Northumberland, Tyne and Wear NHS Foundation Trust

Board of Directors Meeting

Meeting Date: Board of Directors, Wednesday 24th May 2017

Title and Author of Paper: Board Assurance Framework and Corporate Risk Register – Natalie Yeowart, Risk Management Lead.

Executive Lead: Lisa Quinn, Executive Director of Commissioning and Assurance

Paper for Debate, Decision or Information: Information/Decision.

Key Points to Note:
In line with the launch of the Trust 5 Year strategy 2017-2022 the Trust has developed a risk management strategy to achieve 5 key risk management ambitions for the next five years.

Pg.3 details the 5 key risk management ambitions which are:

1. To support greater devolution of decision making and accountability for management of risk throughout the organisation from Trust Board to point of delivery (Board to Ward).

2. To promote a risk culture of monitoring and improvement, which ensures risks to the delivery of Trust's strategic ambitions are identified and addressed.

3. To refine processes, systems and policies throughout the Trust which are in place to support effective risk management and ensure these are integral to activities in the Trust.

4. To support service users, carers and stakeholders through reduction of risks to service delivery and improved service provision.

5. To support the Trust Board in being able to receive and provide assurance that the Trust is meeting all external compliance targets and legislation responsibilities, including standards of clinical quality, NHSI compliance requirements and Trust's licence.

Pg.7 Documents the implementation of risk appetite into the current risk management process.

Risks Highlighted:
As highlighted in the paper.

Does this affect any Board Assurance Framework/Corporate Risks?

Yes – Report detailing the review of the Board Assurance Framework and Corporate Risk Register.

Equal Opportunities, Legal and Other Implications:
Addressed in Board Assurance Framework and Corporate Risk Register

Outcome Required: To note BAF/CRR changes and implementation of Risk appetite.

Link to Policies and Strategies:
Risk Management Strategy and Risk Management Policy

Risk Management Strategy 2017-2022

Introduction

Northumberland, Tyne and Wear NHS Foundation Trust was established in 2006. We provide a wide range of mental health, learning disability and neuro-rehabilitation services to a population of 1.4 million people in the North East of England. We are one of the largest mental health and disability organisations in the country with an income of approximately £300 million. We employ over 6,000 staff, operate from over 60 sites and provide a range of comprehensive services including regional and national services.

In September 2016 the CQC rated our Trust as "Outstanding" and we became one of only two non-acute Trust's in England to be awarded an overall rating of outstanding.

The Risk Management Strategy will work alongside the Trust-wide Service Strategy and Trust-wide Supporting Strategies to achieve the Risk Management Ambitions for the next five years.

Risk Management is an integral part of the trust's quality, governance and performance management processes. All staff have a role in considering risk and helping to ensure it does not prevent the delivery of safe and high quality services.

The Board of Directors with the support of its committees have a key role in ensuring a robust risk management system is effectively maintained and to lead on a culture whereby risk management is embedded across the Trust through its policy, strategy and plans, setting out its strategic ambitions and priorities in respect of risk management when delivering a safe high quality service.

Effective Risk Management is the responsibility of every member of staff, either permanent, temporary or to those contracted working within, or for, the Trust.

Ambitions and implementation

This strategy is based on achieving the below 5 ambitions.
From April 2017 to March 2022 the Trust will aim to achieve the following Risk Management Ambitions:

6. To support greater devolution of decision making and accountability for management of risk throughout the organisation from Trust Board to point of delivery (Board to Ward).

7. To promote a risk culture of monitoring and improvement, which ensures risks to the delivery of Trust's strategic ambitions are identified and addressed.

8. To refine processes, systems and policies throughout the Trust which are in place to support effective risk management and ensure these are integral to activities in the Trust.

9. To support service users, carers and stakeholders through reduction of risks to service delivery and improved service provision.

10. To support the Trust Board in being able to receive and provide assurance that the Trust is meeting all external compliance targets and legislation responsibilities, including standards of clinical quality, NHSI compliance requirements and Trust's licence.

Risk Management Ambition One
To support greater devolution of decision making and accountability for management of risk throughout the organisation from Trust Board to point of delivery (Board to Ward).

Why is it important
It is important to create a culture in which all staff are enabled to influence decisions, support process improvement and outcomes, to reduce risk and improve quality of services. Bringing decision making as close as possible to the Service Delivery.

