Risk
Management Strategy

Document Status

It is acknowledged this strategy is subject to command-and-control arrangements as such the policy processes can be subject to change during the COVID-19 pandemic. Furthermore, the strategy has been updated pending any interim shadow framework with the Lancashire and South Cumbria Integrated Care System (LSC ICS) being released; therefore, the West Lancashire CCG may also need to be flexible in their approach to risk management and the application of this strategy as the CCG reforms progress.

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Page Number	Amendment
Page 4	Definitions table added
Page 5	Clarification of risk management process and aims Clarification of Governing Body's delegated responsibility from Membership Council
Page6/7	Clarified roles of the committees within the risk governance structure and added Finance & QIPP
Page 9	Added a CCG position in relation to COVID-19 and the risk process
Page 10	Addition of risk appetite, tolerance, risk appetite statement, organisational/ geographical boundaries
Page 11	Included reference to Integrated Care System and West Lancashire Partnership in the risk management process Clarification of committees and risk leads in the overall risk process
Page 13-16	Update of appendices and links.

Introduction

Good awareness and understanding of the risks associated with managing healthcare commissioning is critical to the successful delivery of improved outcomes and experience for the population of West Lancashire.

NHS West Lancashire Clinical Commissioning Group (CCG), which is the corporate body responsible for commissioning on behalf of its population, is committed to a strategy which minimises risks to all its stakeholders through a comprehensive system of internal control, whilst maximising potential for flexibility, innovation and best practice in the delivery of its strategic objectives.

This Risk Management Strategy sets out the CCG's attitude towards risk and the culture that will underpin its successful management and delivery. It will ensure both a systematic and consistent approach to managing risk is adopted throughout the organisation.

Aims and Objectives

The aim of this strategy/framework is to promote risk management as an integral part of organisational business so that all risks associated with the delivery of commissioning objectives and decisions are identified, recorded on the risk register, and managed appropriately. The CCG is committed to ensuring risk management is embedded across the organisation, driving the agenda and discussion at a strategic level.

In order to achieve the overall aim, it is necessary that:

- Risk management is developed in the context of a commissioning organisation.
  - ➢ This includes the development of an integrated approach to managing risk across all commissioning activities, including financial, organisational and clinical risks, and ensuring that all associated risks are identified, assessed and managed appropriately.

- Risk management systems and processes are embedded into core business.
  - ➢ This will include the development of a Governing Body Assurance Framework at a strategic level and the embedding of a risk register for operational activities across the organisation.

- Statutory legislation is complied with.
  - ➢ This is expanded to reflect those areas which have been deemed mandatory as well as the statutory requirements and includes health and safety, equality, information governance, Quality, Innovation, Productivity and Prevention (QIPP) delivery as well as clinical and financial requirements.

- The organisation is 'risk aware'.
  - ➢ Risk is everyone's business, and it is important that our approach to risk is easily understood by all our staff, those contracted to us and our members, such that our population can recognise that the commissioning decisions

that have been made are underpinned by a detailed and sensible understanding of the risks involved.

- Performance, regulation, and monitoring requirements are fulfilled.
  - ➢ This includes achieving and improving performance against all internal and externally set measures in order to manage risk. It is imperative that performance, risk and assurance are linked appropriately.

Definitions

Risk	The chance of something happening that will have an impact upon the organisation's objectives. It is measured in terms of likelihood and impact. Risks can have either positive or negative impacts on objectives if they occur and can be perceived as opportunities or threats to the organisation.
Risk Management	The culture, processes and structures that are directed towards effective management of potential opportunities and threats.
Risk Appetite	The level, amount, or degree of risk that an organisation is willing to take in order to meet their strategic objectives.
Corporate Risk Register	A central repository which captures information such as risk likelihood, consequence, actions to mitigate and manage the risk. Risk registers will be maintained at project and corporate levels.
Governing Body Assurance Framework (GBAF)	An integral part of the system of internal control which records the significant principal risks that could impact on the CCG achieving its strategic objectives. (Risks scored 12+). It summarises planned actions for mitigation and sources of control. Gaps are identified where key controls and assurances are not robust and actions to address these should be implemented.
Assurance	Provides confidence or guarantee that a risk is being managed appropriately.
Control	Measures which prevent or reduce the risk.
Risk score	An overall measurement of the severity level of a risk. All risks are scored using MLCSU 5x5 scoring matrix (see appendix C for full matrix).

