

NHS Shetland

Meeting:	Board
Meeting date:	26 April 2022
Agenda reference:	Board Paper 2022/23/07
Title:	Risk Management Strategy
Responsible Executive/Non-Executive:	Kirsty Brightwell, Medical Director
Report Author:	Clinical Governance and Risk Team

1 Purpose

The Board is asked to approve the Risk Management Strategy.

This is presented to the Audit Committee for:

- Decision

This report relates to:

- Government policy/directive
- Legal requirement
- Local policy

This aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

The Board of NHS Shetland is corporately responsible for the Risk Management Strategy and for ensuring that significant risks are adequately controlled. To support the Board a number of formal committees have been established and are responsible for various aspects of risk management, principally these are the Audit Committee, Clinical Governance Committee (CGC) and Staff Governance Committee. All Board Committees are responsible for providing assurance on the effective management of risks relevant to their area of responsibility. In addition, the Audit Committee has a responsibility for overseeing the implementation of the Risk Management Strategy, taking assurance from the Risk Management Group (RMG).

The Committees will report any exceptions to the Board as and when required via the Committee update.

2.2 Background

The Risk Management Strategy sets out the principles and approaches to risk management which are to be followed throughout NHS Shetland. These are aligned to The Orange Book: Management of Risk – Principles and Concepts (23 August 2021), HM Government and the Scottish Public Finance Manual (SPFM) 'Risk Management – Good Practice in the Scottish Public Sector' 2018. Scottish Government.

Its purpose is to achieve a consistent and effective application of risk management and enable it to be embedded into all core processes, forming part of the day-to-day management activity of the organisation.

Effective risk management will be achieved by:

- Clearly defining roles, responsibilities and governance arrangements for individuals, teams and committees within NHS Shetland
- Incorporating risk management in all Executive Management Team (EMT), Board, and Committee reports and when taking decisions
- Demonstrating and reinforcing the importance of effective risk management principles in our everyday activities
- Maintaining risk registers at all levels that are linked to the organisation's strategic objectives
- Monitoring and reviewing arrangements on a regular basis
- Seeking assurance that controls put in place to mitigate risks are effective

2.3 Assessment

The Board have received updates on the work that has been undertaken to develop the draft risk management strategy document and the actions that have been taken.

We have reviewed other NHS Boards strategies as a baseline and our strategy is based on the NHS Forth Valley document. It complies with key publications including The Orange Book and the Scottish Public Finance Manual.

This risk management strategy includes the risk management objectives for 2021/22 as an appendix to enable them to be updated yearly. As outlined in the strategy the annual review of the risk management objectives by the Medical Director has been undertaken and is included in the annual risk management summary report. Following agreement of these objectives by the Board and Audit Committee Chairs in May 2022 they will then replace the current objectives and be included in the strategy.

2.3.1 Quality/Patient Care

Effective risk management is a key component of ensuring patient safety by contributing to improving the reliability and safety of everyday health care systems and processes.

2.3.2 Workforce

Effective management of risk is key to ensuring staff work in a safe environment.

2.3.3 Financial

There are no direct financial consequences of this paper. However, where improvements in practice, or to address gaps in controls, are required there may be associated financial costs. These are managed through the department/area either where the issue arose or by those responding to the issue eg health and safety, estates dept or would be escalated if it was a significant cost.

2.3.4 Risk Assessment/Management

The Executive Director reviews their strategic risks and the full strategic risk register is presented at each RMG meeting. A number of these strategic risks are then prioritised for review and discussed at each meeting. If new strategic risks are identified these are also included at RMG for review and agreement to include on the risk register.

2.3.5 Equality and Diversity, including health inequalities

The Equality and Diversity Impact Assessment Tool has been completed for the Risk Management Strategy.

2.3.6 Other impacts

There are no other impacts to note.

2.3.7 Communication, involvement, engagement and consultation

Through preparation of this risk management strategy, we have used feedback from staff, have discussed the proposed changes with key staff and engaged with our external colleagues. We have reviewed this document against the draft IJB risk strategy which is based on risk management matrices from both NHS Shetland and Shetland Island Council (SIC) and aligned where possible. We have sent out the draft document to a number of groups and to the organisation via the weekly bulletin and on the intranet 'message of the day'. We have also attended a number of meetings from the Board Development Session to the Area Clinical Forum (ACF) Joint Governance Group (JGG), Health and Safety Committee and senior team operational meetings (the full list is included in the document cover sheet). The feedback we received has been positive with no changes identified. We also sent the draft document to the internal auditors and they made a number of suggestions. We have reviewed and made minor changes accordingly with the updates detailed in the 'record of changes made to document' table in the attached strategy.

2.3.8 Route to the Meeting

The draft strategy has been reviewed at a number of meetings as outlined in the document cover sheet and was approved by the Audit Committee at their meeting in March 2022.

2.4 Recommendation

The Board is asked to approve the Risk Management Strategy.

- **Decision**

3 List of appendices

The following appendices are included with this report:

- Appendix No 1, Risk Management Strategy

Draft Risk Management Strategy

Approval date:	April 2022
Version number:	0.3
Author:	Clinical Governance and Risk Lead
Review date:	April 2025
Security classification:	Green

If you would like this document in an alternative language or format, please contact Corporate Services on 01595 743069.

