



DRAFT RISK MANAGEMENT STRATEGY

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Reviewed by RMSG: 4th September 2006

Endorsed by RMSG:

Review Date: August 2009

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GLOSSARY OF TERMS

Acceptable Risk. An everyday risk, minor in nature, occurring on a routine basis.

Assurance. Stakeholder confidence in our service gained from evidence showing that risk is well managed.

Blame. Inappropriate attribution of responsibility to an individual for an adverse event.

Contingency. An action or arrangement that can be implemented to minimise impact and ensure continuity of service when things go wrong.

Control Measure. Something done to minimise risk to an acceptable level either by reducing the likelihood of an adverse event or the severity of its consequences or both.

Controls. An existing process, policy, device, practice or other action that acts to minimise negative risk or enhance positive opportunities.

Governance. The system by which organisations are directed and controlled to achieve objectives and meet the necessary standards of accountability, probity and openness in all areas of governance.

Incident. Occurrence of a particular set of circumstances.

Incident Recording. System to report and learn from adverse events and near misses.

Likelihood. Used as a general description of probability or frequency which can be expressed quantitatively or qualitatively.

Near Miss. An undesirable incident that by chance or design did not result in harm or loss.

Risk. The chance of something happening that will have an impact on objectives.

Risk Assessment. The overall process of risk identification, risk analysis, risk evaluation.

Risk Register. A risk management portfolio which allows the register and active management of risks that face NHSL at any one time. Its purpose is to help managers prioritise available resources to minimise risk to best effect and provide assurances that progress is being made.

Risk Escalation. The process of delegating upward, ultimately to the board, responsibility for the management of a risk deemed to be impossible or impractical to manage locally.

Risk Management. The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.

Risk Management Framework. Set of elements of an organisation's management system concerned with managing risk. These include strategic planning, decision making and other strategies, processes and practices for dealing with risk.

Root Cause Analysis. Structured techniques to establish the true systematic causes of an event as opposed to its apparent causes.

Severity. Most predictable consequences to the individual or organisation were the circumstances in question to occur.

Stakeholder. Those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision, activity or risk.

Statement of Internal Control. A statement by the accountable office within the published Annual Report, required by HDL(2002)11, on the effectiveness of NHSL systems of internal control, for which risk management is a key component.

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INTRODUCTION

Risk Management means having in place a corporate and systematic process for evaluating and addressing the impact of risks in a cost effective way and having staff with the appropriate skills to identify and assess the potential for risks to arise.

It is firmly linked with the ability of NHS Lanarkshire to fulfil clear business objectives. Risk management is used to reinforce, on an ongoing basis, what senior management and the Board are seeking to achieve. It is important to recognise that risk is not only 'bad things happening', but also 'good things not happening'.

1.1 Risk Management Guiding Principles

Good risk management has the potential to impact on performance improvement, leading to:

- improvement in service delivery;
- more efficient and effective use of resources;
- improved safety of patients, staff and visitors;
- promotion of innovation;
- reduction in management time spent 'fire fighting', and
- assurance that information is accurate and that controls and systems are robust and defensible.

To achieve this, it is essential to actively manage all of the risks involved in service delivery as a routine part of day-to day activities.

1.1.2 Delivering Corporate Governance

Effective Corporate Governance requires an effective risk management strategy and subsequent policies for managing risk across the whole organisation, this includes addressing how internal controls will operate, be reviewed and provide assurance to the Board.

1.2 Purpose of the Risk Management Strategy

The purpose of this Strategy is to provide a vision, with supporting framework, which will ensure that all the key elements of a risk management system are in place. These elements include a system which:

- is integral to achieving objectives and defining accountability
- has a sense that risk taking can bring both rewards and challenges.
- is a common framework for the analysis of risks
- is a single point of co-ordination for the process
- will provide assurance that effective systems are in place

1.3 The Scope of the Risk Management Strategy

The Strategy applies to the management of all risk within NHS Lanarkshire. It applies to everyone employed by NHSL and includes permanent, temporary, locum, contracted, agency and bank staff. It also involves working in partnership with other relevant agencies.

