NHS LEEDS CLINICAL COMMISSIONING GROUP

RISK MANAGEMENT STRATEGY

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Name of Committee responsible: Name of individual responsible:	Governing Body Director of Organisational Effectiveness
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Version Control Sheet

Version	Date	Author	Status	Comment
1.0	25/07/2018	Laura Parsons	Final	Amalgamation of the individual strategies that were in place for the previous three Leeds CCGs; providing a single strategy for Leeds CCG.
2.0	22/05/2019	Anne Ellis Playfair	Final	The strategy reviewed and updated to ensure it reflects best practice in risk management.
2.1	24/07/2019	Anne Ellis Playfair	Final	Amendments made to reflect changes to the GBAF deep dive process (approved by Governing Body 24/07/19) and change to job titles.

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Appendices

1. Introduction

NHS Leeds Clinical Commissioning Group (CCG) has a statutory responsibility to patients, staff and the public to ensure that it has effective processes, policies and people in place to deliver its strategic commitments and to control any risks that it may face in doing so. The purpose of this strategy is to define the framework and processes that the CCG will use to identify, manage and reduce the risks that threaten the organisation's ability to meet its strategic commitments.

All actions contain inherent risks and risk management needs to be seen as an overall management approach, rather than an end in itself. It is central to the overall governance of the CCG in directing, controlling and delegating the accountability arrangements to maintain control. The CCG will proactively set out to manage risks to a reasonable level, through a robust process of risk assessment, prioritisation and management and will ensure that decisions made on its behalf are taken with consideration to the effective management of risks.

The Risk Management Strategy demonstrates the approach to risk management and ensures there is a system for monitoring the application of risk management within the CCG. The strategy offers guidance on what may be regarded as 'acceptable risk' by the CCG and a statement of the CCG's 'Risk Appetite'.

The CCG's risk management system is designed to support the delivery of safe and effective health services for service users, staff and wider stakeholders. Risk Management is not about risk elimination; it is about encouraging appropriate risk taking, i.e. those risks that have been evaluated and which are understood as well as is possible with currently available information.

2. Statement of Intent

"Board Assurance and Risk Management are not just the responsibility of one role or person within an organisation; it is the responsibility of everyone"

The CCG is committed to commissioning a quality service and achieving excellent results, thereby ensuring that the organisation makes the very best possible use of public funds. The CCG attaches great importance to the effective management of risks, which may be faced by patients, members of the public, staff, partners, other stakeholders and by the CCG itself. The CCG has set itself clear commitments as part of the strategic plan, and the Governing Body intends to use the risk management process outlined in this strategy as a means to help in achieving these commitments.

3. Scope and Aims of the Strategy

This strategy is applicable to all risks that the CCG is exposed to, including Information Governance, Programme, Project and Clinical risks and those arising from the commissioning of NHS services.

This strategy applies to:

- All staff employed by the CCG

- Members of the Governing Body
- Staff employed by other organisations when working on behalf of the CCG.

This Risk Management strategy aims to:

- Support the creation of a safety culture, which supports and encourages CCG employees to identify, assess, report, control and monitor risks and learn from the activity and experience.
- Minimise harm to patients, staff and visitors.
- Identify and control risks, which may adversely affect the ability of the organisation to operate, and in so doing support the maintenance of internal control and therefore enable the Annual Governance Statement to be signed. This will be achieved by risk assessing corporate activities and decisions, operational and administrative procedures.
- The strategy also encompasses those risks associated with partnership working arrangements and sets out to influence and control partnership risks through agreed management processes.
- Provide a consistent approach to the management of risks and where possible eliminate, transfer or reduce risks to an acceptable and cost effective level.
- Ensure that identified risks are recorded on the Datix Risk Register and integrate the management of risk into all organisational activities.
- Mitigate risks to avoid and eliminate or minimise the quantity of risks outside of risk appetite on the Corporate Risk Register and Governing Body Assurance Framework.
- Ensure compliance with legislative and statutory requirements.

4. Definition of Risk

Risk has been defined as the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to execute its strategies successfully. This includes both the risk to the organisation and the risk to those individuals to whom the CCG owes a duty of care.

NHS risk can be categorised into three main headings (Clinical, Financial and Corporate or Organisational and Business), under which sit specific risk areas.

Clinical Risks
Clinical risk is defined as 'risks which have a cause or effect which is primarily clinical or medical'. Examples include clinical care activities, consent issues and medicines management.

Financial Risks
Financial risk is defined as those whose principal effect would be a financial loss or a lost opportunity to meet business rules. Examples include poor financial control, fraud and ineffective insurance arrangements.

Corporate or Organisational and Business Risks
Corporate risk is defined as 'those risks, which primarily relate to the way in which the CCG is organised, managed and governed'. Examples include human resource issues and corporate governance risks concerning the establishment of an effective organisational structure with clear lines of authorities and accountabilities.

5. Risk Appetite

Risk appetite refers to the level of risk that an organisation is willing to tolerate or expose itself to when controlling risks as they arise or embarking on new projects. An organisation may accept different levels of risk appetite for different types of risk, or in relation to different projects. The organisation's risk appetite ensures that risks are considered in terms of both opportunities and threats and are not confined to the financial consequences of a risk materialising. Risks also affect the capability of the organisation, its performance and its reputation. Risk appetite is influenced by the objectives set by the organisation, individual programmes of work and the NHS landscape.

The Governing Body acknowledges that risk is a component of change and improvement and therefore does not expect or consider the absence of risk as a necessarily positive position. Where necessary, the organisation will tolerate overall levels of risk where action is not cost effective or reasonably practicable.