What do we want to do?	How will we do it?
To promote a risk culture whereby staff are able to make decisions and improvements to ensure risks to the delivery of the trusts ambitions are identified and addressed.	Review and implementation of a new risk management policy and strategy. Embedding of Risk Appetite to aid decision making. Introduction of Risk Appetite to the decision making framework ensuring risk appetite is linked to planning and decision making through the organisation. Risk awareness sessions to support risk management culture change.

Risk Management Ambition Two
To promote a risk culture of monitoring and improvement, which ensures risks to the delivery of the Trust's ambitions are identified and addressed.

Why is it important
It is important that we enable individual staff and groups to take a risk based approach in a consistent way with a common acceptance of the importance of the continuous management of risk.

What do we want to do?	How will we do it?
To develop an effective risk culture which ensures individual staff and groups are able to take the right risks in an informed way.	Introduce nominated risk champions throughout the trust to champion risk management and help to inform and guide staff. Review and implementation of a new risk management policy and strategy. Risk Management Development sessions to support a change in risk culture. Review and ensure appropriate risk management governance is in place throughout the trust.

Risk Management Ambition Three
To define processes, systems and policies throughout the Trust which are in place to support effective risk management and ensure these are integral to activities in the Trust.

Why is it important
It is important that risk management has a process with a clear purpose, reliable inputs, well-designed activities and value-added outputs. A well-articulated systematic approach to risk management will allow us to provide a benchmark and ensure we are responsive to the Trust's risk management needs.

What do we want to do?	How will we do it?
Define a Risk Management standard throughout the organisation ensuring a robust systematic approach to risk management.	Launch and roll out of a new Trust web based platform for capturing risk and risk registers to support standardised recording and reporting. Implementation of a Trust-wide risk management training package and information resource available to all staff. Explore the introduction of risk management as part of the Trust-wide induction package for all new staff.

Risk Management Ambition Four
To support service users, carers and stakeholders through the reduction of risks to service delivery and improved service provision.

Why is it important
In an increasingly complex, competitive NHS environment NTW need to continually advance our risk management practices, building a strong foundation of protection and compliance and expand focus on risk factors that impact strategic decision-making and operational performance.

Where do we want to do?	How will we do it?
Work collaboratively with other corporate departments and sub committees of the board to understand the world around us, triangulate data and information collaboratively to improve service provision and reduce risks to service delivery.	Implement network meetings with other services of risk interest to ensure we use all our resources available to minimise risk. Develop information sharing processes to ensure identification of emerging risks and triangulation. Design and implementation of a Risk Management Dashboard.

Risk Management Ambition Five
To support the Trust Board in being able to receive and provide assurance that the Trust is meeting all external compliance targets and legislation responsibilities, including standards of clinical quality, NHSI compliance requirements and Trust's licence.

Why is it important
The systems of internal control within an organisation is an important component in the successful management of its risks. Internal controls are concerned with the methods, procedures and checks that are in place to ensure that the organisation is able to meet its ambitions.

What do we want to do?	How will we do it?
Integrate risk management and ensure processes are in place to allow staff to identify, monitor and communicate risks that may affect the delivery of strategic ambitions.	All staff to have access to training, guidance and support in the delivery of effective risk management systems. Develop internal partnerships to enhance risk management. Monitoring and review of assurance limitations of Internal audits to ensure good governance is maintained.

Risk Appetite

Risk appetite is the level of risk the Trust Board deem acceptable or unacceptable based on the specific risk category and circumstances/situation facing the Trust. This allows the Trust to measure, monitor and adjust, as necessary, the actual risk positions against the agreed risk appetite.

Using the Good Governance Institute risk appetite matrix the Trust Board has adopted a risk appetite statement which is the amount of risk it is willing to accept in seeking to achieve its Strategic Ambitions. As well as the overall risk appetite statement, separate statements are provided for each risk category in the below table.

Risk Appetite Statement

Northumberland, Tyne and Wear NHS Foundation Trust recognises that its long term sustainability depends upon the delivery of its strategic ambitions and its relationships with its service users, carers, staff, public and partners. As such, Northumberland, Tyne and Wear NHS Foundation Trust will not accept risks that materially provide a negative impact on quality.

