BOARD MEETING
28 April 2016

Paper Title:	BDCFT Risk Management Strategy
Section:	Public
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Agenda Item:	**11**
Presented For:	Comment

1. Purpose of this Report:

The purpose of this report is to present the BDCFT Risk Management Strategy for ratification; the strategy was approved by the Quality and safety Committee in March 2016.

Given that the strategy is underpinned by a very detailed policy and procedure (ratified in September 2015), the strategy is a very high level document.

2. Summary of Key Points

Board members will recall the 'Forward to Excellence' session held in December 2015 which generated significant interest and several new ideas in relation to organisational approaches to risk; the strategy has been developed in light of their learning from that session.

The following process for development of the Risk Management Strategy should be noted:
- Draft submitted to and discussed by EMT on 2nd February 2016
- Draft amended in light of EMT comments and submitted to Director's meeting on 16th February
- Draft circulated to Non-Executive Directors for comment on 22nd February; this included a question relating to the Trust Risk Appetite
- Amendments made in response to NED comments prior to submission to QSC

3. Board Consideration

The Board is asked to consider the content of the Risk Management Strategy and to ratify the document.

4. Financial Implications

None

5. Legal Implications

None

6. Assurance

	Assurance provided?
Board Assurance Framework	No
CQC Themes (see below)	Yes
Monitor Risk Assessment Framework	No
Other (please specify):	

This paper provides assurance in relation to the following CQC Themes:

Safe:	People who use our services are protected from abuse and avoidable harm
Well led:	The leadership, management and governance of the organisation make sure it's providing high-quality care that is based around individual needs, encourages learning and innovation, and promotes an open and fair culture.

7. Equality Impact Assessment

There are no specific equality implications.

8. Previous Meetings/Committees Where the Report Has Been Considered:

Audit Committee [ ]   Quality & Safety Committee [X]   Remuneration Committee [ ]   FB&I Committee [ ]

Executive Management team [ ]   Directors Meeting [ ]   Chair of Committee's Meeting [ ]   MH Legislation Committee [ ]

9. Risk Issues Identified for Discussion

No specific issues have been identified for discussion

10. Links to Strategic Drivers

Patient Experience	Quality	Value for Money	Relationships
The content of the Risk Management Strategy contributes to achievement of all four strategic drivers.			

11. Publication Under Freedom of Information Act

This paper has been made available under the Freedom of Information Act

12. Recommendations:

It is recommended that the Board ratifies the Risk Management Strategy.

Risk Management Strategy
2016 - 19

1. INTRODUCTION

The identification and mitigation of risk is integral to the delivery of safe, high quality services and the successful attainment of our objectives.

The likelihood of success is maximised by combining risk management with careful planning, robust performance management and effective assurance processes.

The aim of this strategy is to create a balance between innovation, opportunity and risk and to provide a structured and systematic approach to risk management that is effective across the organisation. It aims to foster a culture that is resilient, involves staff, services users and partners and improves capacity to manage risk at all levels of the organisation.

This strategy confirms the risk appetite of the Board, in relation to the Trust's strategic aims and corporate objectives, and provides overall direction in relation to the approach to implementing and developing risk management within the Trust.

Specific objectives are identified and will be supported by an implementation plan, monitored by the risk management team with progress included as part of the annual risk management report to the Quality and Safety Committee.

The strategy should be read in conjunction with the risk management policy and procedures which outline the more detailed approach to risk identification, management and mitigation.

2. CURRENT POSITION

2.1 Definitions

WHAT IS RISK?	AS OPPOSED TO
The chance of something happening, an uncertain event or set of events that will have an impact on objectives, individuals, services and / or the organisation	**Incident** Any event or circumstance which occurred and could have or did lead to unintended or unexpected harm, injury, personal dissatisfaction, distress, loss or damage to a person or property, or had an effect upon the achievement of objectives.
	Issue A subject or problem which is already having an effect upon the delivery of services or the achievement of objectives

Risk is continuously assessed; risks are logged on the electronic risk register system (e-RR) with a risk rating calculated by multiplying estimated impact (1-5) by probability of *occurrence* (1-5).

Incidents are managed in accordance with the Trust's reporting and management of incidents policy and reported on the trust's IR-e system. Incidents are rated for impact and probability of *recurrence*

Issues are identified within day to day working and escalated as appropriate. Issues often generate risks and, where such risks are identified, these are placed on the appropriate e-RR.

