**Corporate Policy**

# Manchester Health and Care Commissioning

# Risk Management Framework

Version: 2

Date Approved: July 2018

# Contents

**1.0    Introduction**

1.1    Manchester Health and Care Commissioning (MHCC) is the partnership between NHS Manchester Clinical Commissioning Group (MCCG) and Manchester City Council (MCC), which leads the commissioning of health, social care and public health services in the city of Manchester.

1.2    There are risks associated with all of MHCC's activities, and it is not possible to remove risks completely.  In the challenging environment that health and social care currently finds itself, MHCC needs room to innovate, be flexible and take appropriate risks to facilitate the successful delivery of its strategic objectives. However, the risks to our objectives and operations need to be properly understood, carefully managed, and mitigated where possible (or "terminated" – see Section 12 on the 4 'Ts' of managing risks – if not).

1.3    This Risk Management Framework (RMF) sets out MHCC's Strategy for understanding and managing our risks, and for ensuring that effective risk management is integral in everything we do.

1.4    The RMF is designed to provide a guideline for the implementation of a robust risk management system across MHCC. The framework will provide MHCC staff and Board/Committee members with a structured approach to the management of risk in all its activities, including clear definitions and responsibilities.

1.5    MHCC accepts the principle that risk management is not just the responsibility of one role or person within an organisation. It is the responsibility of all staff to contribute to the implementation of this framework, requiring demonstration of 2 of MCC's 3 values – positive and collaborative.

1.6    The framework will be reviewed regularly to reflect the changing environment in which MHCC is asked to operate, as well as any change in good practice and legislation.

**2.0    Purpose**

2.1    The purpose of this RMF is to provide guidance to all staff working for or on behalf of MHCC on the management of risk. It describes the methods to be used in the identification, assessment and monitoring of risk.

2.2    The RMF seeks to meet the following objectives:

- To understand risks, their causes, costs and how best to control them
- To maintain risk registers that detail all MHCC's risks
- To provide assurance to the Board that risk management issues are being addressed locally and corporately
- To establish risk management plans of action based on CCG risk registers
- To ensure compliance against statutory requirements
- To be open, transparent and publicly accountable about what may hinder us in the achievement of our aims

**3.0    What do we mean by "Risk Management Framework"?**

3.1    Risk is now defined as the "effect of uncertainty on objectives" and is the combination of the probability (or likelihood) of an event and its consequences (or impact).

3.2    Risk management is "the process whereby organisations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity".

3.3    The RMF sets out principles that Board, Committee and staff members should use in identifying, assessing, monitoring and managing risks to the organisation's and teams' objectives, including all programmes and projects.

3.4    It aims to provide a coordinated and transparent approach to risk ownership, reporting and management throughout the organisation.  The RMF should also be a key tool for communicating risk management methods and good practice.

3.5    The RMF will enable, and should be used by, all parts of MHCC to consistently maintain risk registers and action plans to control risks at all levels of the organisation.

**Risks and Issues**

3.6    Risks are *not* the same as Issues – Risks are events that *may* happen – Issues are events that *have* happened.

3.7    Owners of risks will plan to mitigate them so that they do not occur.  Managers will need to act immediately to resolve issues.

3.8    As an example: a GP practice has had its contract cancelled and the CCG must take action immediately to provide health services to the patients of the practice. This is an **Issue**.

Because of poor CQC assessments, there is a risk that (a) GP practice(s) may have their contracts cancelled, which may lead to harm for their patients.  CCG managers will put in place plans to try to avoid GP practices being closed or to reduce the impact to patients if any do close.  This is a **Risk**.

3.9    Portfolio, programme and project managers at MHCC maintain Issue Logs.  Such logs will have different headings to a typical Risk Register and should be kept separately to Risk Registers.

3.10   As with Incident Reporting, Issue Management can (and should) be used to identify other, *potential* events, i.e. risks.