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ORGANISATION RESPONSIBILITY AND ACCOUNTABILITY (SCHEME OF DELEGATION)

1.2 Risk Management in Context

There needs to be clarity of 'who does what' otherwise risks may remain unidentified, causing loss that could otherwise be controlled or avoided. The Strategy defines individual and organisational arrangements at **local, system wide and board levels**.

1.3 Responsibility for Risk Management

There needs to be an appropriate Individual and Committee infrastructure to support the NHSL risk management agenda. This responsibility rises through the organisational structure, ultimately to the Board.

Local Level Responsibility

- **Clinicians and other staff groups:** those at the operational level closest to the risk with the competence and capacity to recognise and manage a particular risk.
- **Department/Service/Operational Managers and Clinical Leads:** day-to-day implementation of risk management within their areas.

Overarching Control

- **General Managers:** accountable to the Divisional/CHP Directors for ensuring the implementation of risk management within their area.
- **Divisional/CHP Directors:** provides leadership for risk management across directorates/localities, including review of inter directorate/locality risks and overview of directorate/locality risk management performance.
- **Medical Director:** accountable for the performance of the Clinical Governance and Risk Management Directorate

Where directorates/departments are jointly working with other bodies the risks and the responsibility for managing them should be clearly identified.

Board Level Accountability

- **Medical and Nursing, Human Resources, Finance Directors & Director of Public Health:** provide leadership and co-ordination of the corporate governance, staff governance, financial governance and health and clinical governance risk agendas as part of the wider Risk Management Strategy.
- **Chief Executive:** is responsible for maintaining a sound system of internal control that supports the achievement of the Board's policies, aims and objectives, whilst safeguarding the public funds and assets. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Board's policies, aims and objectives.
- **The Board:** The Board must ensure that the system of internal control is effective in managing those risks in the manner which it has approved.

2.3 Organisational Arrangements

Risk will be managed as a routine part of day-to-day business at operational level closest to the risk:

Local Level Responsibility and Co-ordination

- **Department/Service/Operational Managers:** day-to-day implementation of risk management including responsibility for general risk assessment, risk assessment to enable operational decision making, incident/accident recording, root cause analysis of adverse events, dissemination of risk information and lessons, and promotion of learning.
- **Directorate/Locality Management Teams:** provide leadership, driving the agenda and setting the tone for risk management, review of aggregated risk data, review of directorate/locality risk registers, ensuring integration of risk management, and overview of local risk management performance.

Overarching Responsibility and Co-ordination

- **Risk Management Steering Group:** leads in the development of the Strategic Risk Register and by doing so ensures that there is an ongoing process in place which is designed to identify the principal risks to the achievement of the Board's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. (RMSG Terms of Reference Appendix A).
- **Clinical Governance and Risk Management Directorate:** Responsible for supporting all NHSL staff and the Board on delivery of Risk Management.

Responsible for the management of Risk Management processes in order to provide assurances to the Board through the Governance Committees and external bodies, for example QIS and External Audit.

2.4 Board Level Accountability

- **Health & Clinical Governance Committee:** The role of the Health & Clinical Governance Committee of the NHSL Board is to provide systems assurances that clinical governance mechanisms including those relating to clinical risk management are in place and effective throughout NHS Lanarkshire.
- **Staff Governance Committee:** The committee has an important role in ensuring consistency of policy and equity of treatment of staff across the Board, including remuneration and health and safety issues, where they are not already covered by existing arrangements at national level. The committee must be reassured that risk management systems are in place to deliver the objective of the Committee.
- **Audit Committee:** through assurance processes, including internal and external audit, will provide an independent objective opinion to the Board on whether the financial arrangements and the risk management arrangements described in this strategy are in place and effective.
- **The Board:** corporately responsible for owning NHSL risk management strategy and to ensure that significant risks are adequately controlled. Collectively and individually Board members personally accept vicarious liability for the actions of NHSL and criminal sanctions for breaches of statutory obligations to protect employees and the public from risks arising from NHSL activities or omissions.

