

Board of Directors (Public)

Item 6.5

Subject: Progress Against the Risk Management Action Plan

Date of meeting: 28th July 2015

Prepared by: Dr Mark Jackson, Director of Research & Informatics

Presented by: Dr Mark Jackson, Director of Research & Informatics

**board
report**

Data Quality Rating	BAF Ref	Impact on BAF Risk Rating
Bronze	3	Reduce likelihood risk score from 5 to 4: Overall risk score 12

1. Executive Summary

The purpose of this paper is to present progress made to date in implementing the action plan arising from the review undertaken by PM Governance Ltd.

2. Background

During August and September 2014 PM Governance Ltd carried out a rapid review of risk management at LHCH. This review reported in November 2014, and the report was presented at the Board of Directors strategy day in the December 2014.

This review was commissioned in order to apply a challenge to the Trust's capacity to handle risk, and with a strong developmental emphasis, reappraise the Trust's arrangements alongside international risk management standards and best practice. The review focused on the contribution of the risk management system to the work of the Board of Directors.

3. Issues

The review concluded that the Trust has a risk management system in operation, but this was not sufficiently mature to keep the Board fully informed of material risk exposures, or to allow the Board to make decisions which keep risk under prudent control at all times.

The action plan that was proposed and approved is presented as an appendix. The below provides a high level summary against the issues identified in the January 2015 Board paper that described the future risk management arrangements.

Issue	Progress
Redevelop and embed a risk management process	The Director of Research & Informatics has assumed the Chief Risk Officer role, and now chairs the Risk Management & Corporate Governance Committee. A new Risk Management Policy has been written which was approved by the Board in April 2015. The risk management process described within this policy is the subject of organisation wide training currently underway.
Cross check that service lines understand their purpose, and their objectives are explicit and aligned to corporate strategy	Each Division has representation at the Risk Management & Corporate Governance Committee, and their risk registers are the subject of regular review. The new policy explicitly links the achievement of objectives to the risk management function, and the Operations Board has received training to this effect. Our strategic objectives for 2015/16 have been refreshed, and communicated to the Trust.
Reassess risk and reconstruct risk registers to incorporate emergent and external risks facing the business, as well as internal operational and business development risk	<p>The risk register function has been moved from a standalone paper based system to an integrated electronic register hosted as part of the Trusts overall informatics reporting function (Athena). The new tool collects a pre-defined dataset, and provides multiple points of help and support available during the act of contributing to the register. The register is also used as part of the training to breed familiarity. The training also takes a much broader view of risk beyond that affecting primarily patients, i.e. an enterprise wide approach.</p> <p>This register is however only a stepping stone to a new electronic industry leading risk management software system. A procurement exercise has recently concluded that selected DATIX as a replacement for PRISM. DATIX will be implemented across 2015 to achieve full electronic register and incident reporting, together with integrated claims and complaints handling.</p>
Improve risk treatment in risk registers and expand upon the five broad strategies used to treat risk	The new register leads staff through specific articulation of the risk, its causes and consequences. Controls are likewise specifically articulated to keep the user focused on the deployment of controls where there is a pre-specified hypothesis of how the control will mitigate the risk.
Assure the operation of controls for key risks	This work is ultimately undertaken by the Risk Management & Corporate Governance Committee. The Risk Manager has operational responsibility to support the Divisions in evidencing the effectiveness of controls in reducing risks. The new register also collects both internally and externally generated assurances from the reporting function to evidence risk reduction.
A move to full electronic reporting of incidents, and improved feedback to staff	The majority of our incident reporting remains on paper. The move to a full electronic system will come with the implementation of DATIX. However, as part of the Trusts Business Intelligence Strategy, the existing risk management system has been "opened up", such that incidents reported and actions taken are immediately available for managers to review via the Trusts sign up to safety dashboard, thereby closing the feedback loop.

Issue	Progress
Provide a more sensitive model for scoring risk	The new register, the Board Assurance Framework and the training all use a 5x5 matrix for risk scoring. This provides 19 possible risk levels of risk rather than the 6 possible under the old 3x3 matrix. This is leading to a more granular description of our risks and associated reductions in the frequency of risks being scored in the highest (red) category.
Establish more effective mechanisms for oversight and scrutiny of risk, and accountability for risk handling	The oversight of risk has been enhanced via the Risk Management & Corporate Governance Committee as described above. Top organisational risks are now reported at each Board of Directors meeting (integrated into the Chief Executives Report). The Corporate Risk Register is reported at each meeting of the Operations Board. Each Division will be presenting their top five risks at Operations Board from July (after they have received the risk management training).

Implementation of the action plan is currently on schedule.

4. Conclusion

The Risk Management action plan is under active implementation.

5. Recommendations

The Board of Directors is asked to review this report and associated action plan, and be assured that the improvements to the risk management function recommended by the external review are being realised.