The Risk Management Framework

NHS West Lancashire Clinical Commissioning Group's Risk Management Framework has two key elements:

- the Governing Body Assurance Framework
- the Risk Register

The risk management process will aim to:

- improve the ability of the CCG to meet its strategic aims/objectives, priorities and vision;

- provide information to the Governing Body through the Committee structure so that it can make informed decisions;

- manage the treatment of risk in a systematic way so that the organisation can determine acceptability of residual risks;

- initiate and monitor actions to prevent or reduce the consequences of risk to within the defined risk appetite of the CCG; and

- provide a comprehensive approach to improving patient and staff safety.

Responsibility for Risk Management

Governance Structure

In order to ensure that risk management is embedded, NHS West Lancashire CCG has developed organisational and committee structures with clear lines of responsibility and accountability:

The CCG Governing Body

The CCG Governing Body has delegated responsibility (from Membership Council) for risk management. The Governing Body is responsible for assuring itself that the CCG identifies and effectively manages any risks which could affect the achievement of the strategic objectives/ priorities. The Governing Body will provide leadership, scrutiny, challenge, and support for risk management.

The Governing Body is further responsible for:

- ensuring the CCG discharges its functions by setting and monitoring compliance with requirements for risk management within the CCG

- directing a framework for the robust identification, measurement, mitigation and monitoring of strategic risks

- directing its Committees to review specific risks and receiving assurance from its Committees

- approving the GBAF at the start of each financial year and will receive an updated report on a bi-monthly basis in line with the annual business cycle

- reviewing internal and external audit reports regarding the effectiveness of risk management, to enable this to contribute to its annual judgement on the effectiveness of internal controls

The Clinical Executive Committee

- The CCG's Clinical Executive, which is accountable to the Governing Body, provides clinical leadership and operational oversight to support and ensure the achievement of strategic objectives and any related risks are effectively managed.

- Strategic oversight of specific clinical risks providing professional challenge, guidance and risk owners held to account where mitigating actions and action plans are not being implemented in a timely manner

- ensures that there is continuous engagement with the group's membership and that members' views influence and inform the development of the group's commissioning priorities; plans and arrangements for their implementation

- recommends to the Governing Body the group's five year and annual commissioning and financial plans to the Governing Body; demonstrates that plans are informed by patients and the public and that they are patient centred; that they are effective, efficient and economic; has oversight of the delivery of those plans and ensures that risks associated with delivery are being mitigated

- keeps under review and ensures compliance with the group's governance requirements and legal duties; has operational oversight of the group's responsibilities, including organisational development, and ensures that regular reports are provided to the Governing Body on the group's operational management

- provides assurance to the Governing Body that the group's collaborative arrangements are being discharged in accordance with the arrangements approved by the Governing Body

The Audit Committee

The Audit Committee, which is accountable to the Governing Body, is responsible for reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the CCG's activities in support of the achievement of its objectives.

The Audit Committee will fulfil this role by:

- Providing assurance and scrutiny on objectives and risk
- Reviewing the adequacy and effectiveness of all risk and control related disclosure statements, the underlying assurance processes that indicate the degree of achievement of the CCG's strategic objectives and the effectiveness of the management of principle risks
- Ensuring that the internal audit function conducts regular reviews of both the content of the assurance framework as well as the effectiveness of controls and assurance
- Receiving and recommending, as appropriate, a report each quarter on detailed risks contained within the GBAF, together with the CCG risk register which are scored at 12 or above

The Quality and Safety Committee

The Quality and Safety Committee oversee and provide assurance that effective arrangements are in place to promote safe and effective care for the services commissioned by West Lancashire Clinical Commissioning Group.

The Committee will also provide operational and strategic oversight of specific risks, providing professional challenge, guidance and risk owners held to account where mitigating actions and action plans are not being implemented in a timely manner.