Risk Appetite Statement:

> *NHS Leeds CCG recognises that the long-term health of its population depends upon the delivery of its strategic ambitions and its relationships with its service providers, staff, public and partners. As such, NHS Leeds CCG will not accept risks that have a material adverse impact on quality of healthcare, health inequalities or life expectancy.*
>
> *NHS Leeds CCG has a greater appetite to take considered risks in relation to opportunities where positive gains can be anticipated such as clinical and contractual innovation, where necessary, testing the constraints of the regulatory environment.*

The Risk Appetite informs the risk tolerance levels, which are considered for individual risks. Based on this, a target (acceptable) risk score is set for individual risks, this is the level at which the risk is to be managed to, and takes into account the CCG's risk appetite and practicality of reducing the risk (Appendix 2d). The benefits of this approach include:

- Management focus on risks that can be managed / reduced
- Identification of targeted actions to reduce risks to target
- Timely reduction of risks
- Identification of static risks / ineffective actions
- Management focus on risks that cannot be reduced

6. Governance Structure

The CCG has a governance structure within which risk is addressed and managed. The governance structure ensures that internal controls are in place to support the organisation to achieve its policies, aims and objectives and safeguard public funds and assets.

Governing Body

The Governing Body is accountable and responsible for ensuring that the organisation has an effective programme for managing all types of risk.

The Governing Body is responsible for the following:

- Reviewing and maintaining an effective system of internal control, including systems and resources for managing all types of risk.
- Proactively analysing the environment and the risks therein to achieve its strategic commitments on an annual basis. This analysis will feed the Governing Body Assurance Framework and risk process.
- Approving the Risk Management Strategy through which it ensures that the CCG approaches the control of risks in a strategic and organised manner.
- Reviewing Finance risks rated 12 and above.
- Reviewing the Governing Body Assurance Framework (GBAF) and the Corporate Risk Register, which contains the most significant risks that can impact on the organisation.

At each meeting, the Governing Body will receive:

- The Governing Body Assurance Framework – The Governing Body will review the Assurance Framework bi-monthly and agree that it is a true and fair reflection of strategic risks and evidences that satisfactory progress is being made towards managing these risks.
- Assurance via the Audit Committee that the Risk Management Strategy is complied with and the operational risks are reported and monitored via the Corporate Risk Register.
- The Corporate Risk Register.
- Finance risks rated 12 and above.

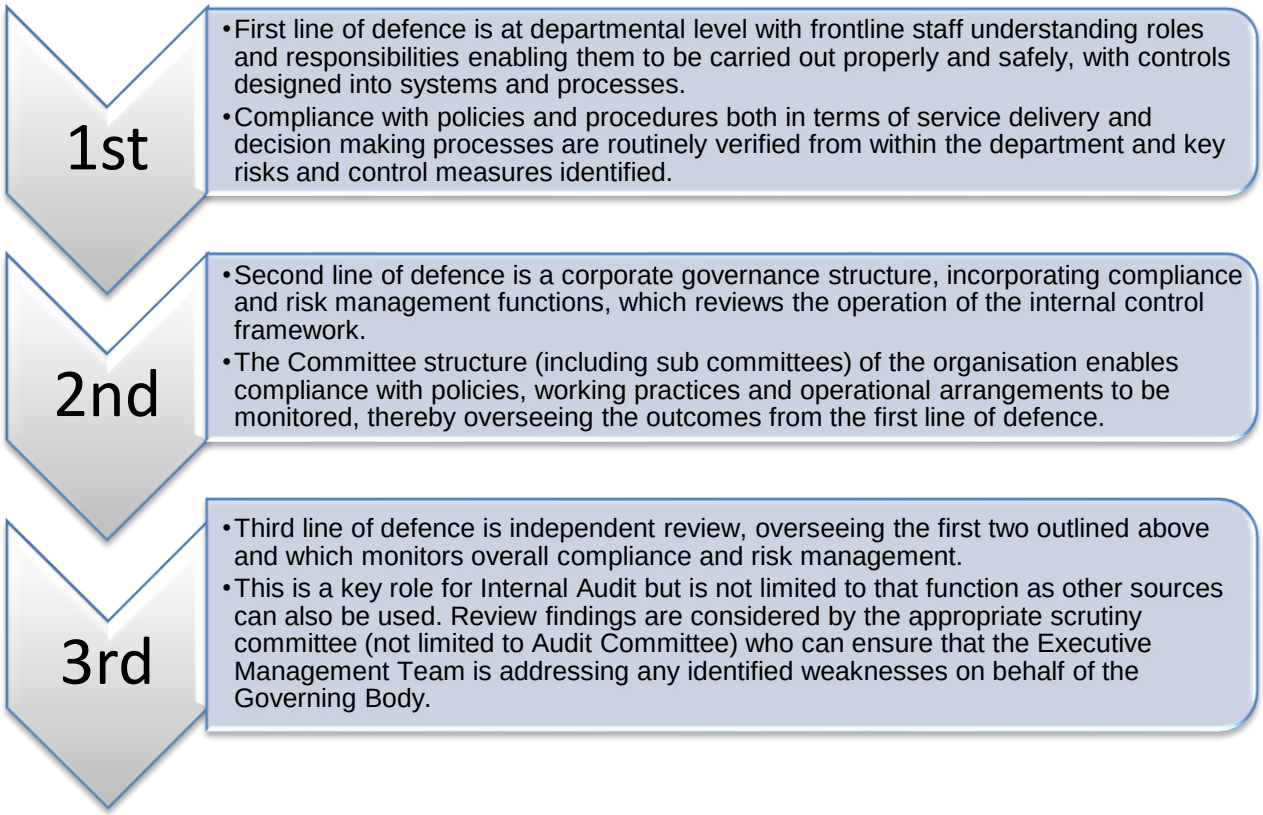
Audit Committee

The Audit Committee's role is to review the establishment and maintenance of an effective system of governance, risk management and internal control that supports the achievement of the CCG's objectives, across the whole of the CCG's activities.

