Trust Board Meeting: Wednesday 11 September 2013

TB2013.107

<table>
<thead>
<tr>
<th>Title</th>
<th>Annual Review of Risk Management Strategy Implementation Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>For approval</td>
</tr>
<tr>
<td>History</td>
<td>The Trust Board formally approved the existing Risk Management Strategy on 31 July 2012.</td>
</tr>
<tr>
<td>Board Lead(s)</td>
<td>Eileen Walsh Director of Assurance</td>
</tr>
<tr>
<td>Key purpose</td>
<td>Strategy</td>
</tr>
</tbody>
</table>
Executive Summary

1. This paper provides the methodology and results of the annual review of the Risk Management Strategy Implementation Plan for consideration by the Board.

2. This assessment has been translated into an overall view of risk maturity for the Trust and provides positive assurance of the improvements in the Trust's overall risk maturity from Level 2 in June 2012 to Level 3 as presented in this paper.

3. This improvement has been as a result of the development and implementation of the current Risk Management Strategy.

4. **Recommendation**

   The Trust Board is asked to;
   - approve the proposed amendments to the Risk Management Strategy; and
   - note the progress made in relation to the trust's overall risk maturity.
Risk Management Strategy Review

1. Purpose
   1.1. This paper provides the results of the annual review of the Risk Management Strategy for consideration by the Board.

2. Background
   2.1. The Trust Board reviewed the existing Risk Management Strategy on the 5 July 2012 and delegated formal approval of the final document to the Chief Executive and Chairman of the Trust. The strategy was formally approved on 31 July 2012. The review section of the strategy sets out the requirement for a formal evaluation of the implementation of the Risk Management Strategy annually.

3. Review Methodology and Results
   3.1. In order to fully review the Risk Management Strategy Implementation Plan consistently on an annual basis the Assurance Directorate has adopted a risk management maturity assessment based on a modified version of the HM Treasury Risk Management Assessment Framework. This self-assessment framework measures the extent to which good risk management policies are being practised across an organisation and is derived from the European Foundation for Quality Management (EFQM) excellence model.

   3.2. It covers seven core areas with each category having an individual assessment that is then aggregated up to provide an overall rating for the Trust. An outline of the process has been included in Appendix 1 for information.

   3.3. As part of this process the current approved Risk Management Strategy was reviewed to ensure that the processes described within it are still valid and that it fully reflects current practice across the Trust. The review confirmed that the content of the Strategy was still valid. However it did highlight the need to make the following minor amendments:

   - The current strategy refers to the Corporate Risk Register as the Trust Risk Register throughout,
   - It also refers to ‘Risk Management Handbook’ this has been replaced by the new ‘Risk Management Toolkit’.

   3.4. It is proposed that both changes are as minor amendments to reflect the current language used in the Trust.

   3.5. A baseline self-assessment using the same methodology was undertaken in June 2012 (year 1) prior to the Risk Management Strategy being approved. The overall Risk Maturity Matrix Score for the Trust was 46. This translated to an overall risk maturity rating of Level 2: ‘Approaches for addressing risks are being developed and action plan for implementation being devised’.
3.6. The Trusts Risk Maturity Matrix Score for this year (year 2) based on the detailed assessment and evidence in relation to each area is as follows:

<table>
<thead>
<tr>
<th>Core Areas</th>
<th>Weightings x Assessed Level (AL)</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>W 4</td>
<td></td>
</tr>
<tr>
<td>Risk leadership</td>
<td>4 3</td>
<td>16</td>
</tr>
<tr>
<td>Risk strategy and policies</td>
<td>3 3</td>
<td>9</td>
</tr>
<tr>
<td>People</td>
<td>3 3</td>
<td>9</td>
</tr>
<tr>
<td>Partnerships</td>
<td>2 3</td>
<td>6</td>
</tr>
<tr>
<td>Risk management process</td>
<td>2 4</td>
<td>8</td>
</tr>
<tr>
<td>Risk handling</td>
<td>3 3</td>
<td>9</td>
</tr>
<tr>
<td>Outcomes</td>
<td>5 4</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total score</strong></td>
<td></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>

3.7. This score translates into an overall risk maturity rating of Level 3: ‘Risk management applied consistently and thoroughly across the organisation’. This improvement in risk maturity in the organisation is due to the consistent delivery of the Risk Management Strategy Implementation Plan. In particular the following:

- The development of the Board approved Risk Appetite Statement and supporting Risk Appetite categories at principle risk level.
- The consistent development and reporting of the Board Assurance Framework and Corporate Risk Register, at Board, TME and Board Sub-committees.
- The implementation of the electronic risk register system, including identification and training of all risk leads and the full population of the system throughout the Trust (covering all Division, Directorates and CSUs and corporate directorates).
- The development of the escalation and de-escalation process across the Trust.

