and how do we improve risk management within that culture?
- How do we want to change that culture?
- How do we move from where we are to where we want to be?

Individual values, beliefs and attitudes towards risk contribute to and are affected by the wider overall culture of the Health Board. Any sustained change in risk culture needs to start at the top and may require a reappraisal of approaches consistent with bringing greater diversity of thinking into the boardroom. The Board recognises that although processes and organisational structures can be changed quickly, it takes substantially longer to change people’s behaviour and the culture of the organisation.

6.5. PARTNERS/STAKEHOLDERS
An environment where services and projects are increasingly being delivered through partner organisations puts a premium on successful risk management. The Health Board recognises that good risk management is integral to delivering successful partnerships.

The Health Board, in order to address the issue of risk management with stakeholders/partners, needs to be clear as to the definition of ‘partner’. To this end the Health Board will use the HM Treasury definition of “partners are defined as any organisation with which a department works to deliver their objectives, with a formal agreement of roles (contract, funding agreement, Service Level Agreement etc).” Stakeholders can be defined as those individuals who are, or perceive themselves to be, affected by a decision or activity.

The Health Board recognises that although delivering services through partners can bring significant benefits and innovation, it has less direct control than if delivering them alone. The Health Board also acknowledges that partnerships can lead to a high level of uncertainty and that there are risks around failing to align agendas and ineffective communication.

The diversity of different cultures in partnerships requires an understanding of the diverse perceptive on risk and the arrangements for managing them. Separate statutory responsibilities and separate lines of accountability (e.g. as with Local Authorities) have to be managed. The terms of any agreements between such partners may be less explicit than in a typical contract with very little explicit agreement of risk management responsibilities. The
Health Board will therefore endeavour to ensure that any such contracts/agreements, some of which may be with long term partners, should at an early stage in negotiation, agree on ownership of action to address risks and have clarity on what risks have been transferred. Taking these steps will reduce the possibility of unhelpful behaviour should a risk materialise.

The Health Board needs to be clear about where partners objectives overlap and can therefore be aligned to address a common goal with common risks as opposed to where they are fully independent. A common understanding of the objectives of the partnership should assist in reaching a common understanding of the risks and how they can be managed and clarity of who is responsible for and manages which risks is also essential. Such arrangements should be incorporated into partnership agreements.

The Health Board will also develop its partnership arrangements to include clear agreements on what information is provided and by whom, for monitoring purposes. Difficult situations can result from whether a right of access to partners’ information exist if there are signs of failure. Partnership agreements need to include both the monitoring and managing of risks, which need to be fully integrated in day to day management, and arrangements in place to trigger intervention when appropriate. In the event of any failure, i.e. realisation of risk, an agreed contingency plan with the partner/stakeholder should be followed.

6.6. PROJECTS AND STRATEGIC POLICY DECISIONS

Programme or Project Risk(s) relate to risk(s) relating to a Programme or Project which may impact on the delivery of the project. A project may be defined as the process of carrying out work to achieve a clear objective, usually bringing about a change, and will normally have a set of characteristics:

- Agreed, well defined documented set of objectives and end products;
- A start and end point which brings about change;
- A definition which sets out what is included and excluded from the project;
- A plan which takes account of timescales, costs and quality;
- A defined set of tasks – which will often be interrelated and can be grouped into phases or work areas;
- An agreed set of staff and resources- who should have an agreed dedicated level of time to carry out the tasks;
- Access to a wider community of interested parties;
- A well defined plan, with constraints issues and risks communicated and managed;
- A prescribed set of benefits and outcomes which can be measured – before and after the project, leading to a successful conclusion on time to budget and meeting expectations.

All discrete/significant projects or strategic policy decisions within the Health Board must be risk assessed using the agreed risk management procedure. Each Project Manager within the Health Board must undertake risk assessments of their designated projects at the beginning of the project with each project required to have a separate risk register.

The management of the project’s risk register must be a standing agenda item at all Project Board (or equivalent) meetings, where risks must be reviewed and updated as appropriate.

Any changes identified and agreed by the project team must then be reported to the appropriate overarching Committee (e.g. Capital, Estates & IM&T SC / Business Planning &
Performance Assurance), with responsibility for reviewing the project. One overarching risk which covers the whole programme or project should then be added to the relevant risk register and escalated to the Corporate Risk Register if appropriate.