Finance and QIPP Committee

The Finance and QIPP Committee will provide assurance to Governing Body that effective systems are in place to manage and report on all aspects of financial risks.

The Committee will provide operational and strategic oversight of financial risks, providing professional challenge, guidance and risk owners held to account where mitigating actions and action plans are not being implemented in a timely manner.

Remuneration Committee

The Remuneration Committee role is to monitor, review and reduce risks relating to financial reimbursement.

Key Personnel

Whilst the governance structure provides oversight of risk management activity, there are key posts within the organisation which have specific accountability and responsibility for ensuring the delivery of risk management. These include:

The Chief Officer

The Chief Officer is responsible for corporate governance within the organisation, which includes risk management activities. The Chief Officer is responsible for ensuring systems and processes for effective risk management are in place and for monitoring compliance.

The Chief Finance Officer

The Chief Finance Officer has overall responsibility, delegated from the Chief Officer, for progressing organisational risk management and governance activity, including:

- Ensuring that the CCG exercises its functions effectively, efficiently, economically, with good governance and in accordance with the terms of the CCG constitution as agreed by the members

- Ensuring the delivery of robust governance, corporate objectives, risk management and assurance across the organisation and delivery of its commissioning strategy and agenda.
- ensuring that financial risks are identified and managed, and that robust audit and governance arrangements are in place in relation to the propriety of the CCG's resources

Members of Senior Management Team

- All members of Extended Management Team (EMT) are accountable for the management of risk within their area of responsibility. This includes:

- ensuring that this strategy and associated policies, procedures and guidelines are adhered to within their areas of responsibility
- Reviewing the risk register relating to their team (planning and delivery quality and performance, corporate services, finance and contracting)
- ensuring all risks are identified, assessed, and included on the risk register
- providing assurance to the committees overseeing each risk, as appropriate

Heads of Service

- All Heads of Service are responsible for ensuring all areas under their area of accountability are contributing to the Risk Register.

Line Managers

- All line managers will fulfil their statutory obligations for the management of risk within the workplace by conducting assessments for all work-based activity.

All CCG Representatives

- Be familiar and comply with this strategy
- All CCG representatives are responsible for the day-to-day management of risks of all types within their areas of responsibility and control. They are responsible for their own working practice and behaviour in accordance with contracts of employment and individual job descriptions.
- Additionally, employees have a duty to comply with the CCG's strategies, policies and procedures.
- Staff members who are required to be registered with a professional body must act at all times in accordance with that body's code of conduct and rules.

The Governing Body Assurance Framework

The GBAF is the tool used to report into Governing Body to enable corporate risks to be evaluated and monitored and record any actions taken to mitigate these risks.

The GBAF provides a simple, yet comprehensive method for the effective and focussed management of the principal risks and assurances to meeting and delivering the organisation's objectives. It is a dynamic tool for the management of risk (graded at a 12

or above using the risk matrix) and will be considered and approved by the Governing Body on a quarterly basis in accordance with the business cycle.

When linked with the Risk Register, the Assurance Framework formalises the process of securing assurance and scrutinising risk, which is inherent in any effective risk management and accountability process. The format of the Framework is set out as detailed in Appendix A in order to capture all necessary information to allow for scrutiny and assurance.

All the Committees will provide on-going assurance to the Governing Body over the management of risk which is reflected in the GBAF. The Governing Body will need to be confident that the systems, policies, and people within the organisation are functioning effectively and that they (the Governing Body) have been properly informed about the totality of their risks and have confidently assessed the level of assurance based on all evidence presented.

The CCG Governing Body recognise that the current situation (Covid-19 pandemic) requires a strong but fluid approach to the management of risk at a strategic level and the aim of the GBAF is to ensure the emphasis is fixed on the areas of greatest risk.

The Risk Register

The risk register is a management tool that will enable the CCG to understand its comprehensive risk profile. It is simply a repository of information detailing the totality of risks evident through the organisation's activities (and inactivity) at both a strategic and operational level, including quality, clinical, financial and business risks.

