



# RISK MANAGEMENT POLICY

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## DOCUMENT CONTROL

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### Approval

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### Glossary

Term	Description

## 1 RISK MANAGEMENT STATEMENT

Badger is committed to a strategy that minimises risks to patients, the organisation, its employees and contracted personnel. Badger will do this through a comprehensive system of internal controls, whilst maximising potential for flexibility, innovation and best practice in delivery of its healthcare services.

## 2 INTRODUCTION

Good risk management awareness and practice at all levels is critical for Badger. Risk is inherent in everything that we do, from determining service priorities, taking decisions about future strategies, or even deciding not to take any action at all.

Although we manage risk continuously – sometimes consciously and sometimes without realising it, we do not always manage risks systematically and consistently.

Badger has implemented a system of internal controls which will cover all areas of risk which have the potential to adversely affect patients, staff, services, resources or reputation.

The risk management policy has been developed to ensure that all risks, which could impact on or compromise the ability of Badger to carry out its normal activities and achieve its objectives, are effectively managed.

### 2.1 What is risk?

Risk can be defined as:

Anything that poses a threat to the achievement of our objectives, programmes or delivery of our services. This may include damage to the reputation of Badger, which could undermine the public and commissioners' confidence in us.

### 2.2 What is risk management?

Risk management is having in place a systematic corporate process for evaluating and addressing the impact of risk and having staff with the appropriate skills to identify and assess the potential for risk to arise.

Risk management should ensure that an organisation makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support better decision making through a good understanding of risks and their likely impact.

### 2.3 What is the purpose of risk management?

The purpose of risk management is to prevent or minimise the possibility of risks occurring and their associated consequences. Badger has in place a structured reporting system to ensure there is a process designed to provide evidence that the organisation is mitigating risks and protecting patients, staff, the public and other stakeholders. Risk management is a fundamental process of governance that enables us to identify risks, determine unacceptable levels of risk and decide where best to direct resources to eliminate or reduce those risks.

Badger's risk management processes are designed to ensure that the Chief Executive (CEO), Senior Management Team and Board of Directors are kept informed about significant risks within Badger for which they are responsible.

Badger's risk management objectives are to;

- Ensure that risk management is clearly and consistently integrated and is evidenced in the culture of the organisation.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
- Prevent death, injury, damage and losses, and reduce the cost of risk.
- Inform policy and operational decisions by identifying risks and their likely impact.
- Raise awareness of the need for risk management by all those connected with Badger's delivery of service.

These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines within Badger for risk management.
- Including risk management issues when writing reports and considering decisions.
- Continuing to demonstrate the application of risk management principles in the activities of the organisation, its employees and stakeholders.
- Reinforcing the importance of effective risk management as part of the everyday work of employees.
- Maintaining a register of risks linked to the business, corporate and operational objectives, also those risks linked to working in partnership.
- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the Badger's ability to function.
- Monitor arrangements continually and seek continuous improvement.

### 3 ACCOUNTABILITY FOR RISK MANAGEMENT

The Senior Information Risk Officer (SIRO) is accountable for having in place an effective system of risk management and internal control. This policy states that the SIRO and Senior Management Team have confidence in the systems in place within the organisation that provide them with the assurance they need.

The SIRO must conduct an annual review of the effectiveness of the system of internal control for presentation to the Board.

### 4 RISK MANAGEMENT STRUCTURE

- Badger has in place a comprehensive structure of controls to co-ordinate and manage risk within the organisation.
- Appendix 1 shows how the various elements of this structure interrelate to ensure that the SIRO and the Senior Management Team is kept fully informed.

- The Senior Management team will track and log risk activity within their department, working to mitigate and eradicate risks wherever possible. The SIRO will have overall responsibility for the maintenance and management of the risk register and will report risks to the board performance group quarterly.

## 4.1 Approach to Risk Management

It is essential that a single risk management approach be utilised at all levels throughout the organisation. By effectively managing our risks and opportunities, which is all part of good governance, Badger will be in a stronger position to deliver its objectives; provide improved services; work better as a partner with other organisations; and achieve value for money.

This approach to risk management will inform the Badger's business processes, including: -

- Strategic planning.
- Financial planning.
- Service planning.
- Policy making and review.
- Performance management.
- Project management.
- Partnership working.

For those with responsibility for achieving objectives, responsibility also lies for identifying and assessing risks and opportunities; developing and implementing controls and warning mechanisms; and reviewing and reporting on progress. The identified risks and relevant control measures will be managed through a database holding the organisations risk register.