Document reference number: MDSTR001

NHS Shetland Document Development Coversheet*

Name of document	Risk Management Strategy		
Document reference number	MDSTR001	New or Review?	New (this replaces the Risk Management Strategy 2017-2020 – HRSSSTR002)
Author	Clinical Governance and Risk Lead		
Executive lead	Medical Director		
Review date	April 2025		
Security classification	Green		

Proposed groups to present document to:		
Joint Governance Group (JGG)	Risk Management Group (RMG)/Executive Management Team (EMT)	Board
Health & Safety Committee	Audit Committee	Area Partnership Forum (APF) and Area Clinical Forum (ACF)

Date	Version	Group	Reason	Outcome
03.11.21	0.1	RMG	PO	PRO
08.12.21	0.2	Health & Safety Committee	C/S	PRO
18.01.22	0.2	Board Development Session	C/S	PRO
28.01.22	0.2	Operational Clinical Governance Group (OCGG) via email	C/S	PRO
10.02.22	0.2	ACF	C/S	PRO
17.02.22	0.2	JGG	C/S	PRO

01.03.22	0.2	Community Health and Social Care Partnership (CHSCP)	C/S	PRO
09.03.22	0.2	RMG	FIO	PRO
15.03.22	0.2	Hospital Management Team (HMT)	C/S	PRO
24.03.22	0.2	APF	C/S	PRO
29.03.22	0.3	Audit Committee	FA	A
26.04.22	0.3	Board	FA	

Examples of reasons for presenting to the group	Examples of outcomes following meeting
<ul style="list-style-type: none"> Professional input required re: content (PI) 	<ul style="list-style-type: none"> Significant changes to content required – refer to Executive Lead for guidance (SC)
<ul style="list-style-type: none"> Professional opinion on content (PO) 	<ul style="list-style-type: none"> To amend content & re-submit to group (AC&R)
<ul style="list-style-type: none"> General comments/suggestions (C/S) 	<ul style="list-style-type: none"> For minor revisions (e.g. format/layout) – no need to re-submit to group (MR)
<ul style="list-style-type: none"> For information only (FIO) 	<ul style="list-style-type: none"> Recommend proceeding to next stage (PRO)
<ul style="list-style-type: none"> For proofing/formatting (PF) 	<ul style="list-style-type: none"> For upload to Intranet (INT)
<ul style="list-style-type: none"> Final Approval (FA) 	<ul style="list-style-type: none"> Approved (A) or Not Approved, revisions required (NARR)

***To be attached to the document under development/review and presented to the relevant group**

Please record details of any changes made to the document in the table below

Date	Record of changes made to document
November 21	<p>Comments from the Executive Management Team (EMT)</p> <ul style="list-style-type: none"> • Updated risk register hierarchy diagram 2.1 and wording in 2.1.1 (page 9) to reflect risk is a continuum and not disconnect strategic risks from operational risks • Updated wording for risk appetite 3.3.2 (page 15) to use risk appetite rather than risk levels
January 22	<p>Updated 'Risk Management Roles and Responsibilities' table (2.4, page 11), 'Risk Lead' to include 'Heads of service/Managers' and added an additional responsibility to the list</p>
March 22	<p>Comments from internal audit:-</p> <ul style="list-style-type: none"> • Re-worded (at end paragraph 1.1, page 7) to confirm a risk and issue can result at the same time • Added to risk management roles and responsibilities table (2.4, page 12/13) <ul style="list-style-type: none"> ○ RMG section - added into first bullet 'in conjunction with the NHS Board, RMG' ○ Audit Committee section - taken out 'and identify improvements' from 3rd bullet as this is not role of the Audit Committee and everything has been captured in the other bullets ○ Committees section - reworded as follows: <ul style="list-style-type: none"> ▪ Clinical Governance Committee - To provide assurance in respect of risk management arrangements by seeking assurance that there are adequate systems and processes in place. To oversee strategic risks within its remit ▪ Staff Governance Committee – To oversee strategic risks within its remit ○ Clinical Governance and Risk Team section – reordered last bullet to first bullet and added 'on behalf of EMT/RMG and the Board' and added 'risk management' and 'activities' into last bullet ○ Risk Lead (Head of Service/Managers) section – reworded bullet 3 to 'responsible for active management of department risks ensuring that risks are escalated or de-escalated as appropriate via the risk management structure' • Added sentence to last paragraph (3.1, page 14) 'Once a risk has been identified the Manager should record it on the organisation's electronic Risk Management System.' • Added to first sentence (3.2, page 15) '(using the electronic Risk Management system)'

	<ul style="list-style-type: none"> • Added in to end second sentence 'which will be agreed by RMG and the Board' (3.3.2, page 16) • Included frequency of reports received by Committees (3.6, page 18) • Updated wording for health and social care to reflect IJB strategy approved (3.6.1, page 18/19)

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Foreword

We can often see risk as a task, a form to be filled in or a box to be ticked but in healthcare we make decisions based on risk all of the time, often making fine judgments about what is in the best interests of the very vulnerable on limited information. We have developed this risk management strategy to provide a framework that support and in certain areas formalise this decision making process throughout the organisation rather than adding layers of bureaucracy.