The Audit Committee has an overall scrutiny role and provides the Governing Body with assurance via its minutes and Annual Reports that risk management, internal control and governance processes are in place and working effectively. In carrying out this work, the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

These assurances will be applied through the implementation of the three lines of defence approach, which has three underlying concepts of ownership;

- 1st Line of Defence - Risk Ownership / Front Line
- 2nd Line of Defence - Risk Management / Corporate Governance
- 3rd Line of Defence - Risk Assurance / External



Quality & Performance Committee

The Quality & Performance Committee oversees and seeks assurance on the development of systems and processes, through which the organisation ensures patient safety and improves the quality of services, which it commissions for its resident population. It also has responsibility for seeking assurance that adverse incidents and complaints are investigated and that the learning takes place in order to minimise recurrence.

The Committee is assigned risks in relation to the scope of the Committee in the following areas:

- Performance
- Quality
- Patient Experience
- Clinical Effectiveness
- Safety
- Delivery of statutory duties relevant to the Committee's remit
- Information Governance

The Committee is responsible for reviewing the risks on the CCG Risk Register that have been assigned to the Committee, and ensuring that appropriate and effective

mitigating actions are in place. The Quality and Performance Committee will receive a bi-monthly risk report on risks assigned to it on the Risk Register.

Primary Care Commissioning Committee

The Primary Care Commissioning Committee oversees and seeks assurance on issues relating to the commissioning of primary care services (services provided in GP practices) under delegated authority from NHS England.

The Committee is responsible for reviewing those risks on the CCG Risk Register that have been assigned to the Committee and ensuring that appropriate and effective mitigating actions are in place. The Primary care Commissioning Committee will receive a bi-monthly risk report on risks assigned to it on the Risk Register.

7. Risk Management Accountabilities & Responsibilities

Accountable Officer

The Accountable Officer has overall accountability and responsibility for risk management within the CCG that enables the maintenance of a sound system of internal control that supports the achievement of the organisation's policies, aims and strategic commitments and for ensuring that:

- The CCG's strategic commitments are agreed;
- The CCG has sound systems of internal control based on an ongoing management process designed to identify the principal risks to the achievement of the organisation's aims; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically;
- Internal Audit Plans are set which review the effectiveness of the system of internal control.

The Accountable Officer will oversee and sign the Annual Governance Statement on control for inclusion in the Annual Accounts and the Annual Report.

Directors

On behalf of the Accountable Officer, who has overall accountability and responsibility for risk management in the organisation, Directors are collectively and corporately responsible and accountable for the management of all risks in the organisation (including operational, corporate and strategic risks). This involves:

- The identification and evaluation of the key controls intended to manage risks.
- Obtaining assurance on the effectiveness of key controls across all areas of risk.
- Identification of areas where there are gaps in controls and / or assurances
- Overseeing plans / actions to take corrective action where gaps have been identified in relation to risks.

Directors are also responsible for ensuring that an up to date record is maintained of all risks for their respective team/work streams and to update the risk register and GBAF within the required timescales for reporting onto the relevant committees.

Executive Management Team

The Executive Management Team is responsible for reviewing risks rated amber 12 and above and the Governing Body Assurance Framework on a bi-monthly basis. The review is part of each risk reporting cycle, focussing on the completeness and accuracy of content and on the appropriateness of scoring and of any further actions proposed to manage risk.

Managers

All Managers within the CCG are responsible and accountable for the day-to-day management of all types of risks within their areas. They are charged with, and have the authority for, ensuring that any risks identified are managed effectively, that risk assessments are also undertaken on a proactive basis and that preventative action is carried out where necessary.

Managers are responsible for the ongoing maintenance and review of their service/area/function risks and risk registers and are required to operate in accordance with the risk management process contained within this strategy.

Team Risk Registers should be reviewed at team meetings on a monthly basis in order to raise awareness of issues and the actions required to reduce risk, and share lessons learned. If it is considered that the risk(s) cannot be managed locally or is significant, the risk(s) must be brought to the attention of a Director.

Managers are also responsible for setting objectives relevant to the strategic commitments, for their own team members, and monitoring employee achievement against them.

Staff

All employees are responsible for their own working practices and are required to assist with the Risk Management processes. This includes:

- Reporting incidents, accidents and near misses using the Datix incident reporting system.
- Fulfilling their duty under legislation to take reasonable care for their own safety and the safety of others by complying with policies, training requirements and safety procedures.
- Ensuring they report all risks and concerns to their line manager. If they are not satisfied that the risks they have reported have been acted upon, then the risks or concerns should be escalated to their Director.
- Being familiar and complying with this Risk Management Strategy and their own service/departments safety procedures.
- Not intentionally or recklessly interfering with or misusing any equipment provided for the protection of safety and health.
- Being familiar with emergency procedures e.g. evacuation and fire procedures in their location.

Director with Lead for Risk Management

The Director with Lead for Risk Management is the Director of Organisational Effectiveness, and as such has overall responsibility for the business risk management process for the CCG.

The Director facilitates the risk management processes, but does not act as a "risk manager", as the CCG recognises that risk management forms an integral part of the normal management process.

The Director receives and collates information on risks within the organisation, monitors new developments in risk management, develops knowledge and expertise and acts as liaison point for risk management issues, both within the organisation and with external bodies.

The role includes monitoring of proposed developments and initiatives and checking that they are likely to be compliant with good risk management practices, and is responsible for the development and maintenance of the Governing Body Assurance Framework and the Corporate Risk Register.