3.8. This improvement is demonstrated by the chart provided below.
4. Conclusion

4.1. The Risk Management Strategy and the initial Implementation Plan have resulted in an improved risk maturity rating for the Trust from Level 2 to Level 3. The actions highlighted as a result of the detailed evidence based self-assessment (included in Appendix 2) will inform the Assurance Directorate’s Business Plan and updated the Risk Management Strategy Implementation Plan.

4.2. The current Risk Management Strategy is still valid and only very minor amendments are required to ensure that it reflects the current terminology used within the Trust.

5. Recommendation

5.1 The Trust Board is asked to;
- approve the proposed amendments to the Risk Management Strategy; and
- note the progress made in relation to the trust’s overall risk maturity.

Eileen Walsh Director of Assurance
Clare Winch Deputy Director of Assurance
September 2013
Appendix 1: Overview of Assessment Process

Core Areas

The following categories form part of the assessment process, these directly map back to the Risk Management Strategy.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk leadership</td>
<td>Do the Board and senior managers promote risk management?</td>
</tr>
<tr>
<td>Risk strategy and policies</td>
<td>Is there a clear risk strategy and policy?</td>
</tr>
<tr>
<td>People</td>
<td>Are people equipped and supported to manage risks well?</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Are there effective arrangements for managing risk with partners?</td>
</tr>
<tr>
<td>Risk management process</td>
<td>Do the Trust’s processes incorporate effective risk management?</td>
</tr>
<tr>
<td>Risk handling</td>
<td>Are risks handled well?</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Does risk management contribute to achieving outcomes?</td>
</tr>
</tbody>
</table>

Assessment Levels

The levels of assessment provide a means of quantifying and monitoring existing performance, in identifying and setting targets for improvement and in judging progress towards those targets. Each assessment has five levels to gauge progress in developing the necessary risk management capabilities and to assess the effectiveness of risk handling and impact on delivering successful outcomes. In summary these levels are:

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Awareness and understanding / No Evidence</td>
</tr>
<tr>
<td>2</td>
<td>Implementation planned &amp; in progress / Satisfactory</td>
</tr>
<tr>
<td>3</td>
<td>Implemented in all key areas / Good</td>
</tr>
<tr>
<td>4</td>
<td>Embedded and improving / Very Good</td>
</tr>
<tr>
<td>5</td>
<td>Excellent capability established / Excellent</td>
</tr>
</tbody>
</table>

Core Area Weighting

In order to determine the Trust’s Overall Risk Maturity Rating, weightings have been applied to core areas (weights 1 - 5) indicating level of importance to the Trusts (5 being very important and 1 less so).

Weightings applied to the Trust’s core areas are:

<table>
<thead>
<tr>
<th>Core Areas</th>
<th>Weightings(w)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk leadership</td>
<td>4</td>
</tr>
<tr>
<td>Risk strategy and policies</td>
<td>3</td>
</tr>
<tr>
<td>People</td>
<td>3</td>
</tr>
<tr>
<td>Partnerships</td>
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<td>Outcomes</td>
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Overall Assessment Levels / Rating

<table>
<thead>
<tr>
<th>Levels</th>
<th>Score</th>
<th>Descriptor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1-30</td>
<td>The organisation has an awareness and understanding of risk management</td>
</tr>
<tr>
<td>2</td>
<td>31-60</td>
<td>Approaches for addressing risks are being developed and action plan for implementation being devised</td>
</tr>
<tr>
<td>3</td>
<td>61-80</td>
<td>Risk management applied consistently and thoroughly across the organisation</td>
</tr>
<tr>
<td>4</td>
<td>81-95</td>
<td>The organisation is proactive in driving, and maintaining the embedding of risk management and integration in all areas of the organisation</td>
</tr>
<tr>
<td>5</td>
<td>95-110</td>
<td>The organisation sustains risk capability, organisational &amp; business resilience and commitment to excellence in risk management, leaders regarded as exemplars</td>
</tr>
</tbody>
</table>
## Risk Maturity Detailed Assessment

