

<b>Meeting:</b>	<b>NHS Grampian Board Meeting</b>
<b>Meeting date:</b>	<b>5 October 2023</b>
<b>Item number:</b>	<b>11</b>
<b>Title:</b>	<b>Risk Management Update</b>
<b>Responsible Executive/Non-Executive:</b>	<b>Professor Nick Fluck, Medical Director</b>
<b>Report Author:</b>	<b>Jennifer Matthews, Corporate Risk Advisor</b>

## 1 Purpose

### **This is presented to the Board for:**

- Assurance
- Endorsement

### **Assurance**

The NHS Grampian Board is asked to review and scrutinise the information provided in this paper and confirm it provides assurance that:

- The processes regarding the management and maintenance of the Strategic Risk Register are either in place and robust, or improvements are being made and appropriate evidence of these improvements has been provided to the Board's satisfaction
- Improvements to the Board Committee Risk Processes are being made and appropriate evidence of these improvements has been provided to the Board's satisfaction

### **Endorsement**

The NHS Grampian Board is asked to:

- Endorse the proposals contained within the Draft Risk Appetite Statement

### **This report relates to:**

- Annual Operation Plan
- Government policy/directive
- Legal requirement

**This aligns to the following NHS Scotland quality ambition(s):**

- Safe
- Effective

## **2 Report summary**

This report provides the NHS Board with updates on:

- The Strategic Risk Register maintenance and management
- The Risk Appetite Statement
- The Board Committee Risk Process

### **2.1 Situation**

Risk Management is a key element of the Board's internal controls for Corporate Governance.

Failure to ensure that meaningful and effective risk management processes are in place could potentially expose the organisation to an unknown and unmanageable amount of risk. This could lead to an inability to deliver safe and effective healthcare services and achieve the organisation's strategic objectives, as laid out in Plan for the Future, NHS Grampian's strategy for 2022-2028.

Work to improve and enhance the organisations risk management processes is ongoing. This report delivers a comprehensive update on recent progress and forthcoming plans.

The NHS Grampian Board is asked to:

- Review the refreshed Strategic Risk Register and plans for Strategic Risk review
- Note the alignment of Strategic Risks to Board Committees
- Scrutinise and review the draft Risk Appetite Statement
- Note the updates regarding the Board Committee Risk Process

### **2.2 Background**

The NHS Grampian Board approved a revised Assurance Framework in August 2022, which incorporated the Audit and Risk Committee assuming additional responsibility for agreeing and obtaining assurance on the Board's Risk Management Policies and Processes, including processes surrounding Strategic Risk.

Over the last year, the Committee has been vital in supporting this process of assurance through the review of and providing recommendations on work carried out

by the Executive Lead for Risk and the Corporate Risk Advisor, ensuring that the approach to risk is effective and meaningful.

### **2.2.1 Strategic Risk**

On the 10th March 2023, the Chief Executive Team reviewed the NHS Grampian Strategic Risk Register at a development session. Outcomes from this session included:

- An updated Strategic Risk Register
- Alignment of Strategic Risks to specific Board Committees
- Suggested new Strategic Risks
- Agreed approach to Strategic Risk Management
- Agreed Performance and Assurance approach

These outcomes have allowed the Strategic Risk Register to be refreshed, ensuring risks are relevant and aligned to the organisation's strategic direction.

### **2.2.2 Risk Appetite**

A Risk Appetite Statement is used to communicate the amount and type of risk that the organisation aims to seek, accept or tolerate in pursuit of achieving its strategic objectives.

Based on outputs and feedback received from NHS Grampian Board Seminars on 12th January 2023 and 6th July 2023, a Risk Appetite Statement has been drafted. NHS Grampian's risk appetite reflects the boundaries in which the organisation *aims* to work within to achieve its strategic objectives as set out in Plan for the Future.

### **2.2.3 Board Committee Risk Process**

On 16th May 2023, the Audit and Risk Committee endorsed the 'Board Committee Risk Process', which set out that the Committee will:

- Provide recommendations on the development of the Board Risk Management Policy and Processes
- Provide assurance on the maintenance and management of the Strategic Risk Register
- Include exception reporting to the Board on any serious risk management issues

Within this process, the other Board Committees are responsible for seeking assurance on behalf of the Board on risk management within the scope of their terms of reference.

Risk reporting should enable the other Board Committees to:

- Provide an assurance note to the Audit and Risk Committee on the maintenance and management of 'Very High Operational Risks', also known as 'significant risks', that impact on the area of responsibility
- Provide an assurance note to the Audit and Risk Committee on aligned Strategic Risk(s)
- Include exception reporting to the Board on any serious risk related issues

## 2.3 Assessment

### 2.3.1 Strategic Risk Register

#### Committee Alignment

The NHS Grampian Strategic Risk Register currently holds 8 Strategic Risks. These risks have been aligned to the following Board Committees to ensure appropriate oversight, scrutiny and management.

Committee	Strategic Risks
Clinical Governance Committee	<ul style="list-style-type: none"> <li>- Deviation from recognised service standards of practice and delivery</li> <li>- Threat to delivery of clinical services</li> </ul>
Performance Assurance, Finance & Infrastructure Committee	<ul style="list-style-type: none"> <li>- Cyber Risk</li> <li>- Infrastructure</li> <li>- Financial Resources</li> <li>- Capacity for Transformation</li> <li>- Threat to delivery of clinical services</li> </ul>
Staff Governance Committee	<ul style="list-style-type: none"> <li>- Deteriorating Workforce Engagement</li> <li>- Threat to delivery of clinical services</li> </ul>
Population Health Committee	<ul style="list-style-type: none"> <li>- Future Pandemic</li> </ul>

Due to the complexity of causation and impact of the risk 'Threat to delivery of clinical services', this risk will have oversight and responsibility of management across three committees, as detailed above.