Across the NHS in Shetland we face situations every day knowing we experience uncertainty, changing and emerging threats and opportunities and make choices often uncertain in the outcomes and this is risk. Understanding how you understand and approach the management of risk and responding to them and how these decision within the framework provided by this Board strategy should help you be confident in the choices you and your team are making.

I urge you not to shy away from making decisions or even taking risks but to do so in the knowledge that successful risk management includes your ability to identify and assess risks, take action to anticipate and manage risks, monitor how these decisions are progressing and if further actions or contingencies need implementing.

Risk is all around us and effective decision making helps protect those we care for, work with, our loved ones and ourselves.

Michael Dickson, Chief Executive

1. Introduction

The Risk Management Strategy sets out the principles and approaches to risk management which are to be followed throughout NHS Shetland. Its purpose is to achieve a consistent and effective application of risk management and enable it to be embedded into all core processes, forming part of the day-to-day management activity of the organisation. Risk Management, when deployed effectively, should add value by supporting day-to-day activities as opposed to being seen as a separate, self-contained process and this Strategy supports this approach.

The key objectives of this Risk Management Strategy are to:-

- Create a safety culture by embedding risk management throughout the organisation
- Provide organisational leadership of risk management
- Provide the tools and training to support risk management in order to promote reporting
- Ensure lessons are learned and changes in practice are implemented through the identification of risk

1.1. What is a Risk?

Risk is the effect of uncertainty on objectives (The Orange Book). It is essentially any uncertain event which can have an impact upon the achievement of an organisation's objectives – either reducing the likelihood of achievement or stopping it altogether.

Not every perceived problem or adverse event is a risk. An important distinction must be made between what is a risk and what is an issue – or in other words, an uncertainty and a certainty. A risk is an event that may or may not happen. An issue or adverse event is something that is currently happening or has already happened. However, due to the scope of some risks, e.g. organisation or service wide, it is important to note that a risk, and an issue arising as a result of that risk, can exist at the same time. It is important in cases such as this that the existing risk should not be lost sight of whilst dealing with the emerging issue.

1.2. What is Risk Management?

Risk management is a systematic way of dealing with that uncertainty which involves the identification, analysis, control and monitoring of risk. Risk Management activities are designed to achieve the best possible outcomes and reduce the uncertainty. An effective system of risk management will draw together all types of risks and enable an interrelated view of the organisation's risk profile.

1.3. Why do we need Risk Management?

By taking a risk based approach an organisation can:

- Increase the likelihood of achieving objectives
- Encourage proactive management

- Be aware of the need to identify and treat risk throughout the organisation
- Improve the identification of opportunities and threats
- Comply with relevant legal and regulatory requirements
- Improve mandatory and voluntary reporting
- Improve Governance
- Improve stakeholder confidence and trust
- Establish a reliable basis for decision making and planning
- Improve controls
- Effectively allocate and use resources for risk treatment
- Improve operational effectiveness and efficiency
- Improve loss prevention and incident management
- Improve organisational learning and improve organisational resilience

Effective risk management will be achieved by:

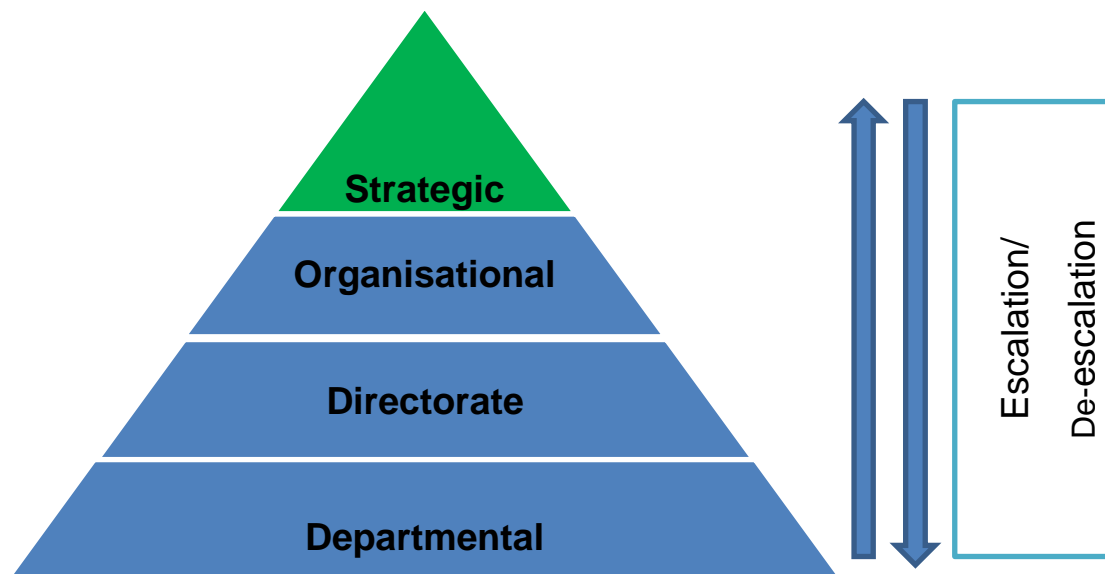
- Clearly defining roles, responsibilities and governance arrangements for individuals, teams and committees within NHS Shetland
- Incorporating risk management in all Executive Management Team (EMT), Board, and Committee reports and when taking decisions
- Demonstrating and reinforcing the importance of effective risk management principles in our everyday activities
- Maintaining risk registers at all levels that are linked to the organisation's strategic objectives
- Monitoring and reviewing arrangements on a regular basis
- Seeking assurance that controls relied on to mitigate risks are effective

