

## Locala Risk Management Policy

Version:	V3.0	
Summary:	This Policy defines roles and responsibilities of all colleagues in relation to risk identification, management and review, and the embedding of risk assessment and risk management throughout the organisation.	
Ratified by	Audit and Risk Committee	Date: 13 June 2019
Has an Equality Impact Assessment been carried out?	Yes	Date: June 2019
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Executive Director	Chris Reeve, Director of Corporate Affairs	
Name of responsible committee:	Audit and Risk Committee	
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### Review and Amendment Log

Version No	Type of Change	Date	Description of Change
3.0	Full review	June 2019	Complete refresh of the Policy including some changes to accompanying procedures

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## 1. INTRODUCTION

Locala Community Partnerships CIC (Locala) is a successful, innovative and forward thinking Social Enterprise which provides community healthcare for the people of Kirklees as well as a number of services in neighbouring Calderdale and Bradford. Its core purpose is the provision of health and social care to local communities. This is done by harnessing the opportunities within the social enterprise model, working with colleagues and communities to improve the health and wellbeing of local populations.

Locala recognises that no organisation can operate in a risk free environment. The purpose of this Policy is to lay the foundations for an effective risk management system that is aligned to, and supportive of, Locala's strategic objectives and operational management systems.

## 2 POLICY STATEMENT

Locala is committed to having a risk management culture that underpins and supports its business. Locala intends to demonstrate an ongoing commitment to improving the management of risk throughout the organisation.

The identification and recognition of risks, management of them via mitigation, elimination or acceptance (as appropriate), is essential for the efficient and effective delivery of safe and high quality services.

The priority is to reduce those risks that could impact on the safety of individuals, whilst reducing our financial, operational and reputational risks to acceptable levels.

All staff should have an awareness and understanding of the risks that relate to their role and are encouraged to identify and escalate new risks. Colleagues will be competent at managing risk and in order to facilitate this, will have access to comprehensive risk guidance and advice. Those colleagues who are identified as requiring more specialist training to enable them to fulfil their responsibilities will have this provided.

In developing, improving and embedding its risk management system, Locala will take account of the appropriate statutory requirements, national guidance and the requirements of its regulators

## 3. SCOPE and PURPOSE

This policy is applicable to all colleagues employed by Locala CIC and is essential reading for all Directors and senior managers within the organisation. It aims to:

- Provide a framework and clear processes for the management of risks at all levels.
- Define risk types and escalation processes to provide assurance that risks are being robustly addressed and monitored.
- Define roles and responsibilities of all colleagues in relation to risk identification, management and review, and the embedding of risk assessment and risk management throughout the organisation.

- Outline the audit and compliance arrangements for the Policy and its related procedures

**It excludes:**

- The management of individual patient specific risk assessments (for example falls risk).
- Project risks.
- Quality Impact Risk Assessments in relation to Cost Improvement Programmes.

There are separate policies or procedures that detail the management of risks excluded from the scope of this policy.

#### **4. STRATEGIC CONTEXT**

Locala has a 3 year Strategy which sets out the organisational priorities and strategic objectives for the 2018-2021 period. To deliver the strategy the organisation will develop an annual Operating Plan, with clear, measurable objectives. In order to deliver these objectives, it is necessary to understand the environment in which we operate, and to have clear visibility on what might get in the way of our delivering them. An effective Risk Management System is therefore necessary; Risk Management starts at the top of the organisation, with the Board setting our direction and our risk appetite, and then permeates down through every level.

#### **5. RISK APPETITE (RISK TOLERANCE)**

Risk Appetite is the level at which the Board of Directors determines whether an individual risk, or a specific category of risks, is deemed acceptable or unacceptable based upon the circumstances / situation facing the organisation. This determination may well impact on the prioritisation of resources necessary to mitigate the likelihood of a particular risk materialising, and/or the impact should it materialise.”

Risk can relate to:

**A threat** - an event or circumstance which could cause harm or loss, or affect the ability of the organisation to achieve its objectives.

**An opportunity** – the organisation must take some risks in order to obtain a benefit, to innovate, grow and improve.

Locala’s overall risk appetite is reviewed on an annual basis, and summarised in Figure 1 below. Colleagues should be aware of this so that calculated risk scores can be viewed in the context of the Board’s appetite for each risk type.