Head of Corporate Governance & Risk

The risk management processes will be overseen by the Head of Corporate Governance & Risk, who is responsible for ensuring that the CCG maintains a robust risk management process and supporting services in implementing the risk management process, analysing risks and providing reports to the Governing Body and its Committees when required.

Risk Manager

The Risk Manager will work with Directors, Risk Owners and Senior Managers to co-ordinate and implement this Strategy. This will include the safe storage and update of the risk registers, the day-to-day collation of data, analysis, reporting and proactive engagement with the management of risks within the organisation.

The Risk Manager will provide support and assistance to those undertaking risk assessments, ensure all risk registers are completed correctly and prepare the risk registers and accompanying reports for review by the relevant committees.

The Risk Manager will perform a quality assurance role to ensure consistency of the application of risk scoring methodology, and review of the effectiveness of actions taken to reduce risks through a review and escalation of static risks.

8. Risk Management Process

The purpose of the Risk Management process is to provide clear instructions on the identification of risks and the process and management of those risks. This will enable the CCG to actively monitor, manage, prioritise and develop a consistent approach to all risk. It will ensure:

- A consistent approach to the management of all risks and the actions necessary to control and reduce each risk;
- A robust mechanism for the prioritisation and escalation of all risks;
- That staff are aware of their roles and responsibilities within the risk assessment process; and
- That the Governing Body is fully aware of the risks:
    - Facing the organisation
    - To the services it provides
    - That may affect its key stakeholders e.g. staff, patients, families, providers.

The risk management process is made up of the following stages:

- Risk Identification
- Risk Description, Assessment and Scoring
- Risk Prioritisation and Treatment
- Risk Recording, Reviewing and Monitoring

Risk Identification

A risk can only be managed if it is identified. Triangulation of soft and hard information from different sources gives assurance that all significant risks have been captured: Key sources of information used to check completeness of risk capture are:

- The results of planned reviews of compliance with statutory and regulatory requirements e.g. fire regulations, Care Quality Commission (CQC) standards and reviews, Ofsted reviews, Parliamentary Ombudsmen, professional standards, information governance systems etc;
- Routine review of serious incidents, incident reports and complaints to identify emerging risks such as themes or specific concerns which can be escalated to the risk register;
- Utilisation of intelligence through partner networks and from stakeholders to encourage the sharing of information to identify potential risks;
- Ensuring contact with regional and national professional associations that provide early warning on serious or major adverse events;
- Risk review and discussion through operational groups and formal governance meetings that highlight problems and issues that should be reflected in the risk register.

Risk Description, Assessment and Scoring

The CCG has adopted a standardised approach to describing risks. All risks are worded as: ***There is a risk of…due to…resulting in…***

Risk assessment is a structured process used once a risk has been identified to:

- Understand the cause and its potential impact on the achievement of objectives;
- Examine what control measures are already in place to manage the risk and evaluate their effectiveness;
- Score the potential of any outstanding risk (residual risk) after considering the effectiveness of current controls;
- Identify the target risk score (i.e. the level at which the risk can be accepted, taking into account the CCG's risk appetite and tolerance).

A risk assessment flowchart is provided at Appendix 1.

Risk scores (both current and target) are calculated by multiplying the potential **Impact** by the potential **Likelihood** of the risk. The CCG uses a 5 x 5 matrix scoring system, which produces a range of scores from 1 to 25.

- Likelihood of occurrence - How likely it is to happen?
- Impact - How serious will it be if it does?
- Tolerance – What level can the risk be accepted?

Detailed matrices to assist with the allocation of Likelihood and Impact levels and assessment of the target risk score are provided at Appendix 2.

Risk Prioritisation and Treatment

Once a risk has been identified and assessed, the next step is to decide how to treat the risk. Options for treating the risk include:

- **Mitigate** the risk by taking action to reduce its likelihood and / or impact;
- **Accept** the risk by informed decision;
- **Avoid** the risk, e.g. by discontinuing a specific activity;
- **Transfer** the risk, e.g. to a service provider, although accountability for the risk will normally stay with the CCG;
- **Take or increase** the risk to pursue an opportunity.

The risk score and tolerance level determines the prioritisation and allocation of resource.

Risk Recording, Reviewing and Monitoring

The CCG monitors and reports on risks in two key ways; the Risk Registers and the Governing Body Assurance Framework.

Risk Registers

After identification, all operational risks are recorded on the Datix Risk Management System.

A risk register is a record of all the risks faced by an organisation. The CCG's Risk Register contains the Datix ID number for the risk, a brief description of the risk; the owner; any controls currently in place; any action(s) to be completed and by when to reach the target risk score; and an initial, current and target risk rating score.

The CCG operates six risk review and reporting cycles per annum. The risk owner should:

- Check progress on the actions
- Check the success or failure of the agreed risk management actions
- Check if the probability of a risk occurring has increased or decreased
- Check if the impact has increased or decreased
- Identify any new risks

The Risk Manager will review the consistency of the application of the risk scoring methodology at both the corporate/operational level and at Programme level, and review of the effectiveness of actions taken to reduce risks through a review and escalation of static risks.

Reporting will link risks on the risk register to GBAF risks where appropriate.