2. Risk Architecture

The arrangements for communication, governance, reporting, roles and responsibilities forms the organisation's overarching risk architecture. Defining a consistent approach to how and where risk information is communicated is essential to developing a positive risk culture and to ensuring risk management is appropriately deployed to support NHS Shetland.

Risks, once identified, are captured on risk registers using the electronic risk management system. Each Department will hold a risk register for its area – these form the bottom level of risk registers. Overall there are four levels of risk register and an escalation route exists for risks that cannot be fully mitigated at each level. This risk register hierarchy is detailed below.

2.1. Risk Register Hierarchy



2.1.1. Strategic Risk Register

Risks contained in the Strategic Risk Register (previously known as the Corporate Risk Register) are the high level risks that could impact the delivery of longer term strategic objectives of the organisation. Risks can be escalated/de-escalated from lower level risk registers to the Strategic Risk Register. Risk identification for the Strategic Risk Register is also carried out twice yearly at the EMT away days. If there is a potential strategic risk identified between these sessions and the Risk Management Group (RMG) meetings it will be raised with the relevant Executive Director. They will take it to the next EMT meeting where the risk will be reviewed and an agreement made as to the level of risk it should be i.e. a strategic risk, organisation risk or another level. It will then be reported through the relevant governance structure as a new or escalated risk. If the risk is agreed as a strategic risk it will be reported to the relevant committees' and the Board as part of the cycle of reporting or by exception if it is outwith this cycle.

2.1.2. Organisational Risk Register

Risks contained in the Organisational Risk Register are top level, cross cutting risks that present a significant short-medium term threat to multiple Directorates. Risks are escalated and de-escalated via the Departmental or Directorate Risk Register(s).

2.1.3. Directorate Risk Registers

Each Directorate holds a risk register that contains all their risks and a cut of the most significant risks from its component Departments (this is detailed in the risk management policy/guidance). Risks are escalated to the Directorate level via the individual Department.

2.1.4. Department Risk Registers

Each Department will hold a risk register for its area – these form the bottom level of risk registers.

2.1.5. Health and Safety Control Book (for Health & Safety risk assessments only)

2.1.6. Projects (for project risk assessments only)

2.2. Risk Escalation

Risk escalation is a process that ensures significant risks identified that cannot be managed by a local team, department or directorate are escalated appropriately following the risk register hierarchy and line management arrangements. The following questions should be asked when deciding whether to escalate a risk:

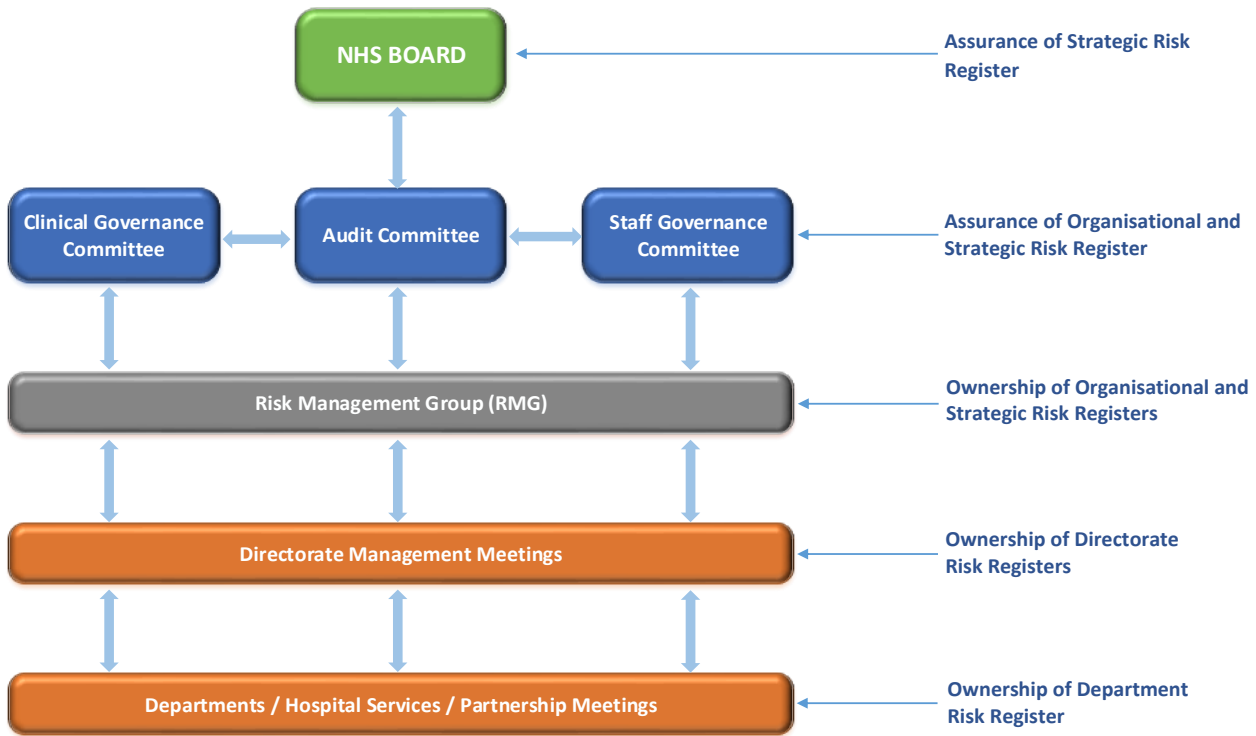
- Does the risk present a significant threat to the achievement of Government objectives and/or standards?
- Is the risk score assessed to be intolerable or beyond the organisation's risk appetite?
- Does the risk have a widespread impact beyond a local area, e.g. does it affect multiple Departments or Directorates or does it have dependencies on multiple Departments or Directorates to mitigate?
- Does the risk present a significant cost beyond the scope of the budget holder?

