Maturing our Risk Management Capabilities

Rob Kurau, Board Risk Advisor
11th July 2023
The process we followed

Board Mandate → Maturity Assessment → Risk Management Framework → Annual Review

Quantitative Measures ← Qualitative Statements ← Risk Appetite Methodology ← Common Risk Language

Decision Making Processes ← Training
Our delivery approach

### Senior Sponsors
- **Sponsor**
  - Chair of the Board
- **Executive Sponsor**
  - Trust CEO

### T&F Group
- **Board Eng.**
  - Non-Executive Director
- **Project Lead**
  - Rob Kurau (Board Advisor)
- **Internal SME**
  - Director of Quality
  - Exec Member
    - Chief Digital & Information Officer
  - Governance SME
    - Company Secretary
  - Non-Exec Member
    - Non-Executive Director
  - Quality SME
    - Quality team member
  - Strategy SME
    - Director of Strategy
  - Finance SME
    - Deputy Finance Director
Assessing our risk management maturity

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<tr>
<th>ERMF Components in scope of the review</th>
<th>Tier 5</th>
<th>Tier 4</th>
<th>Tier 3</th>
<th>Tier 2</th>
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Continuum of practices (increasing capability)
Risk management framework

Risk Vision & Strategy
*Our vision for risk management and what we need to do to achieve it*

The Leeds Way
*The values and behaviours that shape our risk decisions*

Risk Appetite
*How much risk we can take in order to deliver ‘Our Strategy’*

Policy & Governance
*How we organise ourselves, make decisions and take approved risks*

Risk Assessment & Control
*How we understand our risks and limit undesirable outcomes occurring*

Incident Management
*How we respond when things go wrong and stop the same things happening again*

Monitoring & Assurance
*How we check that controls are working and highlight when risks require attention*
Common risk language

Level 1
- Workforce Risk
  - Workforce Supply Risk
  - Workforce Deployment Risk
  - Workforce Performance Risk
  - Workforce Retention Risk
- Operational Risk
  - Business Continuity Risk
  - Health & Safety Risk
  - Information Governance Risk
  - Information Security Risk
  - Information Technology Risk
  - Physical Assets Risk
- Clinical Risk
  - Capacity Planning Risk
  - Infection Prevention & Control Risk
  - Patient Experience Risk
  - Patient Safety & Outcomes Risk
  - Research, Innovation & Development Risk
- Financial Risk
  - Change Risk
  - Counter-Fraud Risk
  - Financial Management & Waste Reduction Risk
  - Financial Reporting Risk
  - Revenue Funding & Cash Management Risk
- External Risk
  - Legal & Governance Risk
  - Partnership Working Risk
  - Regulatory Risk
  - Strategic Planning Risk

Level 2
Setting risk appetite

Risk Appetite Levels:
- Averse
- Minimal
- Cautious
- Open
- Eager
Embedding risk appetite

- All Board and Committee papers are to set out which risk categories would be impacted by the proposal being made, including whether the proposal is moving the Trust towards risk appetite or further away.

- The Trust’s position against its risk appetite is considered as part of the strategy-setting process. If a review of the Trust’s strategic risks is not properly undertaken, resources to mitigate these risks may not be allocated, leading to poor patient outcomes.

- Executive owners of risk categories periodically provide Audit Committee with the assurance that the Trust will either maintain the risk position within risk appetite or move the risk position closer to the tolerable or optimal range.
Our learnings

• LTHT started from a **position of strength**

• Building out these new risk management capabilities through a pandemic was a particular challenge and **required flexibility and resilience**

• Early **board engagement** and agreeing on a **mandate** was key

• Developing a common risk language enables the Trust to **efficiently and effectively** operate its risk management system

• It has been great to hear about and **share experiences between different sectors**, even within the public sector

• **Embedding our new capabilities** across the Trust and potentially the wider system **will take some time**.
Consistency and alignment between risk management processes across Trusts will be paramount to further optimise system-wide risk outcomes:

- A common **risk language**;
- The use of a consistent **risk assessment methodology**;
- An integrated approach to **risk management escalation**, e.g., committee structures and criteria;
- Shared **risk management templates**, e.g., risk registers and board risk acceptances; and
- A consistent **approach to risk appetite**, e.g., risk appetite scales and reporting.