### 4.0 Responsibilities

**MHCC Board**

4.1 The Board has ultimate responsibility for risk management activity throughout the organisation and for gaining assurance that the CCG is addressing those which are considered serious risks to the achievement of its strategic objectives.

The Board will review the Board Assurance Framework regularly at its meetings.

**Accountable Officer**

4.2 The Accountable Officer is responsible for leading the organisation in its management of risk throughout all its activities.

**Lay Board Member for Governance**

4.3 The Lay Board Member for Governance has a specific role for providing assurance to the Board on risk management processes as Chair of the Governance Committee.

**Governance Committee**

4.4 The Governance Committee is responsible for monitoring risks deemed as 'serious', which we consider to be those assessed as scoring 15 or above (see Section 10 Assessment of Risk), and escalating as necessary for consideration by the MHCC Board.

4.5 This is in addition to its responsibility to review and scrutinise the Corporate Risks assigned to the Committee as described below.

**Committees**

4.6 Each Committee of MHCC's Board are responsible for monitoring the Corporate Risks assigned to the Committee.

**Committee Lead Officer**

4.7 Each Committee has a Lead Officer. Part of the Lead Officer's role is to be the owner of all the risks relevant to their Committee – they should be identified as the Risk Owner in the Committee's Risk Register. Responsibilities in this role include ensuring risks are identified, assessed and managed in line with this Framework and that they are presented to the Committee in the Risk Register.

**Programme lead officer**

4.8 Programmes of work and projects will have their own risk register which will be maintained by the Programme lead/project manager. If any risk(s) are of such significance that they may impact on the organisation as a whole, then it is for the Programme Lead officer to ensure that it is appropriately escalated to the Corporate Risk Register or the Board's Risk Register.

**Corporate Governance Team**

4.9 The Corporate Governance Team is responsible for the promotion and communication of good risk management. The Team will coordinate the processes of risk management and advice to the Board on all levels of risk through the appropriate governance arrangements and organisational structures. The team will work closely with colleagues, teams and stakeholders to proactively address risk management issues and embed a positive risk management culture in the organisation.

**Staff**

4.10 All employees of the CCG and MCC in MHCC's scope are responsible for identifying risks and acting in line with the Risk Management Framework.

**5.0 Definitions of Terms Used**

**Assurance** – an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework.

**Employee** – an individual employed by NHS Manchester CCG or Manchester City Council who works within Manchester Health and Care Commissioning or is contracted for a specific piece of work on a seasonal or short/medium term basis.

**Control** – any action taken to manage risk by reducing the likelihood that the risk will happen.

**Mitigate/mitigation** – is action to make the impact of a risk less severe.

**Risk** – uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. It is the combination of likelihood and impact, including perceived importance.

**Issue** – a problem which has actually occurred that may have a negative effect on a project's chances of achieving its objectives.

**Inherent Risk** – is commonly defined as "the risk without considering internal controls" or alternatively "a raw risk that has no mitigation factors or treatments applied to it". When assessing/scoring the inherent risk, imagine that you have no controls or mitigations in place.

**Residual Risk** – the exposure arising from a specific risk after action, control or mitigation has been taken to manage it and making the assumption that the action is effective.

**Risk Appetite** – the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.

**Risk Assessment** – an assessment of the level of risk by using the product of the impact (if the risk is realised) and the likelihood (of the risk being realised).

**Risk Management** – all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or control them, and monitoring and reviewing progress on actions.

**6.0    Risk Appetite**

6.1     The Board has considered its appetite for risk at a development session and subsequent meeting in 2018.

6.2     The Board has acknowledged an accepted definition of "risk appetite" as 'The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time'. (HMT Orange Book definition 2004)

6.3     The Board has adopted the following as its statement of its risk appetite:

"As MHCC, we recognise that there will be elements of risk in all that we do, and that risks will present challenges and opportunities.  In the light of the enormous changes in health and social care that we are endeavouring to make in the city, we believe it would be a risk *not* to take a risk.