Some objectives could be reliant upon external groups that the organisation may work with, such as partners, contractors etc. This partnership working could affect the achievement of an objective and therefore the risk management process has been incorporated into the way the organisation works within these partners. The management of risk will become an integral part of corporate policy decisions and the initiation of major projects, which will include a statement on risk to help inform the decision-making process.

## 4.2 What is an acceptable risk?

Badger recognises that it is impossible, and not always desirable, to eliminate all risks. Systems of controls should not be so rigid that they prevent innovation and the flexibility to make innovative use of limited resources.

The agreed Risk Management Policy sets out a system for the identification of risk, its assessment, quantification and management. A qualitative approach will be taken when analysing risk, consistency will be promoted through the use of designated persons who are supported by appropriate skills to carry out the analysis.

A matrix of the likelihood of a risk occurring, together with the potential impact if it does occur, will be used to underpin what level of risk Badger is prepared to carry. For example, Badger may be willing to accept a certain level of risk in order to take advantage of a new method of service delivery.

The use of the risk register together with the matrix will ensure that the SIRO and Board reviews all significant risks, and that decisions on risk management are documented.

As a general principle, Badger will seek to eliminate or control all risks which have the potential to;

- Harm its staff, patients, visitors, and other stakeholders.
- Cause patient safety incidents to occur.
- Result in loss of public confidence in Badger.
- Have severe financial consequences, preventing Badger from carrying out its functions on behalf of the commissioners.

## 5 IMPLEMENTATION OF THE RISK MANAGEMENT POLICY

The policy will be implemented in a number of ways:

### 5.1 Monitoring the Risk Register

The SIRO will be regularly updated. The Board will monitor the risk register once a quarter at the Board Performance Group.

### 5.2 Risk Management Policy

This Risk Management Policy has been developed which identifies the processes for identifying risk, analysing and quantifying risk, managing risk and for the monitoring of the risk register and action plans. It also provides the support structure for risk management within Badger.

### 5.3 Training of Risk Management

Training will be provided to all Badger employees.

### 5.4 Communication of the policy

Badger will communicate its policy through existing channels, including team meetings for employees, induction programme, staff training.