Where the Health Board is involved in projects which are managed through third parties who utilise a different project methodology, a clear protocol will be established which identifies how risks held in the project format or system will be escalated to the risk register. There may be projects that require formal project methodology which is fully documented within a Project Initiation Document, detailing all project risks which are known and are included in any associated Business Case. A formal project approach using or based upon a recognised project methodology will reduce the associated risks within a project.

6.7. INDEPENDENT CONTRACTORS
Although general practitioners and other independent contractors are not explicitly included within these responsibilities, the Health Board supports the adoption of this strategy and policy and related policies/procedures, or similar, by independent contractors as good employment and professional practice.

7. RESPONSIBILITIES
7.1. CORPORATE RESPONSIBILITY
Embedding risk management into the core business processes of the Health Board, i.e. creating a culture where effective risk management is an integral and natural part of the way most people work is a key objective for the Board.

In addition to individual responsibilities, there are corporate responsibilities surrounding effective decision and policymaking. The risks to successful delivery of policies/initiatives/new activities, need to be managed effectively to secure planned service improvements.

Creating clear ownership and well focused leadership to drive through delivery of any new activity is a key requirement. Implementation of policies and new activities can fail or be delayed because the delivery teams do not have the right skills or techniques to identify and manage the associated risks. The Health Board will ensure that where possible an individual with a proven track record of delivery is given clear responsibility for development and implementation of any such activity.

The Health Board acknowledges that failure to identify and therefore manage risks inherent in any new activity can give rise to services that are not delivered on time, cannot respond to sudden change, are of poor quality or are not cost effective. This situation can be managed by taking the following action:

- Senior management to support and promote effective identification and management of risk in developments and delivery of services;
- At the inception of any project, analyse the factors that might lead to slippages in delivery, and ensure that all the right stakeholders with the appropriate experience and skills are involved in the process;
- Develop early warning indicators to identify monitor and analyse risks;
- Establish effective contingency plans and crisis management to enable rapid corrective action to be taken in the event of any risks materialising.

7.1.1. THE BOARD
The Board is responsible for the Health Board’s system of internal control, including risk management and is required to ensure that there are proper and independent assurances
HYWEL DDA UNIVERSITY HEALTH BOARD

given on the soundness and effectiveness of the systems and processes in place for meeting the Health Board’s objectives and delivering appropriate outcomes. The Board is responsible for debating and discussing its strategic risks and for reaching agreement on those highest scoring risks set against the high level objectives and priorities for the Health Board. The Board, either in the form of an Exception Report or full detail, as deemed appropriate, will review the Corporate Risk Register at every meeting. The assessment of its strategic risks will inform operational planning as they will need to reflect actions to manage both strategic and operational risks. It is essential that the Board’s attitude to risk is communicated to the whole organisation and applied in decision making regarding the prioritisation of policies and the funding to accompany them.

In discharging its responsibilities for effective risk management the Board therefore has the following key roles:

- Approving the Health Board’s framework and strategy for risk and assurance;
- Proactively determine its risk appetite to underpin strategy, decision making and the allocation of resources, and ensure the right focus on risk management and reporting within the organisation;
- Setting the Health Board’s tolerance for risk and deciding what level of risk is acceptable;
- Agreeing strategic objectives and associated risks for inclusion in the Board Assurance Framework, reviewing its achievement against these objectives, and using the Framework as a dynamic tool to drive the board agenda;
- Reviewing the principal risks set out in the Assurance Framework, and those risks above tolerance in the risk categories for which the Board has agreed the lowest risk tolerance.

7.1.2. AUDIT AND RISK ASSURANCE COMMITTEE

The Audit & Risk Assurance Committee is responsible for reviewing the establishment and maintenance of an effective system of internal control and risk management. The Committee’s work will predominantly focus on the risks, controls and related assurances, focusing on

- Seeking assurance that effective systems are in place to manage risk and that the Health Board has an effective framework of internal controls to address principal risks;
- Review of effectiveness of the framework;
- Reviewing all risks which have exceeded their risk appetite for more than six months to seek assurance that all relevant controls and mitigating actions are in place;
- The key purpose of the Health Board to deliver safe and effective services;
- All internal control matters;
- Maintenance of proper accounting records and;
- Reviewing the Health Board’s overall assurance mechanism, both clinical and non-clinical including the review of the Health Board’s Annual Governance Statement & Annual Quality Statement.