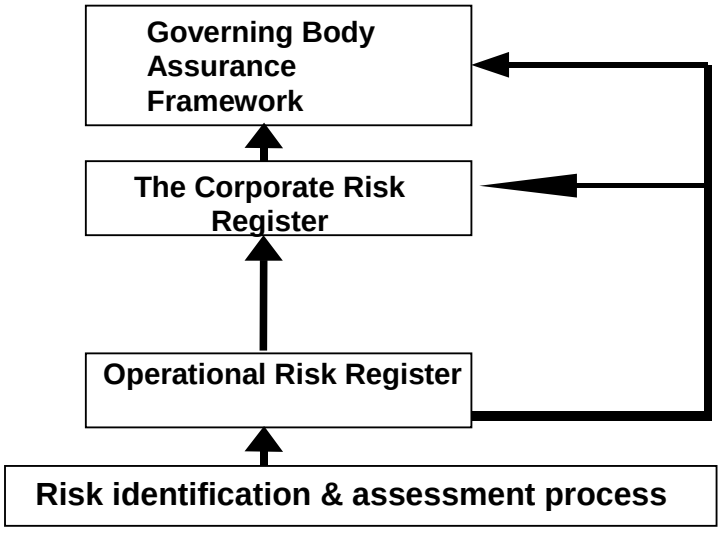
Risk Register Summary

Those risks which POTENTIALLY affect the CCG's Strategic Commitments, will populate the GBAF

All operational risks from Directorate Registers rated 15-25 (red) will populate the CRR

Operational Risks rated 12 (amber) and above will be presented to the relevant Committee

All risks will be reviewed by each Directorate



Management responsibility throughout the organisation is dependent on the level of risk; however, irrespective of the level of review and escalation the ownership of risks does not change.
The table below summarises actions to be taken at each level:

Risk Score	Action / Approval	Assurance
1-5 Minor	**Low priority: Accept unless easily improved** Risks to be placed on the Operational Risk Register. Status to be marked as 'Accepted'. Local managers directly manage the risks and review at least annually.	Determined by local risk management arrangements/internal assurance.
6-12 Significant	**Medium Priority: Reduce through simple, low-cost options** Risks to be placed on the Operational Risk Register. Risks at or below the target risk score to be marked as 'Accepted', approved by the relevant Director and reviewed bi-monthly. Risks above the target risk score to be marked as 'Active' approved by the relevant Director and reviewed monthly until the risk reaches the target risk score.	Risks above the target risk score and rated 12 and above are regularly reviewed by Directorates, EMT and the relevant Committee. Accepted risks rated 12 and above will be reported for information to the EMT and the relevant Committee. Static risks will be reviewed to provide assurance on the effectiveness of actions and controls.

15-25 Extreme	Risks at or below the target risk score to be marked as 'Accepted', approved by the relevant Director and reviewed bi-monthly. Risks above the target risk score to be marked as 'Active', approved by the relevant Director and the following action taken: Red 15 **High Priority: Reduce promptly involving Line Management** Red 16-20 **Very High Priority: Reduce urgently involving Senior Management** Red 25 **Prohibited: stop activity and contact Executive Director** Red risks above target score will be subject to ongoing review by management until they are reduced below target or to amber.	All red risks (15+) above the target risk score, will be placed onto the Corporate Risk Register and will be monitored and overseen bi-monthly by EMT until current risks are less than 15, when the risk will then be transferred onto the Operational Risk Register. Red risks above the target score will be reported to the relevant Committee and Governing Body at each meeting. Accepted risks rated 15 and above will be reported for information to the EMT, the relevant committee and Governing Body. Static risks will be reviewed to provide assurance on the effectiveness of actions and controls.

Corporate Risk Register

The Corporate Risk register includes all red risks 15+ above the target risk score. The Director of Organisational Effectiveness has responsibility and accountability for the management of the Corporate Risk Register. This responsibility has been delegated operationally to the Corporate Governance & Risk team.

All risks rated 12+ will be presented to the Executive Management Team and the relevant Committee for review on a bi-monthly basis. All risks rated red 15-25 will be submitted to the Governing Body for consideration on a bi-monthly basis. The Governing Body will also receive all Finance risks rated 12+. Reports will distinguish between Active Risks and Accepted Risks (at or below target risk score).

Any Director can approve the inclusion of a risk to the Corporate Risk Register.

Governing Body Assurance Framework (GBAF)

The GBAF is a simple but comprehensive method for the effective and focused management of the principal risks to meeting the strategic commitments of the CCG.

The GBAF sets out how the CCG will manage the principal risks to delivering the strategic commitments. The GBAF enables the Governing Body to corporately assure itself (gain confidence, based on evidence). The framework aligns risks, key controls and assurances alongside each strategic commitment.

Where gaps are identified, or key controls and assurances are insufficient to reduce the risk of non-delivery to acceptable levels (the risk appetite), action needs to be taken. Planned actions will enable the Governing Body to monitor progress in addressing gaps or weaknesses and to ensure that resources are allocated appropriately.

The GBAF is a high-level view of risk, which sits above the Risk Register system and deals with principal and long-term risks / threats, whereas the Risk Register will identify

and manage corporate and operational risks that may rise and fall within relatively short-term periods. The GBAF should refer, where relevant, to related risks on the Risk Register.

The Executive leads review the GBAF as part of the risk review and reporting cycle, this includes providing updates on progress against time-limited actions. The Executive Management Team and Governing Body receive the GBAF bi-monthly. The Audit Committee annual work plan will ensure that strategic risks outside risk appetite are reviewed in detail at least once a year, to assess the adequacy and completeness of the assurances, see Appendix 3: Guidelines for Audit Committee review of Assurances.

Escalating a risk

Risks must be escalated within the CCG to ensure that the decisions are made at the appropriate level of the organisation, and that sufficient action is taken to manage the risk effectively. All risks scoring 12 and above must be escalated to the responsible Director via the Directorate risk management process, this includes risks within the target risk score to enable the responsible Director to approve the proposed risk acceptance. It is the awareness and decision making about a risk that is escalated, the ownership of the risk does not change.

