Risk Management Strategy
2023-26

INTRODUCTION

Risk Management is an integral part of Sherwood Forest Hospitals NHS Foundation Trust's processes and is a fundamental pillar in embedding high quality, sustainable services for our patient population.

Risks are events that 'might happen', which could impact on the Trust's strategic objectives of:

1. Provide outstanding care in the best place at the right time

2. Improve health and well-being within our communities

3. Create an environment for all our colleagues to thrive

4. Continuously learn and improve

5. Sustainable use of resources and estate

6. Work collaboratively with partners in the community

As a complex organisation delivering a range of services in a challenging financial environment, we accept that risks are inherent part of the everyday life of the Trust and that an effective, systematic approach to risk management can mitigate negative impacts of risks being realised and provide opportunities for innovation and improvement.

Our risk management framework is part of our internal control arrangements designed to manage risks, based on considerations of the potential impact and opportunities for improvement and the likelihood of these impacts and opportunities occurring, and to ensure that we receive sufficient assurance that we are managing these risks effectively.

This Risk Management Strategy has evolved in accordance with the progress made since the previous Strategy was published in 2021. Each year since this time the Trust has received a 'Significant' opinion from the Head of Internal Audit and the CQC rated the services provided by Sherwood Forest Hospitals NHS Foundation Trust as 'Good', specifically recognising that the Trust was 'Outstanding' in the Caring domain and 'Good' in the Well-led domain, demonstrating that the risk management and Board Assurance Framework assurance processes are embedded and effective.

OBJECTIVES

The risk management objectives are aligned to the Trust's vision of 'Healthier communities, outstanding care', and have been informed by the development work identified by assessing the seven core categories within the risk management maturity assessment tool.

This Risk Management Strategy aims to achieve and maintain:

- Excellent arrangements to identify and manage risks with all partners and to monitor and improve performance

- Risk mitigation plans for identified downside risks to ensure that the appropriate techniques and methods are used to avoid, reduce and control the probability of occurrence, and the extent of damage incurred should the risk occur (contingency plan), or both

- All staff empowered to be responsible for risk management and see it as an inherent part of the Divisional/Specialty/Service business, building upon their skills and knowledge through training and communication mechanisms to support them to deliver innovation and well-managed risk taking based on the Board's statement of risk appetite and tolerance

- Leaders at all levels of the organisation acting as role models for risk management to reinforce and sustain risk capability, organisational and business resilience and commitment to excellence by promoting a proactive risk management culture, ensuring it informs strategy formulation and is integrated within our strategic management, policies and business planning processes

- The effectiveness and maturity of the risk management arrangements monitored through governance arrangements, a number of defined key performance indicators and the risk management maturity assessment tool

RISK MANAGEMENT FRAMEWORK

The purpose of the risk management framework is to establish a clear and consistent approach to the definition of risks, to enable effective comparisons to be drawn and prioritisation decisions to be made. It also provides the Trust with an overview of the extent of its risk exposure at any one time.

Whilst the risk management framework defines a broad range of risks and is intended to be comprehensive, it is always possible that previously unforeseen risks will emerge, the nature of operational activities may change, or it may make sense to define certain risks differently in order to support more effective management. Therefore the framework must be robust whilst remaining flexible enough to be able to respond to necessary change.

The risk and control framework
The risk management process is set out in key steps as follows:

1. Determine priorities and horizon scanning
The Board of Directors determines corporate objectives annually and these establish the priorities for Executive Directors and clinical services.
Horizon scanning is about identifying, evaluating and managing changes in the risk environment, preferably before they manifest as a risk or become a threat to the business. Additionally, horizon scanning can identify positive areas for the Trust to develop its business and services, taking opportunities where these arise. The Trust will work collaboratively with partner organisations and statutory bodies to horizon scan and be attentive and responsive to change.

By undertaking a continuous, systematic and participatory approach to horizon scanning the Trust will be better able to respond to changes or emerging issues in a coordinated manner. Divisions and Corporate services will highlight any issues on the horizon through the risk register and when presenting their risk reports to the Risk Committee (as per the Risk Committee programme); the Board will undertake at least one formal horizon scanning workshop per year when undertaking the annual Board Assurance Framework refresh.

All staff have the responsibility to bring to the attention of their managers potential issues identified in their areas which may impact on the Trust delivering on its objectives. Board members have the responsibility to horizon scan and formally communicate matters in the appropriate forum relating to their areas of accountability.

2. Risk identification
Risk is identified in many ways; we identify risk proactively by assessing corporate objectives, work related activities, analysing adverse event trends and outcomes, and anticipating external possibilities or scenarios that may require mitigation by the Trust.

3. Risk assessment
Risk assessment involves the analysis of individual risks, including any plausible risk aggregation (the combined effect of different risks) where relevant. The assessment evaluates the severity and likelihood of each risk and determines the priority based on the overall level of risk exposure.

4. Risk response (risk treatment)
For each risk, controls are established, documented and understood. Controls are implemented to *avoid, modify, transfer or accept risk*; or to *seek risk* (take opportunity). Gaps in control are subject to action plans, which are implemented to reduce residual risk. The Board of Directors has considered its appetite for taking risk, and expressed its appetite in the form of 'tolerable' risk ratings in the Board Assurance Framework.

To prevent inconsistencies from being introduced, which may destabilise and reduce the effectiveness of the risk management framework, any fundamental changes to the way in which risks are described will require the approval of the Risk Committee.