This repository is the hub of the internal control system and will be developed from the review of objectives, risks and controls for the whole organisation with a particular emphasis on the operational perspective.

The CCG will endeavour to identify all risks on a pro-active basis; however, there may be occasion where they will be added to the risk register on a reactive basis.

All risks will be captured onto a risk register and articulated in a structured and consistent way (see appendix B for how to add a new risk). The CCG will ensure consistency in the assessment of all risks to enable like-for-like comparisons to be made. To support this, risk descriptors have been identified (see Appendix C), with an impact articulated for each level of risk.

Each risk will be considered in terms of the possible consequence in the event that the risk materialises against the likelihood that it will occur. These two elements are assessed using objective descriptors which are translated into numeric values to support the creation of a risk score.

The untreated (initial) risk score is recorded, along with required remedial action to help determine the target risk score, which is also recorded i.e. that which would apply if the mitigation measures are successful.

Risk owners are responsible for ensuring that their risks are under review at appropriate intervals and the risk register is updated under the co-ordination of the Corporate Business Manager and/ or CSU Senior Risk Officer at the agreed frequency.

Risk Appetite
Risk appetite is 'the amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point of time'. Risk therefore needs to be considered in terms of both opportunities and threats and is not confined to money. Risk will invariably impact on the capability of the organisation, its performance, and its reputation. The CCG may have different appetites for different types of risk, but this is particularly true during the COVID-19 pandemic.

Annually the CCG will consider its risk appetite, this will reflect the levels and types of risk that the CCG is prepared to take.

Risk Tolerance
Risk tolerance is concerned with the level of risk that can be accepted around specific objectives at project/ programme level. This can be measured through specific limits (financial) and thresholds (non-financial). Some risks are unavoidable and will be out of the CCGs' ability to mitigate to a tolerable level. Where this is the case, the risk will be reviewed to ensure that adequate controls are in place to manage the risk and that contingencies are robust should the risk materialise.

WL CCG Risk Appetite Statement
There is no appetite for fraud risk and the CCG has zero tolerance for regulatory breaches. WL CCG will take considered risks where the long-term benefits outweigh any short-term losses and invests to save projects. WLCCG supports well managed risk taking and will ensure that the skills, ability, and knowledge are in place to support innovation and to maximise opportunities to further improve services.

As a result of the COVID-19 pandemic, there may be specific risk types where the CCG would typically have a low tolerance/ appetite for risk but during this period, as an organisation we need to be responsive and react to the needs of our population, thus our risk tolerance/ appetite may need to be adjusted to enable us to meet these needs. Risk appetite/ tolerance decisions during COVID would be made and monitored at Internal Incident Command Team (IICT) meetings which is accountable to Governing Body and can report/ escalate into the Lancashire and South Cumbria Integrated Care System as appropriate.

Managing Risk Across Organisational/ Geographical Boundaries
Due to the geographical position of West Lancashire, we are part of the Lancashire and South Cumbria Integrated Care System (ICS) but our patient flow and services offered are also part of the Cheshire and Mersey system. It is often the case that the cross organisational and geographical interface is where highest risk is prevalent. As the West Lancashire Partnership continues to evolve and develop, it is important that WLCCG actively involves partner organisations from both systems in all aspects of integrated risk management via robust governance structures.

The Risk Management Process

The work as a clinical commissioning organisation can only be successful if effective working relationships are developed with all its stakeholders. This includes the Lancashire and South Cumbria ICS (including individual CCGs), West Lancashire Partnership, the Lancashire Health and Well-Being Board, NHS England, patients, and members of the public.

The CCG has committed through its values to being an open and transparent organisation. This principle will also be applied to the management of risk.

The CCG will endeavour to ensure that all risk management developments and ideas are shared with its stakeholders, whenever possible, to create the most effective environment for understanding and mitigating the risks that arise.

Equally, the CCG is mindful of its obligations in respect of public involvement and consultation. The CCG acknowledges the importance of information gleaned from patients, members of the public and partner health and social care organisations, and the part this plays in the effective identification of risk.