Closure of Risks

Following the routine monitoring of risks, if it is considered appropriate to change the score of a risk or to close a risk, this should be approved by the risk owner and notified to the Risk Manager to ensure Datix is updated and reporting reflects the change to the risk. Significant changes to the risk profile will be highlighted to the responsible Director and the nominated Committee.

Risk Management Reporting Cycle

Risks	Governing Body	Audit Committee	Other Committees	Executive Management Team
Strategic Risks (GBAF)	**Each Meeting**	**Each Meeting**	**N/A**	**Bi-Monthly**
Operational Red Risks (CRR) (red 15-25)	**Each Meeting**	**Each Meeting**	**Each Meeting**	**Bi-Monthly**
Operational Amber Risks (12 amber)	**N/A**	**N/A**	**Each Meeting**	**Bi-Monthly**
Operational Risks (10 and below)	**N/A**	**N/A**	**N/A**	**N/A**

Programme and Partnership Risks

Risk Registers are produced for CCG programmes and projects and are reported to the relevant Programme Board or Steering Group. Individual risks from programme/project risk registers can be escalated to the Corporate Risk Register in accordance with the Commissioning for Value Risk Guidance.

Risks from partnership risk registers should be reflected in the Corporate Risk Register or GBAF where there is considered to be an impact on the CCG.

The Risk Manager will review the consistency of the application of the risk scoring methodology at both the corporate/operational level and at Programme level.

9. Key Assurances

The Audit Committee will be responsible for the ongoing monitoring of this Strategy, to ensure that the framework described is working effectively. Independent assurance will be gained when required, by means of the Internal Auditors, to assess the operation of the risk management framework of the organisation. Internal Audit support may also be requested to assess specific controls, areas or risks identified through these processes.

10. Risk Management Training

The CCG will implement a structured programme of Risk Management training.

The Head of Corporate Governance & Risk will ensure that the Governing Body is aware of their risk management responsibilities and that the required training is provided.

New Members, all Directors, Senior and Middle Managers and employees will also attend risk management training. A programme of risk management/Datix training will be provided by the Corporate Governance & Risk team.

The Risk Manager will provide ongoing support, and guidance is available on the CCG extranet.

11. Monitoring & Review

The Governing Body will receive an annual report from the Audit Committee, which includes a review of the Risk Management and Assurance Process. The Governing Body will review this Risk Management Strategy and agree risk appetite and tolerance.

The Annual Audit Committee Report to the Governing Body will provide assurance that the organisation's risk management processes are systematic and effective, and that risks are appropriately controlled. The Audit Committee also reviews the results of audit work completed on the risk management system and organisational performance. The annual audit plan is approved by the Audit Committee, and is designed to provide assurance on the potential and actual risks in the organisation's GBAF and Risk Registers.

12. References

- ISO 31000:2018 Risk management – Guidelines.
- A Risk Matrix for Risk Managers – NPSA, January 2008
- NHSLA Risk Management Standard 5 – Learning from Experience

13. Associated Documentation

- Leeds CCG Constitution and Scheme of Delegation
- Governing Body Committee Terms of Reference
- Managing Conflicts of Interest Policy
- Standards of Business Conduct Policy
- Incident Management Policy and Guidance
- Complaints, Concerns, Comments and Compliments Policy
- Security Policy and Procedure
- Anti-Fraud, Bribery and Corruption Policy
- Health and Safety Policy
- Relevant Human Resources Policies
- Commissioning for Value Scheme Toolkit

APPENDIX 1

Risk Assessment Flowchart

1. Identify the risks to the objectives (team, activity, CCG)

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2. Before input onto Datix, discuss with Lead Manager, Risk Manager and/or Team

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3. Using the Risk Impact Table at Appendix 2a assess the potential severity of the risk on a scale 1-5 to determine the impact score.

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4. Using Appendix 2b establish the likelihood of the impact actually occurring on a scale 1-5.

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5. Use Appendix 2c to calculate the risk score by multiplying the impact by the likelihood (I x L) = Risk score. **This is the Initial risk score.**

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6. State the existing controls in place and recalculate the risk score (steps 3-5) to establish the **current (residual) risk score.**

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7. Use the target risk assessment table in Appendix 2d to **identify the target level at which the risk will be managed to**.

NHS Leeds Clinical Commissioning Group

APPENDIX 2a

Risk Impact Table

Risk Impact	Insignificant 1	✓ all that apply	Minor 2	✓ all that apply	Moderate 3	✓ all that apply	Major 4	✓ all that apply	Catastrophic 5	✓ all that apply
CCG Purpose										
Transformation of CCG function and purpose towards strategic commissioner of population outcomes	A decision affecting contracts finance, collaborations, quality or governance **has no impact on** the CCG's transformation towards a strategic commissioner of population level outcomes and/or the integration of providers to deliver outcomes		A decision affecting contracts finance, collaborations, quality or governance **does not support** the CCG's transformation towards a strategic commissioner of population level outcomes and/or the integration of providers to deliver outcomes		A decision affecting contracts finance, collaborations, quality or governance **delays** the CCG's transformation towards a strategic commissioner of population level outcomes and/or the integration of providers to deliver outcomes.		A decision affecting contracts finance, collaborations, quality or governance **impedes or significantly delays** the CCG's transformation towards a strategic commissioner of population level outcomes and/or the integration of providers to deliver outcomes.		A decision affecting contracts finance, collaborations, quality or governance **majorly impedes and/or delays** the CCG's transformation towards a strategic commissioner of population level outcomes and/or the integration of providers to deliver outcomes	
Health Outcomes and Life Expectancy	Marginal reduction to health outcomes and/or life expectancy for >5% of a given population.		Minor reduction to health outcomes and/or life expectancy for >15% of a given population.		Moderate reduction in health outcomes and/or life expectancy for >30% of a given population.		Significant reduction in health outcomes and/or life expectancy for > 50% of a given population.		Major reduction in health outcomes and/or life expectancy for >75% of a given population.	

