

Appendix 5

Risk Management Process

The risk management process has four key stages which require effective communication and consultation as appropriate at each stage of the risk management process.

STAGE 1 Risk Assessment

Proactive Identification of a hazard or risk: identify where, when, why and how events could lead to adverse outcomes. **Internal** sources of information that might be used for this process include: incident reports, claims, complaints, PALs contacts, service user/staff surveys, programme of risk assessments, Internal audit reports and outcome of self –assessments against national risk management standards.

External sources include: the Healthcare Commission, The National Patient Safety Agency, Health and Safety Executive, the Mental Health Act Commission, Local Safeguarding Children Boards and reports from Independent Public Inquiries. The Assurance Department will ensure that there is a centrally held, record of all external agency visits, inspections and accreditations, together with their reports, which is kept updated and monitored within specific timescales. Please refer to the Trust procedure for responding to external agency visits.

All of these reports will be reviewed as appropriate by the audit Committee or Assurance Committee. Areas of high risks will be included on the Risk Register in accordance with the processes outlined in the strategy.

STAGE 2 Analysis and Prioritisation of Risk

Determining the relative importance of individual risks is a key element of the risk management process, enabling risk control priorities to be identified and appropriate action to be taken in response. This is achieved by:

- i) Assigning scores to the 'likelihood' of the risk event occurring and to the 'severity' of its consequences.
- ii) Identifying the risk rating via a risk management matrix (the 5x5). The risk rating is calculated as likelihood (probability or frequency) X severity of consequence. The matrix is detailed at Appendix 6.

STAGE 3 Evaluate Risks

Compare estimated levels of risk against pre-established criteria and consider the balance between potential benefits. This enables decisions to be made about the extent and nature of the management of risk, by control, elimination, substitution, reduction or transfer and about priorities. Formal assessment of risk may result in the Trust being prepared to accept the likelihood that it will occur together with its consequences.

'Acceptable risk'

The Trust acknowledges that some of its activities may, unless properly controlled create organisational risks, and/ or risks to staff, patients and others. The Trust will therefore make all efforts to eliminate risk or ensure that risks are controlled so that they are as low as is reasonably practical.

However it is not always possible to reduce risk completely and it may be necessary to make judgements about achieving the correct balance between benefit and risk. A balance needs to be struck between the costs of managing a risk and the benefits to be gained. A decision must therefore be made regarding the level which a risk would be deemed acceptable. A risk is considered acceptable when there are adequate control measures in place and the risk has been managed as far as is considered reasonably practicable. Acceptable risks require no risk treatment but must be entered on the Risk Register and monitored. All risks rated as minimal should normally be accepted whether this is the result of an initial rating or re-rating after the risk has been reduced by the improvement or introduction of controls. Beyond this, it is not possible to say when a risk should be accepted.

The Health & Safety Executive provides some guidance on when a risk may be accepted. It recommends that risks should be reduced to a level, which is 'as low as reasonably practicable'. Action should always be taken to reduce risk unless this involves measures that are disproportionate in relation to the risk. Applying this requires the application of common sense and rule of thumb, rather than a formal cost –benefit analysis. However some risks will remain more than minimal even after being reduced in this way. Such risks may be deemed acceptable provided:

- The risk is maintained at a level which is as low as reasonably practicable
- The risk and control measures are communicated to staff and management
- The risk is reviewed regularly

The options available for the treatment of risks include:

Accept the risk– if after controls are in place, the remaining risk is deemed acceptable to the organisation, the risk can be retained.

Reduce the likelihood of the risk occurring –by preventative maintenance, audit and compliance programs and technical controls

Reduce the consequences of risk occurring – through contingency planning, disaster recovery & business continuity plans, emergency procedures and staff training etc.

Transfer the risk – this involves another party bearing or sharing some part of the risk by the use of contracts, insurance, outsourcing or partnerships etc.

Avoid the risk – decide not to proceed with the activity likely to generate the risk, where this is practicable.

STAGE 4 Monitor and Review

Monitor the effectiveness of all steps of the risk management process to aid continuous improvement. Risk and effectiveness of control measures need to be monitored to ensure changing circumstances do not alter priorities. Communicate with relevant internal and external stakeholders.

For further information, the National Patient safety Agency has produced the following guides:

Follow hyperlink:

[Risk Matrix for Risk Managers](#)

[NPSA MODEL MATRIX for examples of descriptors](#)