Leicestershire Partnership NHS Trust

Risk Management Framework

This policy sets out the Trust's approach to managing strategic, corporate and operational risk.

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Contents

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The over-riding principle is for the Trust to have an effective risk management system and processes in place. This framework will assist in ensuring that risks are either eliminated or reduced to an acceptable level to protect the people using the Trust's services, its employees, visitors and its services. This is done using the 5 T's to determine whether we will Terminate, Transfer, Treat, Tolerate or Take an opportunity. Risks are entered onto the electronic system at either a local or directorate level for operational risks, corporate risks are entered onto the corporate risk register. Strategic risk is held on the Board Assurance Framework. This framework outlines the options for escalating and de-escalating risk through the different registers when appropriate and outlines the governance for oversight and management of risk.

The Trust acknowledges that all risks cannot totally eliminated and recognises therefore the importance of managing these risks effectively. Each year we determine our appetite for taking risk which is available on our Trust website. It sets out the key risk management structures and processes and defines the objectives of and responsibility for each of these within the Trust. It provides the relevant scoring detail, and approach to capturing controls, assurance and actions so that risk can be appropriately managed.

Ultimately all staff, irrespective of profession, grade or discipline, including locums, contractors and those with honorary contracts are responsible for:

- compliance with the Risk Management Framework and supporting processes and procedures
- identifying, assessing and reporting of all risks as quickly as possible following their identification
- Ongoing management and escalation of risk in compliance with this policy
- attending risk management training as required for the post

Risk Context

Introduction to risk management

The Trust is committed to the principles of good governance and recognises the importance of effective risk management as a fundamental element of its governance framework and system of internal control. The approach to managing risk is done so in accordance with the international standard ISO 31000 which is based on the following core principles;

- Creates and protects value.
- Is an integral part of Trust activities.
- Is part of decision making at all levels in the Trust.
- Explicitly addresses uncertainty.
- Is systematic and structured to support consistency.
- Is based on the best available information, including future expectation.
- Is customised and proportionate to external and internal context.
- Takes human factors into account; human behaviour and culture significantly influence all aspects of risk management.
- Is transparent and inclusive.
- Is dynamic, iterative, and responsive to change.
- Committed to continual improvement. Risk management is continually improved through learning and experience.

The over-riding principle is that the Trust will have in place an effective risk management system and process. This framework will assist in ensuring that risks are either eliminated or reduced to an acceptable level to protect the people using the Trust's services, its employees, visitors and its services. The Trust acknowledges that all risks cannot totally eliminated and recognises therefore the importance of managing these risks effectively. It sets out the key risk management structures and processes and defines the objectives of and responsibility for each of these within the Trust.

As part of the Group model arrangements with Northamptonshire Healthcare NHS Foundation Trust, we have a Group Strategy, and a number of group meetings including a Group Trust Board, a number of joint board sub-committees and a Group Strategic Executive Board. Our approach to risk has matured to include a Group Board Assurance Framework and a Group Risk Appetite which are owned by the Group Trust Board. All other components of our risk management framework are Trust specific.

This policy should be read in conjunction with supporting information on the risk management page of the Trust's intranet, and in particular with the Health and Safety Policy and clinical policies relating to risk assessment processes.

