Risk Management Framework

Policy information

Policy number: 608
Classification: Corporate
Supersedes: Previous versions
Version number: *3.0*
Date of Equality Impact Assessment: 27/08/2025

Approval information

Approved by: Public Board
Date of approval: 25.09.2025
Date made active: 30.09.2025
Review date: 25.09.2028

Summary of document:
This document aims to set out the components that provide the foundation and organisational arrangements for supporting risk management processes in Hywel Dda UHB.

Scope:
This framework applies to all UHB staff, contractors and other third parties working within the UHB. Managers at all levels within the UHB must take an active lead to ensure that risks are managed effectively and that a risk aware culture across the UHB is facilitated / maintained.

To be read in conjunction with:
156 - Risk Management Strategy and Policy (opens in a new tab)
674 - Risk Assessment Procedure (opens in a new tab)

Patient information:
N/A

Owning group:
Audit and Risk Assurance Committee (ARAC)

Executive Director job title:
Chief Executive

Reviews and updates:
1.0 – New Policy
2.0 – Full Review including additional risk escalation process
3.0 – Full Review

Keywords
Risk, Risk Management, Risk Management Framework

Glossary of terms

UHB - University Health Board
RASP - Risk Architecture, Strategy and Protocols
BAF - Board Assurance Framework
CRR - Corporate Risk Register
CEO - Chief Executive Officer
ARAC - Audit and Risk Assurance Committee
RM - Risk Management
SRO - Senior Reporting Officer
QSEC - Quality, Safety and Experience Committee

Term	Definition
Risk	The effect of uncertainty on objectives. Note that an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. (International Organisation for Standardisation (ISO) 31073, 2022)
Risk management	The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure. (The Institute of Risk Management)
Risk management framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organisation. (ISO Guide 73, 2009)
Risk appetite	The amount and type of risk that an organisation is willing to pursue or retain (ISO 31073, 2022)
Risk tolerance	The organisation's readiness to bear the residual risk in order to achieve its objectives. (ISO 31073, 2022)
Risk acceptance	An informed decision to take a particular risk. Risk acceptance can occur without risk treatment or during the process of risk treatment. Accepted risks are subject to monitoring and review. (ISO 31073, 2022)
Risk owner	Person or entity with the accountability and authority to manage risk. (ISO 31073, 2022)
Risk exposure	The level of risk that the organisation is exposed, either in regard to an individual risk or the cumulative exposure to the risks faced by the organisation
ISO 31073, 2022	Generic risk management standard, which provides principles, definitions, framework and a process for managing risk, which can be used by any organisation, regardless of size, activity or sector
ISO Guide 73, 2009	Provides the definitions of generic terms related to risk management.

Hazard risks	"Pure" risks facing the organisation, which result in negative outcomes and disrupt normal operations / service delivery
Opportunity risks	Risk that is associated with the benefit of speculative opportunities

Contents

Introduction

The Institute of Risk Management defines risk management as 'the process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure'. Risk management has become increasingly more important due to high profile corporate failures, increasing stakeholder expectations, and the impact of global events such as COVID-19. As well as supporting better decision making and improved efficiency, risk management can also provide greater assurance to stakeholders that concerns are being managed and mitigated as effectively as possible.

Any risk management initiative must add value to the organisation. Risk management activities should be designed to achieve the best possible outcomes and reduce the uncertainty of these outcomes. A successful risk management process (and framework) should be:

- **P**roportionate to the level of risk within the organisation;
- **A**ligned to other business activities, e.g. planning;
- **C**omprehensive, systematic and structured;
- **E**mbedded within business procedures and protocols;
- **D**ynamic, iterative and responsive to change.

Risk management should be embedded into the University Health Board's (UHB) business and strategic planning, change management processes, day to day operations, and compliance activities. If used successfully, 'risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced.' (The Orange Book, 2023).

Policy statement

This policy aims to set out the components that provide the foundation and organisational arrangements for supporting risk management processes in Hywel Dda UHB (the UHB).

Scope

This framework applies to all UHB staff and Independent Members, contractors, other third parties working within the UHB and those who work in partnership with the UHB. All managers, (working in both Clinical Care Groups and Executive Functions) must take an active lead to ensure that risks are managed effectively and drive the development of a risk aware culture within the UHB.

Aim

The aim of this document is to:

- set out the components that provide the foundation and organisational arrangements for supporting risk management processes in the UHB.

The overall aim of risk management is to:

- Ensure conformity with applicable rules, regulations and mandatory obligations;
- Provide assurance to the Board and the Audit and Risk Assurance Committee (ARAC) that risk management and internal control activities are proportionate, aligned, comprehensive, embedded and dynamic;
- Support decision-making through risk-based information; and
- Provide effective and efficient strategy, operations and compliance activities.

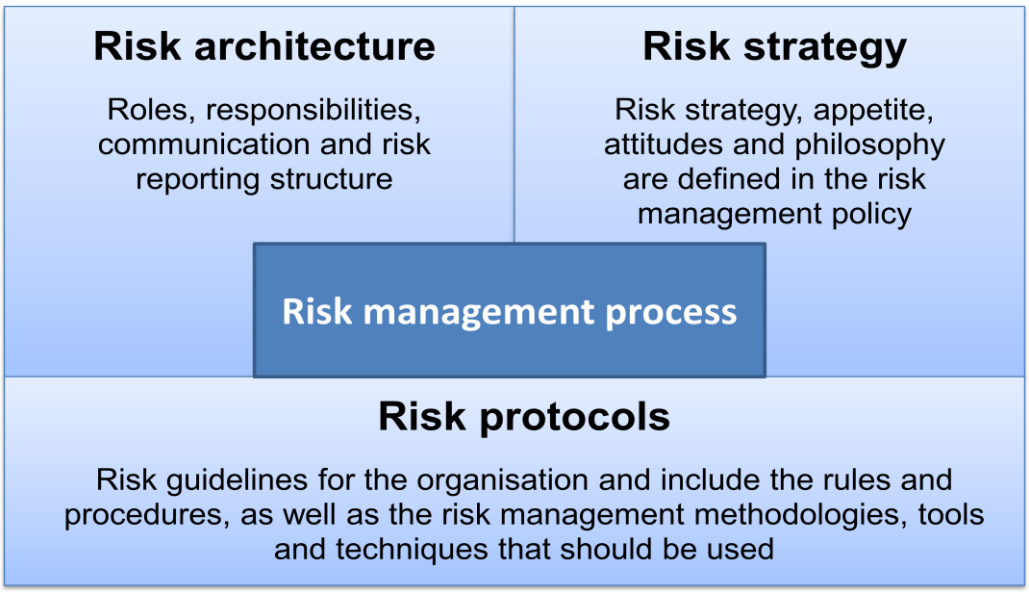
Objectives

The aim of this document will be achieved by the following objectives:

- Managers and staff to be aware of this policy and its implications and adhere to its principles in carrying out their duties.

Risk Management Framework

An organisation will describe its framework for supporting risk management by way of the risk architecture, strategy and protocols (RASP) that it is built around and supports the risk management process. It sets out the roles and responsibilities of individuals and committees that support the risk management process. The risk strategy should set out the objectives that risk management activities are seeking to achieve, and the risk protocols describe the procedures by which the strategy will be implemented, and risks are managed.

