

### Risk Management Strategy

<b>Trust Board</b>	<b>Item: 17</b>
<b>27<sup>th</sup> January 2016</b>	<b>Enclosure: M</b>
<b>Purpose of the Report:</b> To approve amendment of the Trust's Risk Management Strategy.	
FOR: Information <input type="checkbox"/> Assurance <input checked="" type="checkbox"/> Discussion and input <input type="checkbox"/> Decision/approval <input checked="" type="checkbox"/>	
<b>Sponsor (Executive Lead):</b>	Susan Simpson, Head of Corporate Affairs and Company Secretary.
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<b>Risk Implications – Link to Assurance Framework or Corporate Risk Register:</b>	Describes how corporate risk is managed within the Trust
<b>Legal / Regulatory / Reputation Implications:</b>	N/A
<b>Link to Relevant CQC Domain:</b> Safe <input checked="" type="checkbox"/> Effective <input checked="" type="checkbox"/> Caring <input type="checkbox"/> Responsive <input type="checkbox"/> Well Led <input checked="" type="checkbox"/>	
<b>Link to Relevant Corporate Objective:</b>	Effective risk management systems link to all corporate objectives
<b>Document Previously Considered By:</b>	N/A
<b>Recommendation:</b>  The Trust Board is asked to approve the Corporate Risk Register dated 18th January 2016 and the revised Risk Management Strategy for 2016/17.	

## Risk Management Strategy

27<sup>th</sup> January 2016

### Risk Management Strategy

1. The Trust's Risk Management Strategy is due for renewal in January 2016.
2. The Compliance & Risk Committee has undertaken a thorough review of how risk is managed within the Trust through discussion at meetings over the past 9 months and by holding a Risk Management Strategy review workshop on 5<sup>th</sup> November 2015. The latter was facilitated by an external risk management expert and involved members of the Compliance & Risk Committee, as well as risk leads from corporate departments and service lines. This led to the version of the Risk Management Strategy attached at Appendix 1 (revisions shown in red type), which was supported by the EMC on 2<sup>nd</sup> December 2015.
3. The revised strategy was discussed at the Audit Committee meeting on 10<sup>th</sup> December 2015 and members welcomed the proposals, noting that the transition to service line management brought with it the need for a different approach to management of risk. The Audit Committee recommended that the Trust Board approve the revised Risk Management Strategy.
4. Since that recommendation was made, the Well Led review report has been received and included recommendations to review the role of the Compliance & Risk Committee and to review the risk management strategy annually in future. These recommendations will be considered in drawing up the Well Led review action plan but approval of this Risk Management Strategy would address the question about the role of the Compliance & Risk Committee. As this is the first year of a significant change to the strategy, a review at the year end to assess the impact of the change would seem sensible.
5. This report summarises the changes proposed for introduction from the end of January 2016 and recommends that the Trust Board approves the Risk Management Strategy 2016/17 as presented.

### Proposals incorporated into the revised Risk Management Strategy

#### Risk escalation

6. Risks are currently escalated to the Corporate Risk Register (CRR) at a score of 8+ (see risk assessment matrix) and this has resulted in a large number of risks at a detailed level on the CRR.

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

7. To address this issue a different method of compiling an overall risk register for the Trust is proposed, with the score for escalation being set at 12+. This score is believed to be on a par with the norm elsewhere for risk review at corporate level and would bring to the Board's attention all risks in the high amber and red categories.

## Risk Scrutiny

6. Under the current Risk Management Strategy, the Compliance & Risk Committee decides whether or not to accept escalation to the CRR and the membership has not always felt appropriately skilled to challenge the escalation or amend the scoring. The draft Well Led Review report includes a recommendation to review this Committee's purpose.
7. It is proposed to remove the Compliance & Risk Committee from the governance structure and to replace it with a quarterly review of the Trust Risk Register by the EMC. This is supported by emphasis on management of risk at a local Service Line or Departmental level, which is already part of the Risk Management Strategy, and review of risks alongside performance at the Performance Review Group meetings.



### **Corporate Risk Register (CRR)**

8. The CRR as it stood on 18<sup>th</sup> January 2016 is attached at Appendix 2. This was last reviewed by the Compliance & Risk Committee on 21<sup>st</sup> January 2016. In accordance with the Risk Management Strategy, the Board is asked to approve the CRR as presented.

### **Recommendation**

9. The Trust Board is asked to approve the Corporate Risk Register dated 18<sup>th</sup> January 2016 and the revised Risk Management Strategy for 2016/17.