Risk Impact	Insignificant 1	✓ all that apply	Minor 2	✓ all that apply	Moderate 3	✓ all that apply	Major 4	✓ all that apply	Catastrophic 5	✓ all that apply
Health Inequalities	Marginal increase in the health inequality gap in up to all six of most deprived LCPs		Minor increase in the health inequality gap in up to all of the six most deprived LCPs in Leeds and / or a minor increase in the number of deprived LCPs		Moderate increase in the health inequality gap in up to all of the six most deprived LCPs in Leeds and / or a moderate increase in the number of deprived LCPs		Significant increase in the health inequality gap in up to all of the six most deprived LCPs in Leeds and / or a significant increase in the number of deprived LCPs		Major increase in the health inequality gap in up to all of the six most deprived LCPs in Leeds and / or a major increase in the number of deprived LCPs	
Service Quality and Performance (includes patient experience, safety and clinical effectiveness)	Informal complaint		Formal complaint Local resolution		Investigation by Health Service Ombudsman Minor out-of-court settlement		Multiple complaints Judicial review Litigation expected Civil action – no defence		Litigation certain Criminal prosecution	
	Negligible effect on quality of clinical care		Noticeable effect on quality of care Single failure to meet internal standards Minor implications for patient safety if unresolved		Significant effect on quality of care / significantly reduced effectiveness Repeated failure to meet internal standards Major patient safety implications of findings are not acted on		Non-compliance with national standards with significant risk to patients if unresolved.		Totally unacceptable level or quality of treatment / service Gross failure of patient safety if findings not acted on Gross failure to meet national standards	
	Commissioned local or national targets not achievable – single episode		Commissioned local or national targets not achievable – 1-3 episodes		Repeated failure to meet commissioned local or national targets > 3 episodes		Commissioned national targets not achieved resulting in involvement of external bodies / regulator		Commissioned national targets not achieved resulting in special measures	
Financial Efficiency	Up to £350k		£350k- £700k		£700k - £1.5M		£1.5M - £3M		Over £3M	

Risk Impact	Insignificant 1	✓ all that apply	Minor 2	✓ all that apply	Moderate 3	✓ all that apply	Major 4	✓ all that apply	Catastrophic 5	✓ all that apply
CCG Capability										
Compliance (includes H&S and other legal or governance factors such as procurement, information governance etc.)	Negligible injury or ill health requiring no absence from work. Negligible damage to equipment or property.		Minor injury or ill health requiring up to 2 days absence from work. Minor damage to equipment or property.		Moderate injury or illness resulting in the submission of a RIDDOR report. Moderate damage to equipment or property.		Single fatality. HSE improvement notice received. Major damage to property Enforcement action		Multiple fatalities HSE or police investigation resulting in imprisonment of Chief Executive or other implicated staff	
	No or minimal impact or breach of guidance / statutory duty.		Breach of statutory legislation Reduced performance rating if unresolved		Single breach in statutory duty Challenging external recommendations / improvement notice		Multiple breaches in statutory duty Improvement notices Low performance rating Critical report		Multiple breaches in statutory duty Prosecution Complete system s change required Zero performance rating Severely critical report	
Reputation	Rumours Potential for public concern / media interest Damage to an individual's reputation		Local media coverage – short term reduction in public confidence Elements of public expectation not being met Damage to a team's reputation		Local media coverage – long term reduction in public confidence Damage to a services reputation		National media coverage with <3 days service well below reasonable public expectation Damage to an organisation's reputation		National media coverage with > 3 days service well below reasonable public expectation. MP concerned (questions in the House) Total loss of public confidence (NHS reputation)	

Risk Impact	Insignificant 1	✓ all that apply	Minor 2	✓ all that apply	Moderate 3	✓ all that apply	Major 4	✓ all that apply	Catastrophic 5	✓ all that apply
Public Engagement	Informal complaint		Formal complaint Local resolution		Multiple complaints, involvement of Scrutiny Board Negative media coverage		Referral to Secretary of State for onward consideration by Independent Reconfiguration Panel (IRP)		Breach in statutory duty Judicial review	
Partnership working	Minor interruption or delay to a service or commissioning of a service through partnership model		Partnership working leading to short-term dip in service performance Some service fragmentation or duplication		Partnership working resulting in delay in delivery of a number plans leading to gaps in service Service performance unsatisfactory Significant partnership time to resolve		Partnership model issues leading to inability of CCG to deliver on a single major area of work set out in a commissioning plan Service performance impaired leading to poor rating or report		Partnership model issues leading to Inability of CCG to deliver a number of major areas of work in its commissioning plans Service performance such that external intervention required	
CCG Workforce capability, capacity and health	Short-term low staffing level that temporarily reduces service quality (<1 day)		Low staffing level that reduces the service quality		Late delivery of key objective / service due to lack of staff Low staff morale		Uncertain delivery of key objective / service due to lack of staff Loss of key staff Very low staff morale		Non-delivery of key objective / service due to lack of staff Loss of several key staff	
Operations – day to day issues faced by the CCG	Loss / interruption of >1 hour		Loss / interruption of >8 hours		Loss / interruption of > 1 day		Loss / interruption of > 1 week		Permanent loss of service or facility	
Wider Community Benefit (Environment, employment, volunteering etc.)	Minimal or no impact on the wider community / environment		Minor impact on the wider community / environment		Moderate impact on the wider community / environment		Major impact on the wider community /environment		Catastrophic impact on the wider community / environment	