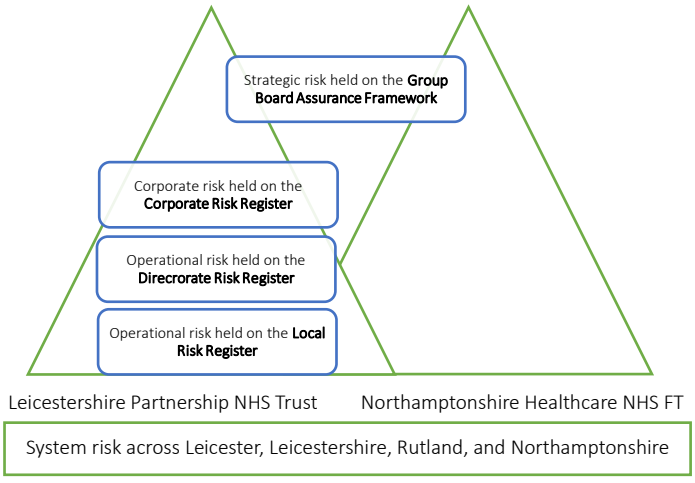
Risk Appetite

Risk Appetite is the amount and type of risk that an organisation is willing to take to meet their strategic objectives. The overall risk appetite position is re-visited and reviewed annually by the Group Trust Board so that it can take into consideration the current strategic framework, operating context and the level of risk it is willing to tolerate in relation to the delivery of its strategic objectives. The risk appetite is applied to strategic risk on the Board Assurance Framework and is utilised during any board and executive level decision making. The full risk appetite statement and matrix is available on the Trust's website.

The Trust recognises that risk is inherent in the provision of healthcare and maintaining and improving its services and is not averse to taking risk in the appropriate circumstances. Acknowledging the context that the NHS operates in, with a critical need for identifying opportunities for finding new ways of working, there is an acceptance that decision making will need to address innovation, changes in our model for delivery and may need to address difficult decisions along the way. This means that we have a willingness to make decisions which may impact on our current business as usual for longer term reward and improvement if appropriate controls are in place and it is right to do so. There will also be appropriate times when a more cautious appetite to risk taking is needed and these will be assessed for individual risks.

Risk Management Structure

There are four levels of risk management (this excludes any risk assessment activity and starts only when a risk has been identified and entered onto the risk management system). We also recognise the importance of system risk and have oversight of this in our Group Strategic Executive Board.



Board Assurance Framework

An effective Board Assurance Framework (BAF) supports the understanding and discussions around delivery of the Trust's strategic objectives by identifying the principal

strategic risks that may threaten the achievement of those objectives. As part of our group model arrangements, Leicestershire Partnership NHS Trust and Northamptonshire Healthcare NHS Foundation Trust share a vision and strategy and as such, our BAF provides the key risks to achieving this strategy at a group level.

This set of strategic risks is determined annually by the Group Trust Board, informed by the strategic refresh and annual objectives, and the backdrop of global, national, regional and local risk impacting on our health population.

These strategic risks are subject to ongoing and continuous review to update and reflect the current operating context. It provides assurance about where risks are being managed effectively with any gaps in controls or assurance highlighting potential risk to delivery of the Trust's objectives. Each risk is assigned an executive lead and a responsible committee. The Board Assurance Framework is on the agenda of the monthly Group Strategic Executive Board for review and agreement following changes and updates made by the lead directors following which it is on the agenda of the responsible committees for assurance on their assigned risks. The BAF is owned by and monitored bi-monthly by the Group Trust Board, and individual organisation's Trust Board of Directors and is included in full in the public board papers.

Corporate Risk Register

Whilst the BAF comprises the major risks that could prevent the board from fulfilling the objectives in the Trust's agreed strategy, the corporate risk register (CRR) comprises operational risks, mainly identified by services themselves. It does not include all the organisation's operational risks, usually just those that score highly in terms of their likelihood of occurring and their potential impact, that have a wider impact beyond the service where they arose or are trust wide in nature and that need involvement by executives or colleagues from other services to resolve them.

This set of corporate risks is owned and monitored by the Trust's Executive Management Board (EMB); it can include risks that have been escalated up from the directorate registers, and risks identified by EMB based on emerging areas of risk. These corporate risks are mapped to the strategic risks on the BAF and provide an individual Trust risk profile which may impact on the operational delivery of our strategic ambitions.

Directorate Risk Register

The directorate risk register (DRR) contains operational risks which are relevant at a directorate level, or those local risks which have scored highly and need directorate level support. They are reviewed and monitored by directorate management groups and the relevant lead executive director. Risks scoring 15 and above and risks requiring action outside the remit of the directorate can be escalated to the Trust's Accountability Framework Meeting for potential escalation onto the corporate risk register.

Local Risk Register

The local risk register (LRR) contains operational risks which are relevant at a local team or service level. They are reviewed and monitored by departmental management groups. Each service will have a named lead reviewer to manage the process. Risks scoring 15 and above and risks requiring action outside the remit of the team or service can be escalated to the Directorate Management Group for potential escalation onto the directorate risk register.