However NTW has a greater appetite to take considered risks in terms of their impact on organisational issues. NTW has a greatest appetite to pursue Commercial gain, partnerships, clinical innovation, Financial/Value for Money and reputational risk in terms of its willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

Category	Risk Appetite	Risk Appetite Score
Clinical Innovation	NTW has a **MODERATE** risk appetite for Clinical Innovation that does not compromise quality of care.	**12-16**
Commercial	NTW has a **HIGH** risk appetite for Commercial gain whilst ensuring quality and sustainability for our service users.	**20-25**
Compliance/Regulatory	NTW has a **LOW** risk appetite for Compliance/Regulatory risk which may compromise the Trust's compliance with its statutory duties and regulatory requirements.	**6-10**
Financial/Value for money	NTW has a **MODERATE** risk appetite for financial/VfM which may grow the size of the organisation whilst ensuring we minimising the possibility of financial loss and comply with statutory requirements.	**12-16**
Partnerships	NTW has a **HIGH** risk appetite for partnerships which may support and benefit the people we serve.	**20-25**
Reputation	NTW has a **MODERATE** risk appetite for actions and decisions taken in the interest of ensuring quality and sustainability which may affect the reputation of the organisation.	**12-16**
Quality Effectiveness	NTW has a **LOW** risk appetite for risk that may compromise the delivery of outcomes for our service users.	**6-10**
Quality Experience	NTW has a **LOW** risk appetite for risks that may affect the experience of our service users.	**6-10**
Quality Safety	NTW has a **VERY LOW** risk appetite for risks that may compromise safety.	**1-5**
Workforce	NTW has a **MODERATE** risk appetite for actions and decisions taken in relation to workforce.	**12-16**

The below table shows risk appetite tolerance scores for each risk appetite. When a risk exceeds a risk appetite tolerance score this will be used as a framework for a risk to be communicated and reported upwards.

APPETITE	NONE	VERY LOW	LOW	MODERATE	HIGH
Risk tolerance Score	N/A	1-5	6-10	12-16	20-25
Target risk score	N/A	0	4	9	15

Target Risk

A suggested target risk is also added to help inform target risk scoring discussions. The target risk is provided as a guide and not an absolute expectation.

Risk Appetite and the Clinical Groups/Corporate Area

Risk appetite is linked to the Safeguard Risk Management System. The Safeguard system asks the user to choose a risk appetite category when recording a risk. The categories are linked to the risk appetite tolerance scores and where a risk breaches the Trust Risk Appetite the user will see the risk appetite rag rating change to red.

The Risk Management Lead will also have planned weekly audits in place to capture any risk appetite breaches that have not been reported/communicated as a control mechanism.

All risks which breach the Trust risk appetite will be reported through the Trust Governance Structures to the Board of Directors. This replaces the current system of all risks 15 and above being reported.

Risk Escalation

Risk appetite does not replace the escalation process defined within the risk management policy. Risks continue to be managed at the lowest and most appropriate level in the organisation and only escalated when action is required outside the control of the current risk owner.

Risk Management System

Risk Management System

Definition
The Institute of Risk Management define Risk Management as:
"The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure"

Figure 1 below shows, risk management involves the identification, analysis, evaluation and treatment of risks or more specifically recognises which events may lead to harm and therefore minimising the likelihood (how often) and consequences (how bad) of these risks occurring.

Figure 1 – Risk Management Process.
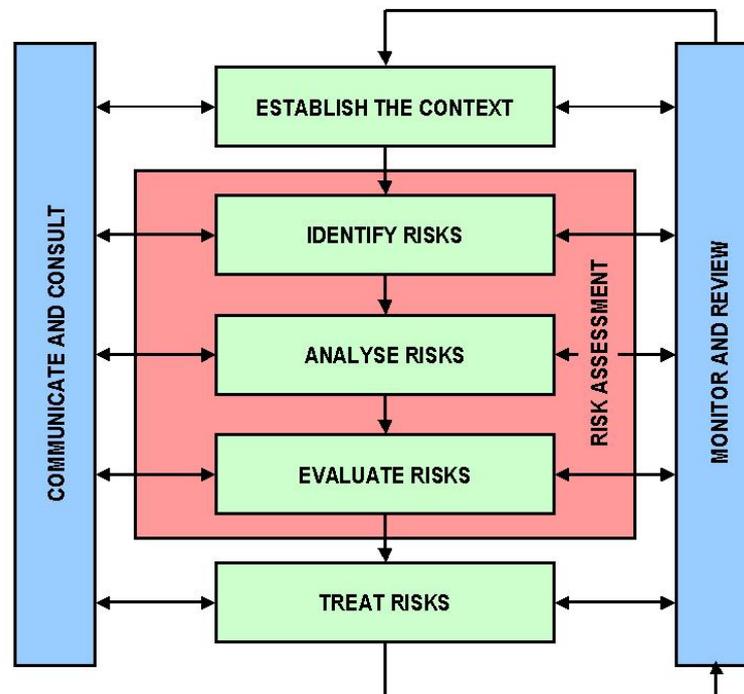
* establish the context can also be described as establish the facts.