Risk score and organisational risk appetite should be key considerations when recommending risks for escalation.

2.3. Governance and Reporting

The Board of NHS Shetland is corporately responsible for the Risk Management Strategy and for ensuring that significant risks are adequately controlled. To support the Board a number of formal committees have been established and are responsible for various aspects of risk management, principally these are the Audit Committee, Clinical Governance Committee (CGC) and Staff Governance Committee. All Board Committees are responsible for providing assurance on the effective management of risks relevant to their area of responsibility. In addition, the Audit Committee has a responsibility for overseeing the operation of the Risk Management Strategy, taking assurance from the RMG.

Diagram 1 illustrates NHS Shetland’s risk management governance structure.



2.4. Roles and Responsibilities

Risk Management Roles & Responsibilities
<p>NHS Board</p> <ul style="list-style-type: none"> • Provide Oversight and Scrutiny of NHS Shetland’s risk management arrangements to seek assurance on their effectiveness • Approve risk appetite within NHS Shetland
<p>Chief Executive</p> <ul style="list-style-type: none"> • To have overall accountability for the management of risk across NHS Shetland which is delegated to the Medical Director
<p>Risk Management Group (RMG)</p> <ul style="list-style-type: none"> • In conjunction with the NHS Board, RMG set risk appetite within NHS Shetland • Ensure risk management processes are supported to provide them with adequate information and assurance related to strategic and organisational risks
<p>Audit Committee</p> <ul style="list-style-type: none"> • To gain assurance that the risk management system is working properly and be satisfied the risk management process is functioning effectively

- To evaluate and recommend approval of the strategies and frameworks in respect of risk management to the NHS Board
- To review and scrutinise and approve updates in respect of risks held within the strategic risk register
- To see the RMG's action note and be satisfied that the relevant governance committees are overseeing their relevant risks effectively
- To formally approve the strategic risk register for onward reporting to the NHS Board

Committees

- Clinical Governance Committee - To provide assurance in respect of risk management arrangements by seeking assurance that there are adequate systems and processes in place. To oversee strategic risks within its remit
- Staff Governance Committee – To oversee strategic risks within its remit

Executive Directors

- To ensure that risk management processes are providing appropriate information and assurances relating to risks in Directorates
- Promote the importance of risk management and foster a good risk culture within their area of responsibility
- Approve escalation of Directorate level risks where appropriate
- The Medical Director has overall responsibility, delegated by the Chief Executive

Clinical Governance and Risk Team

- Maintain the strategic risk register on behalf of EMT/RMG and the Board
- Responsible for the implementation of the Risk Management Strategy
- Ensure risks are properly identified, understood and managed across all levels within the organisation
- Report on the organisation's risk profile at various levels to Directorates, Committees, Audit Committee and NHS Board
- Periodically review the Risk Management Strategy and arrangements, identifying areas for potential improvement
- Drive an improving risk culture through risk education, awareness and embedding risk management into day to day management activities

Risk Owner

- Accountable for ensuring the effective management of a risk

Risk Lead (Head of Service/Managers)

- Responsible for managing a risk on a day-to-day basis, assessing the risk score and updating the management plan, reviewing the risk on a regular basis
- Responsible for maintaining lines of communication with the risk function, administering the risk register and co-ordinating all risk activities
- Responsible for active management of department risks ensuring that risks are escalated or de-escalated as appropriate via the risk management structure'
- Ensure that staff accountable to them understand their responsibilities in respect of risk management

- To have responsibility to be risk aware at all times and take reasonable action to identify and eliminate (where possible) or control them, notify line managers of any risks and participate in risk management education and training
-

3. Approach to Risk Management

Risk management is a dynamic process, with frequent review of existing risks and monitoring of the environment necessary to ensure the risks captured represent the current profile of the organisation. The process for risk management is outlined below and is based on the Scottish Public Finance Manual (SPFM) 'Risk Management – Good Practice in the Scottish Public Sector' 2018.