**Figure 1 Locala CIC Risk appetite**

Locala Community Partnerships CIC recognises that its long term sustainability depends upon the delivery of its strategic objectives and its relationships with its patients, colleagues, communities and strategic partners.

Using the Good Governance Institute (GGI) *risk appetite matrix* (see Appendix B for more details) the Locala Board of Directors considers on an annual basis the amount of risk it is willing to accept in pursuit of its strategic objectives.

The Locala Board resolved an ‘**open to risk**’ to be their appetite for risk in 2019/20 against the four categories below:

- 1. Finance and value for money: **‘Open’**
- 2. Compliance and regulatory: **‘Open’**
- 3. Innovation/ Quality/ Outcome: **‘Open’**
- (however Locala will not accept risks that materially provide a negative impact on patient safety)
- 4. Reputation: **‘Open’**

LCP Strategic Board October 2018

*GGI Matrix 2017- ‘Open’ is defined as ‘willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and Value for Money)’*

**6. DEFINITIONS**

Definitions about the terminology used in risk management, and throughout this document, can be found below:

Term	Definition
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and/or adverse effects.
Risk Management System	Systematic application of management policies, procedures and practices to the tasks of establishing the context of risk and then, identifying, analysing, evaluation, treating monitoring and communicating risk.
Risk Owner	The person responsible for the management and control of all aspects of individual risks. This is not necessarily the same as the Risk Handler, as actions may be delegated.
Risk Handler	The person within a particular team who, on a day-to-day basis, will take lead responsibility for the documentation and assessment of a risk that has been identified and added to the Datix system.
Risk Profile	The overall exposure of the organisation or part of the organisational to risk.

Risk Rating	The total risk score worked out by multiplying the impact and likelihood scores on the risk matrix.
Risk Register	The tool for recording identified risks and monitoring actions and plans against them.
Assurance	Confidence based on sufficient evidence that adequate internal controls are in place, operating effectively and objectives are being achieved.
Board Assurance Framework (BAF)	A Board level document that sets out the organisations strategic objectives and the risks to their achievement, along with the controls in place to manage the risks and available assurances.”
Cumulative Risk	The risk involved in several related activities that may have low impact or be unlikely to happen individually, but which taken together may have significant impact and or be more likely to happen; for example the cumulative impact of cost improvement programmes.
Escalation	Referring an issue to the next appropriate management level for resolution, action, or attention.
Inherent Risk	The level of risk involved in an activity before controls are applied.
Issue	Defined as an event that has already happened, was not planned and requires management action. Issues should be captured on an issue log and managed in a timely manner.
Residual Risk	The risk that is still present after controls, actions or contingency plans have been put in place.
Risk	A risk is a future uncertain event or set of events that, should it occur, will have an effect on the achievement of business, project or programme objectives.
Risk Appetite	The amount and type of risk(s) that the Board is willing to take in pursuit of the organisation’s strategic objectives.
Risk Control	The development and implementation of policies, standards, procedures and/or physical changes to eliminate or minimise adverse events or risks.

## 7. CORPORATE RISK REGISTER AND BOARD ASSURANCE FRAMEWORK

### 7.1 Corporate Risk Register

Locala has in place an organisation-wide risk register, through Datix, which is populated from the risk assessments carried out at all levels and across all Directorates

Those risks deemed as ‘Corporate or Board level’ are primarily those with a score of 15 or above, although the threshold can be varied to include lower overall risk scores with a major Impact score.

The expectation is that individual risk registers will be developed by Business Unit or individual service area/teams as agreed within Directorates.

## 7.2 Board Assurance Framework (BAF)

The BAF is in the form of a matrix which enables the Board to: identify and understand the principal risks to achieving its strategic objectives, and understand the control and assurance framework in place to manage these risks.

The full BAF will be presented to the Audit and Risk Committee and Operational Board on at least a quarterly basis. Recommendations from the Quality Committee and Executive Management Group will be taken into consideration as to what should be included, amended or removed as they undertake the detailed scrutiny and receive assurance to inform their recommendations.