As a result of the broad scope of our work, we also recognise that the level of risk that we are prepared to accept is not consistent across all our objectives. In light of this, our appetite for risk in delivering our strategic aims is as follows:

In ensuring that providers' services are safe and of high quality we have a **low** appetite, being aware of the risks to patient and public safety and the potential for reputational damage to providers and commissioners.

In our aim to improve the health and wellbeing of the local population we are prepared to accept a **moderate to high** appetite, as we, necessarily, aim for transformational change.

In demonstrating the leadership required to strengthen the wider determinants of health, we have a **high** level of appetite.

In enabling people to be active partners in managing their health, we have a **high** level of appetite, seeking to invest in their strengths and to capacity build.

Finally, to ensure we have robust and financially sound decision-making by a workforce with appropriate levels of capability, we have a **low** level of risk appetite for our financial objectives."

6.4     All risks on the Strategic Risk Register will be assessed for the level of risk the Board is willing to accept, tolerate, or be exposed to.  The assessment will be used to inform the target risk score.  (The level of appetite for each of the strategic risks – as at June 2018 – is given in the table at Appendix C.)

6.5 The Board will review its risk appetite when it carries out its annual review of risks as outlined in section 9.

## 7.0 Assurance

7.1 The Board's Risk Assurance framework is designed to provide assurances that there are appropriate systems of internal control in place in MHCC.

7.2 Systems of internal control are the set of processes and procedures in place to ensure MHCC delivers its policies, aims and objectives. They are designed to identify and prioritise the risks, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

7.3 Any system of internal control allows risk to be managed to a reasonable level rather than eliminating all risk.

7.4 Assurance will be sought from a variety of sources and using the three lines of defence model, as outlined below, will assist in identifying relevant assurances and give some indication of the robustness of the assurance to be taken.

| Line of Defence | Description |
|---|---|
| First Line | Functions that own and manage risks.<br><br>Operational management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis. |
| Second Line | Functions that oversee risks.<br><br>Oversight groups (e.g., compliance functions, legal and enterprise risk management) which are responsible for establishing policies and procedures and serving as the management oversight over the first line. |
| Third Line | Functions that provide independent assurance.<br><br>Those who report independently to the board, governing body, audit committee or executive management and include functions such as internal audit, external auditors etc. |

## 8.0 Risk categorisation and reporting

8.1 MHCC designates its risks in three categories:

- Strategic Risks – the small number of high level risks identified by the Board as those which present the most significant risk to achieving MHCC's strategic objectives.
- Corporate Risks – all risks with the potential to affect achievement of MHCC's

strategic objectives
- ▪ Programme Risks – risks with the potential to affect achievement of a particular programme of work

8.2   The three areas are closely linked but will be recorded and reported in different ways:

- ▪ Strategic Risks will be the key feature of the Board Assurance Framework and will be scrutinised by the Board at its meeting.
- ▪ Corporate Risks will be reported through the Committee Structure with each risk being attached to a single committee for scrutiny and review.
- ▪ Programme Risks will be reported through Programme Management structures.

8.3   If a risk to a Programme of work becomes so significant that it becomes a risk to delivery of the organisation's objectives then it should also be recorded as a Corporate Risk. It is the role of the Programme lead to escalate it in this way with support, where necessary, from the Corporate Governance team.

8.4   If a Committee believes that a Corporate Risk becomes so significant it should be escalated to become a Strategic Risk, the Committee should recommend it through their report to the next Board meeting.

8.5   All Board and Committee reports will describe which risks (for which the Board or Committee is responsible) the report's subject is addressing or providing further mitigation to.

8.6   For any Risk Management process to remain dynamic it is important for Risk Owners to regularly review their risks to ensure that changing circumstances do not alter risk management priorities. All Risk Owners should monitor the operating environment, review their risk scores and assess the effectiveness of risk management plans at regular intervals to ensure they remain fit for purpose.