Identifying Risks

Risks facing the organisation will be identified from a number of sources, for example:

- Risk arise out of the delivery of day to day work related tasks or activities.
- The review of strategic or operational ambitions.
- As a result of an incident or the outcome of investigations.
- Following a complaint, claim or patient feedback.
- As a result of a health and safety inspection/assessment, external review or audit report.
- National requirements and guidance.

The identification, assessment, and control of risk is delegated to directors, managers, departments, wards and teams within NTW, together with the management and data entry onto a paper or electronic risk management system.
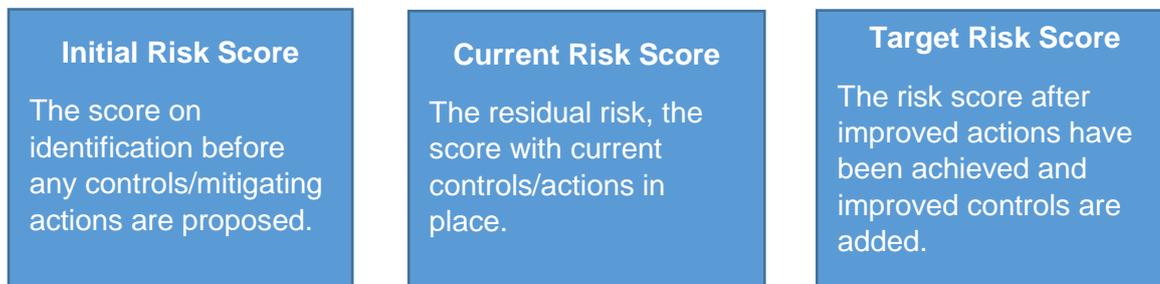
Analysing/Assessing Risks

The purpose of assessing and scoring a risk is to estimate the level of exposure to a particular risk, which will then help to inform where responses to reduce or better manage a risk can be taken.

Risk Evaluation and Scoring

Risks are scored using a risk scoring matrix. The Trust has adopted a 5x5 matrix with the risk scores taking into account the impact and likelihood of a risk occurring. Each risk is assessed by estimating the likelihood of a risk happening and multiplying it by the impact of the risk if it did happen. The risk evaluation and scoring guidance can be found in the risk management policy.

Each risk score is assigned 3 risk scores:

Initial Risk Score	**Current Risk Score**	**Target Risk Score**
The score on identification before any controls/mitigating actions are proposed.	The residual risk, the score with current controls/actions in place.	The risk score after improved actions have been achieved and improved controls are added.

Controls and Mitigation (action planning)

When considering the likelihood of a risk occurring, staff need to develop and consider the actions that can be put in place;

a. The avoidance of the risk – by not proceeding with an action which can produce the risk.

b. The reduction of the likelihood of a risk occurring or should it occur, the reduction of the potential impact of the risk occurring.

c. The Transfer of a risk to another party, either in part or in whole.

d. The retention of risk, after they have been reduced or transferred, there may be some residual risks which are retained (although plans to control and mitigate these risks will still be required)

e. The removal/elimination of risk.

These plans to avoid or reduce risk are more commonly referred to as the risk action plan.

Assurance

A key element of the Trust's risk management system is providing assurance that we manage risks effectively by ensuring the effectiveness of controls and actions being put in place to mitigate the impact of any risks.

Assurance Definition

Assurance	Definition
Provides:	Evidence/Certainty/Confidence
To:	Staff/Management/Directors/Organisation
That:	What we are currently doing is making an impact on risks.