## 8. RISK MANAGEMENT SYSTEM

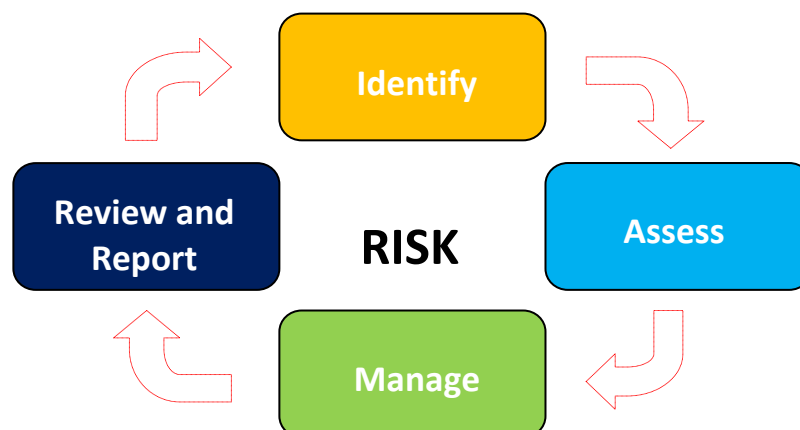
### 8.1 Definition

<b>Risk Management System</b>	Systematic application of management policies, procedures and practices to the tasks of establishing the context of risk and then, identifying, analysing, evaluation, treating monitoring and communicating risk
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Successful risk management involves:

- Identifying and assessing risks (the likelihood and potential impact)
- Taking action to anticipate or manage (treat) the risk
- Monitoring risks and reviewing progress in order to establish whether further action is necessary or not
- Ensuring effective contingency plans are in place

**Figure 2 – Risk Management Process**



## **8.2 Categories of Risk**

### **8.2.1 Strategic Risk**

Strategic Risks are those risks (internal and external) the management of which is critical to the success and continuation of the organisation. The Board Assurance Framework enables the Locala Board to:

- identify and understand the principal risks to achieving its strategic objectives;
- receive assurance that suitable controls are in place to manage these risks and where improvements are needed, action plans are in place and are being delivered, and;
- provide an assessment of the risk to achieving the objectives based on the strength of controls and assurances in place.

All strategic risks are assigned an Executive lead and this person will review their strategic risks and associated action plans on a regular basis and provide updates to both the Executive Team and the Locala Board.

### **8.2.2 Corporate Risk**

The Corporate Risk Register provides senior colleagues in the organisation with a clear understanding of the current active risks that are being managed within Locala.

The term Corporate Risk is used in Locala to encompass all of the operational risks that pose a direct risk to the day to day business of the organisation, or could lead to Directorates or Business Units failing to meet their objectives. This can include:

- Operational Risk
- Project / Programme Risk
- Clinical Risk
- Financial Risk
- Quality Risk

All of these risks will be captured and managed through both Datix and a system of policies and procedures. The level of reporting within Locala's governance arrangements is determined by risk score and risk type.

### **8.2.3 Health and Safety Risk**

Health and Safety is a complex area of legislation one requirement of which is for the organisation to have a Health and Safety Policy and which should incorporate effective risk management. Senior management of Health and Safety Risk is the responsibility of the Executive Director Corporate Affairs.

### **8.2.4 Information Risk**

Information Risk Management is an integral element of good Data Security and Protection (DSP). It includes use of IT systems, management of paper records, cyber security and physical security of our facilities. Information Risk Management is the responsibility of the Senior Information Risk Owner (SIRO). Information Risk is subject to a specific policy.



### 8.2.5 Service or Business Continuity Risk

Business Continuity risks are those which threaten the organisation's ability to deliver its key services (clinical and non-clinical). These generally fall into three categories of service failure (access to premises, access to resources (e.g. IT systems) and access to staff and may be from a number of different sources e.g. severe weather, fuel shortage, availability of trained professionals etc.

Business Continuity Risk Management is the responsibility of the Chief Operating Officer and Business Continuity plans will be in place for mitigation of all related potential risks.

### 8.3 Identifying Risks

All colleagues should be aware of the potential for risks to emerge which may affect the business and all colleagues should be prepared to identify and report risks as appropriate. In identifying risks it is important to first assess whether it is a Risk or an Issue:

**Issue** - an issue can be defined as an event that has already happened, was not planned and requires management action. Issues should be captured on an issue log and managed in a timely manner.

