



**St George's Healthcare NHS Trust:
the next decade**

Risk Management Strategy & Implementation Plan 2014 – 2016



DRAFT VERSION 6.0 – UPDATED 19.11.14

Executive summary

We know, from external assurances received over the past two years, that we have a robust risk management framework in place, including clear processes for the identification, evaluation, management and monitoring of risks, divisional risk registers and a Board Assurance Framework which also acts as a corporate risk register. We have achieved:

- CNST level 3
- NHSLA level 2
- 'Good' rating in CQC 'well-led' domain

However we also know, from our own divisional governance review completed in early 2014, feedback from the Monitor assessment process and annual internal audits of risk management, that there are areas where we can strengthen that framework. We recognise that the maturity of the existing framework needs to continually develop to ensure that we have a framework in which all risks are appropriately identified, managed and escalated.

The aim of this strategy is therefore to strengthen the existing risk management framework, embedding risk management at a local level and ensuring appropriate escalation of risks through the organisation to the Board, supported by training and tools. It is based on the principles of an *Enterprise Risk Management* (ERM). ERM is a risk-based approach to managing an enterprise, integrating concepts of governance, assurance, and strategic planning. The aim of ERM is to embed risk management in the day to day running of an organisation and to understand the broad spectrum of risks facing the organisation to ensure they are appropriately managed. So, in the context of an NHS trust, ERM delivers risk management from 'ward to board'.

The key aims of this strategy are to achieve greater local level ownership of risk, enhanced clarity regarding roles and responsibilities for risk management and strengthened governance arrangements to support the current framework.

Executive summary

The strategy is supported by an implementation plan, with objectives to support the achievement of the aims of the strategy. Both strategy and implementation plan will be reviewed each year. Implementation of the strategy will be monitored by the Organisational Risk Committee and Quality and Risk Committee.

The implementation will be in two main phases:

- Design and developing capacity – between December 2014 and March 2015
- Implementation – commencing from April 2015

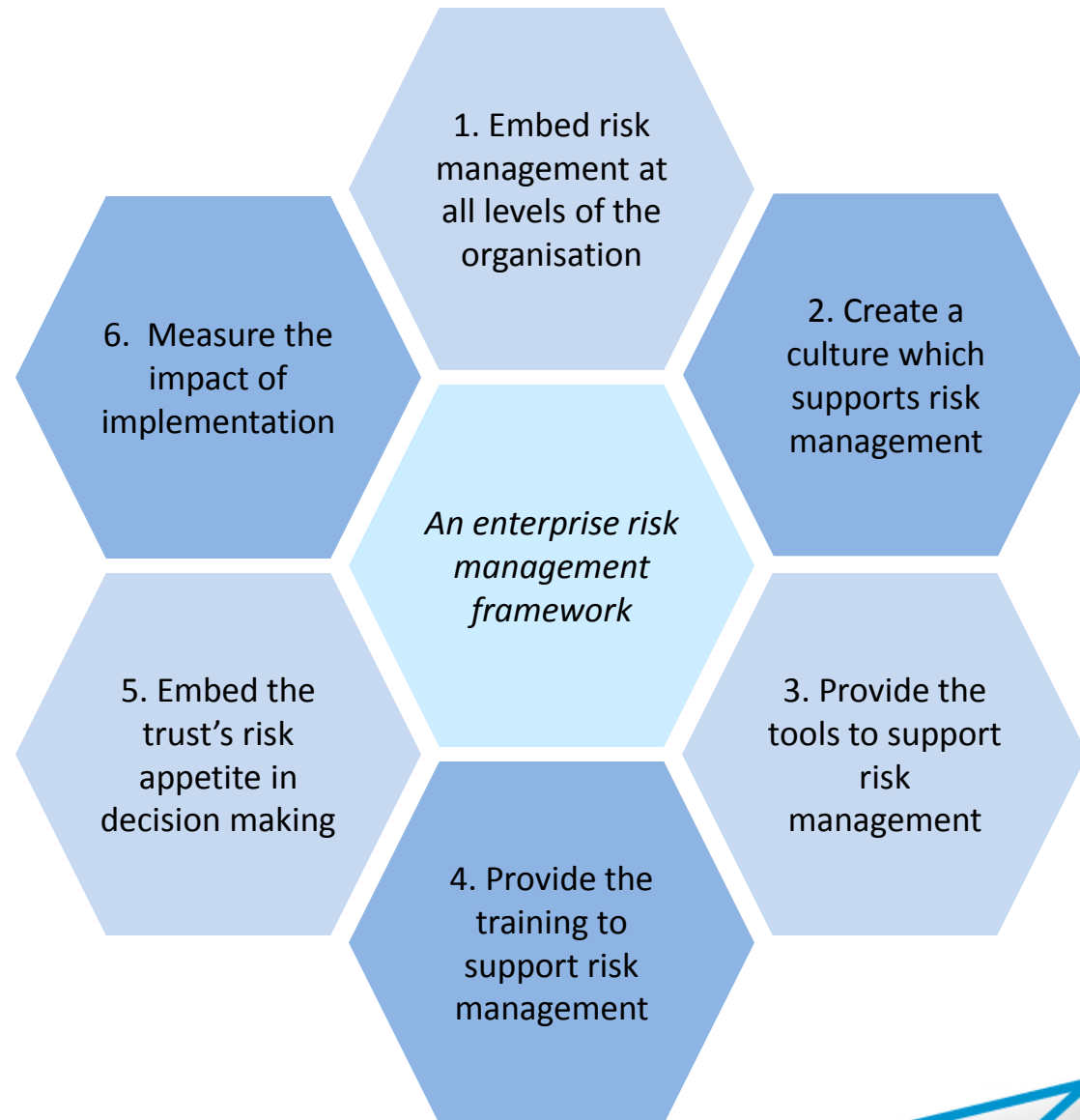
A more detailed implementation will be developed during November to break down these phases and actions in more detail.