Risk Management Processes

Risk Format

Aligning controls and assurances

As a corporate assurance framework, the format of the BAF presents the controls, assurances, gaps and actions together. This means that we can provide assurance over whether existing controls are working. Where they are not, we can be clear about the action required to resolve this. We are also able to clearly identify where additional controls and assurances are required and what actions we need to include.

Three lines of assurance model

The Trust uses the three lines of assurance model. The assurance provided on the BAF is split by each of the three lines so that we can be clear which part of the organisation is providing assurance and undertaking mitigating action. This also helps us to identify and rectify any gaps.

Cause, Risk and Effect

The cause, risk and effect format allows us to see controls, assurances and actions by the cause and effect of each risk, so that we can be sighted on how we are reducing the likelihood and the consequence. Risk descriptors are written using the cause, risk, and effect model to help shape the way we present risk on the BAF.

Risk Treatment

Not all risks will be ‘treated’, that is to say, mitigated with action. The Trust uses the 5 ‘T’ model to determine how to handle a risk;

- **Terminate**: Completely eliminate the risk by stopping the activity. This occurs when plans are altered to remove the threat entirely. This action is necessary when a risk exceeds the risk appetite and cannot be safely mitigated.
- **Transfer**: Shift the financial or operational impact to another party. This occurs when using legal or financial mechanisms to shift the burden. While the hazard remains, the negative consequences are shared with a third party, such as an insurance company.
- **Treat**: Mitigate by applying protective action to reduce the risk to an acceptable level. This occurs when you introduce specific safeguards or operational procedures. This is the most common response, aiming to lower the likelihood or severity of the risk
- **Tolerate**: Consciously accept the risk without taking further action. This occurs when no protective action is taken. This strategy is chosen when the cost of mitigation outweighs the potential damage, or when the risk is negligible. These risks must still be logged and monitored.
- **Take the Opportunity**: Capitalise on positive uncertainties or upside risk. This occurs when the positive side of uncertainty is considered. Not all risks are strictly negative; some disruptions present an advantage in the right circumstances.

Score staging terminology is defined as;

- **Initial score**. This is the score considering the controls in place at the time that the risk was entered onto the register, assuming that the controls are working. This is determined at the time of risk identification.
- **Current score**. This is the score considering the controls currently in place, assuming that they are working. This is done each time the risk is reviewed.
- **Target score**. This is the score applied to risks that we are going to treat with an action plan, and the target score is based on the impact and likelihood of the risk once any new mitigating controls have been put in place. This is determined at the time of risk identification when actions have been determined to fill any gaps in the controls and assurances.

Scoring for the operational registers is based on a 5x5 qualitative risk matrix with multiplicative scoring. This multiplication methodology is commonly used in local and directorate risk registers as a way of ensuring a consistency across a large number of risks which will have a wide range of risk owners.

The risk score (whether that be initial, current or target) is calculated by multiplying the Impact and Likelihood scores.

The following matrix is used to grade risk. The scores obtained from individual consequence and likelihood risk scoring are assigned grades as follows;

1 Very Low **(green)**
2 Low **(yellow)**

3 Moderate **(Amber)**

4 High **(red)**

5 Significant **(red)**

The following matrix is used to grade **combined** risk scores. Risk scoring is based on Impact multiplied by Likelihood (IxL)

	Likelihood				
Impact	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

A separate matrix descriptor is available on the Trust's intranet site which helps risk owners apply an Impact and Likelihood category in a consistent way.

Scoring for the BAF is slightly different, it is based on a 5x5 qualitative risk matrix however instead of combining these scores in an arithmetic way, we apply a non-multiplicative colour zoning. Impact and likelihood are each scored 1-5 but the final risk rating is not calculated by multiplying the two numbers. Instead, the rating is determined by a heatmap (zones red, amber and green) that reflect risk appetite. Whilst this heatmap zoning is broadly reflective of the combined risk score, it does allow for manual override to account for the strength in controls and assurances for a risk. This allows us more control, where we can apply custom thresholds to safely apply an eager appetite toward decision making and taking risk. It also allows for priority red risk areas to be shown clearly on the BAF.