Risk Escalation

The risk rating above can determine how a risk will be managed and escalated from ward/team to directorate or corporate area. Risks that exceed a risk appetite tolerance are regarded as significant risks and must be reported/communicated and discussed with the responsible senior member of staff.

Risks that exceed a risk appetite tolerance may still be managed at a lower level once communicated to the responsible senior member of staff. The Risk escalation and reporting process can be found in the risk management policy.

Risk Registers

A Trust-wide risk register is a log of risks of all kinds that threaten the delivery of ambitions and the delivery of services. It should be a live document which is populated through the risk assessment and evaluation process. Risk Registers operate at all levels in the trust – at local ward, department and service level, major projects and programmes, directorate, Group and Corporate level**.** Safeguard Risk Management System is the main system used to record risks although paper registers are currently still used in some areas.

Corporate Risk Register/Board Assurance Framework

The Corporate Risk Register and Board Assurance Framework are key documents used to record and report the Trust's key Strategic Ambitions, risks, controls and assurances to the board. The Corporate Risk Register and Board Assurance Framework ensures that the Trust have assurance that risks to the delivery of its Strategic Ambitions are successfully managed. The Corporate Risk Register and Board Assurance Framework takes into account the recommendations from Audit, Executive Leads and board sub-committees as to what should be included, amended or removed. The Framework is updated and approved by the Board of Directors.

Training and Support

Risk management training, guidance and advice is provided through the Risk Management Lead. An online risk management training package will be made available for existing staff and new members of staff.

Evaluation and Review

Progress on the delivery of this strategy will be undertaken on a day to day basis by the Risk Management Lead and progress will be continually reviewed by the CDT Risk Management Sub Group.

Duties, Accountabilities and Responsibility.

All staff in the trust have responsibilities relating to risk management. The key risk management responsibilities are documented below.

Role	Responsibility
Chief Executive Officer (CEO)	The chief executive as 'accountable officer' has overall accountability and responsibility for risk management within the trust, ensuring the implementation of an effective risk management system.
Executive Director of Commissioning and Quality Assurance	The Executive Director of Commissioning and Quality Assurance has a responsibility to ensure that the Trust has a robust Risk Management Strategy and policy in place, integrated with the Trust's Strategic business plan and the Trust's governance structure. This includes ensuring that there is a robust and effective Board Assurance Framework, Strategy and Policy.
Risk Management Lead	The Risk Management Lead supports the Executive Director of Commissioning and Quality Assurance in the day to day management of the Trust's Corporate Risk Register and Board Assurance Framework. The Risk Management Lead supports the review, development and embedding of the Risk Management Strategy and policy across the Trust to ensure that there is an effective Risk management System in place.
Executive Directors and Group Director Triumvirates	These staff are responsible for the implementation of this policy at corporate and service level including the establishment and continual management of Group and Directorate risk registers and project risks registers. They are responsible for managing risk within their Groups and Directorates.
All Staff	Management of risk is a fundamental duty of all staff. All staff must ensure that identified risks and incidents are reported in order to ensure appropriate actions are taken. These requirements also extend to agency staff.

Roles	Responsibilities
Partner Organisations and Contractors	Specific risks identified in the Trust will be shared with any other relevant organisation working in partnership with the Trust.
Board Of Directors	The board of directors are accountable and responsible for ensuring that the Trust has and effective process for identifying and managing risk of all types. The Board of Directors receive and consider reports from its Sub-Committees as necessary.
Sub Committees of the Board	Each sub-committee of the board has a role for risks pertaining to their area of focus. They have roles in reviewing and the management of the risks held on the Corporate risk register, board assurance framework and trust wide risks. They review the Board Assurance Framework and ensure that the board of directors receive assurance that effective controls are in place to manage corporate risk and report on any significant risk management and assurance issues.
Audit Committee	The Audit Committee is a sub-committee of the Board and is responsible for providing an independent and objective view of internal control.
Corporate Decisions Team	The Corporate Decisions Team ensure effective implementation of the risk management system, development of the board assurance framework and report to board sub committees on any significant matter relating to risk management.
Risk Management Sub Group	The Risk Management Sub Group is a Sub-committee of the Corporate Decisions Team. Risk Management Sub Group lead on the development of and ensure compliance with the organisation's risk assessment and management systems and processes and report to CDT.