7.1.3. CHIEF EXECUTIVE OFFICER (CEO)

The Chief Executive Officer (CEO), as accountable officer, is responsible for systems of internal control and implementing the policies set by the Board. The CEO also has overall accountability for risk management within the Health Board and as such is responsible for the annual signing of the Annual Governance Statement. In order to do this, the CEO must evidence that the necessary assurances are in place to demonstrate that the Board has been properly informed about the totality of its risks, both clinical and non-clinical and that the
appropriate systems are in place to manage all such risks. The Chief Executive is the designated executive with overall responsibility for ensuring the implementation of Controls Assurance covering risk management and organisational controls and reporting to the Board. On an operational level the majority of these responsibilities will be delegated through the Health Board’s Scheme of Delegation in accordance with the individual portfolios of the Executive Team, with all Directors (listed below) having responsibility for specific key risks that fall within their particular spheres of activity as detailed in the Scheme of Delegation.

- Chief Executive;
- Medical Director & Director of Clinical Strategy;
- Director of Nursing, Quality & Patient Experience;
- Director of Public Health;
- Director of Workforce & OD;
- Deputy Chief Executive/Director of Operations;
- Director of Finance, Planning & Performance;
- Director of Commissioning, Therapies & Health Science;
- Director of Governance, Communications & Engagement.

7.1.4. EXECUTIVE TEAM
The Executive Team is a key source of assurance to the Board on policy implementation. Executive Directors have responsibility for ensuring that policies set by the Board are implemented throughout the Health Board and that proactive risk management, including the regular and effective review of risk registers, is enacted. They also contribute to ensuring that the risk management strategy is relevant to the Health Board’s strategic context and its goals and objectives, and that it is understood and maintained at all levels within the organisation.

The Executive Team is also responsible for discussing and agreeing the risks to be included in the Corporate Risk Register, informed by the risks included in risk registers from across the organisation.

The Executive Team retain ownership and maintenance of the Board Assurance Framework, identifying assurances and areas where there are gaps in control and or assurances.

7.1.5. ASSISTANT / ASSOCIATE DIRECTORS, COUNTY DIRECTORS, GENERAL/SENIOR/DIRECTORATE MANAGERS, CLINICAL LEADS, HEADS OF SERVICES/DIVISIONS
Assistant/Associate Directors, County Directors, General/Senior Managers, Clinical Leads, Heads of Service/Divisions are responsible for implementing the policies of the Health Board within their span of control and for ensuring that staff understand and apply the strategy and policy in relation to risk management. This includes appropriate training and awareness.

The assessment of risk should be embedded within the day to day management of all Directorates/ Teams and supporting structures. This will ensure that activities, projects etc have been assessed at their inception and that clear performance management arrangements are in place to ensure that appropriate action is taken to manage risks at a tolerable level or escalate via the appropriate forum/management reporting line.

Risk management should be on the agenda of all meetings within supporting structures. When potential risks are identified the minutes of the meeting will record who is responsible for owning and managing the risk, ensuring that it is assessed in accordance with the Health Board’s Risk Management Procedure and recorded on the appropriate risk register.
7.1.6. CORPORATE GOVERNANCE TEAM
The Health Board has an established Corporate Governance Team within the Governance, Communications & Engagement Directorate, with responsibility for co-ordinating the Health Board’s corporate risk and assurance framework including co-ordination of the corporate risk register. The Corporate Governance Team has a remit to co-ordinate, integrate, oversee and support the risk management agenda, ensuring that risk management principles are embedded across the Health Board. These arrangements allow for assurance to be given in signing off the Annual Governance Statement which is an annual requirement of the Chief Executive. The Risk and Assurance Co-ordinator is responsible for:

- driving forward the ongoing development of risk management within the Health Board;
- providing advice to directorates/departments/teams on the development and reviewing of their risk and assurance profiles, risk management processes including risk registers, and develop risk management awareness;
- overseeing compliance with the risk management policy and framework;
- advising on risk management to the Board and its committees and;
- Promoting/presenting risk awareness activities, including dissemination of lessons learnt.

The Risk and Assurance Co-ordinator will work closely with other teams as deemed appropriate e.g. Health & Safety, Patient Support Services and Assurance Improvement Managers, to ensure that all risk, including clinical risk is identified and managed appropriately.