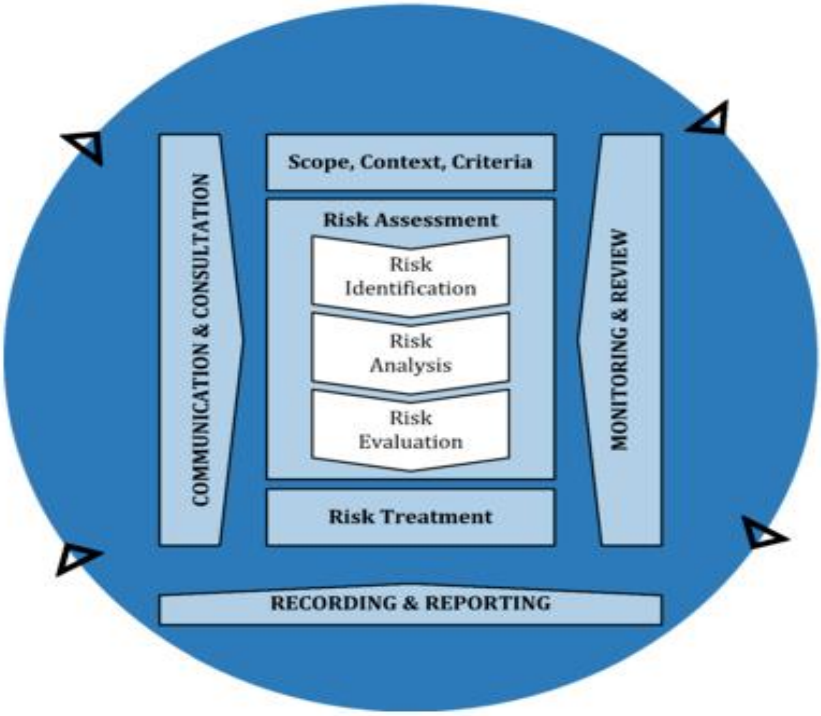


Fundamentals of Risk Management (2020)

Risk Management Process

Risk management should be a continuous process that supports the development and implementation of the strategy of the UHB. It should methodically address all the risks associated with all the activities of the UHB (including the influence of external factors (e.g. third-party partnerships)), such as strategy, operational activities and compliance with legislation/standards. This will include identifying the potential for events that constitute threats to success, opportunities for benefit or an increased degree of uncertainty.

The risk management process can be presented as a list of coordinated activities as illustrated below:



(ISO 31000, 2018)

The primary reason for undertaking risk assessments is to ensure that current controls can be validated, and the need for any further actions (risk treatment) to improve control of the risk can be identified. Controls are what the organisation has in place which makes a risk less likely to occur, or able to mitigate should the risk materialise, i.e. people, processes, systems, policies, etc.

The aim of risk management is not necessarily to remove risk altogether, but to manage risk to an acceptable level, considering the cost of minimising the risk and reducing risk exposure.

Risk Registers

The risk management process is recorded via the Datix Risk Module which generates risk register reports. A risk register provides an agreed, standardised approach to recording of the significant risks that have been identified through the risk assessment process, ownership of those risks, and serves as a record of the control activities that are currently undertaken to manage or mitigate the risk. It also provides a record of the additional actions proposed to improve the 'control' of the risks (i.e., to treat the risk further), including responsibility and timescales for implementation. The Datix Risk Module generates risk registers for reporting at different levels (Principal, Corporate and Operational), as well as the reporting of similar types of risks for oversight by specialist areas and functions within the UHB via themed risk registers.

All recorded risks on Datix are exported to the UHB Risk Performance Dashboard on a fortnightly basis. The UHB Risk Performance Dashboard offers all managers a more dynamic and accessible way of reviewing risks and provides reliable performance data in an easily accessible format using Power Business Intelligence (BI). It also allows staff from across the organisation the ability to view a summary of the UHB's risk profile.

A well-constructed and dynamic risk register is at the heart of a successful risk management process. In order for risk management to be effective and make a significant contribution to the organisation, risk registers need to become a document that drives changes and improvements. Therefore, it can sometimes be better to think of the risk register as a 'risk management action plan'.

Risk registers are used to provide assurance that risks are being managed appropriately and effectively. This is undertaken through formal monitoring and scrutiny processes by the UHB's Committee structure who will seek assurance on behalf of the Board (see section 'Committee Duties and Responsibilities (2nd line of defence)'

Risks can be recorded on different levels of risk registers depending on the type and severity of risk, as per the following sections below:

- Board Assurance Framework (BAF) via the Principal Risk Register;
- Corporate Risk Register (CRR);
- Operational Risk Register (ORR); and
- Project/Programme Risk Registers

Board Assurance Framework (BAF)

The BAF enables the Board to focus on those risks (referred to as principal risks) which may compromise the achievement of strategic objectives. The BAF provides a structure and process to enable the organisation to focus on its principal risks. It will also highlight any key controls that have been put in place to manage the risk, sources of evidence or assurance, and any gaps which require further action. The BAF is more than a risk register, as it provides evidence through 'assurance' on the achievement of the UHB's strategic objectives. It should support effective decision-making and inform Board agendas, in addition to providing assurance on the system of internal control.

The Executive Team has responsibility to discuss and agree the BAF and any amendments, to ensure there is appropriate scrutiny and challenge of principal risks prior to the BAF being submitted to the Board. This will include:

- Ensuring existing principal risks have been updated by the risk owners and reflect the current position;
- Considering closure or de-escalation of any principal risks to operational risk registers; and
- Agree the submission of any new principal risks.

It is in the interests of the Executive Team to work collectively to manage these principal risks to ensure that strategic objectives are delivered within the agreed timescales, thus increasing the UHB's probability of success and reducing the likelihood of failure.

Principal risks are closely aligned to the UHB planning process to ensure the Board is aware of the risks to achieving objectives when approving its plan.

The Board has delegated some of its role of scrutiny of the assurances on the BAF to its Committees to make the most appropriate and efficient use of expertise. Therefore, Committees must ensure that assurance reports relevant to the principal risks are received and scrutinised, and an assessment made as to the level of assurance it provides, taking into account the validity and reliability (i.e. source, timeliness, methodology behind its generation and its

compatibility with other assurances). This enables the Board to place greater reliance on assurances if they are confident that they have been robustly scrutinised by one of its Committees. It also provides Board with greater confidence about the likely achievement of strategic objectives, as well as providing a sound basis for decision-making. It is the role of Committees to challenge where assurances, in respect of any component, are missing or inadequate. Any gaps are escalated to the Board.

Corporate Risk Register (CRR)

The CRR is a log of significant risks that have been identified from a top-down and bottom-up approach. These are significant risks that affects the organisation's ability to achieve its planning objectives, and significant operational risks affecting the delivery healthcare services in the 'here and now'. The Executive Team is responsible for approving the escalation of operational risks on the CRR, and subsequent de-escalation/closure of risks on the CRR (see appendix 1 and appendix 2).

Whilst each Director will be responsible for the ownership of risk(s) and identifying current controls and developing action plans, it will be the role of Executive Team at its Formal Executive Team meetings, to review controls and ensure appropriate action plans are in place, which might include the development and agreement of corporate risk management strategies to manage risk(s). It will also be the role of the Executive Team to recommend to the Board the 'acceptance' of those risks that cannot be brought within the Board's risk appetite through the CRR report and/or Committee update reports to Board. The Board must be provided with assurance that everything that can be done, has been done to reduce the risk and that there are effective plans and controls in place to manage the situation should the risk materialise. This will help limit damage, control loss and contain costs for the UHB. Whilst a risk may be accepted by the Board, the risk owner must ensure that the current control measures are regularly reviewed to ensure they remain effective. This process is outlined in appendix 4.