2.5 Committee Responsibilities and Accountability

- **Risk Management Steering Group (RMSG):** single point of co-ordination to integrate, oversee and direct the risk management agenda, sign off corporate risk policy and consolidate assurances for the Governance Committees that all significant risks are adequately managed, and provide managerial assurances in line with HDL (2003) 11 Statement of Internal Control.
- **Health & Clinical Governance Steering Group:** co-ordinates the implementation of risk control plans relating to clinical activity, including Infection Control. Review trend analysis.
- **Occupational Health and Safety Management Group:** co-ordinates the implementation of risk control plans relating to Occupational Health and Safety activity.
- **Other specialist Committees:** Provide reassurances to the RMSG that specialty risks are being managed effectively. Bring to their attention any significant risks

These arrangements are summarised in Appendix B: Risk Management Structure.

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RISK MANAGEMENT AIMS AND OBJECTIVES

The overall goal of risk management is to establish an appropriate infrastructure and culture to manage risk effectively and efficiently and enable continuous improvement in decision-making and facilitate continuous improvement in performance so NHSL can achieve the objectives at lower overall cost.

3.1 Risk Management Objectives

- Risk Management will be integral to all business decision making, planning, performance reporting and delivery process to achieve a confident and rigorous basis for decision-making.
- Implementation of Risk Management processes will achieve a balance between realising opportunities for gains while minimising losses, in an environment where risk is recognised as a deviation from what is planned or expected rather than interpreted in terms of hazards or negative impacts.
- Risks will be managed by targeting underlying system weaknesses, Individual & Team Performance including developing needs rather than inappropriately attributing responsibilities to staff
- Risk Management will be devolved to directorates within a common *Risk Management Framework* using a consistent approach to risk management and assessment to inform decision making, support prioritisation of local Risk Registers and risk management arrangements.
- Work towards improving internal and external stakeholder involvement in the risk management arrangements and decision making in order to bring different areas of expertise together and to ensure different views are appropriately considered in evaluating risks and for appropriate change management.
- The Risk Management Steering Group will regularly review the effectiveness of its risk management policy, strategy, systems and processes across the organisation.

3.1.1 Risk Management Framework

The Risk Management Framework, describes the practicalities of how risk management will be approached within NHS Lanarkshire.

RISK ASSESSMENT: A universal approach (based on the NHSQIS matrix) will be defined for identifying and assessing the significance of risk to judge whether additional controls are required or whether the risk can be accepted. All departments will have arrangements in place for a regular programme of risk assessment.

INCIDENT/ACCIDENT RECORDING AND SHARING OF LEARNING: Incidents/accidents, complaints and claims tend to fall into recurring patterns regardless of the people involved, mainly due to system weaknesses. Incident/accident recording of all types of adverse events and near-misses will enable trends to be identified, system weaknesses to be captured and action taken and will be recorded on the one common system across NHSL. A 'Reporting Framework' will be developed, agreed and implemented.

RISK REGISTERS AND ESCALATION: The existing risk information system will be developed to maintain NHSL 'Risk Registers' containing risk assessments and details of necessary control measures. Its purpose is to help every level of the organisation prioritise available resources to best effect and provide assurances that progress is being made. Significant risks deemed impossible or impractical to manage at a lower level will be escalated to a more senior level.

MONITORING PROGRESS: The RMSG will oversee the progress of risk management as a component of the overarching performance management arrangements to identify and prioritise areas requiring additional support.

ASSURANCE OF EFFECTIVENESS OF CONTROL: The Risk Management Steering Group will aggregate agreed assurance data, to enable the Audit and Governance committees to provide evidence for the Chief Executive's annual Statement of Internal Control.

3.2 Risk Management in Partnership

The NHSL approach to risk management recognises the importance of working in partnership with all relevant internal and external stakeholders.

3.2.1 Patients and the Public

Risks relating to service availability and quality of service will be managed and communicated. Because NHSL seeks to inspire public trust, for all risks, the Organisation commits to:

- Being open and transparent about our understanding of the nature of risks to the public;
- Seek patient and public involvement in the decision making process of these affected;
- Act proportionately and consistently in dealing with public risks;
- Base decisions on evidence;
- Publish assurance that we are doing our best to manage risk.

3.2.2 NHS Boards, Partner Agencies, Contractors and the Voluntary Sector

The delivery of NHSL's objectives relies upon effective co-operation, partnerships and joint working with other NHS Boards, agencies such as Local Authorities, the Voluntary Sector and independent contractors. NHSL commits to manage risk associated with such partnerships by ensuring:

- Common objectives are agreed from the outset with all partners;
- Shared risks are identified and managed in partnership;
- An adequate risk management framework is incorporated as part of joint management and partnership governance arrangements;
- Monitoring arrangements exist to provide assurance that risk is managed adequately.