7.1.7. INTERNAL AUDIT
Internal Audit work to put in place a strategic approach which will allow the Head of Internal Audit to provide internal audit services in a way which will facilitate:

- The provision to the Accountable Officer of an overall opinion each year on the organisation’s risk management, control and governance, to support the preparation of the Annual Governance Statement;
- Focusing the internal audit work on the significant risks, as identified by management, and auditing the risk management processes across the organisation;
- Audit of the organisation’s risk management, control and governance through operational audit plans in a way which affords suitable priority to the organisation’s objectives and risks. It is essential that the audit strategy is based on management’s risk priorities, not on a separate audit analysis of risk;
- Providing assurance on the management of risk and improvement of the organisation’s risk management, control and governance by providing line management with recommendations arising from audit work;
- The identification of audit resources required to deliver an audit service which meets the Welsh Government’s Internal Audit Standards for the NHS in Wales, particularly in respect of the scope of audit work defined in Standard 1;
- Effective co-operation with external auditors and other review bodies functioning in the organisation;
- Provision of both assurance and consultancy services by internal audit.

However, in determining the most appropriate role for the Health Board, the professional requirements for independence and objectivity of Internal Audit should not be breached.
7.1.8. ALL STAFF

All staff are responsible for undertaking their work in accordance with the principles laid down in this strategy and for identifying risks in the workplace, and bringing these to the attention of senior managers. It is also essential that all incidents are reported as outlined in the Health Board’s Incident & Hazard Reporting Policy and Procedure. It should be noted that the incident reporting system is in itself not part of the disciplinary process. The Health Board promotes the culture shift away from asking “who was to blame?” to “why did the individual act in this way”, thus promoting a “fair blame” culture, and a positive, non-punitive approach towards incident reporting. There are, however, a limited number of areas where this principle cannot apply, namely:

- Wilful breach of professional codes;
- Acts of gross negligence;
- Acts of gross misconduct;
- Repeated unreported errors of violations;
- Malicious activities;
- Any criminal activity.

Staff should be familiar with all appropriate Health Board policies, including health and safety procedures, designed to protect the health, safety and welfare of anyone affected by the Health Board’s business. Integral to this concept will be a planned induction programme which will include staff responsibilities regarding risk awareness, incident and hazard reporting and availability of policies and procedures.

7.2. CONTROLS ASSURANCE AND GOVERNANCE ARRANGEMENTS FOR RISK MANAGEMENT

Controls Assurance is a holistic concept based on best governance practice. It is a process designed to provide evidence that the Health Board is doing its “reasonable best” to manage itself so as to meet its objectives, protect patients, staff, public and other stakeholders against risks of all kinds. It is a fundamental process of governance which will assist the Health Board in identifying risks, determining unacceptable levels of risk and deciding where best to direct limited resources to eliminate or reduce those risks.

7.2.1. RISK REGISTER

Risks are identified and recorded in the Health Board’s risk registers. The purpose of the Risk Registers is to provide the organisation with a single system to record and monitor its risks. The Health Board’s Risk Management Procedure is the mechanism to be used both for evaluating risks for inclusion on and removal from Risk Registers and has been developed to ensure consistency of approach throughout the organisation. Risk registers are live documents populated through the organisation’s risk assessment and evaluation process. This means that risks should be reviewed by risk owners and directors on a regular, currently set at a monthly basis, with clear ownership taken for those risks for which they are responsible.

There are three categories of risk registers.

- Operational risks (ORR) – those are the operational risk registers from across services and directorates, managed by lead directors, with reporting and scrutiny to the appropriate committee/sub-committee.
- Strategic risks (SRR) – those strategic risk registers reflected in the Board Assurance Framework
- Corporate Risk Register (CRR) – the highest scoring risks from across the Health Board to be presented to the Board on a regular basis.
7.2.2. RISK MANAGEMENT CYCLE

Risk assessment is fundamental to risk management as without it effective controls cannot be introduced. In managing risks, decisions will need to be taken on where resources should be targeted. The Health Board’s Risk Management Procedure, incorporating the elements detailed in Figure 1 below, provides the framework for the risk assessment process and prioritises risks according to their impact, probability etc and should be the only form of assessment followed.

7.2.2.1. Identify risks (and define a framework): identify what, why and how things can arise as the basis for further analysis. This should be done in a consistent manner throughout the Health Board and risks should be identified against the organisation’s key objectives. A risk review will be undertaken to consider all the Health Board’s operations and objectives as part of the self-assessment process.