3.1. Identifying Risk

A range of techniques can be used for risk identification and these are listed in the risk management guidance. Some prompts to consider:

- What might impact on your ability to deliver your objectives
- What does our performance data tell you?
- What do our audit and scrutiny reports tell us?
- Do you have experience in this area? Do you know or do you need to involve others?
- Should you involve partners or specialists in your risk identification?
- Lessons learned – what happened before?

It is important to note that just because a risk cannot be fully mitigated by the organisation alone does not mean that it should not be captured. If the risk exists to the organisation, then it should be captured, managed as far as practicable and then monitored. Ongoing management of the risk may well be in conjunction with partner agencies or influence can be exerted over those capable of mitigating the risk to within an acceptable level.

Risk is usually expressed in terms of causes, potential events, and their consequences. Once a risk has been identified the Manager should record it on the organisation's electronic Risk Management System. The following format should be used for describing a risk:

- If.... (the cause of the risk)
- Then.... (the event/incident)
- Resulting in.... (the consequence)

3.2. Ownership of Risk

Once the risk has been identified it should be assigned an owner (using the electronic Risk Management system) who has responsibility for ensuring that the risk is managed and monitored effectively. The risk owner does not need to take the direct action to address the risk which can be allocated to the relevant staff. They must also exercise their judgement in ensuring that the risk is escalated to the appropriate level of management, as outlined in the risk hierarchy, where necessary for further support or raise awareness of the risk as required.

3.3. Assessing Risk

The assessment, or scoring, of risk allows for prioritisation by severity. Determining the likelihood and impact of a risk and utilising a standardised assessment criteria to assign a score based on these factors allows us to understand and prioritise which risks to mitigate first. Three scores must be assigned to cover the full trajectory and lifespan of the risk:

Initial Risk Rating

This is the initial risk rating, that is, the score with no controls applied. This score represents the “worst case scenario” for the risk. If there were no controls, mitigation or contingency plans in place, how likely is it the risk would materialise and what would the impact be?

Current Risk Rating

Considering any controls that are currently in place to manage the risk, how does the risk score compare to the initial risk rating? This is the current score. Current risk rating is assessed on a regular basis to establish the effectiveness of the controls applied to the risk. It is also the current risk rating that is the key indicator used to determine if the risk should be considered for escalation.

Target Risk Rating

The target risk rating is the optimum position for the risk. Once all controls have been adequately implemented, what will the residual risk score be? Target risk scores should reflect the organisation’s risk appetite and align with the amount and type of risk NHS Shetland is willing to accept. Risk controls should be designed to actively reduce the risk score towards the target level.

3.3.1. Risk Assessment Matrix

The risk assessment matrix is a 5x5 scoring mechanism which will identify a score between 1 (1x1) at the lowest and 25 (5x5) at the highest possible score.

Assessment of likelihood is considered on a sliding scale from 1 to 5, with 1 representing ‘very unlikely’ and 5 ‘very likely.’

Once both scores have been identified, they are multiplied giving the overall initial, current or target risk rating.

The risk assessment matrix (which is also used to assess adverse events) is summarised below, and a full copy included in supporting guidance.

	Impact/Consequences				
Likelihood	Negligible	Minor	Moderate	Major	Extreme
Almost Certain	Medium (5)	High (10)	High (15)	Very High (20)	Very High (25)
Likely	Medium (4)	Medium (8)	High (12)	High (16)	Very High (20)
Possible	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	Low (2)	Medium (4)	Medium (6)	Medium (8)	High (10)
Rare	Low (1)	Low (2)	Low (3)	Medium (4)	Medium (5)

3.3.2. Risk Appetite

Risk appetite is the amount of risk that NHS Shetland is prepared to accept, tolerate or be exposed to at any point in time. The Board may have different appetites for different categories of risk which will be agreed by RMG and the Board:

Risk Appetite	Risk Levels (originally in use)
None	Avoid (avoidance of risk and uncertainty is a key organisational objective)
Low	Minimal (as little as reasonably possible - preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward)
Moderate	Cautious (preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward)
High	Open (willing to consider all options and choose the one that is most likely to result in success, while also providing an acceptable level of reward)
Very High	Mature (confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust)
	Seek (eager to be innovative and to choose options offering potentially bigger rewards despite greater inherent risk)

3.4. Managing Risk

The purpose of this step is to select and implement the appropriate action to respond to the risk. There are four ways we can respond to risk, known as the 4 Ts:

- **Tolerate:** this is the decision to accept the risk at its current level. The ability to do anything may be limited, or the cost of taking action may be disproportionate to the

benefit gained. This response must be viewed in the context of the organisation’s risk appetite. It is not acceptable to tolerate a risk above our stated appetite

- Treat: this is the decision to retain the activity or process creating the risk and to take action to implement risk controls that reduce either the likelihood of the risk occurring or minimising the impact
- Transfer: this is the decision to transfer the impact of the risk either in full, or in part, to a third party
- Terminate: this is the decision to stop doing the activity associated with the risk. This may not always be possible and may create risks elsewhere as a result

Risk Controls

Risk controls are management measures put in place to effectively manage a risk to within acceptable levels (i.e. within target score). It is essential that the controls put in place to manage a risk are effective. The identification of effective controls is the most important part of the whole risk management process as without this element we would simply be identifying risks and doing nothing to manage them.