The Risk Management strategy

The risk management strategy has six key components.

The overall vision of the strategy is:-

'To continually improve the maturity of the risk management framework that supports the Board in its oversight and management of risks to the achievement of trust objectives'



1. Embed risk management at all levels of the organisation

We know from the divisional governance review, completed in January 2014, that while the overall governance framework at divisional level is robust and well evidenced, it is more variable further down in the organisation.

One of the key aims of this strategy will be to ensure greater local ownership of risks. To achieve this, we will introduce risk registers at a more local level within divisions, at Care Group and Directorate level, supported by clear criteria and timeframes for escalation of risks.

To support this greater local ownership of risks, the roles and responsibilities for risk identification, assessment, management and monitoring will be clarified to ensure clear escalation of risks between the different levels of the organisation, from 'ward to board'.

In order to ensure that the framework is effective, we will strengthen the role and membership of the Organisational Risk Committee (ORC) so that it challenges the management of risk at clinical divisional and corporate directorate level, aggregates risks across those areas and escalates to Quality and Risk Committee accordingly. ORC will monitor compliance with the risk management policy by reviewing risks at divisional and corporate directorate level, but also scrutinising the arrangements for risk management at the lower level and holding divisions to account for the effectiveness of their local arrangements.

1. Embed risk management at all levels of the organisation

Action	Lead	Timing
Amend the trust's Risk Management policy to clarify roles and responsibilities, and escalation process.	Head of Risk Management	January 2015
Redesign the Trust web-based platform for capturing risks registers (HealthAssure) to reflect the devolved and local ownership of risks in a way that supports standardised recording and reporting of all risks	Head of Risk Management	January 2015
Align central risk team responsibilities to further support	Director of Corporate Affairs / Head of Risk Management	January 2015
Identify opportunities to align requirements of Clinical Governance Group in relation to management of CIP / SI risks	Director of Corporate Affairs / Medical Director / Chief Nurse	March 2015
Define and articulate reporting requirements at all levels and also role of ORC to monitor effectiveness of divisional reporting – review current templates, amend risk management policy and ORC terms of reference	Director of Corporate Affairs / Head of Risk Management	March 2015
Commence implementation risk registers at Care Group and Directorate level, with a transparent system for aggregation and escalation between them, the existing divisional risk registers and the Board Assurance Framework	Head of Risk Management / Divisions	April 2015

2. Create a culture which supports risk management

A key component of an effective and mature risk management framework is having a culture of knowledge and understanding of risk management, and leadership. This means that roles and responsibilities need to be clearly defined so that risk management is 'owned' by appropriate members of staff and that staff are encouraged to be more risk aware by promoting openness and supporting them to manage risks locally where possible. It also means visible and effective leadership from the Board in ensuring effective systems and processes for the management and escalation of risks.

The trust has board level leadership for risk management and a clear committee structure that supports the aggregation and escalation of risk, including the Organisational Risk Committee (ORC) and Quality and Risk Committee (QRC). We have identified that we can strengthen the leadership within that framework by adding executive level clinical input into the ORC, in addition to the existing clinical representation and executive leadership. We will also strengthen the role of QRC in providing the Board assurance as to the effectiveness of the framework of controls and assurances, by continuing with the existing programme of 'deep dives', ensuring that the topics on the programme reflect the risks on the BAF.