The Executive Team should use risk information, including discussions from Committees, to inform the prioritisation of resources and decision-making, i.e. by ensuring risk information is fed into different business processes within the UHB such as capital planning, budget planning, workforce planning etc.

Each risk on the CRR has been mapped to a Board level Committee to ensure that risks on the CRR are managed appropriately, taking account of gaps, planned actions and tolerances, and provide assurance to the Board through their update report to the Board on the management of these risks. The Executive Risk Owner is responsible for discussing acceptance of risk above UHB risk appetite with the Executive Team, before being presented to the relevant Committee for discussion and recommendation to Board for approval.

Operational Risk Registers (ORR)

The ORR should include risks associated with:

- the achievement of Clinical Care Group (CCG) or Executive Function objectives;
- the day-to-day operation of the CCG or Executive Function, i.e., delivering a safe and sustainable service for patients; and
- any legislation or standards that the CCG or Executive Function should be compliant with.

Operational risks are mostly identified from a bottom-up approach. The Executive Risk Owner is responsible for presenting any operational risks to the Executive Team for approval for inclusion on to the CRR (see appendix 1). Additionally, the Executive Risk Owner is responsible for agreeing in principle, the acceptance of any operational risks above the UHB risk appetite, where the risk treatment is proposed to be amended to "Tolerate" from "Treat". The Executive Team is responsible for endorsing this, prior to presentation to the relevant Committee for recommendation to the Board.

Risks identified within operational risk registers are aligned by the management leads to a formal Committee or Sub-Committee, which will provide assurance through the parent Committee (e.g., QSEC) to the Board that operational risks are being identified, assessed and managed effectively. Further details can be found in the section on 'Board Committees' and 'Sub-Committees' below.

Project/Programme Risk Registers

Every project or programme should maintain a risk register. Those projects or programmes managed through the organisational project and programme management tool have risk registers included by default, on which risks to that project or programme can be reported before being transferred or managed. Project risk management is concerned with the risks embedded within delivery of the project or programme (i.e. delivering the project or programme on time, within budget and within specification) and aims to reduce the variance between anticipated outcomes and actual results.

A project risk register should be populated and updated regularly throughout the duration of the project and should help prioritise risk management activity. Project/programme risks are managed/reviewed outside of the Datix system by the relevant Senior Responsible Officer (SRO). Risks are reported through project group risk registers, and other groups with responsibility for project oversight (e.g. Capital Sub Committee), to provide assurance on the management of the risks and the delivery of relevant capital and digital projects funded by discretionary and all Wales capital. Where a project/programme has the ability to impact on operational activity i.e. business continuity, these should be reported within the project risk register for the SRO and transferred to Datix before being recorded as closed, to ensure that all risks are captured and managed appropriately.

Risk Escalation

Risks should be managed by the risk owner, or the person appointed by the risk owner. However, there may be circumstances where the ability to manage a risk may exceed the authority of the risk owner. Circumstances which may lead to risks being escalated may include:

- Risks that exceed the organisation's risk appetite, and there is nothing further that the risk owner can do to reduce it to within accepted levels (risk tolerance). This is based on the target risk score to demonstrate the lowest level of risk exposure that the UHB is prepared to accept following the completion of all planned actions aligned to a risk;
- Risk treatments are outside of the delegation of the risk owner; or
- A risk shared by other areas of the organisation where risk treatment cannot be agreed.

Where significant risks have been identified which are deemed challenging to manage, consideration should be given for the escalation of these risks to the next level of responsibility

for additional risk action. A risk may be considered for escalation to corporate level if it has the potential to significantly impact on:

- the delivery of safe services;
- the UHB's ability to deliver short to medium term objectives (in-year delivery);
- the UHBs ability to remain within its financial allocation;
- the reputation of the UHB, particularly in relation to stakeholder and public trust; or
- the operational areas' ability to delegate authority or resources to manage the risk effectively.

The above can often be identified when a risk has either an extreme or high target risk score (TRS), which is used to demonstrate the lowest level of risk exposure that the UHB is prepared to accept following the completion of all planned actions, or where progress in managing the risk has been limited or unsuccessful, or may be reliant on external factors in order to further progress. In essence, escalation should be considered when the risk is too significant, complex or impactful for the Clinical Care Group / Executive Function to address appropriately and within its means.

Any risk which requires escalation to corporate level requires the endorsement in the first instance of the Clinical Care Group Director / Executive Function lead via local governance arrangements ahead of approval by the relevant Lead Executive and the wider Executive Team.

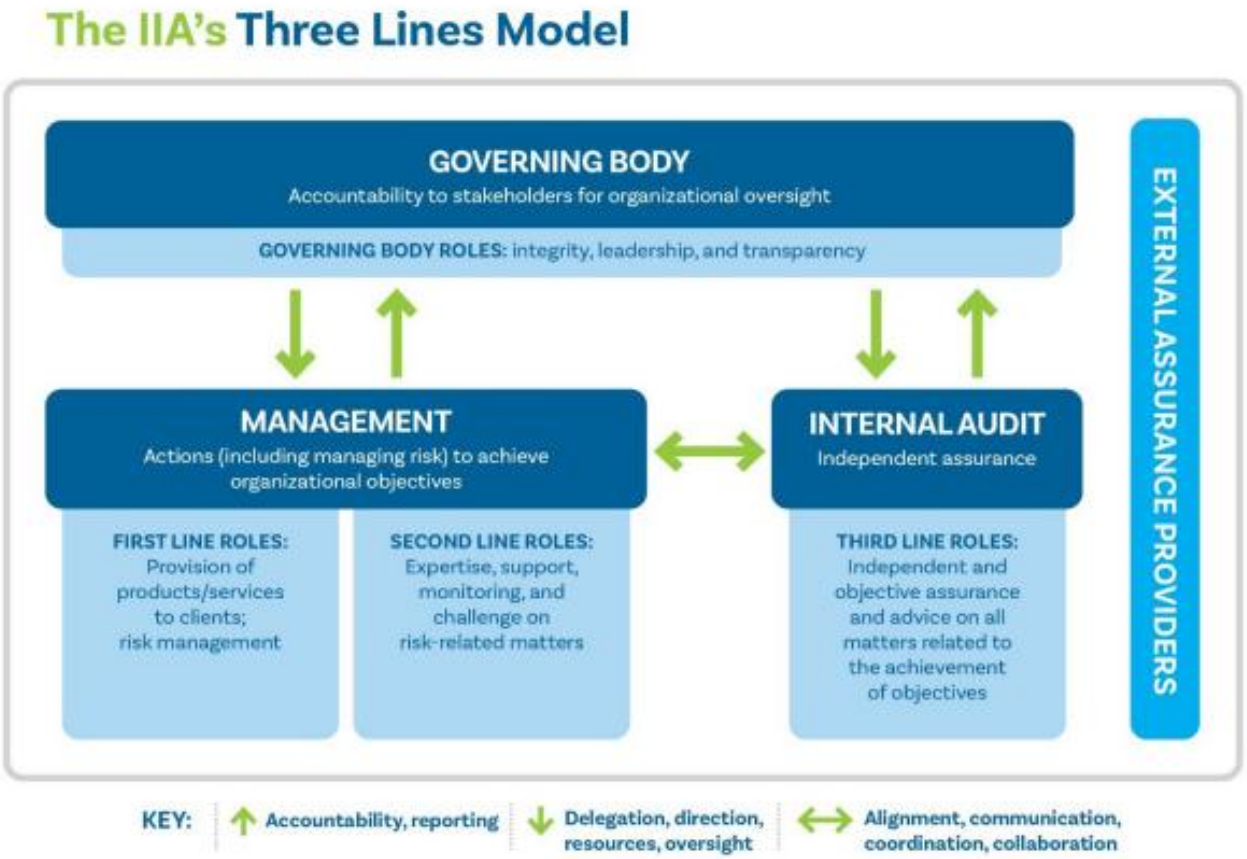
- Further guidance on risk escalation, which has been approved by the Executive Team, is outlined in appendix 1 and appendix 2.