7.2.2.2. Assessing risk: analyse risk in terms of impact and likelihood and determine existing controls. Using the risk rating system e.g. level of risk (high / medium/low) against probability of arising (probable / negligible etc)

7.2.2.3. Addressing risks (Tolerate/Treat/Terminate/Transfer): for risks, other than those considered tolerable, develop and implement a specific management plan which includes consideration of funding. As part of this, an assessment of the Health Board’s risk appetite will be undertaken. Suitable responses will need to be identified for each element of risk identified as follows:

- **Tolerate**: ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be toleration;
- **Treat**: contain the risk to an acceptable level, internal controls etc. Varying types of internal controls will be taken into consideration e.g;
Detective controls – these controls are designed to identify occasions of undesirable outcomes having been achieved – after the event so only appropriate when it is possible to accept the loss or damage incurred e.g. post implementation reviews to detect lessons to be learnt from projects for application in future work;

Directive controls – designed to ensure a particular outcome is achieved or to ensure an undesirable event is avoided e.g. health and safety guidelines etc;

Preventive controls – limit the possibility of an undesirable event being realised e.g. separation of duties etc;

Corrective controls – to correct undesirable outcomes which have been realised – provide a route of recourse to achieve some recovery against loss or damage e.g. design contract terms to allow recovery of overpayment.

- **Terminate**: terminating activity due to high risk;
- **Transfer**: e.g. through insurance.

### Review of risks

All risks should be reviewed on a regular basis, with current criteria set on a monthly basis.

#### 7.2.3. ACCEPTABLE RISK

The Health Board is obliged to identify, quantify and minimise risks to a level that it deems acceptable. The Health Board through its Risk Management Procedure has developed a system for identifying and categorising risks which clearly states under what circumstance and at what level the Health Board would be willing to carry risk. The determination that the risk of some adverse incident or outcome is at an acceptable level should be made in the light of an adequate assessment of the probability of occurrence and an understanding of the severity or “cost” of the outcome.

#### 7.3. BOARD AND COMMITTEE SCRUTINY (See also 7.1.2)

Risk identified within the risk registers will be aligned to an identified Board Committee in accordance with their functionality for Committee monitoring purposes. Committees are responsible for seeking assurance relating to the management of relevant principal risks and those which are above the agreed tolerance level as defined by the Board.

Sub Committees will manage risks in accordance with the reporting structure and any risks that have exceeded their risk tolerance for more than six months should be included in the risk reports for consideration by the parent committee for scrutiny that the appropriate controls and mitigating actions are in place.

Scrutiny on the management of risks will therefore be enacted in accordance with the following Statutory and main committees of the Board, with the operational scrutiny delegated to the appropriate sub-committee or group within the structure:

<table>
<thead>
<tr>
<th>Board/Committee</th>
<th>Responsibility for seeking assurance for following risk categories in relation to principal risks and those which are above agreed tolerance levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>Public confidence</td>
</tr>
<tr>
<td>Business Planning and Performance Assurance Committee</td>
<td>Finance Planning Performance Productivity</td>
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</tbody>
</table>
7.4. **ENHANCED RISK MANAGEMENT**

The Health Board is aiming for continual improvement in risk management through the setting of organisational performance goals, measurement, review and any subsequent modification of processes, systems, resources, capability and skills.

The attributes of enhanced risk management include fully defined and accepted accountability for risks, controls and action plans. This involves designated individuals fully accepting accountability, for risk management in totality and communicating effectively about risks and their management to external and internal stakeholders.

All decision making within the organisation, irrespective of the degree of importance and significance, should involve the explicit consideration of risks and the application of risk management to an appropriate level. This can be achieved by records of meetings and decisions, showing that explicit discussion on risks has taken place. It should also be evident that the components of risk management are included in key processes for decision making, e.g. on the allocation of capital, on major projects, re-structuring and organisational change.

The Health Board views soundly based risk management as an integral element of effective governance and it is seen as central to its management processes in that risks are considered in terms of effect of uncertainty of objectives. Effective risk management should be regarded by managers as an essential for the achievement of delivering against objectives in the delivery of high quality services.

7.4.1. **Risk Management Clock Speed**

This is a newly defined concept which argues that slow clock speed risks are those that are managed over a lengthy period of time and through traditional control mechanisms. Fast clock
speed risks on the other hand are those arising from unplanned or unexpected events, requiring either a rapid response or a response that is faster than what internal processes can accommodate, requiring a different approach. The risk management programmes of organisations generally focus on slow clock speed risks, giving insufficient attention to fast clock speed risks.