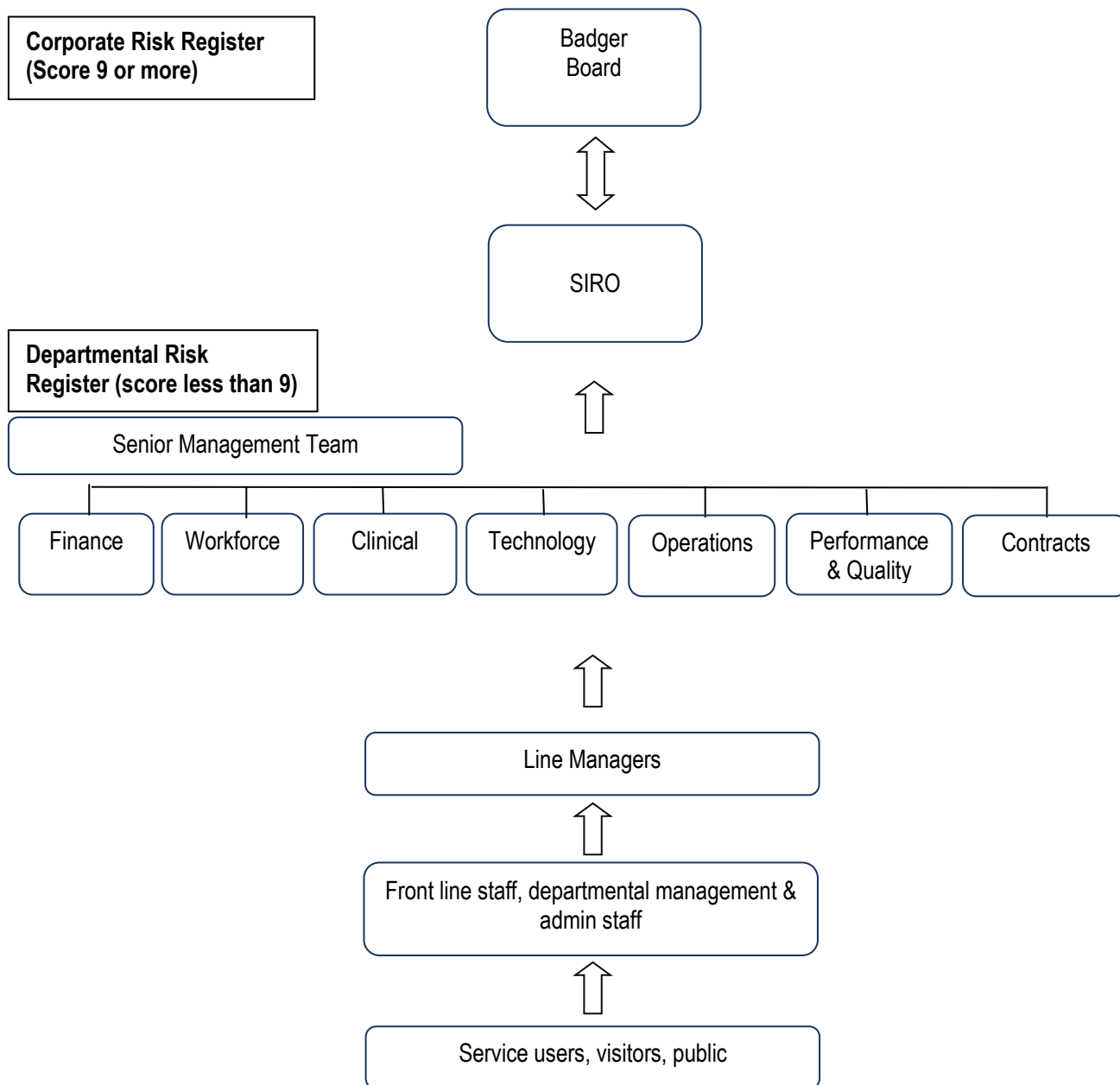
## 6 REVIEW

This policy will be reviewed annually to ensure that it remains relevant and accurate. Annual review will also ensure that the Board and its Chief Executive maintain focus on Badger's strategic plan for risk and that the required level of priority for strategy itself is maintained.

The Badger Group recognises that risk management is an integral part of good management practice.

## 7 APPENDIX 1

### 7.1 Risk Management Reporting Structure



Departmental risks identified by frontline staff to be managed via a departmental risk register. These risks should only be passed up to corporate level if the risk score is 9 or greater.



## 7.2 Calculation of risk score

### Risk Scores

		RISK RATINGS BASED ON SCORES				
IMPACT	5 Severe	5	10	15	20	25
	4 Serious	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5
		1 Remote	2 Unlikely	3 Possible	4 Probable	5 Almost certain
		LIKELIHOOD				

**Risk rating = Impact x Likelihood**

OVERALL RISK RATING	
Black	Unacceptable level of risk
Red	Mandatory elimination of hazard or addition of control measure to reduce risk to an acceptable
Yellow	Undesirable level of risk. Attempts should be made to eliminate the hazard or implement control measures to reduce risk to an acceptable level. Shall only be acceptable when further risk reduction is impractical
3 to 4	Acceptable where cost of further reduction outweighs benefits gained or where further risk reduction is impractical
<3	Acceptable, no further action required

### FOR DEFINITION OF IMPACT SCORE AND LIKELIHOOD SCORE (SEE ANNEX 1)

#### PRIORITISATION OF RISKS

Only Risk Scores of 9 or greater should be included on the Strategic and high-level risk register. All other risks are managed on departmental risk registers.

#### RATING OF APPETITE FOR EACH RISK (SEE ANNEX 2)

Risk appetite is the level of risk that a Badger is willing to accept while pursuing its objectives, and before any action is determined to be necessary in order to reduce the risk.

Accept

Avoid

Reduce

Eradicate

**INITIAL RISK SCORE**

Initial risk is the risk score before any controls (mitigating actions) are put in place.

**RESIDUAL RISK SCORE**

Residual risk is the risk that remains after efforts to identify and eliminate some or all types of risk have been made.

**INTERDEPENDENCIES**

Identify any interdependencies to other risks identified on the risk register.

**ANNEX 1 - RISK SCORE CRITERIA****IMPACT*****WHAT IS THE POTENTIAL AGGREGATE IMPACT IN A TWELVE-MONTH PERIOD FROM THIS RISK?***