The CCG will use a systematic and quantifiable methodology for the management of risk which will allow a balanced and proportionate approach to risk management, allowing it to exercise its obligations to deliver functions safely, effectively, and economically whilst also driving improvements in quality, service delivery and reducing inequalities. This approach incorporates:

- Establishing the context of processes from which risk may arise
- Identify the risks, i.e. the what, why and how
- Analyse the risk, including the existing controls, risk score and range of consequences
- Evaluate the risk, specifically in relation to acceptable levels
- Treat the risks, through the implementation and monitoring of specific actions balanced against costs and proportionality
- Monitor and review the risk, including the actions to control

The CCG will provide meaningful and unambiguous reporting of risk with clear explanations, utilising both a pro-active and re-active risk management approach.

Each risk will be allocated a Committee and/ or Group to oversee the management of that risk. It is the responsibility of the Risk Lead to ensure the risks are reviewed. This process has been introduced with a view to emphasising the ownership of risk, remove duplication of effort, improve efficiency, and ensure that mitigating actions are being identified and monitored.

Implementation and review of the Risk Management Framework

The effective implementation of this Risk Management Framework will facilitate the delivery of effective governance arrangements, which alongside staff training and support, will provide an awareness of the measures needed to prevent, control and contain risk.

NHS West Lancashire CCG will:
- Ensure all staff and stakeholders have access to a copy of this document

- Produce the necessary reports for review and cascade as necessary in relation to risk management activity
- Monitor and review the performance of the organisation in relation to the management of risk and the continuing suitability and effectiveness of the systems and process in place to manage risk.

The CCG Risk Management Strategy is a working document and will be formally reviewed on a two-yearly basis.

Appendix A – Format of the NHS West Lancashire Governing Body Assurance Framework

Risk Identifier	Date Added	Risk Summary	Description of Risk	Corporate Objective	Priority Programme	Initial Consequence Score	Initial Likelihood Score	Controls to Mitigate Risk	Gaps in Control Measures	Current Consequence Score
Alpha-numeric number	Date	Narrative	Narrative	Drop Down Selection	Drop Down Selection	Number based on risk matrix (app C)	Number based on risk matrix (app C)	Narrative	Narrative	Number based on risk matrix (app C)
Current Likelihood Score	Current Risk Score	Actions Required	Assurance Source	Gaps in Assurance Sources	Target Risk Score	Date Risk Last Updated by Lead	Progress Since Last Month	Assurance Status		
Number based on risk matrix (app C)	Number based on risk matrix (app C)	Narrative	Narrative	Narrative	Number based on risk matrix (app C)	Date	Visual image auto generated based on updated current risk scores	Number based on assurance matrix (page 13)		

The component parts of the Governing Body Assurance Framework are:

Risks
The Governing Body Assurance Framework consists of the most significant risks to the organisation assessed at 12 or above.

Controls to Mitigate Risk
The controls in the Assurance Framework are the mechanisms that have been put in place to support delivery of the objective or priority area, through mitigating the risk. They can include day-to-day activities such as work plans, project plans, specific meetings or sections of meetings dedicated to a specific objective/ priority or policy and procedures.

Gaps in Control Measures
The gaps in control measures are the additional control measures required, that when put into place will further control the risk. Once implemented and effective, they will transfer into the controls column.

Assurance Source
The assurance source for controls includes the information streams which enable progress and achievement against the controls to be evaluated and scored. They enable areas that are well managed to be distinguished from those which may be a cause for concern. The assurance can be provided by specific control groups or arise from outcome data, process data or reports from inspections or reviews.

Gaps in Assurance Sources
There may be gaps in assurance at the beginning of the year, but as the year progresses it is anticipated that the gaps will reduce, and assurance sources will increase to support the achievement of the objective.

Level of Assurance
There are three levels of overall assurance which may be assigned; Significant Gap, Moderate Gap, Sufficiently Assured. The Committees should utilise this function to support the Governing Body in determining that all Corporate Risks are being managed effectively.

The definitions of these levels are as follows:

Key	Assurance Level	Actions Required
1 – 2	Sufficiently Assured	The controls are robust and effective. They are consistently applied, and have mitigated the risk to its lowest level.
3 – 4	Moderate Gap	The controls are weak in design and / or application which put the objective at risk of not being achieved.
6 – 8	Significant Gap	The controls are not sufficient and there is a real and substantial risk that the objective will not be met.