As well as structure, a mature risk management framework requires risk management to be at the heart of board level discussion. To enhance the maturity of existing conversations at board level, one of the aims of this strategy is to create a clear link between assurance, risk management, corporate governance and regulation. Using an agreed risk appetite matrix, the Board can set out a framework within which all risk should be considered, linking objectives, business planning and risk appetite. This will also help to develop an approach that engenders risk forecasting.

One of the actions being taken forward as a result of the divisional governance review conducted in early 2014 is to ensure clearly defined accountability and responsibility within the divisional structure. This is equally important for risk management so we will ensure that roles and responsibilities for risk management are defined in the Responsibility Framework, with implementation supported by a divisional OD programme. We will also create local ownership of risk management through involvement of staff in designing the tools to manage risk and training programmes.

2. Create a culture which supports risk management

Action	Lead	Timing
Gain board leadership and support for this strategy, through presentation at QRC seminar and Board approval	Director of Corporate Affairs	November 2014
Clearly define accountability and responsibility for risk in the Responsibility Framework for all levels within divisions.	Director of Corporate Affairs	December 2014
Approve terms of reference for Organisational Risk Committee, including executive level clinical input.	Director of Corporate Affairs	December 2014
Review the QRC seminar forward planner to include regular 'deep dives' into extreme risks on the Board Assurance Framework	Director of Corporate Affairs / Chair QRC	November 2014

3. Provide the tools to support risk management

For an enterprise risk management system to work effectively it is important that the language used to describe risks is the same throughout the organisation and that risk registers are consistent in format. Standardisation of the platform for risk registers also provides an efficient mechanism for escalation and de-escalation. All divisional risk registers are now on the trust platform, HealthAssure, and the aim will be to ensure that all risk registers and the Board Assurance use HealthAssure, to provide a single, integrated platform for risk registers. A standardised format of registers will also be applied across the organisation.

Currently the Board Assurance Framework also acts as the corporate risk register, and therefore acts as an assurance tool for the Board as well as a management tool for the management of risks that have come from either 'top-down' from risk assessment of strategic objectives, or 'bottom-up' from aggregation or escalation of risks from divisional or corporate directorate risk registers. Other organisations have separate corporate risk registers and therefore maintain a clear distinction between the two. We will consider the benefits of separation and agree with the Board the most appropriate way forward.

Other 'tools' to support risk management include the introduction of some additional concepts to enhance understanding of risks, their impact and the effectiveness of controls in place:

Residual risk refers to the level of risk that remains after all efforts have been made to control a risk. In assessing the effectiveness of controls and decision making regarding further treatment of a risk, it is useful to assess both the current risk and the residual risk. Another approach would be to identify the '**target risk**' – the reduction in the level of risk that the controls should be aiming to achieve to enable acceptance or elimination of the risk. As part of this strategy the Board will consider the benefits of applying such concepts to the Board Assurance Framework, to enhance the Board's understanding of and challenge as to the effectiveness of current controls.

The **proximity** of a risk indicates the anticipated timescale when the risk is likely to materialise. This could be categorised as: short-term (within 3 months), medium-term (3 – 12 months) or long-term (longer than 12 months). Considering the proximity, or how soon a risk may occur, can help to compare risks for decision-making and prioritisation. As part of this strategy, the trust will pilot the use of Proximity rating, with a view to including in all risk registers.

3. Provide the tools to support risk management

Action	Lead	Timing
Benchmark current arrangements for the BAF and corporate risk register and consider options for separating assurance from risk, to create an assurance map and corporate risk register	Director of Corporate Affairs	December 2014
Develop an assurance strategy and framework which complements this strategy, and strengthens the board's focus on assurance	Director of Corporate Affairs	January 2015
Board session to include proximity and residual risk – to obtain consensus as to effectiveness and implementation	Director of Corporate Affairs	January 2015
Develop an online risk management toolkit: to include a range of templates and quick guides which align with strategy/policy	Head of Risk Management	March 2015

4. Provide the training to support risk management

In order to develop the requisite culture for risk management and to ensure successful implementation of this strategy, there needs to be a structured, organisation-wide training programme for staff.

Risk management training and awareness already occurs in a number of different guises. The Board currently have a session on risk management once a year as part of the board development programme and risk and governance features in a number of leadership development programmes as well as ad hoc training provided. However we recognise that in order to successfully implement this strategy we will need to develop a more structured risk management training programme to increase staff knowledge and understanding of risk management.