IMPACT	CLINICAL INTERPRETATION	PTS AFFECTED	FINANCIAL INTERPRETATION	QUALITY INTERPRETATION	REPUTATIONAL INTERPRETATION	HEALTH AND SAFETY INTERPRETATION	TECH INTERPRETATION
5 Severe	Death	Single	£1m+	Fundamental impact on quality and or cost across the business	Reputational damage is unrecoverable i.e. regulatory intervention  UK media coverage	Fatality to visitor or staff caused by H&S incident	Full system failure - unrecoverable
	Permanent life-changing incapacity and any condition for which the prognosis is death or permanent life-changing incapacity; severe injury or severe incapacity from which recovery is not expected in the short term	Single					
	Severe injury or severe incapacity from which recovery is expected in the short term	Multiple					
	Severe psychological trauma	Multiple					
4 Serious	Severe injury or severe incapacity from which recovery is expected in the short term	Single	£500k - £1m	Significant impact on quality and or cost across the business	Reputational damage occurs with key stakeholders  Front page local media coverage and sector journalists	Serious injury and/or multiple injuries to visitor or staff caused by H&S incident	System failure - recoverable in long term  Affecting service delivery
	Severe psychological trauma	Single					
	Minor injury or injuries from which recovery is not expected in the short term	Multiple					
	Significant psychological trauma	Multiple					
3 Moderate	Minor injury or injuries from which recovery is not expected in the short term	Single	£50k - £500k	Quality impacted in the short term	Localised reputational damage with groups of individuals/businesses or partners  Stakeholder expectations are not met  Minor press interest	Minor injury and/or multiple injuries to visitor or staff caused by H&S incident	System failure - recoverable in short term  Short term effect on service delivery
	Significant psychological trauma	Single					
	Minor injury from which recovery is expected in the short term	Multiple					
	Minor psychological upset; inconvenience	Multiple					
2 Minor	Minor injury from which recovery is expected in the short term; minor psychological upset; inconvenience; any negligible consequence	Single	£1k - £50K	Minor impact on quality throughout a number of members of the group	Temporary reputational damage with individuals	Very minor injury and/or multiple injuries to visitor or staff caused by H&S incident	System error - fail over process initiated. No effect to service delivery
1 insignificant	No injury caused	Single	Up to £1k	Some minor impact of quality but in isolated areas	None	None	Minor error. No effect to service delivery

**LIKELIHOOD*****HOW LIKELY IS IT THAT THIS RISK WILL OCCUR?***

<b>LIKELIHOOD</b>	<b>INTERPRETATION</b>
5 Almost certain	Certain or almost certain; highly likely to occur
4 Probable	Not certain but very possible; reasonably expected to occur in the majority of cases
3 Possible	Possible
2 Unlikely	Could occur but in the great majority of occasions will not
1 Remote	Negligible or nearly negligible possibility of occurring

**ANNEX 2 - RATINGS FOR RISK APPETITE*****GIVEN THE LIKELIHOOD AND POTENTIAL IMPACT OF THE RISK, WHAT IS OUR RESPONSE STRATEGY TO MANAGE THAT RISK?***

<b>Rating</b>	<b>Description</b>
<b>Accept</b>	Management have made a conscious decision that no action will be taken in respect of the risk and that any outcome as a result of the risk being realised will be dealt with consequently, either because the risk is low, cannot be reasonably avoided/eradicated or mitigated.
<b>Avoid</b>	Management have decided to change plans so that the business activity generating the risk will either be exited or not be pursued rather than needing to mitigate the risk at a later stage. This may be because suitable mitigation or eradication of the risk is not possible or is unreasonable from a management perspective, but the risk is too significant to accept.
<b>Eradicate</b>	The risk is significant, cannot be avoided, accepted or mitigated to an acceptable level and therefore needs action taking at the source of the risk to ensure the risk is removed initially.
<b>Reduce</b>	Management have in place or will implement suitable controls to mitigate the overall risk to an acceptable level, either because the risk cannot be reasonably avoided, accepted or eradicated. This will be achieved by a combination of reducing either (or both) the potential impact and the likelihood of the risk (by reducing the imminence and/or probability of the risk occurring).

**ANNEX 3 – RISK IDENTIFICATION FORM**

Risk Identification		
Risk Number		Allocate a temporary number – Proper Risk Number will be assigned by the RR administrator
Risk Assessor		Person who has identified risk or could be assessor in case of H&S or Fire risk assessment.
Risk Area (Department)		
Risk Description	<i>Full description of the risk.</i>	
Risk Impact	<i>Describe the impact of the risk.</i>	
Impact Score	1 2 3 4 5	Circle one. Impact of the risk materialising/happening. See guidelines for details.
Likelihood Score	1 2 3 4 5	Circle one. Likelihood of the risk if materialised/happened. See guidelines for details.
Risk Score		Impact score multiplied by likelihood score.
Risk Appetite	Tick one. Accept <input type="checkbox"/> Avoid <input type="checkbox"/> Eradicate <input type="checkbox"/> Reduce <input type="checkbox"/>	
Initial Risk Score		
Interdependencies		
Management Comments		

**CONTROLS (WHERE APPETITE = TO REDUCE RISK)**

Risk Controls	<i>List key controls in place.</i>
Gaps in controls	<i>List any known gaps in current controls.</i>

Risk Owner		Name of the head of department responsible for dealing with the risk.
Date Identified		