## 9.0   Identification of Risk

9.1   Risk identification is the process of determining risks that could potentially prevent MHCC, a part of the organisation or a programme/project from achieving its objectives. It includes documenting and communicating the risk (normally in a risk register).

9.2   Risk review workshops, including those people (staff and Board/Committee Members) with appropriate knowledge, will be used to identify all risks that may prevent achievement of objectives.  Such workshops will identify and assess the risks using their members' understanding of objectives, implicit and explicit, identifying unwanted events, undesirable outcomes, emerging threats, as well as existing and emerging opportunities (bearing in mind that "risk" also has an opportunity component).

9.3 As well as the "subjective judgement" approach to risk identification, risks will be identified from a number of sources of information or through specific activities, such as:

- Incident Reporting
- Management of Complaints
- Management of Claims
- Management of Quality Issues
- Management of programmes and projects
- Recommendations from Auditors or Inspectors
- Privacy Impact Assessments
- Freedom of Information Requests
- Public relations and media management

9.4 Describing a risk in a methodical way (rather than just giving it a heading, which might contain a number of, differently assessed, risks) will help understanding of our exposure to risk.

9.5 MHCC will use the 'Cause-Risk-Effect' format to describe risk. The cause is typically explained as the source of the risk or the trigger that may enable the right conditions for it to occur. The risk is what *may* or *may not* happen as a result of that cause (trigger) and the effect is the consequence/impact that the risk would have on the plan or objective, if the risk materialises.

9.6 On an annual basis, the Board will, as part of operational planning, carry out a fundamental review and evaluation of the risks to the achievement of their strategic objectives.

**10.0 Assessment of Risk**

10.1 All risks are assessed as to their potential impact (consequence) and likelihood of occurrence. To arrive at an overall level for a risk, a score – on a scale of 1 to 5 – will be given to both the impact (1 = Negligible, 5 = Catastrophic) and likelihood (1 = Rare, 5 = Almost Certain). The overall level, or risk score, is taken as the product of the impact and likelihood scores. The risk score (with consideration of the level of appetite for the risk) provides the priority given to actions to treat the risk.

10.2 Risk scores are graded as 'acceptable', 'manageable' or 'serious'. The responsiveness and way in which these categories of risk are managed is described below and is depicted in the matrix below the descriptions:

**Acceptable Risk – Very Low (Green 1–3) or Low (Yellow 4-6)**

Realistically it is never possible to eliminate all risks. There will always be a range of risks identified within the organisation that would require us to go beyond 'reasonable' action to reduce or eliminate them, i.e. the cost in time or resources required to reduce the risk would outweigh the potential harm caused. These risks would be considered 'acceptable' and will be "Tolerated".

**Manageable Risk – Moderate (Orange 8 – 12)**

These risks can realistically be reduced within a reasonable time scale through cost-effective measures, such as training or new equipment purchase. These are considered 'manageable' and are monitored through MHCC's Committee Structure

**Serious Risk – High (Red 15 – 25)**

The consequences of the event could seriously impact on the organisation and threaten its objectives. This category might include risks that are individually manageable but cumulatively serious, such as a series of similar incidents or quality issues. Serious risks will be considered at each Governance Committee meeting and will be escalated to the Board as a Strategic risk if necessary.

| Likelihood | Almost Certain | 5 | 5 | 10 | 15 | 20 | 25 |
|---|---|---|---|---|---|---|---|
| | Likely | 4 | 4 | 8 | 12 | 16 | 20 |
| | Possible | 3 | 3 | 6 | 9 | 12 | 15 |
| | Unlikely | 2 | 2 | 4 | 6 | 8 | 10 |
| | Rare | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Insignificant | Minor | Moderate | Major | Catastrophic |
| | | | **Consequence** | | | | |

## 11.0 Risk Registers

11.1 The main method of documenting and communicating risks will be through the maintenance of risk registers.

11.2 Across all of MHCC, whether it is to record risks to strategic, corporate, programme, operational or project objectives, we will use a consistent format of risk register.