Risk Architecture

Risk architecture is the organisational arrangements for risk management detailing the roles, responsibilities and the lines of communication for reporting on risk management.

The Three Lines of Defence Model

The UHB operates a 'Three Lines' model, with the diagram below outlining the principles for the roles, responsibilities and accountabilities for risk management:



(IIA, 2024)

In the 'Three Lines of Defence' model, management control is the first line of defence in risk management. The various risk control and compliance oversight functions established by management are the second line of defence, and independent assurance is the third. Each of these three "lines" plays a distinct role within the UHB's wider governance framework. All three lines need to work interdependently to be effective.

The Board has responsibility and accountability for setting the organisation's objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives.

These roles and responsibilities are further outlined in section 'Individual Responsibilities (1st line of defence)' to section 'Internal Audit (3rd line of defence)' below.

Responsibilities

Individual Responsibilities

Risk management is the responsibility of all staff. The following sections define the expectations of particular roles.

Chief Executive Officer

The Chief Executive Officer (CEO), as Accountable Officer, is responsible for systems of internal control and implementing the policies set by the Board. The CEO also has overall accountability for risk management within the UHB and as such is responsible for the annual signing of the Accountability Report including the Governance Statement, as well as devolving

responsibility for the management of risk to relevant Executive Directors in accordance with the scheme of delegation.

Director of Corporate Governance / Board Secretary

The Director of Corporate Governance / Board Secretary is the delegated lead for ensuring that the UHB has an effective risk management framework in place to inform planning and decision-making within the UHB.

Assistant Director of Assurance and Risk

The Assistant Director of Assurance and Risk will support the Director of Corporate Governance / Board Secretary to ensure that the UHB has an effective risk management framework in place and is responsible for:

- Developing and maintaining the BAF and the CRR for the Board;
- Facilitating a risk-aware culture within Hywel Dda UHB;
- Developing the risk management framework and strategy;
- Developing the risk appetite statement and acceptable risk tolerance levels;
- Undertaking an annual assessment of the UHB's risk maturity; and
- Ensuring risks are reported, monitored and scrutinised by the Board and its Committee structure.

Head of Assurance and Risk

The Head of Assurance and Risk is responsible for the development of an effective risk management process and framework. The Head of Assurance and Risk will support the Assistant Director of Assurance and Risk with the responsibilities listed in section 'Assistant Director of Assurance and Risk' above, as well as:

- Implementing the risk management framework and strategy, including the risk appetite and tolerance levels across the organisation;
- Establishing and implementing internal risk procedures and guidelines;
- Co-ordinating risk management activities;
- Strengthening operational risk management arrangements; and
- Providing training, information and support to staff and managers.

Executive Directors

Executive Directors have responsibility for the ownership and management of principal (strategic) risks and operational risks within their portfolios. These responsibilities include:

- Promoting a risk-aware culture within their directorate;
- Identifying strategic (principal) risks associated with the delivery of strategic objectives;
- Identifying new and escalating risks for inclusion on the corporate risk register;
- Ensuring there are processes in place within their Directorate to
  - Approve risks emerging from CCGs and Executive Functions to be included on the relevant risk register(s);
  - Oversee the co-ordination, updating and validation of risk registers from CCGs and Executive Functions within their areas of responsibility;
  - Communicate and monitor risks within their directorates; and
  - Ensure that risk management processes are managed in accordance with the UHB Framework

Lead Executive Directors, as risk owners, are responsible for managing risks to an acceptable level and if this is not possible, to report the acceptance of risk above the UHBs risk appetite to the Board, or appropriate Board level Committee, depending on the level of the risk (See appendix 1).

Managers

Managers working within both CCGs and Executive Functions are to take the lead on risk management and set an example through visible leadership of their staff. These responsibilities include:

- Taking responsibility for managing risk;
- Ensuring that risks are assessed that are:
  - Identified within the working activities carried out within their management control;
  - Identified within the environment within their control; and
  - Reported from the staff within their management control.
- Identifying and managing risks that cut across delivery areas;
- Discussing risks on a regular basis with staff and through discussions at meetings and via local governance arrangements to help improve knowledge about the risk faced, increasing the visibility of risk management and moving towards an action focussed approach;
- Ensuring risks are entered promptly on the UHB's risk management system, and updated regularly, to a high standard and appropriately acted upon;
- Communicating downwards what the top risks are;
- Reporting and escalating risks from the front line;
- Linking risk to discussions on finance, and stopping or slowing down non-priority areas or projects to reduce risk as well as staying within budget, demonstrating a real appetite for setting priorities;
- Ensuring staff are suitably trained in risk management and are clear on their responsibilities;
- Monitoring mitigating actions and ensuring action owners are clear about their roles and what they need to achieve;
- Ensuring that people are not blamed for identifying and escalating risks, and fostering a culture, which encourages them to take responsibility in helping to manage them;
- Ensuring that risk management is included in appraisals and development plans where appropriate; and
- Ensuring the adoption, implementation and operation of the risk management framework across their work area.

Staff

All staff are responsible for:

- Identifying and reporting hazards, risks and opportunities they may encounter within the working activities and environment:
  - To their manager if the hazard, risk or opportunity is within their department;
  - To another manager if outside their department.
- Reporting incidents and near misses;
- Ensuring visitors and contractors comply with procedures; and
- Contributing to the management of risks and opportunities within the scope of their activities and environment.

Specialist Risk Management Functions

These functions provide part of the second line of defence in respect of managing risks. The second line of defence consists of activities covered by several components of internal governance and relate to a number of functions within the UHB such as health and safety, workforce, finance, risk management, quality and digital services. These are the subject matter experts who provide the tools, information, knowledge and support to assist the first line of defence (operational management) to manage risks.

This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists risk owners in reporting adequate risk related information up and down the organisation. These are usually management functions that may have some degree of objectivity, however, are not entirely independent from the first line.

Independent Members

Independent Members have an important role in risk management within the UHB. This role is restricted to seeking assurance on the robustness of processes and the effectiveness of controls through constructive, robust and effective challenge to Executive Directors and senior management. It is not appropriate for Independent Members to be involved in the management of individual risks, but to understand and question risk on an informed and ongoing basis.

Additionally, Independent Members chair Board level committees, and in line with the relevant committee Terms of Reference, which provide assurance to the Board that risks within its remit are being managed effectively by the risk owners, and report any areas of concern, to the Board.

Committee Duties & Responsibilities

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place. Appendix 3 sets out process for monitoring risks through Board & Committee Structure.