Risk Identification and Recording

When a risk is identified by a member of staff they will enter this onto the electronic risk system, a separate protocol is available on the staff intranet which describes this process, and training is available for staff.

Risk Movement

Any operational risk can be escalated up through the risk registers when it extends beyond the remit of the register in which it sits, or when support is required to support the mitigation of the risk. This is often when a risk has a high current score and a number of significant mitigations are required. There is no prescribed formula for escalation; this is so that each

risk can be subject to review at the relevant group for consideration and approval based on the individual requirements of each risk.

The process for de-escalation follows in that when a risk no longer needs support to mitigate or has reduced in its impact and/or likelihood it may be de-escalated to the register below subject to approval by the relevant group.

Governance groups which have a role in owning a register have an important remit for approving any new risks, any escalations or de-escalations to or from their register, and the closure of any risks within their register.

All authors of assurance reports to the level 1 committees have a responsibility to ensure that risks are appropriately managed on the risk system and align with any escalation made within AAA reports where relevant.

Roles and Responsibilities

Chief Executive

The Chief Executive is the Accountable Officer of the Trust and has overall accountability for ensuring that the Trust discharges its statutory and legal duties for all aspects of risk and maintains a sound system of internal control and assurance that supports the achievement of the Trust's objectives. Provides full support and commitment to adequate staffing, finances and other resources to ensure the management of those risks which may have an adverse impact on the staff, finances or Trust stakeholders. The Chief Executive has overall accountability and responsibility for ensuring that the Trust maintains an up-to-date Risk Management Framework endorsed by the Trust Board; promoting a risk management culture throughout the organisation

- responsibilities for the management and co-ordination of risks are clear and unequivocal
- the Trust has an effective system of risk management and internal control in place, based on an on-going risk management process designed to identify the strategic /principal risks to the achievement of the organisation's objectives, to evaluate the nature and extent of those risks and to manage them efficiently and economically as far as is reasonably practicable
- risk issues are considered at each level of business planning from the corporate process to the setting of staff objectives
- decisions are taken to eliminate or reduce risk as far as is reasonably practicable
- the Trust ensures that it shares with stakeholders any risk concerns which may impact on them and the wider population
- the Annual Governance Statement contains the appropriate assurance requirements in relation to risk management and systems of internal control and is signed and presented to Trust Board for approval forming part of the statutory Accounts and Annual Report

Deputy Chief Executive / Managing Director

The Deputy Chief Executive Officer / Managing Director has accountability for managing the Trust's corporate risk register via the Executive Management Board.

Board Directors

Board directors have responsibility for the assurance of risk management and internal control systems to ensure effective risk management within the Trust. They will have responsibility for any strategic, corporate or operational risks which fall within their remit, they also have a collective responsibility as a member of the Executive Management Board for all risks on the CRR, and as a member of their Trust Boards for all the risks on the BAF.

Director of Governance and Risk

The Director of Governance and Risk is responsible for the development, oversight and effective execution of the Board Assurance Framework and ensures effective processes are embedded to rigorously manage strategic, corporate and local risks, monitoring the mitigating actions and reporting to the Trust Board and relevant Board Committees. They also;

- Provide support and facilitation to the Trust Board (and Group Board), Trust corporate governance structure and executive management structure to discharge their duties and responsibilities as outlined; and ensuring that the Trust's corporate governance arrangements meet best practice and are reviewed periodically for effectiveness
- Work closely with the Chair, Chief Executive, board directors and senior leaders to implement and maintain an appropriate Risk Management Framework and supporting processes.
- Lead and participate in risk management oversight at the highest level.
- Define the structure through which all staff can fulfil their duties for risk management.

Non-Executive Directors

Challenge risk management and governance arrangements within the Trust and provide assurance over the robustness of these arrangements as part of their role for the oversight of strategic risk on the Trust Board and its level 1 committees.

The Chair of the Audit and Risk Committee has a particular responsibility for receiving, challenging and providing assurance over the arrangements in place for securing a robust risk management framework.