11.3 The aim is to detail: the description of the risk; the controls and mitigations in place; the likelihood, consequence and total risk scores; controls and mitigations to be put in place to achieve a target acceptable risk; a date for achieving the target acceptable risk; and the risk owner.

11.4 Risk registers are live documents, and they will be updated continually through the year as new and emerging risks arise, evolve and change.

11.5 The template for the standard risk register is attached at Appendix B.

## 12.0 Managing Risks

12.1 MHCC will adopt the widely accepted 4 'Ts' of managing risks:

**T**erminate (Can we avoid or withdraw from the activity causing risk? Can we do things differently?)

**T**ransfer (Can we transfer or share, either totally or in part, by way of partnership, insurance or contract?)

**T**olerate (Can we accept the risk as it is i.e. without further controls? Would the cost of controlling the risk outweigh the benefits to be gained?)

**T**reat (Can we put controls in place to reduce the likelihood of the risk occurring or its impact?)

12.2    In the majority of cases, we will select the last of these as our option for the management of risks on our risk registers.

## 13.0    Reporting of Risk

*MHCC Board*

13.1    To discharge its responsibility to identify and manage the risks to its strategic aims, the MHCC Board will receive a regular governance and assurance report that presents the Strategic Risks, their management, controls and assurances.

*MHCC Governance Committee*

13.2    At each of its meetings, MHCC's Governance Committee will review Governance specific risks and *all* risks scored at 15 or above throughout MHCC. The corporate risk register will be reviewed in its entirety on an annual basis by the Governance Committee.

*Other MHCC Committees*

13.3    MHCC committees (Finance, Executive, Quality and Performance, Clinical and PPAG) will consider risks specific to their Committee.

*Programme and project management*

13.4    Teams or meetings monitoring the delivery of specific programmes of work or projects will receive reports on a basis agreed with the Programme Lead Officer. As outlined above, it is for the Programme Lead Officer to escalate programme risks to corporate risks if appropriate.

## 14.0    Document Dissemination and Implementation

14.1    Once ratified, this policy will supersede all previous MHCC Risk Management Frameworks. In order that this policy is disseminated and implemented correctly the following will occur after ratification:

- The policy will be published on the MHCC and MCCG websites and the MHCC intranet and relevant links sent out by the Communications and Engagement Team
- Commissioning Matters will include a dedicated section on risk management

including a link to this framework
- The Datix risk management training is designed to match this framework and attendees are made aware of this framework
- Senior managers will make their staff aware of this policy

## 15.0 Related Policies

15.1 This policy should be read in conjunction with the following policies:

- Incident Reporting Policy
- Patient Services Policy
- Information Governance Policies
- Standards of Business Conduct and Conflict of Interest Policy
- Whistle Blowing Policy
- Anti-Fraud, Bribery and Corruption Policy
- Development and Management of Procedural Documents Policy

**Appendix A – Risk Scoring Guidance**

**Risk Rating**

It is necessary to rate risk systematically using standard methodology, so prioritisation of remedial action can occur. All incidents should be rated in two ways:

**Assessment of Consequence**

Choose the most appropriate domain for the identified risk from the left hand side of the table then work along the columns in the same row to assess the severity of the risk on the scale of 1 to 5 to determine the Consequence Score.