The Board

The Board maintains overall accountability for effective risk management, and has responsibility for the following key duties:

- Approving the UHB's framework and strategy for risk and assurance;
- Proactively determining and refreshing its risk appetite to underpin strategy, decision making and the allocation of resources, and ensure the right focus on risk management and reporting within the organisation;
- Setting the UHB's tolerance for risk and deciding what level of risk is acceptable;
- Agreeing strategic objectives and seeking assurance on the management of associated risks included in the BAF, reviewing its achievement against these objectives, and using this Framework as a dynamic tool to drive the board agenda;
- Reviewing the principal risks set out in the BAF, and those risks above tolerance in the risk categories for which the Board has agreed the lowest risk tolerance; and
- Regularly receive assurance that principal and corporate risks are effectively managed.

The behaviour and culture of the Board are key determinants of the Board's performance. Independent Members and Executive Directors must constructively challenge each other in respect of risk to enable the UHB to maximise its opportunities and manage any threats to the achievement of its purpose, aims and objectives. The Board should have it in mind that it is

the first line regulator on behalf of the public and should be confident at all times that they understand and are alerted to any significant failures in controls or gaps in assurance (NHS Confederation, 2009).

The Board's assesses its risk management maturity, and how to strengthen it, as part of the Board's annual maturity assessment.

The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is responsible for overseeing risk management processes across the organisation, and seeks assurance that:

- Effective systems are in place to manage risk;
- An effective framework of internal controls is in place to address risks; and
- The effectiveness of the framework is regularly reviewed.

The Committee is responsible for monitoring the assurance environment and challenging the build-up of assurance on the management of key risks across the year, to ensure that the Internal Audit Plan is based on providing assurance that controls are in place and can be relied on and reviewing the internal audit plan in year as the risk profiles change. The Committee will also take on responsibility for considering and recommending to the Board approval of the Risk Management Framework.

The Board receives annual reports on Committee's activities to provide assurance that Committees have reviewed risks that are aligned to them to ensure that they are being managed appropriately and that the risk management framework and process is effective.

Board Committees

Board Committees are responsible for:

- Seeking assurance on the management of corporate risks, and providing assurance to the Board that risks are being managed effectively, and to report any areas of significant concern, e.g., limited assurance, where risk appetite is being exceeded, lack of action etc;
- Review corporate and operational risks over tolerance and where appropriate, recommend the acceptance of risks that cannot be brought within the UHB's risk appetite;
- Identify through discussions any new or emerging risks, ensuring these are assessed by management;
- Signpost any risks out of its remit to the appropriate Committee;
- Utilise risk registers to inform meeting agendas to seek assurance on management of risks and the systems in place to provide assurance;
- Receive assurance through Sub-Committee Update Reports and other management group reports that risks relating to their areas are being effectively managed; and
- Provide annual reports to ARAC on the effectiveness of management of risks within its remit.

Sub-Committees

Sub-Committees are responsible for:

- Scrutinising appropriate operational risks over tolerance within their remit either via standard operational risk reports, through reports from services, or assurance reports requested by the Sub-Committee;
- Gaining assurance that the risks are being appropriately managed, effective controls are in place and planned additional controls are being implemented;

- Identifying, through discussions, new risks emerging risks and ensure these are assessed by management;
- Providing assurance to the parent committee that risks are being managed effectively and report risks which have exceeded tolerance through Sub-Committee Update Reports;
- Signposting any risks out of its remit to the appropriate UHB Committee or Sub-Committee; and
- Using risk registers to inform meeting agendas;

Executive Team

The Executive Team collectively share responsibility for agreeing the risks on the CRR and the BAF prior to submission to the Board, to ensure there is appropriate scrutiny and challenge of principal risks, the current controls and assurances and the actions to address any gaps in these. The Executive Team have a pivotal role as a second line of defence, to determine risk management strategies for the more challenging risks that threaten the UHB's operations.

It is also the role of the Executive Team to agree that risks are being managed to an acceptable level, balancing priorities, resources and the risk to the UHB, and recommend this course of action to the Board. The Board must be provided with assurance that everything that can be done, is being done, to reduce the risk, and that there are effective plans and controls in place to manage the situation should the risk materialise. This will help limit damage, control loss and contain costs for the UHB.

Whilst a risk may be accepted by the Board, the risk owner must ensure that the current control measures are regularly reviewed to ensure they remain effective and efficient. This process is outlined in Appendix 4.

The Executive Team will use risk information to inform prioritisation of resources, improve the decision-making process and feed into different business processes, i.e. IMTP/annual planning, budget planning, capital planning, etc.

Operational Risk Management Arrangements

All CCGs and Executive Functions must have the necessary arrangements in place to ensure good governance, quality, safety and risk management. This includes the:

- Identification, assessment and control of risks;
- Preparation and maintenance of an up-to-date operational risk register;
- Monitoring and review of operational risks, including the controls, management actions and linked risks, in line with guidance, and the appropriate escalation of risks via local governance arrangements where risks are unable to be managed and mitigated within the UHBs risk appetite;
- Communication of risk information to relevant parties, e.g. those who are impacted or those responsible for using the controls; and
- Use of operational risk registers to inform decision-making and allocation of resources.

Internal Audit

The relationship between risk management and Internal Audit is critically important. Risk management is concerned with the assessment of risk and the identification of existing and additional controls whereas it is Internal Audit's role to evaluate these controls and test their efficiency and effectiveness. Internal Audit are the 3rd line of defence and should maintain

independence from the management of risks. Evaluation of controls is undertaken through the Internal Audit programme of work. The Head of Internal Audit will:

- Provide an overall opinion each year to the Accountable Officer of the organisation's risk management, control and governance, to support the preparation of the Governance Statement;
- Focus the internal audit work on the significant risks, as identified by management, and auditing the risk management processes across the organisation;
- Audit of the organisation's risk management, control and governance through operational audit plans in a way which affords suitable priority to the organisation's objectives and risks; and
- Provide assurance on the management of risk and improvement of the organisation's risk management, control and governance by providing line management with recommendations arising from audit work.

Risk Strategy

The UHB has a Risk Management Strategy in place that sets out its risk management policy statement, its current risk appetite and objectives in respect of risk management.

The Board is responsible for approving the Risk Management strategy and is available on the UHB website and staff intranet site via the following link:

https://hduhb.nhs.wales/about-us/governance-arrangements/policies-and-written-control-documents/policies/risk-management-strategy-and-policy/ (opens in a new tab)

Risk Protocols

Risk protocols are the means by which the risk management strategy and architecture are delivered in practice and are the operational procedures and practices to put into effect the full range of activities within the risk management framework.

There is an information portal on the staff intranet https://nhswales365.sharepoint.com/sites/HDD_Corporate_Governance/SitePages/Risk.aspx (opens in new tab) where the following procedures, guidance, tools and templates can be accessed:

- Risk Strategy and Policy
- Risk Management Process
- Risk Assessment Procedure and flowchart
- Risk Scoring Matrix
- Risk Assessment Form

Training

Knowledge of how to identify, assess and manage risk is essential to the successful embedding and maintenance of effective risk management.

Specific training is provided to the Board and included as part of the Board's development programme.

Risk management training is provided to staff who are responsible for entering and managing risks on the Datix Risk Module by the Assurance and Risk Team.

Managers are required to assess the training needs of their staff regularly and specify the level of training staff require. This can be:

- Basic risk management awareness including risk assessment and the use of Datix; and
- Management of risk for risk owners and/or risk management leads.

A copy of the Risk Management Training Needs Analysis is included in Appendix 5.

Review of the effectiveness of the Risk Management Framework

The UHB's risk management arrangements are reviewed annually as part of Audit Wales's Structured Assessment process.

The UHB also undertakes an assessment of its risk maturity, the outcomes of which are reported to ARAC via the Risk Assurance Report.