**Risk** - a future uncertain event or set of events that, should it occur, will have an effect on the achievement of business, project or programme objectives. A risk can present a threat or an opportunity to the objectives of the organisation.

Risks facing the organisation will be identified from a number of sources e.g.:

- risks arising out of the delivery of work related tasks or activities;
- the review of strategic or operational objectives;
- a result of incidents and the outcomes of investigations
- complaints, claims, patient feedback, health and safety inspections, audit reports, external reviews or ad hoc assessments;
- national requirements and guidance

### 8.4 Assessing (analysing and evaluating) Risks

The purpose of assessing and scoring a risk is to estimate the level of exposure to it, which will then help to inform where responses to reduce or otherwise manage a risk can be taken.

Locala uses a standardised organisation-wide approach to risk assessment to ensure consistency. Full details of the Risk Assessment process is included in the separate Risk Management Operational Procedure.

In assessing how significant the risk is, colleagues will need to:

- (a) Identify **who** is affected and **what** is the potential **impact** it should the risk occur (i.e., the consequences of a risk occurring). The impact is based on a number of factors e.g. the financial implications, the number of patients or colleagues potentially affected, the ability of the organisation to achieve its objectives or the effect on Locala's reputation.

- (b) Estimate the **likelihood** of a risk occurring; based on the probability of the risk emerging, and the timeframes in which the risk might occur e.g. weekly, monthly.
- (c) Consider whether this is an isolated risk or whether this risk could combine with other similar potential risks or is a duplicate of an existing risk.
- (d) Assess or score the organisation's exposure to that risk. Locala uses a standard 5x5 risk scoring matrix for assessing the impact and likelihood of the risk (see Figure 3 below). A more detailed breakdown of these areas is provided within the Risk Management SOP.
- (e) Record the risk on Datix using the agreed procedure, including assigning an appropriate Risk Handler and Risk Owner according to the score assessment.

**Figure 3 Risk scoring matrix (score = Likelihood x Impact)**

	Likelihood				
Likelihood score →	1	2	3	4	5
Impact score ↓	Rare	Unlikely	Possible	Likely	Almost certain
<b>5 Catastrophic</b>	5	10	15	20	25
<b>4 Major</b>	4	8	12	16	20
<b>3 Moderate</b>	3	6	9	12	15
<b>2 Minor</b>	2	4	6	8	10
<b>1 Negligible</b>	1	2	3	4	5

For grading risk, the scores obtained from the risk matrix are assigned grades as follows:

	1 - 3	Low risk
	4 - 6	Moderate risk
	8 - 12	High risk
	15 - 25	Extreme risk (Board level)

## 8.5 Treating Risk (Controls and Mitigation)

For each risk there will be a risk response - either to treat the risk (i.e. take action to reduce the likelihood or impact of the risk) or to tolerate the risk (i.e. make a conscious decision to accept the risk). As part of the risk assessment process, a course of action must be agreed in line with Locala's defined risk appetite approach and risk tolerance levels (see section 5).

When considering the likelihood of a risk occurring, colleagues need to develop and consider those action(s) that can be put in place which will mean:

- (a) the **avoidance** of the risk (e.g. by not proceeding with the action which produces a risk); or
- (b) **TREATMENT** i.e. the **reduction** of the likelihood of a risk occurring or, should it occur, the reduction of the potential impact (consequence or harm) of the risk occurring; or
- (c) the **TRANSFER** of risk to another party, either in part or in whole; or
- (d) **TOLERATE** : after they have been treated or transferred, there may be some residual risks which are retained (although plans to control and mitigate these risks will still be required); or
- (e) the **removal / elimination (TERMINATION)** of risk (although it is accepted that the complete removal of a risk, especially when related to service provision, is rarely possible). A contingency plan needs to be put in place should the risk occur.

These plans to avoid or reduce risk are referred to as the Risk Action Plan, and should be monitored on a regular basis with flexibility to amend the plan should other factors arise.

## 8.6 Risk Review

All parts of the organisation will, on a regular basis, review their identified risks and the controls in place to manage those risks. All levels of risk will be monitored and escalated to the relevant level of the Risk Register dependant on:

- The risk score
- The risk type
- The resources needed to manage/mitigate the risk

The frequency of review of risks, dependent on their risk score will be defined in line with the organisation's risk appetite. The expectation is that all High or Extreme risks (scores 15, 16, 20, 25) will be reviewed on at least a monthly basis.