| Domains | Consequence score (severity levels) and examples of descriptors | | | | |
|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** |
| | **Negligible** | **Minor** | **Moderate** | **Major** | **Catastrophic** |
| **Impact on the safety of patients, staff or public (physical/ psychological harm)** | Minimal injury requiring:<br><br>No/minimal intervention or treatment.<br><br>No time off work | Minor injury or illness, requiring:<br><br>Minor intervention<br><br>Time off work for >3 days<br><br>Increase in length of hospital stay by 1-3 days | An event which impacts on a small number of patients<br><br>Moderate injury requiring:<br><br>Professional intervention<br><br>Time off work for 4-14 days<br><br>Increase in length of hospital stay by 4-15 days | Mismanagement of patient care with long-term effects<br><br>Major injury leading to long-term incapacity/disability, requiring:<br><br>Time off work for >14 days<br><br>Increase in length of hospital stay by >15 days | Incident leading to death<br><br>Multiple permanent injuries or irreversible health effects<br><br>An event which impacts on a large number of patients |

| | Consequence score (severity levels) and examples of descriptors | | | | |
|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** |
| **Domains** | **Negligible** | **Minor** | **Moderate** | **Major** | **Catastrophic** |
| | | | RIDDOR/agency reportable incident | | |
| **Quality/complaints /audit** | Peripheral element of treatment or service suboptimal<br><br>Informal complaint/inquiry | Overall treatment or service suboptimal<br><br>Formal complaint (stage 1)<br><br>Local resolution<br><br>Single failure to meet internal standards<br><br>Minor implications for patient safety if unresolved<br><br>Reduced performance rating if unresolved | Treatment or service has significantly reduced effectiveness<br><br>Formal complaint (stage 2) complaint<br><br>Local resolution (with potential to go to independent review)<br><br>Repeated failure to meet internal standards<br><br>Major patient safety implications if findings are not acted on | Non-compliance with national standards with significant risk to patients if unresolved<br><br>Multiple complaints/ independent review<br><br>Low performance rating<br><br>Critical report | Totally unacceptable level or quality of treatment/service<br><br>Gross failure of patient safety if findings not acted on<br><br>Inquest/ombudsman inquiry<br><br>Gross failure to meet national standards |
| **Human resources/ organisational** | Short-term low staffing level that temporarily reduces | Low staffing level that reduces the service quality | Late delivery of key objective/ service due to lack of staff | Uncertain delivery of key objective/service due to lack of staff | Non-delivery of key objective/service due to lack of staff |

| | Consequence score (severity levels) and examples of descriptors | | | | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Domains | Negligible | Minor | Moderate | Major | Catastrophic |
| development/ staffing/ competence | service quality (< 1 day) | | Unsafe staffing level or competence (>1 day)<br><br>Low staff morale<br><br>Poor staff attendance for mandatory/key training | Unsafe staffing level or competence (>5 days)<br><br>Loss of key staff<br><br>Very low staff morale<br><br>No staff attending mandatory/key training | Ongoing unsafe staffing levels or competence<br><br>Loss of several key staff<br><br>No staff attending mandatory training /key training on an ongoing basis |
| Statutory duty/ inspections | No or minimal impact or breach of guidance/ statutory duty | Reduced performance rating if unresolved | Single breach in statutory duty<br><br>Challenging external recommendations/ improvement notice | Enforcement action<br><br>Multiple breaches in statutory duty<br><br>Improvement notices<br><br>Low performance rating<br><br>Critical report | Multiple breaches in statutory duty<br><br>Prosecution<br><br>Complete systems change required<br><br>Zero performance rating<br><br>Severely critical report |
| Adverse | Rumours | Local media | Local media | National media | National media |

| | Consequence score (severity levels) and examples of descriptors | | | | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Domains | Negligible | Minor | Moderate | Major | Catastrophic |
| publicity/ reputation | Potential for public concern | coverage – short-term reduction in public confidence<br><br>Elements of public expectation not being met | coverage – long-term reduction in public confidence | coverage with <3 days service well below reasonable public expectation | coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House)<br><br>Total loss of public confidence |
| Business objectives/ projects | Insignificant cost increase/ schedule slippage | <5 per cent over project budget<br><br>Schedule slippage | 5–10 per cent over project budget<br><br>Schedule slippage | Non-compliance with national 10–25 per cent over project budget<br><br>Schedule slippage<br><br>Key objectives not met | Incident leading >25 per cent over project budget<br><br>Schedule slippage<br><br>Key objectives not met |
| Finance including claims | Small loss Risk of claim remote | Loss of <0.1 per cent of the total CCG budget<br><br>Claim less than £10,000 | Loss of 0.1–0.25 per cent of the total CCG budget<br><br>Claim(s) between £10,000 and £100,000 | Uncertain delivery of key objective/Loss of 0.25–0.5 per cent of the total CCG budget<br><br>Claim(s) between £100,000 and £1 | Non-delivery of key objective/ Loss of >0.5 per cent of the total CCG budget<br><br>Failure to meet specification/ slippage |