References

AcademiWales (2017) The Good Governance Pocket Guide for NHS Wales Boards. Available at: http://www.primarycareone.wales.nhs.uk/sitesplus/documents/1191/Pocket%20Guide%20for%20NHS%20Wales%20Boards%20English.pdf (opens in a new tab)

HM Government (2023) Orange Book: Management of risk - Principles and Concepts. Available at: The Orange Book – Management of Risk – Principles and Concepts (opens in a new tab)

Hopkin & Thompson (2021) Fundamentals of Risk Management: Understanding, Evaluating and Implementing Effective Enterprise Risk Management. 6th Ed. London: Kogan Page Ltd.

IIA (2013) The Three Lines of Defence in Effective Risk Management and Control. Altamonte Springs: The Institute of Internal Auditors Inc. Available at: https://na.theiia.org/standards-guidance/Public%20Documents/PP%20The%20Three%20Lines%20of%20Defense%20in%20Effective%20Risk%20Management%20and%20Control.pdf (opens in a new tab)

ISO 31000:2018(en) Risk management. Available at: https://www.iso.org/iso-31000-risk-management.html/ (opens in a new tab)

Welsh NHS Confederation (2009) The Pocket Guide to Governance in NHS Wales. Good Governance Institute. Available at: http://www.wales.nhs.uk/sitesplus/documents/1064/NHS%20Wales%20Confed%20-%20Governance%20Pocket%20Book%20FINAL%5B1%5D.pdf. (opens in a new tab)

Appendix 1 – Escalation and Acceptance of Risk above UHB Tolerance

Escalating a risk

Risks should be managed by a specified risk owner, or a person appointed by the risk owner. There may be circumstances where the ability to manage a risk exceeds the authority of the risk owner/operational team/CCG/Executive Function, or is unable to be fully managed or mitigated within their scheme of delegation. The risk management framework utilised by the UHB allows the opportunity to escalate risks from operational to corporate level.

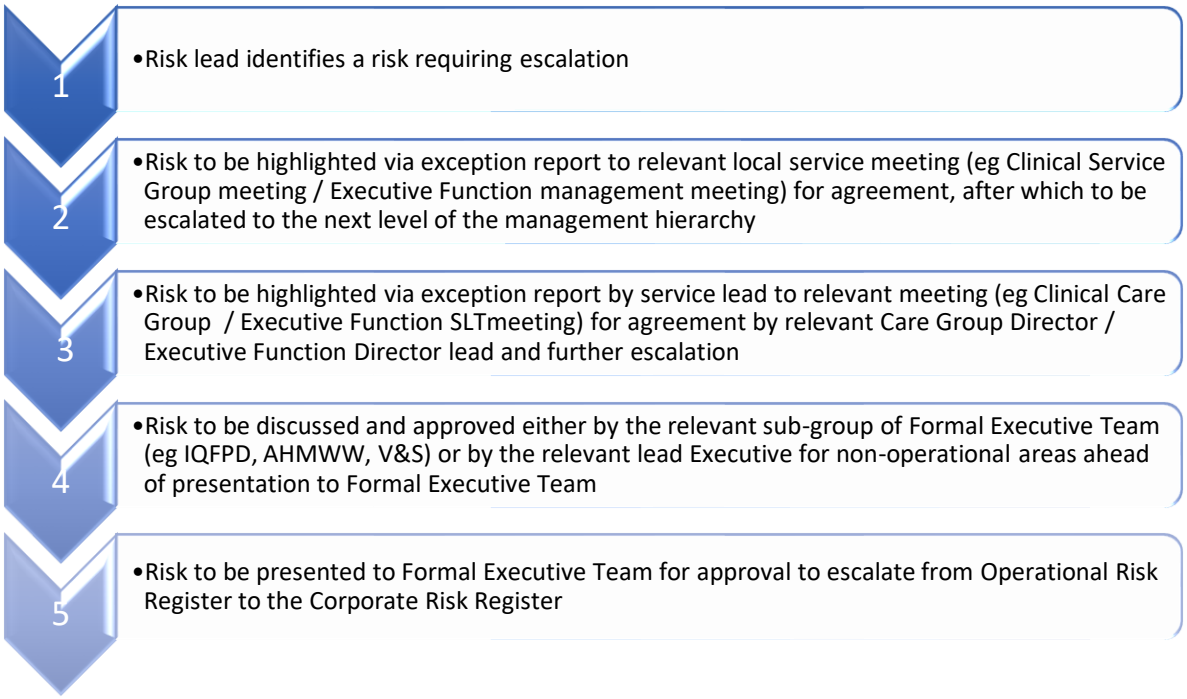
Where significant risks have been identified which are deemed challenging to manage at CCG/Executive function level, consideration should be given for the escalation of these risks to corporate level.

A risk may be considered for escalation to corporate level if it has the potential to **significantly** impact on:

- the UHB's ability to deliver safe services;
- the UHB's ability to deliver short to medium term objectives (in-year delivery);
- the UHBs ability to remain within its financial allocation;
- the reputation of the UHB, particularly in relation to stakeholder and public trust;
- the operational areas' ability to delegate authority or resources to manage the risk effectively;

Significant risks can often be identified when it has either an extreme or high target risk score (TRS), which is used to demonstrate the lowest level of risk exposure that the UHB is prepared to accept following the completion of all planned actions, or where progress in managing the risk has been limited or unsuccessful, or may be reliant on external factors in order to further progress. In essence, escalation should be considered when the risk is too significant, complex or impactful for the Clinical Care Group / Executive Function to address appropriately and within its means.

In such instances, it is the responsibility of the risk owner to escalate a risk via appropriate management structures and local governance arrangements. It will then be the responsibility of the next level of management to decide if further risk treatments can be implemented within their scheme of delegation. If this is not possible, further escalation will be required to inform decision-making on the management of the risk.



Any risk which requires escalation to corporate level requires the endorsement in the first instance of the Clinical Care Group Director / Executive Function lead via operational governance arrangements ahead of approval by the relevant Lead Executive and the wider Executive Team.

Risks that are escalated to from operational risk to corporate level) should remain within the risk profile of the relevant Clinical Care Group (CCG) / Executive Function that is responsible for the management of the risk. For example, a CCG / Executive Function may have a risk profile/register that includes risks at both corporate and operational levels.

Risks can be de-escalated when the management of the corporate risk has brought the risk within risk appetite, e.g. the risk has been reduced, the risk has been accepted above the UHB's risk appetite and there is no further benefit of higher-level oversight (see table below).