Full detail relating to risk management processes is included in the BDCFT Risk Management Policies and Procedures.

http://connect.bdct.local/docs/policies/pubdocs/Risk_Mngmnt_Policy_v8-03_Final_PDF_27-10-2015.pdf

2.2 Risk Attitude

The following statement describes our overall organisational attitude towards risk:

RISK ATTITUDE
- The Trust must take risks in order to achieve its aims and deliver beneficial outcomes to stakeholders   - Risks will be taken in a considered and controlled manner   - Exposure to risks will be kept to a level deemed acceptable by the Board   - The tolerance may vary from time to time   - Some particular risks above the agreed acceptable level may be accepted because of the reward/benefit that might arise, the cost of controlling them or the period of exposure   - No risks will be acceptable (and therefore must be controlled) if they have the potential to cause significant harm, compromise severely the Trust's reputation, have financial consequences that could endanger the Trust's viability, jeopardise substantially the Trust's ability to carry out its core purpose or threaten the Trust's compliance with law and regulation.

2.3 Risk Appetite

A commonly agreed categorisation of risk appetites is set out below:

Averse	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return
Moderate	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes
Open	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk
Ambitious	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return

The Board's current baseline risk appetite, in relation to our strategic aims and corporate objectives is defined as moderate

3. ACTIONS

YEAR 1 (2016 / 17);

Reconsider our risk appetite level

The Board's current risk appetite is defined in 2.3 above as moderate. During 2016 / 17 further work will be undertaken to consider if this remains appropriate in order to best meet our aims and objectives or whether a changed appetite is required and, if so, what actions will be necessary to effect that change.

Implement the use of risk 'heat maps'

A heat map is a tool which presents the results of risk assessments and plots them against a RAG rating determined by the risk appetite of the relevant team.

Some benefits of using heat maps are that:

- They provide a simple visual representation mapping live risks on any given risk register or combination of registers
- They can be used at any level within the organisation
- They will support an increased focus on risk appetite and tolerance

See below for an illustrative example of what a completed heat map might look like:
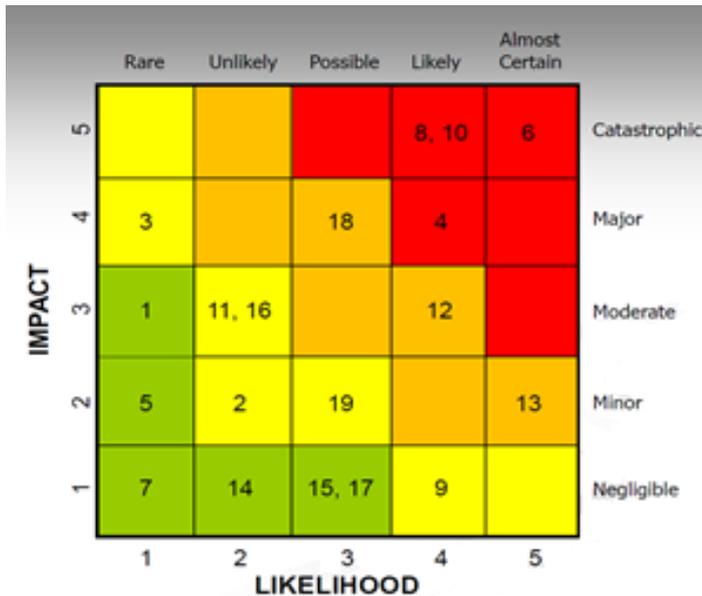
Once the format of our heat maps has been agreed (dependent upon risk appetite) they will be rolled out, commencing with the Board Assurance Framework (BAF), Corporate Risk Register (CRR) and Quality Impact Assessment Register (QIA).

Clearly link BAF and CRR to strategic and corporate objectives respectively

The Board will ensure that the Board Assurance Framework reflects risks to its strategic aims, and the Corporate Risk Register reflects risks to its corporate objectives.

This will require that we develop new fields on the e-RR which accurately reflect current strategic aims and corporate objectives.

Linked to this, the Board will reconsider and agree its own process of risk review and, in particular, articulate how the BAF will influence Board business.

Review and update all risk registers

All risk registers will be reviewed to ensure that they are properly worded to only describe risks, not issues.

YEAR 2 (2017 / 18);

Dependent upon progress made in 2016/17, further consideration will be given to the following actions in 2017/18:

- Further consideration of risk appetite at directorate, service and team level
- Linking directorate, service and team objectives to their risk registers
- Roll out of heat maps to directorate, service and team level
- Introduction of the Safety Measuring and Monitoring Framework

YEAR 3 (2018 / 19); CONSOLIDATION / EMBEDDING PRACTICE

Consolidation, embedding and further refinement of the progress made during years 1 and 2.

4. CONCLUSION

The Trust has always been progressive and ambitious in the development of its risk management processes. This strategy outlines an approach that will ensure that risk management provides added value and contributes to the successful achievement of objectives at all levels within the Trust.

When risk appetite is properly understood and clearly defined, it becomes a powerful tool, not only for managing risk, but also for enhancing business performance[1].

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[1] KMPG Understanding and articulating risk appetite:
https://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/Risk-appetite-O-200806.pdf
https://www.theirm.org/media/464806/IRMRiskAppetiteExecSummaryweb.pdf