| | Consequence score (severity levels) and examples of descriptors | | | | |
|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** |
| **Domains** | **Negligible** | **Minor** | **Moderate** | **Major** | **Catastrophic** |
| | | | | million<br><br>Purchasers failing to pay on time | Loss of contract / payment by results<br><br>Claim(s) >£1 million |
| **Service/business interruption Environmental impact** | Loss/interruption of >1 hour<br><br>Minimal or no impact on the environment | Loss/interruption of >8 hours<br><br>Minor impact on environment | Loss/interruption of >1 day<br><br>Moderate impact on environment | Loss/interruption of >1 week<br><br>Major impact on environment | Permanent loss of service or facility<br><br>Catastrophic impact on environment |

**Assessment of Likelihood**

The tool described here provides a simple way of rating the potential risk associated with hazards. It requires an assessment of rating the potential consequences and the likelihood of recurrence of harm from the hazard. (A hazard is anything that has the potential to lead to or cause actual harm, the risk is how likely the hazard will cause harm).

| **Likelihood score** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| **Descriptor** | **Rare** | **Unlikely** | **Possible** | **Likely** | **Almost certain** |
| Frequency How often might it/does it happen | This will probably never happen/recur | Do not expect it to happen/recur but it is possible it may do so | Might happen or recur occasionally | Will probably happen/recur but it is not a persisting issue | Will undoubtedly happen/recur, possibly frequently |

**Risk Grading Matrix**

| | | | Insignificant | Minor | Moderate | Major | Catastrophic |
|---|---|---|---|---|---|---|---|
| **Likelihood** | Almost Certain | 5 | 5 | 10 | 15 | 20 | 25 |
| | Likely | 4 | 4 | 8 | 12 | 16 | 20 |
| | Possible | 3 | 3 | 6 | 9 | 12 | 15 |
| | Unlikely | 2 | 2 | 4 | 6 | 8 | 10 |
| | Rare | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Insignificant | Minor | Moderate | Major | Catastrophic |
| | | | **Consequence** | | | | |

**Appendix B** – **Risk Register Template**

| Title | Description | Risk Owner | Inherent Risk Rating (Likelihood x Consequence) | Controls in place | Sources of Assurance | Mitigated Risk Rating (Likelihood x Consequence) | Target Risk Rating (Likelihood x Consequence) | Gaps in Controls | Mitigating Action(s) | Date by which target rating is expected to be achieved? |
|---|---|---|---|---|---|---|---|---|---|---|
| **Objectives:** | | | | | | | | | | |
| <Short title> | Use the 'Cause-Risk-Effect' format to describe risk – it can be of real benefit in terms of understanding the true nature of your risk exposures.<br><br>The cause is typically explained as the source of the risk or the trigger that may enable the right conditions for it to occur. The risk is what *may* or *may not* happen as a result of that cause (trigger) and the effect is the consequence/impact that the risk would have on the plan or objective, if the risk materialises.<br><br>e.g. "because I step into the road without looking there is a risk that a car may hit me which may lead to me being seriously injured" | <individual name> | Risk score (likelihood x consequence)<br><br>[the inherent risk is the "raw", unmitigated risk]<br><br><shade the cell in the appropriate colour> | <list of controls and mitigations, *in place*, that manage the inherent risk.  This should be a list of actions or processes. Thinking of the "three lines of defence" will help to construct this list. | <where can the body responsible for the risks gain assurance that they are being managed?> | Risk score (likelihood x consequence)<br><br>[the Mitigated Risk is the risk after the controls and mitigations in place have been taken into account – this is the *current* risk score]<br><br><shade the cell in the appropriate colour> | Risk score (likelihood x consequence)<br><br>[at what level is the risk acceptable]<br><br><shade the cell in the appropriate colour> | <what could  be done to reduce the risk> | <list of actions that will be taken to reduce the Mitigated Risk (current risk score) to the Target Risk Rating> | <the date of the last Mitigating Action to be completed (assuming the actions will reduce the Mitigated Risk to the Target Risk Rating)> |