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IMPLEMENTATION OF THE RISK MANAGEMENT STRATEGY

Success of the Strategy will be dependent on both sharing the Objectives with all Stakeholders and enabling effective implementation across NHS Lanarkshire.

4.1 Implementation

A Risk Management Work Plan underpinned by the Local Delivery Plan, Corporate Objectives, Internal/External Audit, QIS Standards and the Risk Management Strategy will be agreed through the Risk Management Steering Group and reported on through the Risk Management Annual Report. Exception reporting on progress/delays will be through the Risk Management Steering Group.

4.1 Review of Strategy

The Strategy will be reviewed every 3 years or earlier where significant change is required, and/or requested through the Risk Management Steering Group.

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COMMUNICATION OF THE RISK MANAGEMENT STRATEGY & FRAMEWORK

It is widely accepted that good communications are essential for an Organisation wishing to achieve high performance standards. Therefore, sharing risk management information with Staff, the Public and other Stakeholders will be a requirement of NHSL. All risk management information will be agreed by the Risk Management Steering Group and the Communication Staff taking into consideration; the nature of the information to be shared; the target groups; benefits and/or disadvantages; and the most effective method for doing so.

5.1 Communication Process

Communication will be both *Proactive & Reactive*, working within the Principles of Effective Communication outlined in the NHSL Communications Strategy.

5.1.1 Proactive

Sharing risk management information Internally, by using:

- The Pulse
- Weekly Electronic staff Briefing Mechanism
- Intranet
- Microsoft Outlook Public Folders
- Through the Risk Management Annual Report
- Management & Clinical Structures
- NHSL Communications Team.

Sharing risk management information Externally, by using:

- Scottish Communication Forum
- Scottish Communicators Group
- NHS QIS Risk Management Network
- NHSL Website
- PFPI For a.

5.1.2 Reactive

NHSL may have to provide accurate information timeously in response to the Media enquiring about significant events. The Communications Manager would facilitate the management of agreed press statements for this purpose.

Freedom of Information (FOI) requests will be facilitated through the Freedom Of Information Manager and 'signed-off' by the Responsible Executive Director.

5.2 A Risk Management Information Sharing Framework

A Risk Management Information Sharing Framework will be developed in the Year 2007/2008, to ensure consistency and enable effective monitoring of communicating risk management information.

APPENDIX A: RISK MANAGEMENT STEERING GROUP – TERMS OF REFERENCE

The Role & Function of the Risk Management Steering Group

The key role of the Risk Management Steering Group is to develop, refine, review and oversee the implementation of a NHS Lanarkshire Risk Management Strategy, in support of the Board and in collaboration with the Governance Committees as outlined below:

- Health & Clinical Governance Committee
- Staff Governance Committee
- Audit Committee

The functions of the Group will include:

1. The compilation of a high level Risk Register for the Board, which will enable the Board to focus on key prioritised risk, adequacy of controls and identify subsequent actions where required.
2. Consider regular reports on Risk Management from Areas of Governance (Corporate, Financial, Staff and Health & Clinical Care), Operating Divisions (CHP's & Acute), Complaints & Claims, Internal/External Audit etc. as identified through the Schedule of Reporting.
3. Ensure that planning for change and improvement at every level in the Organisation incorporates risk management plans.
4. Provide an Annual Review Report & Prospective Annual Work Plan.

Membership of the Risk Management Group

Core Members: Chief Executive (Chairperson)
Director of Finance
Director of Human Resources
Medical Director
Director of Nursing
Director of Public Health
Director of Acute Services
CHP North Director
CHP South Director

Supported By: Corporate Risk Manager
Chief Internal Auditor
Board Secretary

Recipients of Minutes, Agenda & Papers Director for Strategic Planning & Performance Management
Director of Organisational Development

Meetings

The Risk Management Steering Group will meet monthly.

QUORUM

Shall be 6 members

TERMS OF OFFICE

The representatives will hold office until Chair terminates the position with the agreement of the committee or an agreed substitute is allocated.

RISK MANAGEMENT REPORTING STRUCTURE