### 1 Risk leadership

<table>
<thead>
<tr>
<th>Level 1</th>
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<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness &amp; understanding</td>
<td>Implementation planned &amp; in progress</td>
<td>Implementation in all key areas</td>
<td>Embedding and improving</td>
<td>Excellent capability established</td>
</tr>
<tr>
<td>Top management are aware of need to manage uncertainty and risk and have made resources available to improve</td>
<td>Executive Directors and Non-Executives take the lead to ensure approaches for addressing risk are being developed and implemented</td>
<td>Executive Directors act as role models to apply risk management consistently and thoroughly across the organisation</td>
<td>Executive Directors are proactive in driving and maintaining the embedding and integration of risk management; in setting criteria and arrangements for risk management and in providing top down commitment to well managed risk taking to support and encourage innovation and the seizing of opportunities</td>
<td>Executive Directors re-enforce and sustain risk capability, organisational &amp; business resilience and commitment to excellence. Leaders regarded as exemplars</td>
</tr>
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### Summary Evidence

- Board members are actively engaged in risk issues particularly those relating to reputational risks.
- Executive Directors and Non-Executives have a good understanding of the key risks facing the Trust and their likely implications of service delivery to the public and the achievements of strategic objectives. This has been facilitated by the development of the BAF and CRR and the link to the FT Application process and the content of the IBP.
- Key risks are prioritised for action and mitigation actions identified and monitored.
- Executive Directors through the Trusts Management Executive Committee have established criteria/arrangements for escalation of risks at various levels within the Trust. This process has been consistently applied over the past 12 months.
- Lead Directors are assigned as risk owners on the Board Assurance Framework and are responsible for overseeing action plans for the mitigation of risk.
- Risk appetite levels was developed and communicated to both clinical and non-clinical elements of the Trusts and was subject to full debate during 2012/13 by the Board sub-committees and TME.
- Partnership risks included in the CRR and BAF and assurance in relation to strategic partnership meeting enhanced during 2012/13.

### Development work

- Further work required in communicating acceptable and/or unacceptable risk below divisional level.
- A more proactive approach required in supporting and driving a culture embracing well-managed risk taking.
- Risk appetite levels to be more actively communicated to both clinical and non-clinical elements of the Trusts at a divisional level and below.
## Risk strategy and policies

<table>
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### The need for a risk strategy and related policies has been identified and accepted
A risk management strategy & policies have been drawn up and communicated and being acted upon.

### Risk strategy & policies are communicated effectively and made to work through a framework of processes
Risk strategy & policies are communicated effectively and are an inherent feature of department policies and processes.

### Risk management aspects of strategy and policy, making help to dive the risk agenda and are reviewed and improved, role model stratus

### Summary Evidence
- Risk management strategy in place.
- Risk management strategy endorsed by the Board / Audit Committee / Trust Management Executive.
- Strategy sets out:
  - The organisation’s attitudes to risk
  - Defines the structures for the management and ownership of risk.
  - Specifies the way in which risk issues are to be tackled.
  - Ensures common understanding of terminology used in relation to risk issues.
  - Defines the criteria that will inform assessment of risk and the definition of specific risks as “key.
  - Sets out horizon scanning process
  - Stance in relation to risk appetite and
  - risk escalation processes
- Risk Escalation process are further defined in the Risk Management Toolkit (Approved by TME Nov 12)
- Horizon scanning built into the BAF process and emerging issues highlighted as part of TME risk papers
- Risk is part of the business planning & business case process

### Development work
- Need to conduct an assessment of practice below divisional level to ensure departmental processes include robust risk management, where necessary.