3.5. Reviewing Risk

Once the process of identifying, analysing and assessing a risk are complete, it is imperative that it is subject to regular review. Ongoing management and review of a risk is the most important part of the process as maintaining or reducing the risk score to within an acceptable level assures the overall management of the organisation’s profile.

Required risk review timescales are outlined below:

Very High (20-25)	Review monthly
High (10-16)	Review every 3 months
Medium (4-9)	Review every 6 months
Low (1-3)	Review yearly

During a risk review, the risk must be re-assessed. If it is identified that the risk continues to exist, the list of current controls and further controls required must be checked, cross-referenced and added to where necessary. On the basis of progress with controls and an assessment of the risk environment, a re-assessment of the current score must be made using the risk assessment matrix. This will show whether the risk is decreasing, increasing or

remaining static. Depending on its escalation level, a change to risk score will be reported at the appropriate committee or group.

3.6. Risk Reporting

Continual communication of risks within the organisation is essential to allow for informed decision-making. Communication to the Board and other stakeholders is also imperative to allow effective scrutiny and provide assurance that our risk profile is being effectively managed. This is achieved through risk reporting.

A Strategic Risk Register (SRR) report which includes the highest rank table is presented to the Board twice a year which reports on our strategic risks. The Audit Committee reviews this report prior to it being presented to the Board. In addition Committees are provided with twice yearly SRR report on strategic and organisational risks assigned to their area of scrutiny.

The RMG reviews the SRR at each meeting and provides recommendations to the Board on the escalation, de-escalation and closure of strategic level risks. Directorates and Departments are expected to carry out regular review, monitoring and reporting on their risk registers (supported by the risk management function) in order to ensure that risks are identified and escalated to the appropriate level at an early stage. The Speciality Groups (such as Control of Infection Committee) also hold a risk register that contains all the risks relevant to their area and the risks are escalated and de-escalated as described above.

An annual Risk Management Summary Report is produced for the Board and Audit Committee Chairs meeting which includes any changes identified following the annual review of the risk management objectives by the Medical Director. To support implementation of the Risk Management Objectives a number of priorities, actions and Key Performance Indicators (KPIs) are identified and agreed as part of the review (Appendix B). These form the basis of the annual Risk Management Workplan and the progress and performance is monitored via twice yearly updates to the RMG and the Audit Committee.

3.6.1. Communication and Learning

Risk management shall be continually improved through learning and experience. Organisations should make sure lessons are learned from experience and this applies to both successes and failures. People view risk differently so must ensure we listen to these diverse views and utilising other peoples' experiences and perspectives from within the organisation and our stakeholders will help us identify and manage our risks better.

The Health and Social Care Integration Scheme for Shetland Integration Joint Board (IJB) details the requirements and responsibilities regarding Risk Management for the IJB and constituent partners. The IJB has an approved Risk Management Strategy and a Risk Register,

to be maintained and shared between parties. Risks on delegated services will need to be communicated across partner organisations with clear responsibilities, ownership and timescales via NHS Shetland RMG and/or the Shetland Islands Council (SIC) Risk Board.

4. References

- The Orange Book: Management of Risk – Principles and Concepts (23 August 2021), HM Government
- Scottish Public Finance Manual (12 October 2018), Scottish Government
- NHS Forth Valley Risk Management Strategy 2019-2021

Appendix A - Glossary

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

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

Current Risk Rating - The risk score identified taking into account any controls that are currently in place to manage the risk.

Initial Risk Rating - The risk score identified by assessing the risk with no controls, mitigation or contingency plans in place.

Issue - Something that has happened and is currently affecting the organisation in some way and needs to be actively dealt with and resolved.

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

Risk - An uncertain event, or set of events, which, should it occur, will have an effect on the organisation's ability to achieve its objectives.

Risk Appetite - The level of risk that an organisation is prepared to accept in pursuit of its objectives.

Risk Architecture - All of the Risk Management arrangements within an organisation – sets out lines of communication and reporting, delegation and roles / responsibilities.

Risk Assessment - The scoring of a risk to allow prioritisation. Determining the likelihood and impact of a risk.

Risk Control - Management measures put in place to effectively manage a risk to within an acceptable level.

Risk Escalation - The process of ensuring significant risks identified that cannot be managed locally are escalated appropriately following the risk register hierarchy and line management arrangements.

Risk Lead - The person/role responsible for managing a risk on a day-to-day basis, assessing the risk score and updating the management plan, reviewing the risk on a regular basis. Also for maintaining lines of communication with the Risk Management team, administering the risk register and co-ordinating all risk activities.

Risk Management - The integrated approach (culture, processes, structures) to the identification, analysis, control and monitoring of risk.