8. TRAINING
Training is essential to embedding effective risk management at every level with engagement required from senior management to ensure this is enacted.

An appropriate degree of training should enable and empower all relevant employees to identify and manage their own risks and should in particular equip employees with the following knowledge:

- Roles & responsibilities with regards to the management of risks;
- The purpose of a risk register and how it should be used;
- Techniques for risk identification & sources of information;
- The Health Board’s system for risk evaluation, i.e. Risk Management Procedure.

It is management’s role to ensure that risk management responsibilities should be clearly defined at each level of the organisation and that training is undertaken across all levels of the organisation, targeted so that it is appropriate for the degree of involvement and responsibility of staff. The areas to be covered will include the key principles, techniques and arrangements for risk management/risk registers, to be delivered during corporate induction, specific training sessions and directorate/team meetings.

8.1. Communicating, Consulting and Learning
Effective external and internal communication should take place to ensure that both those accountable for implementing the risk management process and stakeholders, understand the basis on which decisions are made and the reasons why particular actions are required. Ensuring lessons are learnt and disseminated in order to share best practise and prevent reoccurrence is integral to any training requirements.

9. IMPLEMENTATION
The policy will be implemented across the Health Board and will be disseminated through the Executive Directors portfolios.

10. FURTHER INFORMATION
8. Health and Safety at Work Act 1974, Health and Safety Executive
10. Management of Health and Safety at Work Regulations 1999, Health and Safety Executive
11. Corporate Manslaughter and Corporate Homicide Act 2007, Ministry of Justice
16. Public Sector Internal Audit Standards 2013
17. Technical Accounting Guidance (section on Annual Governance Statement), Welsh Assembly Government
18. The Good Governance Standard for Public Services, OPM & CIPFA, 2004
19. Good Governance Handbook, Healthcare Quality Improvement Partnership, Good Governance Institute
21. BS ISO 31000, International Standard
22. Institute of Risk Management (various sources)
23. Alarm – Core Competencies in Public Services Risk Management

Note: These references are not exhaustive and may be subject to change and amendment.

11. REVIEW
This Policy will be reviewed after 3 years, or sooner, as required.

12. GLOSSARY OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Adverse Incident</td>
<td>Any event or circumstance leading to unintentional harm or suffering.</td>
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<tr>
<td>Clinical risk</td>
<td>Chance of an adverse outcome resulting from clinical investigation, treatment or patient care</td>
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<tr>
<td>Consequence</td>
<td>The outcome or the potential outcome of an event</td>
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<tr>
<td>Extreme/Significant risk</td>
<td>Risk assessed to have an overall rating of 15 or above</td>
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<tr>
<td>Hazard</td>
<td>Situation with the potential to cause harm</td>
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<tr>
<td>Likelihood</td>
<td>How likely it is that the consequence will occur</td>
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<tr>
<td>Patient safety incident</td>
<td>Any unintended or unexpected incident which could have or did lead to harm for one or more patients receiving healthcare.</td>
</tr>
<tr>
<td>Risk</td>
<td>The chance of something happening that will have an impact on objectives.</td>
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<tr>
<td>Risk &amp; assurance</td>
<td>As an integral aspect of planning and performance management,</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>framework</td>
<td>sets the context within which risks are managed in terms of how they will be identified, analysed, controlled, monitored and reviewed.</td>
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<tr>
<td>Risk appetite</td>
<td>The amount of risk to which an organisation is prepared to be exposed to before it judges action to be necessary.</td>
</tr>
<tr>
<td>Risk assessment</td>
<td>The approach and process used to prioritise and determine the likelihood of risks occurring and their potential impact on the achievement of objectives.</td>
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<tr>
<td>Risk identification</td>
<td>Determination of what could pose a risk; the process to describe and list sources of risks (opportunities and threats).</td>
</tr>
<tr>
<td>Risk management</td>
<td>The process of identifying and assessing risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress. This provides a disciplined environment for proactive decision making.</td>
</tr>
<tr>
<td>Residual/current Risks</td>
<td>The risks remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.</td>
</tr>
<tr>
<td>Strategic risk</td>
<td>Risk concerned with where the organisation wants to go, how it plans to get there and how it can ensure success.</td>
</tr>
</tbody>
</table>