## 8.7 Risk Escalation

An integral part of effective risk management is ensuring that risks are escalated within the organisation in line with the relevant governance structure. This will ensure that appropriate action and prioritisation of resources can take place. Risks are escalated according to their current risk score (which is the initial score for new risks). This is set out in Figure 4 below:

**Figure 4 – Risk Escalation Process**

Risk Rating	Management
<b>LOW</b> - between 1 and 3	Managed at a service level by the Risk Handler. Updates via Datix. Assurance will be provided on the management of this risk with regular reviews taking place (no more than 3 months interval).
<b>MEDIUM</b> – between 4 and 6	Managed at a service level by the Risk Handler with an appropriate manager designated as Risk Owner., who .will monitor the delivery of any actions. Reviewed at each Team meeting.
<b>HIGH</b> – between 8 and 12	Managed by the <b>Risk Handler– Operational Manager level or above.</b> Actions prioritised and agreed with the Risk Owner. Discussed at Business Unit level and scrutinised at SMG and reported via Governance framework by risk type. All risks with an Impact score of 4 or 5 may be escalated in the same way as per agreed threshold. (Note – not normally included in the Board Assurance Framework )
<b>EXTREME</b> – between 15 and 25 <b>(Strategically significant risks)</b>	New risks at this level should be reported immediately to the Executive lead and the Risk Manager. Managed on a day-to-day basis by the Risk Handler (SMT level) and reviewed as a minimum on a monthly basis with the Executive Risk Owner. Actions prioritised/agreed on a monthly basis and subject to scrutiny by the appropriate Board Committee / Board. (Note – included in the Board Assurance Framework)

Those risks which score between **15 and 25** will be regarded as **strategically significant risks** (Board level) and will be included in the BAF which is considered by the Board and its Committees.

Other risks with an impact score of 4 or 5 will be escalated to the Board’s Committees as set out in their Terms of Reference (with advice from the Executive Management Group) or as recommended through the Scrutiny Management Group.

**Figure 5** outlines how risks will be escalated to the Board via its Committees, and through sub groups of the Executive Management Group.

## 9 ASSURANCE

A key component of the risk management system is providing assurance on its effectiveness:

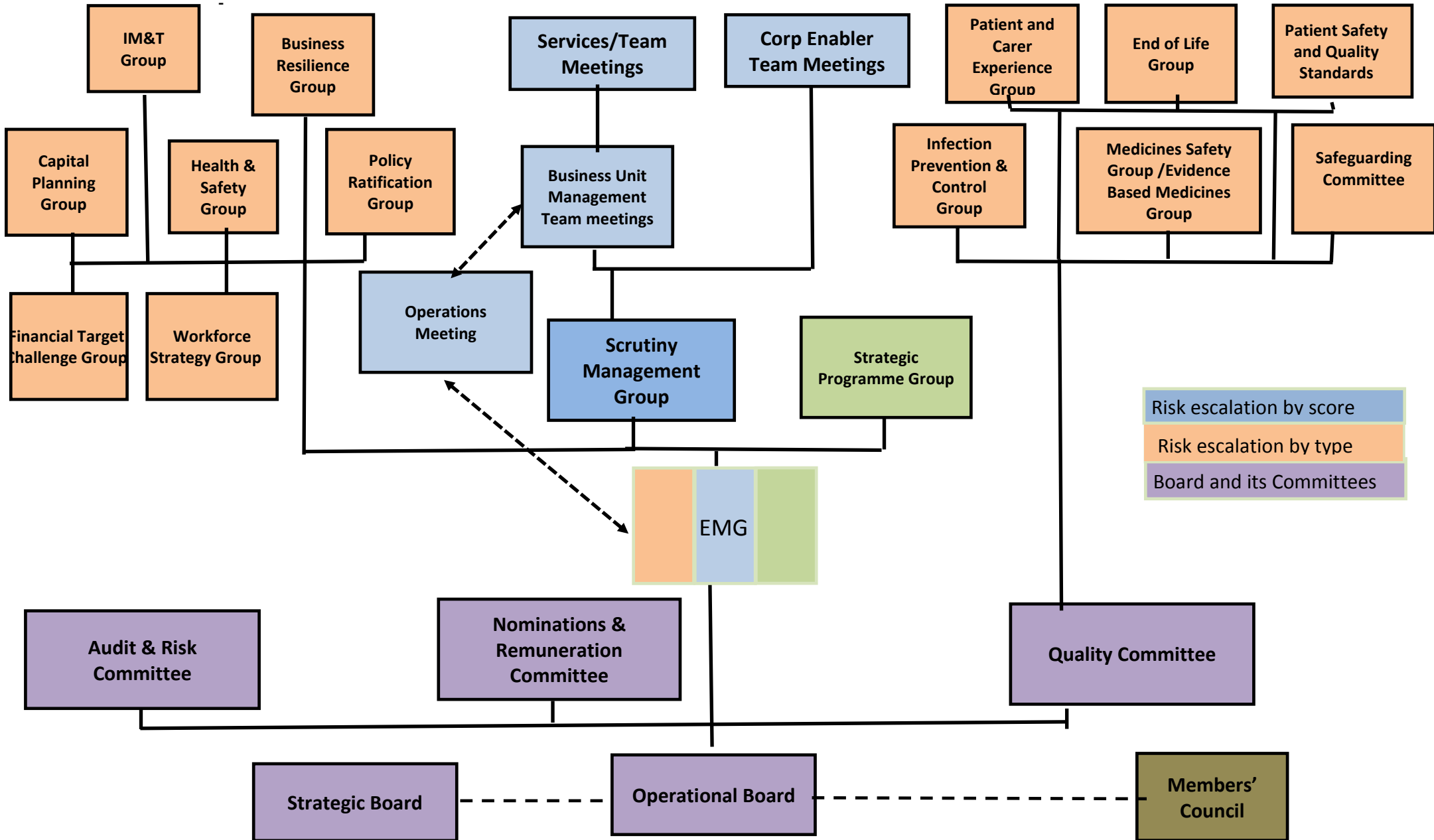
### 9.1 Internal assurance

This includes the effectiveness of the controls and their application (action plans) being put in place to mitigate the impact of any risk; which will be considered by the Board and its committees. Receiving assurance on the effectiveness of the overall Locala risk management system is within the remit of the Audit and Risk Committee (ARC). Gaps in Assurance will be identified and remedied to strengthen the risk management system.

### 9.2 External Assurance

Independent Assurance provided by reviewers, auditors and inspectors from outside the organisation such as External Audit, CQC, Commissioners.

**Figure 5 Locala Risk Management Governance map**



### 9.3 Annual Governance Statement

The Annual Governance Statement is a statement prepared by the organisation which provides assurance on the internal controls in place across the organisation during the year. It includes detail of the risk management systems, details of how the organisation's capacity to manage risk is addressed and a summary of the risk and control framework that is in place in the organisation. The statement is approved by the Locala Board as part of the year end process.

## 10 ROLES AND RESPONSIBILITIES

### 10.1 Board of Directors – has overall responsibility for:

- (a) ensuring robust systems of internal control are in place and appropriately resourced;
- (b) providing leadership on risk and encouraging a culture whereby risk management is embedded across the organisation
- (c) routinely considering risks and collectively being assured that risks are being effectively managed; and
- (d) through its plans, in setting out its appetite and priorities in respect of the mitigation of risk when delivering a safe and high quality service.

### 10.2 Board Committees – the following committees have the key risk responsibilities:

- (a) **Audit and Risk Committee** – on behalf of the Board of Directors, being assured on the robustness of Locala's risk management system and the adequacy of the underlying assurance processes and controls used to inform the Board and its Committees about the management of risk;
- (b) **Quality Committee** – responsible for providing assurance to the Board on the effective management of clinical and workforce risks, including those risks identified through the Board Assurance Framework process.
- (c) **Relevant Committee and Executive sub-groups** - responsible for the identification, collation, scrutiny and management of risks according to their terms of reference; and providing assurance to the parent committee on this.
- (d) **Scrutiny Management Group** – reporting to EMG and chaired by a Director, its key duties are to hold to account, scrutinise and support: achievement of the Operating Plan objectives; operational performance and to ensure Locala meets regulatory requirements. The Group is responsible for reviewing the key operational risks within Locala and escalating risks to the Operational Board as appropriate via EMG. Discussion at SMG enables risks to be understood and shared across the Business Units and Corporate functions.