All Staff

All staff, irrespective of profession, grade or discipline, including locums, contractors and those with honorary contracts are responsible for:

- compliance with the Risk Management Framework and supporting processes and procedures
- identifying, assessing and reporting of all risks as quickly as possible following their identification
- Ongoing management and escalation of risk in compliance with this policy
- attending risk management training as required for the post

Board, Committee and Executive Board Duties and Responsibilities

Trust Board

The accountable body sharing collective responsibility for the success of the Trust, including the effective management of risk and compliance with relevant legislation and statutory requirements. The Board provide the strategic direction and leadership to the Trust. A robust risk management framework ensures the systems and processes of control are in place to deliver the responsibility for implementing risk management throughout the Trust. The Board determines the risk appetite for the Trust.

The Trust Board is required to produce statement of assurance which declare that it is doing its 'reasonable best' to ensure that the Trust meets its objectives and protect people using services, staff, the public and other stakeholder against all types of risk.

The Trust Board of Directors will ensure that appropriate realistic resources are made available to implement and support effective risk management throughout the Trust.

The Trust Board of Directors has the ultimate responsibility for risk management. It needs to be satisfied that appropriate policies and strategies are in place and that systems are functioning effectively.

Level 1 Committees

Each level 1 committee (Trust and Group Level 1 committee) will have oversight of the strategic risks mapped to it on the BAF, including the mapping of any relevant individual Trust corporate risk titles from the CRR. Whilst there is no delegated requirement for oversight of corporate risk from the Trust Board, they are a useful indicator of the corporate profile in each Trust within our group model arrangement.

Audit and Risk Committee

Based on the HFMA NHS Audit Committee Handbook framework, the Audit Committee does not *manage* risk itself, but it acts as the 'ultimate reviewer of the risk management system'. The Board and Executive Directors own and manage risk, while the Audit and Risk Committee provides independent assurance that their processes are working effectively. Responsible for reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (clinical and non-clinical systems), that supports the achievement of the organisation's objectives.

In particular, the Committee will review the adequacy and effectiveness of:

- all risk and control related disclosure statements (in particular the draft annual governance statement), together with any accompanying head of internal audit opinion, external audit opinion or other appropriate independent assurances, prior to submission to the Trust Board where practicable;
- the underlying assurance processes that indicate the degree of achievement of the organisation's objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- risk identification and management activity related to counter fraud and security as required by the NHS Counter Fraud Authority.

Group Strategic Executive Board

The Group Strategic Executive Board (GSEB) is the forum in which the executive teams in both Trusts (that of Leicestershire Partnership NHS Trust and Northamptonshire Healthcare NHS Foundation Trust as part of the Group model) come together for strategic matters including leading the process of regular scrutiny of the BAF, with oversight of changes each month throughout the year ahead of reporting to the Group Trust Board, and ahead of reporting the relevant cut of strategic risk to the individual Trust level 1 committees. The GSEB also has oversight of the system risk profile.

Executive Management Board

The Executive Management Board (EMB) has ownership of the CRR and has monthly oversight of the corporate risks and makes decisions over new risks, escalated and de-escalated risk, and risk closures at this level. The EMB holds deep dives to explore areas of emerging risk, or high scoring risk which needs focussed executive support.