**Appendix C – Strategic Risks' Individual Risk Appetite Levels**

| RISK TITLE Risk number | RISK DESCRIPTION | APPETITE RATING* | TARGET RATING |
|---|---|---|---|
| Service capacity 752 | Current capacity of health and care services in Manchester may not meet demand due to the health needs of local people and the structure of current services. | MOD | 3 |
| Care Pathways 753 | Care pathways in Manchester may not facilitate right care, right place at right time | HIGH | 3 |
| Strategic Partnerships 758 | Work on social determinants of health (employment, housing, leisure etc.) and early interventions in the community may not be effectively linked to the objectives and ambition as stated in the locality plan. | HIGH | 6 |
| Inequity 754 | Local people could have an inequitable health and social care offer due to variation in primary care and a lack of consistency in community-based services across Manchester. | MOD | 3 |
| MHCC workforce capacity and capability 748 | There is a risk that MHCC is not able to deliver its priorities and locality plan as a result of inadequate workforce planning, not having the right skills to deliver or we are unable to recruit the right workforce with the relevant skills to deliver as a strategic commissioner. As a result of this, services may not be transformed as promptly or efficiently as required. | MOD | 3 |
| Community resources 755 | Community assets may not develop and flourish as required as a result of difficulties in shifting investment from other health and care settings and a lack of leadership, connection and co-ordination of assets within neighbourhoods. | MOD | 6 |
| Finance 756 | Because of increasing health and social care costs, and demand, there is a risk that MHCC will fail to deliver its financial duties, which, in turn, could lead to the CCG failing its statutory financial duties and as a consequence being placed in special measures. | LOW | 4 |
| Governance 751 | Decision making across organisations and strategic programmes in Manchester and Greater Manchester may lack clarity, co-ordination and public accountability as a result of multiple, and multi-layered, governance structures. | LOW | 6 |
| Provider Service Delivery 757 | Because of failures in our commissioning infrastructure and/or in provider delivery there is a risk that we are unable to assure the performance, quality and safety of health and care services in Manchester & Trafford, which could result in harm to patients and service recipients. | LOW | 8 |
| Single Hospital Service 750 | Because of competing strategic foci, the complexity of the process and financial/performance pressures there is a risk that the creation of a whole-Manchester single hospital service is delayed which may result in a failure to achieve the planned improvements in quality of hospital care and increased efficiencies. | HIGH | 12 |
| Local Care Organisation 749 | Because of conflicting financial statutory frameworks there is a risk the procurement of the LCO may not be structured as originally planned which may result in reduced financial and other benefits. | HIGH | 12 |

*see below for a descriptions of the levels appetite rating

| | | Consequence | | | | |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| Likelihood | 1 | 1 | 2 | 3 | 4 | 5 |
| | 2 | 2 | 4 | 6 | 8 | 10 |
| | 3 | 3 | 6 | 9 | 12 | 15 |
| | 4 | 4 | 8 | 12 | 16 | 20 |
| | 5 | 5 | 10 | 15 | 20 | 25 |

Red = LOW Risk Appetite  Amber = MODERATE Risk Appetite

Green = HIGH Risk Appetite