Appendix B: Adding a New Risk

A new risk can be added to the risk register (for approval by an Executive Officer) by using this link which will open Smartsheets.

Questions you will be asked when adding a new risk

1. **Description of the risk** – (this should be considered from WL CCG perspective – the risk to the organisation)

2. **Priority Programme** (select one – the most appropriate) – Developing Primary Care, Transforming Community Services, Redesigning Mental Health, Compliance Assurance and Planning, Finance and Strategic Transformation Plans, or Other.

3. **Corporate Objective** - (select one – the most appropriate) – Improving Health, Transforming Care, Controlling Costs and Enabling Change, or Managing Operations

4. **Responsible Committee** – (select one – the most appropriate) the most relevant committee to monitor the risk

5. **Actions Required** – (what actions are needed to reduce the risk)

6. **Are there any gaps in mitigation** – (is there something that needs to be or should be done but for some reason cannot be initiated/ completed currently?)

7. **Control Measures** – (These could be actions that have been completed which were put in place to reduce the risk – e.g. a policy has been updated and ratified and is now in place/ a procedure has been developed. May also be project/ work plans, specific meetings)

8. **Gaps in Control Measures** – (Additional measures are required to reduce the risk but are not in place yet. This should be something that when it is completed it will contribute to mitigating the risk and will become a control measure e.g. A policy has been developed and ratified but is yet to be embedded into practice.)

9. **Assurance Sources** – information streams or data to evaluate the risk and controls in place – are there data or information sources to analyse the risk or the impact of the controls? What is the source of this information/ data, are there ICS level meetings monitoring this as well, could a committee offer any assurance in terms of the information, reports or members that attend?

10. **Gaps in Assurance** – are there any information streams or data missing which could highlight successes or issues with this risk? Are there things that are missing now but over time as data sets develop the assurance sources will increase or improve?

11. **Current Likelihood Score** – (1 - 5 – see appendix C - risk matrix)

12. **Current Impact Score –** (1 - 5 – see appendix C - risk matrix)

13. **Overall Target score -** Consider reducing the likelihood score, as mitigations are put in place and controls increase, there is a reduced chance of the risk materialising and becoming an issue. Mitigations do not typically reduce the impact of a risk. So, if the initial score is 5x5 consider setting an achievable target possibly 4x5, then 3x5 etc and a realistic time frame especially during the pandemic)

14. **Executive Officer / Risk Owner** – Chief Nurse, Chief Finance Officer, Director for Transformation and Integration

For any support in adding/ updating a risk on Smartsheets or a PDF of appendix C please contact: Danielle McMillan, Corporate Business Manager danielle.mcmillan1@nhs.net or Donna Bamber, Senior Risk Officer at MLCSU donna.bamber@nhs.net,