### 10.3 Chief Executive – has overall responsibility for the risk management process ensuring that it meets statutory and regulatory requirements and meets the

needs of the organisation. Liaising with stakeholders and regulators where the management of issues / risks has a wider impact.

- 10.4 Director of Corporate Affairs** - delegated by the Chief Executive with responsibility for the Locala risk management system.
- 10.5 Director of Nursing, AHP and Quality** – responsible for all clinical risk management and patient experience issues within Locala, supported by the Head of Quality and Patient Safety.
- 10.6 Executive Management Group** – accountable to the Chief Executive, Directors have responsibility for:
- (a) ensuring that all risks related to their portfolios are identified, assessed, recorded and reported, and that appropriate measures are in place to manage any risks and provide assurance on their effectiveness;
  - (b) understanding, championing and adhering to the risk management system;
  - (c) with their management teams, for identifying a **Risk Owner** for each level or type of risk.
- 10.7 All Senior Managers / Managers** – accountable to a member of the Executive Team, are responsible:
- (a) through the relevant governance process, for ensuring that all risks related to their areas of responsibility are identified, assessed, recorded and reported, and that appropriate measures are in place to manage any risks and provide assurance on their effectiveness;
  - (b) understanding, and encouraging the use of the risk management system;
  - (c) together with their Executive Lead, identifying a suitable **Risk Owner** for each risk level.
- 10.8 Risk Manager** – supports the Director of Corporate Affairs and the Executive Team and is responsible for leading and coordinating all aspects of Locala's risk management function and activities and supporting risk management functions at Board level and within Directorates. Providing advice on risk assessment, scoring, mitigation, and risk escalation. Implementation and monitoring of this policy and undertaking periodic risk assessment audits and initiating quality improvement programmes to address identified gaps.
- 10.9 Risk Handler** - identified by a senior manager or manager, this is the person within a particular team who, on a day-to-day basis, will take lead responsibility for the documentation and assessment of a risk that has been identified and added to the Datix system.
- 10.10 Risk Owner** - at an appropriate level within the relevant line management/ governance arrangement, and is responsible for:



- a) Overseeing the management of a risk
- b) The person who supports the Risk Handler
- c) Providing assurance on the effective management of this risk (and mitigation plan)

**10.11 All colleagues and contractors** – are expected to be familiar with the Locala risk management system and take responsibility for ensuring they adhere to Locala’s policies and procedures. Everyone has the responsibility to report concerns and/or incidents.

#### **10.12 Internal Auditors**

The internal auditors are responsible for agreeing, through the ARC Committee, a programme of audits which assess the exposures and adequacy of mitigation of the principal risks affecting the organisation. The reports and advice produced by internal audit should inform the management of risk by the relevant risk owners.

### **11 RISK MANAGEMENT TRAINING AND SUPPORT**

**11.1 Induction** – all staff will be made aware of information available on risk management within Locala, and there is an expectation that discussions on risk will be included in Induction sessions with line managers.

**11.2 Level 1 – Staff required to report risks** - there are many different training requirements for specific aspects of risk management (e.g. Health and Safety, Fire, Information Governance), there is no mandatory training requirement for Risk Management. All staff will have access to a procedural guide which will cover the basics of identifying, articulating and reporting risks.

**11.3 Level 2 – Risk Handlers** - Face to face training will be delivered to risk handlers which will cover the basic concepts of risk management, but also the practical application of the principles and the mechanics of the Datix system for management of risks.

**11.4 Level 3 – Risk Owners** - Face to face training will be delivered to Risk Owners and is aimed at Executive Directors and other senior managers who need to understand the implications of risk ownership, risk appetite, risk decision making and the escalation of risk. Additional literature will be available outlining this in more detail

**11.5 Level 4 – Caldicott Guardian, SIRO and other specialist roles** - this will be any bespoke training required for specific roles and for those in charge of managing the Risk Management System.

### **12 MONITORING, REVIEWING AND AUDITING**

**12.1 Effective monitoring** - is important to identify successful delivery of this Policy and ensuring that the risk management culture within Locala is embedded and continuously improving.