Risk perspectives
The Trust's risk management framework is designed to operate at 5 distinct levels, or perspectives, at which risks are identified, evaluated and managed. Those risk perspectives are as follows:

1. Strategic risks
2. Corporate risks
3. Operational risks
4. Programme and project risk logs
5. Individual risk assessments

Strategic risks are the Principal Risks that populate the Board Assurance Framework (BAF). These are defined by the Board of Directors and managed through the work of Lead Committees and Lead Directors.

Corporate risks consist of a broad range of compliance and reputational risks that cover both clinical and corporate functions. These risks affect multiple areas (rather than being confined to a single division). These risks will be assigned to an appropriate lead within a corporate support service or a lead division, who will co-ordinate the risk response for the Trust. They are recorded and maintained on Datix as part of the organisational risk register.

Operational risks are defined at service level and vary dependent upon the specific activities that take place within each service. They are also recorded and maintained on Datix as part of the organisational risk register.

Programme and project risk logs are used by programme and project managers as part of a suite of formal documents that support delivery of major work-streams. They can be recorded on Datix but do not form part of the organisational risk register.

Individual risk assessments are not recorded on Datix; however they can be attached to the organisational risk register where they inform current understanding of a particular risk within the risk profile.

Risk indicators

A key element in effective corporate risk management is the integration of performance indicators within the risk framework so that data analysis can be used routinely to provide meaningful insight into emerging and declining areas of risk.

Key Risk Indicators (KRIs) may be used to inform understanding of defined risks within the risk management framework. The following are examples:

- Patient safety incidents
- Referral to Treatment (RTT) performance
- A&E performance
- Financial forecasts
- Business continuity incidents
- Health, safety & security incidents
- Information governance incidents
- Sickness absence levels
- Staff survey results
- Clinical audit results
- Internal audit results

Risk appetite

The adoption of a risk appetite statement is considered a fundamental aspect of risk management (BS31100 - Code of Practice for Risk Management).

Risk appetite is a statement or series of statements that describes the Board's attitude towards risk taking, i.e. the level of risk the organisation is willing to accept or retain in order to achieve its objectives, and ultimately benefits, for the people we serve. Risk appetite statements are aligned to categories of risk, e.g. risks to Patients, Public, Staff, Services, Reputation / regulatory action or Finances.

Risk tolerance - represents the practical application of risk appetite and is utilised to consider the levels of risk that are considered acceptable to achieve specific objectives or gain identified benefits.

The Trust recognises the importance of having a documented statement that reflects our approach to risk appetite and tolerance as it provides the guidance and boundaries in place to ensure all our staff are able to manage risk and thus ensure that improvement and innovation is not stifled, whilst maintaining stakeholder assurance that we will operate safely and effectively manage any downside risks.

On an annual basis the Trust's risk guidance within the Risk Management & Assurance Policy will be updated to ensure all risk leads are aware of the level of risk that can be tolerated.

TRAINING AND COMMUNICATION

Practical implementation of the Risk Management & Assurance Policy requires an appropriate level of knowledge and awareness of requirements that is commensurate with individual roles and responsibilities. In order to achieve and maintain these levels, a formal programme of risk management training and communication is provided.

Risk Management Training Programme
So that risk management continues to be seen as a key component within the wider context of good governance, and to provide appropriate training to new starters and the existing workforce, a formal programme of risk management training has been established through the Trust training programme.

In addition, Risk Management clinics are offered to all Heads of Service and Governance Leads. An e-learning package is available to provide staff with the required knowledge specifically relating to the overarching topic of risk management.

Risk Management Intranet
The risk management Trust intranet pages provide a single reference point for risk management guidance, information and support, and are kept up to date with the latest communications and support materials.

RISK MANAGEMENT GOVERNANCE AND LEADERSHIP

The fundamental responsibility of leadership is the creation of a strong management culture in the organisation. The risk culture drives the policies, practices, and processes used to achieve our strategic objectives. In order to ensure an environment in which risk is built into operational and business practices, and one in which each employee understands their role in identifying and managing risk, we must ensure that leaders at every level of the organisation have the necessary skills and knowledge, and are fully engaged.

To support this effective governance arrangements are in place. The Board of Directors provides leadership on the overall governance agenda and is supported by the Board Committees that scrutinise and review assurances on internal control. The Risk Committee is an executive committee with attendance from selected members of the Senior Leadership Team focussing on all high or significant risk exposures, and oversees risk treatment to ensure: (a) the correct strategy is adopted for managing risk; (b) controls are present and effective; and (c) action plans are robust for those risks that remain intolerant. Senior managers and specialist advisors routinely attend each meeting.

The leadership for risk at divisional level is the Divisional Triumvirate (Divisional Clinical Chair; Divisional General Manager; Divisional Director of Nursing), supported in their role by an identified Divisional Clinical Governance Lead. Monthly Divisional Governance meetings are held whereby discussion of risks and assurance takes place.

The leadership for risk at specialty level is Heads of Service, supported by Governance Leads. All specialties hold specialty governance meetings whereby discussion of risks and assurance takes place.

By using the development areas identified through the risk maturity self-assessment tool we will develop an improvement plan to further support our leaders in their risk management leadership role and that the risk management culture created is effective in ensuring that risk management permeates and is integrated with all organisational, divisional and specialty policies and processes.

Monitoring the Strategy
The Risk Committee monitor key performance indicators:

- Risks overdue for review
- Actions overdue for review

The Trust undertakes an annual risk management maturity assessment (based on the Oxford University Hospital Trusts modified version of HM Treasury Risk Management Assessment Framework) which indicates that we are progressing well towards Level 4 (out of 5) risk maturity.

Progress against the objectives and activity carried out by the Risk Committee are captured in the Risk Committee Annual Report.