As well as including training in the trust's risk management processes, we will use the organisation-wide programme to help to embed a consistent language of risk management, including concepts such as controls, mitigations, assurances, residual risk and proximity. This will enhance the quality of conversation and consistency of approach.

We will therefore review the existing training programme and training materials to ensure appropriate knowledge and skills in risk management at different levels of the organisation.

4. Provide the training to support risk management

Action	Lead	Timing
Develop a well-defined training and education programme to support staff involved with managing risk at all levels of the organisation.	Director of Corporate Affairs / Head of Risk Management	January 2015
Run a risk awareness campaign, to raise awareness of amended risk management policy and responsibilities – using general comms as well as attendance at divisional governance boards, directorate and care group meetings	Director of Corporate Affairs / Communications	January – September 2015
Seek re-introduction of risk management principles as part of MAST training as a stand alone module for specific staff groups	Head of Risk Management / MAST Steering Group	May 2015
Full roll out of new system will be accompanied by training program for those using system commensurate with their defined responsibilities in relation to risk	Head of Risk Management	September 2015

5. Embed the trust's risk appetite in decision making

Risk appetite can be defined as the amount of risk, on a broad level, that an organisation is willing to accept in the pursuit of its strategic objectives.

Risk appetite is a core consideration in any enterprise risk management approach. No organisation, whether in the private, public or third sector can achieve its objectives without taking a risk. The question for the decision-makers is how much risk do they need to or are prepared to take?

The UK Corporate Governance Code states that “the board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic decisions”. As well as meeting the requirements imposed by corporate governance standards, organisations are increasingly being asked to express clearly the extent of their willingness to take risk to meet their strategic objectives.

Risk appetite, correctly defined, approached and implemented, should be a fundamental business concept that makes a difference to how organisations are run.

The strategy will be to develop an approach to risk appetite that is practical and pragmatic, and that makes a difference to the quality of decision-making, so that decision-makers understand the risks in any proposal and the degree of risk to which they are permitted to expose the organisation while encouraging enterprise and innovation.

5. Embed the trust's risk appetite in decision making

Action	Lead	Timing
Raise board awareness of risk appetite and its use through a board development session regarding risk appetite	Director of Corporate Affairs / Board	May 2015
Develop risk appetite statement for each of the trust's strategic aims and objectives across categories: risks to patients, organisational risk, reputational risk and opportunistic risk	Director of Corporate Affairs / Board	May 2015
Review the appetite statement on an annual basis as part of the business planning process	Director of Corporate Affairs / Board	May 2016
Include risk appetite and risk assessment in the annual business planning process, at divisional and corporate level	Director of Corporate Affairs / Director of Strategy	May 2015

6. Measure the impact of implementation

There is a need to measure the impact of the strategy, to measure its effectiveness in developing the maturity of the trust's risk management framework. We will therefore review the strategy and implementation plan on an annual basis.

In order to measure the impact of implementation of this strategy, we will complete an annual risk maturity assessment, using an adaption of the *HM Treasury Risk Management Assessment Framework*. This tool provides a flexible tool to assist in evaluating performance and progress in developing and maintaining effective risk management capability and assessing the impact on delivering effective risk handling and required/planned outcomes. It tests the framework in the following seven areas:

Capabilities

1. **Leadership**: do senior management and Clinical leaders support and promote risk management?
2. Are **people** equipped and supported to manage risk well?
3. Is there a clear risk **strategy** and risk **policies**?
4. Are there effective arrangements for managing risks with **partners**
5. Do the organization's **processes** incorporate effective risk management?

Risk Handling

6. Are **risks handled well**?

Outcomes

7. Does risk management contribute to **achieving outcomes**?

By completing this an annual completion of this assessment will assess the key aims of this strategy:

- Greater local level ownership of risk
- Enhanced clarity regarding roles and responsibilities for risk management
- Strengthened governance arrangements to support the current framework

6. Measure the impact of implementation

Action	Lead	Timing
Review purpose and terms of reference of ORC to ensure the strategy is embedded within remit of committee, as part of annual committee effectiveness review	Director of Corporate Affairs	March 2015
Repeat divisional governance review in relation to risk (as part of two year review of divisional governance)	Director of Corporate Affairs	November 2015
Use Internal Audit's annual audit to evaluate implementation of strategy	Director of Corporate Affairs / Internal Audit	January 2016
Consider the use of quarterly performance reviews with divisions to hold to account for compliance with risk management policy, including metrics to measure effectiveness of divisional risk management processes	Director of Corporate Affairs	March 2015