Risk Management Strategy - Includes a statement outlining the objectives of the risk management practices within the organisation and sets out the basis for the principles, processes and approaches to risk management to be followed in order to achieve a consistent and effective application of risk management and allow it to be embedded into all core processes.

Risk Matrix - A scoring mechanism used to identify the severity of a risk, using a multiplication of likelihood and impact, across pre-set categories.

Risk Maturity - The level of risk management capability within an organisation.

Risk Owner - The person/role with accountability for ensuring the effective management of a risk.

Risk Register – A tool on the electronic management system used to capture and monitor risks. Includes all information required about that particular risk and is intended to be used both as a management tool and conduit for risk reporting.

Risk Tolerance - The maximum level of risk the organisation can tolerate regarding each type of risk before the organisation is significantly impacted.

Target Risk Rating - An acceptable level of risk based on the category of risk and risk appetite.

Threat - A negative scenario which could give rise to risks.

Appendix B - Risk Management Objectives and KPIs for 2021/22

Risk Management Objectives 2021/22	KPI
1. Create a safety culture by embedding risk management throughout the organisation	
Embed the risk management strategy and associated documents into practice	Sample audit to identify if risks are escalated in line with strategy
Ensure knowledge and understanding of risk management is developed to create a consistent approach to assessing, recording and monitoring risks across Board services	Audit of risk review dates to ensure timely review
Working towards more aligned risk management systems for health and social care	Joint risk report for health and social care
2. Provide organisational leadership of risk management	
Roll out new risk assessment form following testing by staff and using feedback to make improvements	Feedback included on new risk form and scores reviewed
3. Provide the tools & training to support risk management in order to promote reporting	
Delivery of training on risk management	Training programme developed and numbers of staff trained
Develop and implement risk register reports and dashboards for groups/managers/teams	Number risk register reports/dashboards developed
4. Ensure lessons are learned and changes in practice are implemented through the identification of risk	
Analyse and review any themes relating to adverse events and risks to highlight trends and areas requiring further investigation/action	Local learning from reviews is shared widely
Update the functionality of Datix to enable more effective sharing of lessons learnt from Datix within and across departments/organisation	Audit of changes on Datix/updated dashboard reports
Implementation of the national guidance when a child or young person dies	Lessons learned are shared and actions monitored at JGG

Appendix C – Rapid Impact Assessment

1. Rapid Impact Checklist

NHS Shetland

An Equality and Diversity Impact Assessment Tool:

<p>Which groups of the population do you think will be affected by this proposal? Other groups:</p> <ul style="list-style-type: none"> • Minority ethnic people (incl. Gypsy/travellers, refugees & asylum seekers) • Women and men • People with mental health problems • People in religious/faith groups • Older people, children and young people • People of low income • Homeless people • Disabled people • People involved in criminal justice system • Staff • Lesbian, gay, bisexual and transgender people <p>None of the groups of the population will be affected by the risk management strategy as it is organisational and relates to all groups of the population.</p>	
<p>N.B The word proposal is used below as shorthand for any policy, procedure, strategy or proposal that might be assessed</p>	<p>What positive and negative impacts do you think there may be? N/A</p>
	<p>Which groups will be affected by these impacts? N/A</p>
<p>What impact will the proposal have on lifestyles? For example, will the changes affect:</p> <ul style="list-style-type: none"> • Diet and nutrition • Exercise and physical activity 	<p>The risk management strategy will not have an impact on lifestyles as it is about how we manage risk within the organisation.</p>

<ul style="list-style-type: none"> • Substance use: tobacco, alcohol and drugs? • Risk taking behaviour? • Education and learning or skills? 	
<p>Will the proposal have any impact on the social environment? Things that might be affected include:</p> <ul style="list-style-type: none"> • Social status • Employment (paid or unpaid) • Social/Family support • Stress • Income 	<p>The risk management strategy will not have an impact on the social environment as it is about how we manage risk within the organisation.</p>
<p>Will the proposal have any impact on the following?</p> <ul style="list-style-type: none"> • Discrimination? • Equality of opportunity? • Relations between groups? 	<p>The risk management strategy will not cause discrimination, affect equality of opportunity or relations between groups.</p>
<p>Will the proposal have an impact on the physical environment? For example, will there be impacts on:</p> <ul style="list-style-type: none"> • Living conditions? • Working conditions? • Pollution or climate change? • Accidental injuries or public safety? • Transmission of infectious disease? 	<p>The risk management strategy will not impact the physical environment as it is about how we manage risk in the organisation.</p>
<p>Will the proposal affect access to and experience of services? For example,</p> <ul style="list-style-type: none"> • Health care • Transport 	<p>The risk management strategy will not affect access to and experience of services as it is about how we manage risk in the organisation.</p>

- | | |
|--|--|
| <ul style="list-style-type: none">• Social services• Housing services• Education | |
|--|--|

Rapid Impact Checklist: Summary Sheet

Positive Impacts (Note the groups affected)

N/A

Negative Impacts (Note the groups affected)

N/A

Additional Information and Evidence Required

N/A

Recommendations

N/A

From the outcome of the RIC, have negative impacts been identified for race or other equality groups? Has a full EQIA process been recommended? If not, why not?

No negative impacts identified from the RIC.