Risk Impact	Insignificant 1	✓ all that apply	Minor 2	✓ all that apply	Moderate 3	✓ all that apply	Major 4	✓ all that apply	Catastrophic 5	✓ all that apply
Enablers (City Workforce, Digital and Estates)	Minor work-rounds required to ensure services are delivered in-line with plans Negligible impact on existing service delivery		Significant work-rounds incurring moderate additional costs to ensure services are delivered in line with place Occasional moderate impact on existing service delivery		Significant work-rounds incurring moderate additional costs to ensure services are delivered in line with place Existing service delivery impaired on a regular basis		Major delays in implementing new service models One major change not deliverable Reduced service in critical area / loss of service in non-critical area		A number of major plans not implementable Loss of critical service(s) for sustained period of time	

APPENDIX 2b

Risk Likelihood Table

Level	Descriptor	Description
1	**Rare**	Do not expect to happen. Can only imagine happening in exceptional circumstances.
2	**Unlikely**	Not expected but conceivable. Could occur sometime.
3	**Possible**	Might occur at some time.
4	**Likely**	Will probably occur in most circumstances.
5	**Almost Certain**	Expected to occur in most circumstances.

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APPENDIX 2c

Risk Matrix Scoring Chart

Risk Scoring = Impact x Likelihood (I x L)

	Impact score				
Likelihood	**1**	**2**	**3**	**4**	**5**
	Insignificant	**Minor**	**Moderate**	**Major**	**Catastrophic**
5 Almost Certain	5	10	15	20	25
4 Likely	4	8	12	16	20
3 Possible	3	6	9	12	15
2 Unlikely	2	4	6	8	10
1 Rare	1	2	3	4	5

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APPENDIX 2d

Target Risk Assessment

Risk Appetite	Impact	Likelihood	Risk Impacts
Averse The CCG is not prepared to take risks in this area.	Insignificant	Unlikely	• Health Outcomes and Life Expectancy • Health Inequalities • Service Quality and Performance (includes patient experience, safety and clinical effectiveness) • Compliance (includes H&S and other legal or governance factors such as procurement, information governance etc.) • Public Engagement
Cautious The CCG will accept a low level of risk in this area.	Minor	Unlikely	• Financial Efficiency • CCG Workforce capability, capacity and health • Operations – day to day issues faced by the CCG
Medium The CCG will accept a medium level of risk in this area.	Minor	Possible	• Transformation of CCG function and purpose towards strategic commissioner of population outcomes • Reputation • Wider Community Benefit (Environment, employment, volunteering etc.) • Enablers (City Workforce, Digital and Estates)
Open The CCG is willing to consider a higher level of risk in this area.	Moderate	Possible	• Partnership working

APPENDIX 3

Governing Body Assurance Framework (GBAF) – Guidelines for Audit Committee review of Assurances

The Executive leads review the GBAF as part of the risk review and reporting cycle, this includes providing updates on progress against time-limited actions at each Governing Body meeting. The Executive Management Team and Governing Body receive the GBAF bi-monthly.

In addition, the Audit Committee annual work plan will ensure that strategic risks outside risk appetite are reviewed in detail at least once a year, to assess the adequacy and completeness of the assurances.

The lead director for the strategic risk to be reviewed in detail will be asked to answer the following questions and provide evidence to support:

Current position:

- Is the risk moving in the right direction?
- Has anything happened that has affected the risk?

Actions to reduce risk:

- How will the actions reduce the risk?
- Are any further actions required?

Assurance:

- What are the assurances telling us?
    - Sources of assurance – internal / external / independent
    - Relevance of assurances to the risk
    - Timely / out of date
    - Negative / positive / neutral
    - Any further assurance required.

The Audit Committee will be requested to consider:

- Are we satisfied that we are rigorously testing the assurances that the organisation relies upon to effectively assess the risk to which it is exposed and the achievement of its commitments?

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APPENDIX 4

Definitions

Assurance	**Information used to ascertain whether controls are effective.**
Controls	**The available systems and processes, which help, minimise / manage the risk.**
Governing Body Assurance Framework (GBAF)	**A high-level management assessment process and record of the strategic risks relating to the delivery of the key objectives and the governance process to prevent these risks occurring.**
Impact	**The consequence or outcome component of a risk, on a scale of 1 - 5**
Likelihood	**The probability of a risk occurring or recurring, on a scale of 1 - 5**
Proactive Risks	**Risks that are identified before they cause an event or that are being looked for during the audit process.**
Reactive Risks	**Risks that are identified following an event, such as an incident, complaint or audit.**
Residual Risk Rating	**The remaining risk that exists following implementation of the proposed measures or controls to reduce the risk.**
Risk	**The threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to execute its strategies successfully.**
Risk Appetite	**The level of risk that an organisation is willing to tolerate or expose itself to when controlling risks as they arise or embarking on new projects. An organisation may accept different levels of risk appetite for different types of risk, or in relation to different projects.**
Risk Assessment	**A process by which information is collected about an event, process, organisation or service area, in order to identify existing risks, the impact and the likelihood of the risk and what control measures are in place, to identify the residual risk rating.**
Risk Owner	**The person with the responsibility of ensuring that actions to control the risk are implemented.**
Risk Register	**A record of risks faced by an organisation, the controls in place, additional controls that are required and responsibility for control activities.**
Risk Score	**Each risk is scored, using a 5 x 5 matrix, (impact x likelihood), which determines whether the risk is ranked as green, yellow, amber or red.**
Risk Tolerance	**The organisation or stakeholder's readiness to bear the risk after treatment in order to achieve its objectives. Tolerance relates to specific or individual risk, rather than the more general approach represented by risk appetite.**
Target Risk	**The level at which individual risks are to be managed to through risk management. The target risk score takes into account the risk appetite and practicality of reducing the risk.**