**12.2 A Risk Management Annual Report** will be presented to the Locala Board through ARC. Its scope will be defined by ARC, however as a minimum it will summarise achievements against the annual work plan for risk management, including:

- An assessment of the organisational risk management culture
- A review of reporting mechanisms and escalation procedures
- Performance against key risks facing the organisation and how these are being managed
- Use of risk management tools by teams/business units; the effectiveness of risk management processes and systems in addressing operational risks
- Performance against KPIs relating to risk management

The Risk Management Annual Report will make recommendations for the ongoing development and improvement of risk management and associated processes. Progress will also be reported as part of the Annual Governance Statement included in Locala's Annual Report.

**12.3 Auditing Risk Management** - the following table outlines how compliance with key elements of this Policy will be monitored/audited. This will be in collaboration with colleagues throughout the organisation:

Minimum requirement to be monitored/ audited	Monitoring method e.g. audit
How all risks are assessed	Six monthly audit by the Risk Manager to identify if the process for reporting risk assessments is being followed,
How risk is managed locally	Six monthly audit by the Risk Manager to identify if the process for managing risks locally is being followed.
How risk assessments are conducted consistently Authority level for managing different levels of risk within the organisation How risks are escalated through the organisation	Routine audit programme by the Risk Manager including periodic detailed audit of specific aspects.  Reporting through SMG, EMG and ARC
Description of risks, risk score, summary of treatment plan, date of review, residual risk rating.	Routine audit and review by the Risk Manager (programme of sampling in place to include a detailed audit of some aspects)
Process and responsibility for developing action plan following audit/ monitoring and ensuring implementation	Risk Manager review in conjunction with Risk Owners
Delivery of training and usefulness of guidance materials	Annual review – by Risk manager with feedback from Risk Handlers and Owners

## 13. References

Good Governance Institute - A matrix to support better risk sensitivity in decision taking (2017)

ISO 31000 – Risk Management

National Patient Safety Agency – A risk matrix for risk managers

## 14. Associated Policy documentation

Locala Risk Management procedure

Locala Board Assurance Framework procedure

## Appendix A – Equality Impact Assessment

		Yes/ No	Comments
1.	Does the document/guidance affect one group less or more favourably than another on the basis of:		
	• Race	No	Risk management should identify where risks to individuals or groups may be affected and mitigation to put in place
	• Ethnic origins (including gypsies and travellers)	No	As above
	• Nationality	No	As above
	• Gender (including gender reassignment)	No	As above
	• Culture	No	As above
	• Religion or belief	No	As above
	• Sexual orientation	No	As above
	• Age	No	As above
	• Disability - learning disabilities, physical disability, sensory impairment, mental health problems	No	As above
2.	Is there any evidence that some groups are affected differently?	No	
3.	If you have identified potential discrimination, are there any valid exceptions, legal and/ or justifiable?	N/A	
4.	Is the impact of the document/ guidance likely to be negative? If so, can the impact be avoided?	N/A	

## Appendix B. The Good Governance Institute Risk Appetite Matrix

Risk Levels	0 – Avoid	1 – Minimal (ALARP)	2 – Cautious	3 – Open	4 - Seek	5 - Mature
<b>Key elements</b>	Avoidance of risk and uncertainty is a Key Organisational objective	(as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).	Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
<b>Compliance / regulatory</b>	Play safe, avoid anything which could be challenged, even unsuccessfully	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
<b>Financial</b>	Avoidance of financial loss is a key objective. We are only willing to accept the low cost option as VfM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept possibility of some limited financial loss.  VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place).  Resources allocated without firm guarantee of return – ‘investment capital’ type approach.	Consistently focussed on the best possible return for stakeholders. Resources allocated in ‘social capital’ with confidence that process is a return in itself.
<b>Innovation/ Quality/ Outcomes</b>	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems / technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for noncritical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently ‘breaking the mould’ and challenging current working practices.  Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
<b>Reputation</b>	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation’s reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in Communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
<b>APPETITE</b>	<b>NONE</b>	<b>LOW</b>	<b>MODERATE</b>	<b>HIGH</b>	<b>SIGNIFICANT</b>	