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### Risk strategy and policies – Self Assessment Rating Level 4

#### Summary Evidence

- Risk management strategy in place.
- Risk management strategy endorsed by the Board / Audit Committee / Trust Management Executive.
- Strategy sets out:
  - The organisation’s attitudes to risk
  - Defines the structures for the management and ownership of risk.
  - Specifies the way in which risk issues are to be tackled.
  - Ensures common understanding of terminology used in relation to risk issues.
  - Defines the criteria that will inform assessment of risk and the definition of specific risks as “key.
  - Sets out horizon scanning process
  - Stance in relation to risk appetite and
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<tr>
<td>Awareness &amp; understanding</td>
<td>Implementation planned &amp; in progress</td>
<td>Implementation in all key areas</td>
<td>Embedding and improving</td>
<td>Excellent capability established</td>
</tr>
<tr>
<td>Key people are aware of the need to assess and manage risks and they understand risk concepts and principles</td>
<td>Suitable guidance is available and a training programme has been implemented to develop risk capability</td>
<td>A core group of people have the skills &amp; knowledge to manage risk effectively</td>
<td>People are encouraged and supported to be innovative and are generally empowered to take well-managed risks. Most people have relevant skills &amp; knowledge to manage risks effectively and regular training etc is available for people to enhance their risk skills and fill any ‘gaps’</td>
<td>All staff are empowered to be responsible for risk management and see it as an inherent part of the Divisional / Directorate business. They have a good record of innovation and well managed risk taking</td>
</tr>
</tbody>
</table>

### People – Self Assessment Rating Level 3

#### Summary Evidence
- There are clear reporting chains and mechanisms to raise risk issues.
- Staff are aware of the risk management strategy and the importance of handling risks well.
- All new staff are made aware of the Trusts risk management processes through its induction programme.
- Job descriptions for clinical and non-clinical contain sections on risk management.
- Risk management guide (risk management toolkit) Approved by TME Nov 12 and on intranet site for all staff.
- Risk management strategy to be rolled-out to relevant staff via workshops.
- Board members to undertake an annual risk management workshop including setting out its risk appetite / tolerance levels.
- All Register Owners provided with training on risk management practice and register system (HealthAssure) – Accountability embedded into the system all leads now known (all risk registers (total of 110 registers at all levels in the Trust) identified and populated on the system.
- All Band 7 and above required to undertake risk awareness and risk assessment training (on line training reviewed and redeveloped to bring in good practice tips for risk management) part of SME training programme.
- Review of effectiveness of risk training in HealthAssure has identified gaps in knowledge.
- HealthAssure all user email process used for communication with risk owners.

#### Development work
- The culture of risk management needs to be assessed at divisional levels and below and further developments made where necessary.
- Further Training Programme to be developed following training effectiveness review.
- Risk Appetite needs to be further developed into the business case process and beyond the Board into practical use within the trust (this should help promote innovation and empowerment agenda).
- Board Development Programme to draw out links to key risks, SWOT & PESTLE review to include general risk awareness update.

### 4 Partnerships
<table>
<thead>
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<tr>
<td>Awareness &amp; understanding</td>
<td>Implementation planned &amp; in progress</td>
<td>Implementation in all key areas</td>
<td>Embedding and improving</td>
<td>Excellent capability established</td>
</tr>
<tr>
<td>Key people are aware of areas of potential risk with partnerships and understand the need to agree approaches to manage these risks</td>
<td>Approaches for addressing risk with partners are being developed and implemented</td>
<td>Risk with partners is managed consistently for key areas and across organisational boundaries</td>
<td>Sound risk management arrangements have been established. The most suitable: partnership arrangement (PFI, ‘arms length’ etc); partners; suppliers etc are selected in full knowledge of the risks, risk management capability &amp; compatibility</td>
<td>Excellent arrangements in place to identify and manage risks with all partners and to monitor and improve performance. Organisation regarded as a role model</td>
</tr>
</tbody>
</table>

### Partnership – Self Assessment Rating Level 3

**Summary Evidence**
- Formal partnership and governance arrangements in place:
  - Strategic Partnership Board
  - Oxfordshire Safeguarding Board
  - Oxfordshire Health Overview and Scrutiny Committee
  - Oxfordshire Health Commissioning Board
  - Oxfordshire Health Programme Board
  - Creating a Healthier Oxfordshire Programme Board
- GP engagement Programme
- Work Programmes developed for DTOC

**Development work**
- Agree standards for assessing risks with partners.
- Ensure clear responsibility and accountability for risks where delivery of results is through partners, is fully documented and agreed.
- Suggest risk register review is a standard agenda items at partnership meetings.
- Where risks are transferred to a partner organisation establish partners capacity to manage, mitigate, monitor and report on risks.
- Establish and document risk escalation routes.
### 5 Risk management processes