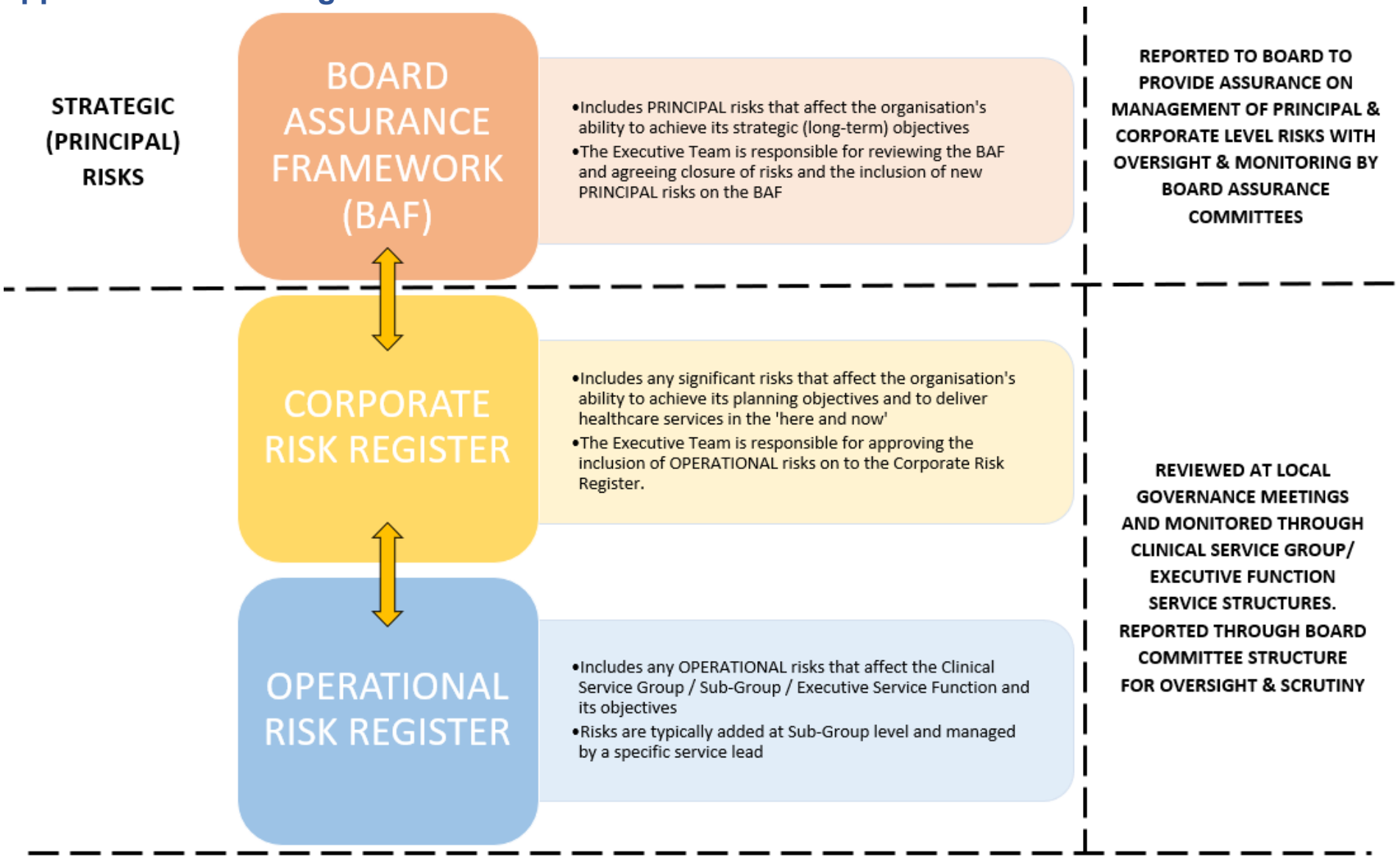
Accepting a risk

There may be circumstances where there is no alternative other than to accept a risk above the UHB's risk appetite, (for example no further actions can be taken by the UHB to reduce the risk, or it is not proportionate to reduce the risk taking into account current capacity/resources available). It is the responsibility of risk owners to highlight such risks via their local governance structures to determine if it should be considered to be formally accepted by the Board, (see appendix 4 and diagram below).

The Executive Risk Owner will recommend the acceptance of the risk to the Executive Team for specified timeframe (e.g., to review the risk treatment ahead of the next round of planning), ahead of reporting to the appropriate Committee through the relevant assurance and risk report for consideration and to agree to make a recommendation to the Board to accept the risk. Once the Board agrees to accept a risk above the UHBs risk appetite, the risk decision on Datix will be changed from 'Treat' to 'Tolerate'*. The rationale and timeframe for accepting the risk will be added, as well as noting the 'Date of Decision' on Datix. Risks will remain noted as 'Tolerate' on Datix will still need to be included on risk registers and be reviewed regularly by risk owners, who will need to establish if risk treatment can be made ahead of acceptance timeframe expiring, or any further escalation required.

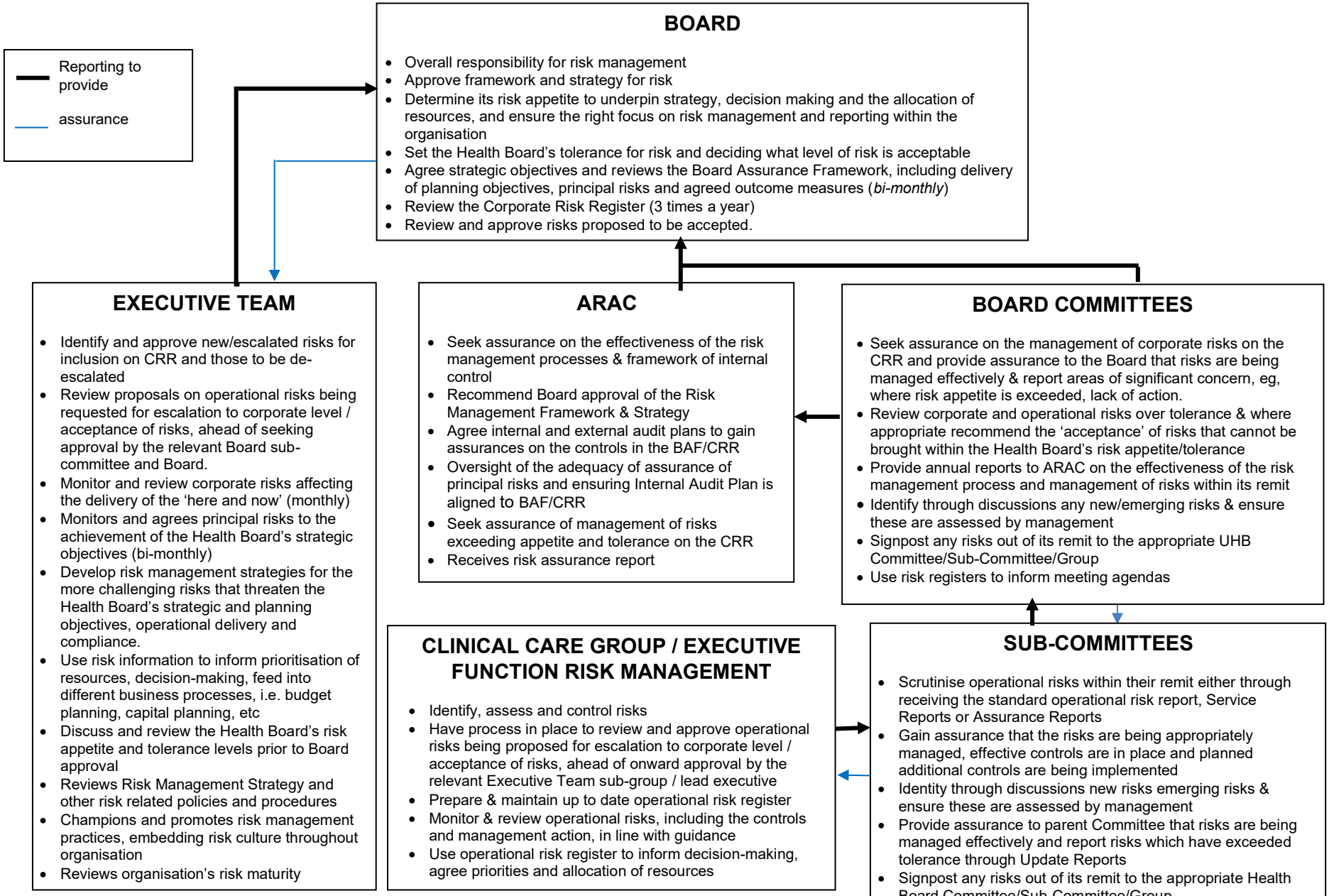
**The Datix Risk Module uses the 4Ts of risk treatment – Terminate, Treat, Tolerate, Transfer. Tolerate is a risk profession term for accepting a risk.*