Summary details of the updated Strategic Risk Register can be viewed in Appendix 1.

## **Strategic Risk Reporting- Chief Executive Team**

The refreshed Strategic Risk Register was reviewed and endorsed by the Chief Executive Team on 27th June 2023.

The following steps were agreed by the Chief Executive Team to assist in the management and monitoring of Strategic Risk:

- Strategic Risk Workshop at Critical Thinking Sessions (1 or 2 per year)
- Executive Led Development of Strategic Risk
- Quarterly review of 2 or 3 Strategic Risks at Performance Meetings, including reporting on direction of risk updates and relevant performance metrics

### **2.3.2 Risk Appetite Statement**

The draft Risk Appetite Statement was endorsed by the Chief Executive Team and the Audit and Risk Committee on 5th September 2023.

The Risk Appetite Statement, which contains details of nine risk categories and four corresponding risk appetite levels, is intended to support decision making through articulating risk boundaries. Individual risk category statements and levels are a reflection of the optimal position in terms of how much risk the organisation aims to seek, accept or tolerate in pursuit of its strategic objectives.

The draft Risk Appetite Statement can be viewed in Appendix 2.

Once the statement is finalised, processes will commence to embed risk appetite principles into NHS Grampian's existing risk management processes, and initiate practical application of the statement with the aim of ensuring:

- Executive Leads understand the aggregated and interlinked level of risk within their portfolio or area of responsibility and whether this risk is at an acceptable level
- Executive Leads and responsible managers are clear as to the variability of risk appetite levels across risk categories and what this implies for their area of responsibility
- Managers making decisions understand the boundaries of risk which they must aim to remain within, in terms of risk exposure for the organisation
- Identified risks that are deemed out-with the accepted risk appetite levels are escalated appropriately via aligned governance structures

It is proposed that the Risk Appetite Statement will be reviewed annually by the Board and/or following any significant changes or events.

### **2.3.3 Committee Planning- Risk Reporting**

With other Committee Chairs and Executive Leads, the Corporate Risk Advisor will design and agree on the content of other Committee Risk Reports, so that the following can be achieved/established:

- Review of significant operational/corporate risks within the Committee's remit, which will be determined based on the agreed Risk Appetite Statement and the Committee's Terms of Reference
- Rating on the level of assurance that can be provided in relation to the management and mitigation of aligned significant operational/corporate risks
- Rating on the level of assurance that can be provided in relation to the management and mitigation of aligned Strategic Risks
- Rational for escalation via exception reporting

The frequency of reporting will be built into future Committee scheduling and planning in conjunction with the Board Secretary.

It is estimated that the new other Committee Risk Reporting will commence early in 2024.

### **2.3.4 Quality/ Patient Care**

A robust risk management process will enable risks posed to quality and care to be identified and managed. Assurance for associated significant and strategic risks will be provided by the Clinical and Care Governance Committee.

### **2.3.5 Workforce**

A robust risk management process will enable risks relating to the organisations workforce to be identified and managed. Assurance for associated significant and strategic risks will be provided the Staff Governance Committee.

### **2.3.6 Financial**

A robust risk management process will enable financial risks to be identified and managed. Assurance for associated significant and strategic risks will be provided by the Performance Assurance, Finance & Infrastructure Committee.

### **2.3.7 Risk Assessment/Management**

Risk management processes are described within this paper.

### **2.3.8 Equality and Diversity, including health inequalities**

An impact assessment has not been completed because this is a summary report.

### **2.3.9 Other impacts**

No other relevant impacts.

### **2.3.10 Communication, involvement, engagement and consultation**

This report has not been shared with any external stakeholders.

### **2.3.11 Route to the Meeting**

Details regarding the Strategic Risk Register contained in this report have previously been considered by the following groups as part of its development:

- NHS Grampian Chief Executive Team Strategic Risk Workshop- 10th March 2023
- NHS Grampian Chief Executive Team Meeting- 27th June 2023

Details regarding the Risk Appetite Statement contained in this report have previously been considered by the following groups as part of its development:

- NHS Grampian Board Risk Appetite Seminar- 12th January 2023
- NHS Grampian Board Seminar- 6th July 2023
- NHS Grampian Chief Executive Team Business Meeting- 5th September 2023
- NHS Grampian Audit and Risk Committee- 5th September 2023

Details regarding the Board Committee Risk Process contained in this report have previously been considered by the following groups as part of its development:

- NHS Grampian Audit and Risk Committee- 12th January 2023
- NHS Grampian Audit and Risk Committee- 16th May 2023
- NHS Grampian Clinical Governance Committee- 23rd May 2023

The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

## **2.4 Recommendation**

### **Assurance**

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### **Endorsement**

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- Endorse the proposals contained within the Draft Risk Appetite Statement

### **3 Appendix/List of appendices**

The following appendix/appendices are included with this report:

- Appendix 1 – Strategic Risk Register Summary
- Appendix 2 – Draft Risk Appetite Statement