<table>
<thead>
<tr>
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- Some stand-alone risk processes have been identified
- Recommended risk management processes are being developed
- Risk management processes implemented in key areas. Risk capability self-assessment tools used in some areas
- Risk management is an integral part of the organisation’s core processes (policy, planning, delivery etc) and data are collected to monitor and improve risk management performance
- Management of risk & uncertainty is an integrated part of all business processes. Best practice approaches are used and developed. Selected as a benchmark site by other organisations

#### Processes - Assessment Rating Level 4

**Summary Evidence**

- There are established approaches for (i) identifying risk and (ii) assessing and reporting risks.
- The Board is informed about key risk through the Board Assurance Framework and Corporate Risk Register.
- Arrangements are in place to ensure risks to the public are well managed.
- Procedure in place, for review of all risk registers.
- Procedure in place to evaluate risks via the Trusts Risk Rating Matrix.
- All investments in services require a business case, which in-turn requires that risks are considered, assessed and quantified.
- Trust business planning process has current trust risk register template embedded into it.
- The 7 divisional nurses are the operational leads on risk within divisions they coordinate the risk management processes within their respective divisions.
- Risk register template includes:
  - Risk target (rag rated)
  - Controls & contingency plans
  - Risk description to include cause, effect and impact
  - Risk owner
- All directorates have a risk registers and these are reviewed by a nominated committee or working group.
- Governance processes and reporting of BAF & CRR improved over 12/13

**Development work**

- See other suggested actions
- Ensure risk register review procedure is followed and results reported to risk register owners and trust wide learning is developed as a result of this process.
6 Risk handling

<table>
<thead>
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<th>Level 4</th>
<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>No evidence</td>
<td>Satisfactory</td>
<td>Good</td>
<td>Very Good</td>
<td>Excellent</td>
</tr>
<tr>
<td>No clear evidence that risk management is being effective</td>
<td>Limited evidence that risk management is being effective in at least most relevant areas</td>
<td>Clear evidence that risk management is being effective in all relevant areas</td>
<td>Clear evidence that risks are being handled very effectively in all areas</td>
<td>Very clear evidence of excellent risk handling in all areas and that improvement is being pursued</td>
</tr>
</tbody>
</table>

**Risk handling - Assessment Rating Level 3**

**Summary Evidence**
- Non-Executive Directors safety walk rounds provide an avenue to hear about key issues that may materialize into risks. Key issues identified along with recommendations are presented to the Clinical Governance Committee.
- The Quality Committee receives quarterly reports analysing complaints trends which indicate the areas of risks for the Trust to focus on.
- The Corporate Risk Register considers risks to the strategic objectives
- Risk Registers at divisional level are kept up to date.
- All corporate directorates have a risk register largely linked to their business plan objectives.
- Positive Internal Audit Report into Risk Management and the BAF.
- Clear and agreed escalation process in place and running.
- Risk registers at all levels reviewed and in action on registers is tracked and followed-up.

**Development work**
- Proactive promotion of Innovation whilst managing risks effectively.
- Develop performance indicators for effective risk management
- See other actions re process.
## Outcomes

<table>
<thead>
<tr>
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<th>Level 5</th>
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<tbody>
<tr>
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<td>Satisfactory</td>
<td>Good</td>
<td>Very Good</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

**No clear evidence of improved outcomes**

- Limited evidence of improved outcome performance consistent with improved risk management

**Clear evidence of significant improvements in outcome performance demonstrated by measures including, where relevant, stakeholders’ perceptions**

- Clear evidence of very significantly improved delivery of outcomes and showing positive and sustained improvement

- Excellent evidence of markedly improved delivery of outcomes which compares favourably with other organisations employing best practice

### Summary Evidence

- Projects and programme delivering
- Fewer negative, more positive press reports.
- Improved value for money.
- Attracted some positive comments from staff, partners, stakeholders, professional and other bodies of repute.
- Meeting planned financial outcomes
- Overall improvement in risk profile seen over 12/13 and into 13/14.
- Risks de-escalated from CRR as successfully reached their target risk score, target risk scores reduced for risks on the CRR.

### Development work

- Sustained improvements in services
  - By implementing effective risk management in the following areas:
    - Reducing the number of delayed transfers of care and improve performance against the thresholds
    - Addressing quality issues.
    - Delivering estates strategy
    - Developing and implementing an Information Management and Technology strategy