Appendix 2 – Risk Registers

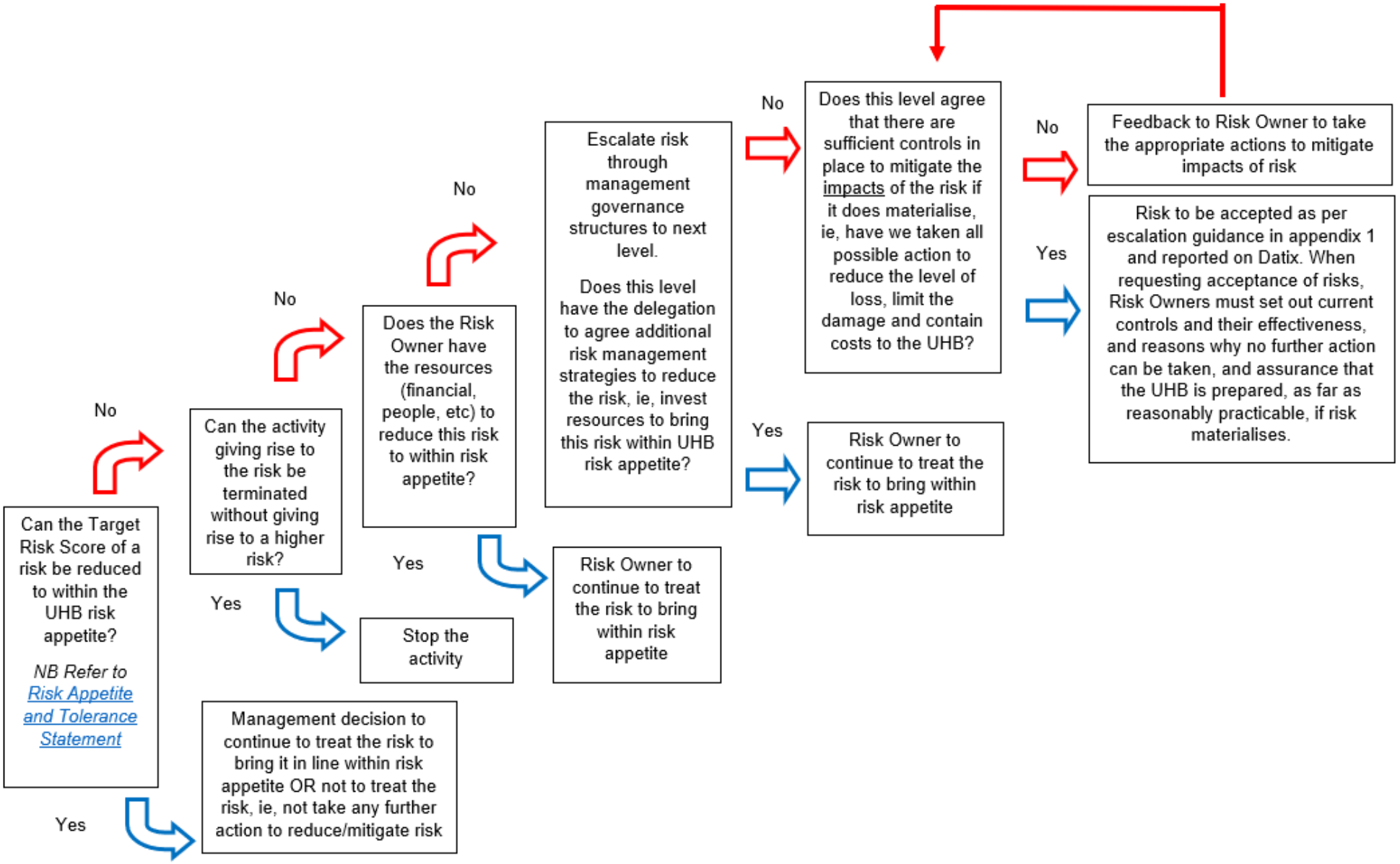


Please note: Project/programme risks are managed/reviewed outside of the Datix system by the relevant Senior Responsible Office (SRO) and are reported through project group risk registers and other groups with responsibility for oversight e.g. Capital, Estates, IM&T Sub Committee to provide assurance on capital projects.

Appendix 3 – Committee Reporting Structure



Appendix 4 – Risk Evaluation (accepting a risk)



Appendix 5 – Training Needs Analysis

Risk Management Training Needs Analysis

Name:

Date TNA Completed:

The purpose of this assessment is to help identify the appropriate level of risk management training you may require in your role within the organisation.

The levels of training that the organisation can provide is outlined below:

Risk Management Awareness	
Target Audience:	All Staff
When:	On Welcome Day or as part of local induction
Duration:	N/A
Frequency:	On commencement in organisation or new role
Format:	Checklist
Intended Outcome:	To have an understanding of: • What is risk? • What is risk management? • How to report a risk • Risk culture
If you are involved in managing a service/function, or if you are a designated risk owner, please discuss with your line manager or contact the Assurance and Risk Team for risk management training or advice at AssuranceandRisk.HDd@wales.nhs.uk.	

Risk Management Strategy & Practice	
Target Audience:	Any employees with the responsibility for undertaking risk management as part of their role. This could include, but is not limited to • Team Leaders • Service Managers • Heads of Service • General Managers • Clinical Care Group / Executive Function
When:	Prior to obtaining access to Datix Risk Module, or on commencement of an applicable new role
Duration:	90min Part 1 – 60 minutes Risk Management Strategy & Practice Part 2 – 30 minutes RL Datix Risk Module
Frequency:	One off session
Format:	Teams
Intended Outcome:	To leave the session with understanding of: Part 1 – Risk Management Strategy, Board Assurance Framework, Risk Appetite, Risk Description, Cause and Effect, Risk Grading, Hierarchy of Controls, Action Planning, Assurance, Risk Management Culture, Roles and Responsibilities Part 2 – RL Datix Risk Module

Level 3 - Board Level Risk Management Session	
Target Audience:	Board Members / Board Directors
When:	On Commencement with organisation / Refresh as part of Risk Appetite Review / Through IM Lunch and Learn Sessions as requested
Duration:	1 hour
Frequency:	At least annually to align with the review of the organisational Risk Appetite Statement
Format:	Face to Face or Teams
Intended Outcome:	To leave the session with an understanding of: • The Risk Management Strategy – what are we trying to achieve? • Board Assurance Framework/ Organisational Risk Register – purpose, approach and rationale, etc. • The risk management framework including an overview of the operational risk management approach within the organisation including escalation from service to Board • The level of assurance gained from the BAF and other risk management activity shared with the Board • Setting the tone/Risk Culture/Role of Board • Risk Appetite and Risk Tolerance levels

Now you have considered the levels of risk management training please indicate by placing a tick in the box below which session(s) would apply to you:

Level 1	
Level 2	
Board Level	

Next Steps:

Please return this form to your Line Manager and where applicable please ensure that you are booked on the relevant session within 4 weeks of completing this TNA via the following link: Assurance and Risk Training

Thank You!