Appendix One: Definitions

- **Action**. The activity which puts controls in place to manage risks that have been identified and assessed.
- **Assurance**. Is the confidence the Trust has, based on sufficient evidence, that controls are in place, operating effectively and its objectives are being achieved
- **Board Assurance Framework**. Identifies the principal risks that may threaten the achievement of the Trust's strategic objectives
- **Cause, Risk and Effect Model**. A method of describing a risk which identifies the cause and effect to support the identification of preventative and responsive controls.
- **Control**. A measure in place to mitigate a risk
- **Corporate Risk Register**. Comprises operational risks that score highly in terms of their likelihood of occurring and their potential impact, that have a wider impact beyond the service where they arose and need involvement by executive colleagues.
- **Current Score**. Indicates the score for a risk considering the current controls.
- **Health and Safety Risk Assessment**. The Management of Health & Safety at Work Regulations requires all employers to carry out suitable and sufficient assessment of the risks to the health and safety of their employees to which they are exposed whilst at work, to include those who are not within their employment but to whom they owe a duty of care.
- **Impact**. The outcome or potential outcome of an event, sometimes referred to as 'consequence' or 'severity'
- **Inherent Score**. This is the score of a risk based on there being no controls in place.
- Target Score. The score once any new controls have been put in place and are working effectively (sometimes referred to as the residual score).
- **Likelihood.** Is the probability that the consequence will actually happen.
- **Operational risk**. Are by-products of the day-to-day running of the Trust and include a broad spectrum of risks including clinical risk, financial risk (including fraud), legal risks (arising from employment law or health and safety regulation), regulatory risk, risk of loss or damage to assets or system failures etc. Operational risks are managed by the Directorate which is responsible for delivering services
- **Risk**. The 'effect of uncertainty on objectives'. This effect can either be a positive or negative deviation from what is expected (ISO 31000). Through the management of risk, the Trust seeks to minimise, though not necessarily eliminate, threats, and maximise opportunities
- **Risk Appetite**. The amount of risk exposure an organisation is willing to seek or accept in the pursuit of its objectives.
- **Risk Management**. Refers to a 'coordinated application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximise the realisation of
opportunities' (ISO 31000).

- **Risk Registers**. Are repositories for electronically recording and dynamically managing risks on the Ulysses system that have been appropriately assessed. Risk registers are available at different organisational levels across the Trust.
- **Strategic risk**. Are those that represent a threat to achieving the Trust's strategic objectives or to its continued existence. They also include risks identified for the Trust as a member of an Integrated Care System / Provider Collaboratives.

Appendix Two: Governance

Version control and summary of changes

Version number	Date	Description of key change
1.0	June 2026	New policy drafted 'in common' across LPT and NHFT (within slight variation to accommodate minor individual Trust differences); reflects changes in the Group BAF and management processes for operational risk registers including the CRR at individual trust level.

Responsibilities

Responsibility	Title
Executive Lead	*Director of Governance and Risk LPT* *Director of Corporate Governance NHFT*
Policy Author	*Director of Governance and Risk LPT* *Director of Corporate Governance NHFT*
Advisors	*Deputy Trust Secretary LPT* *Policy Expert Groups within LPT and NHFT*

Governance

Governance Level	Name
Level 1 Assurance Oversight	- BAF in full at the Group Trust Board - BAF in full at the Group Strategic Executive Board - Relevant cut of strategic and corporate risks to all the level 1 committees. - CRR in full at the Executive Management Board - Directorate high risks and escalations at the Corporate Accountability Forum

Compliance Measures

KPI (only need 1-2 KPI's per policy)	Where will this be reported and how often
Annual Head of Internal Audit Opinion provided by the Trust's internal auditors	Significant Assurance or higher

Training Requirements

The status of risk training is not considered mandatory or role essential however we recommend risk training for all staff, in particular those with a role in chairing meetings, those with a role in clinical governance and risk management, service leads and risk owners at least once every 2 years. Training is available as a package on the Trust ULearn system, or by the corporate affairs team. We also have a number of short videos describing different aspects of managing risk on our staffnet.

Training figures are reported to the Audit and Assurance Committee every quarter.

Risk Development Sessions are included as part of the ongoing development programme for the Trust Board.

Health & Safety risk assessment training is included in the mandatory Health & Safety Risk Assessment training which is delivered via teams and is available to all staff to develop competencies in the completion of health & safety specific risk assessments.

There is in addition an annual training schedule for specialist subjects that require specific health & safety risk assessment e.g. DSE, COSHH, ligature risks, new and expectant mothers and young persons N.B. this list is not exhaustive.

References

- Governance, G. (01 March 2020) *Board guidance on risk appetite: Good governance*, *Good Governance Improvement*.
- Chartered Institute of Internal Auditors (22 September 2020) *Standards for managing risk*.
- International Organisation for Standardisation (2009) *ISO 31000 international standard*
- Grant Thornton LLP (2017) *Risk frameworks: Driving business strategy with effective risk frameworks.*