Appendix C – MLCSU Risk Matrix - Electronic copy can be found using this link

Step 1 Consequence Scoring	Consequence Score				
	1 - Negligible	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
Staff / Patient Safety (physical / psychological)	Minimal injury requiring no/minimal intervention. No time off work.	Minor injury or illness. Time off work for >3 days. Increase in length of hospital stay by 1-3 days	Injury requiring professional intervention. Time off work 1-4 days. RIDDOR reportable. Increase in hospital stay 4-15 days.	Major injury leading to long term disability. Time off work >14 days. Increase in hospital stay >15 days. Mismanagement of patient care.	Incident leading to death. Multiple permanent injuries or irreversible health effects. Impact on a large number of patients
Complaints	Informal complaint/ enquiry	Formal complaint - local resolution	Formal complaint – Ombudsman intervention / investigation	Non-compliance of national standards	Unacceptable level of quality / treatment
Human Resources Organisational Development	Short term low staffing level that temporarily reduces service quality (<1 day)	Low staffing level that reduces service quality	Unsafe staffing level. Late delivery of key service due to lack of staff	Unsafe staffing level (>5 days). Loss of key staff. Uncertain delivery of key service.	Ongoing unsafe staffing levels. Loss of several key staff. Non delivery of key service.
Statutory duty / inspections	No or minimal impact on breach of guidance.	Breech of statutory legislation. Reduced performance.	Single breach in statutory duty.	Multiple breaches in statutory duty, critical report, low performance	Multiple breaches in statutory duty. Prosecution. Zero performance rating.
Adverse Publicity / Reputation	Rumours Potential for public concern	Local media coverage Elements of public expectation not being met	Local media coverage – long term reduction in public confidence	National media coverage with <3 days service well below public expectation	National media coverage. MP concerned. Total loss of public confidence.
Business objectives Projects	Insignificant cost, increase in schedule slippage	<5% over budget, schedule slippage	5-10% over budget, schedule slippage	10-25% over budget, schedule slippage, key objectives not met	>25% over budget, schedule slippage, key objectives not met
Financial/ Claims	Small loss - risk of claim remote	Loss of 0.1-0.25% of budget Claim less than £10,000	Loss of 0.25-0.5% of budget Claims between £10,000 and £100,000	Loss of 0.5-1% of budget Claims between £100,000 and £1 million	Loss of >1% of budget Claims >£1 million Loss of contract
Service Interruption	Loss / interruption of <1 hour. Minimal or no impact on the environment.	Loss / interruption of <8 hours. Minor impact on the environment.	Loss / interruption of <1 day. Moderate impact on the environment.	Loss / interruption >1 week. Major impact on the environment.	Permanent loss of service. Catastrophic impact on the environment.

Step 4 Risk Appetite - Risk Responsibility Level / Remedial Action/ Acceptance

	Level/ acceptance/ action required	Timescale – Immed. Action/ Action plan	Min. Review
Extreme 15 - 25	Divisional/ senior management action plan Directorate Review Report to NHS England	Immediate - implementation	Minimum monthly
High 8 - 12	Divisional/ Senior Management action plan Directorate review 12 + reported to Operational Group	Immediate action plan – implementation 3 months	monthly
Moderate 4 - 6	Department / Develop Action Plan Acceptance – Senior Manager	Department/ 6months	3-6 months
Low 1 - 3	Department / Risk Local Team Meeting Acceptable	Manage by routine procedures – no additional cost 12 months / none	6 months

Step 2 Likelihood Scoring

How likely is this to happen, taking into account the controls already in place to prevent or mitigate the harm?

Frequency	Likelihood	Score
Not expected to occur for years	<1% - Will only occur in exceptional circumstances	1 Rare
Occur at least annually	1-5% - Unlikely to occur	2 Unlikely
Occur at least monthly	6-20% - Reasonable chance of occurring	3 Possible
Occur at least weekly	21-50% - Likely to occur	4 Likely
Occur at least daily	>50% - More likely to occur than not	5 Almost Certain

Step 3 Establishing Overall Score and Rating

Using the appropriate score for Consequence, and the appropriate score for Likelihood, follow the table below to obtain the overall Incident / Risk severity rating.

Consequence	Likelihood				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
5 Catastrophic	5 (Moderate)	10 (High)	15 (Extreme)	20 (Extreme)	25 (Extreme)
4 Major	4 (Moderate)	8 (High)	12 (High)	16 (Extreme)	20 (Extreme)
3 Moderate	3 (Low)	6 (Moderate)	9 (High)	12 (High)	15 (Extreme)
2 Minor	2 (Low)	4 (Moderate)	6 (Moderate)	8 (High)	10 (High)
1 Negligible	1 (Low)	2 (Low)	3 (Low)	4 (Moderate)	5 (Moderate)

Example

Issue - Low staffing level that reduces service quality
Category - Human Resources

Step 1 – Consequence Scoring
Consequence - Low staffing level that reduces service quality
Consequence score 2 - Minor

Step 2 – Likelihood Scoring
Likelihood – Occurs at least monthly
Likelihood score 3 – Possible

Step 3 - Establish Overall Score and Rating
Consequence 2 x Likelihood 3 = 6 (Moderate)

Overall Severity Rating 6 (Moderate)