



# RISK MANAGEMENT FRAMEWORK

## MARCH 2025

<b>Document Number:</b>	CGP005	<b>Classification</b>	Corporate
<b>Version No:</b>	<b>Approved by:</b>	<b>Date of Approval:</b>	<b>Date of Issue:</b>
V5.0	Board	TBC	TBC
<b>Review Date:</b>	March 2025		
<b>Brief Summary of Document:</b>	This document aims to set out the organisational arrangements for developing and embedding risk management processes in Powys Teaching Health Board.		
<b>Scope:</b>	<p>This framework applies to all employees of the Health Board; Board members; agency staff; contractors brought in to undertake work on behalf of the Health Board, for example capital and estates works; students; locums; volunteers; individuals employed on honorary contracts; and, other third parties engaged in Powys Teaching Health Board business. It applies to all activities of the Health Board, including those related to the commissioning of services.</p> <p>Managers at all levels within the Health Board must take an active lead to ensure that risks are managed effectively and to support the development of a risk aware culture within the Health Board.</p>		
<b>To be read in conjunction with:</b>	<ul style="list-style-type: none"> <li>• PTHB Board Assurance Framework</li> <li>• PTHB Strategic Commissioning Framework and Commissioning Assurance Framework</li> </ul>		
<b>Owning Committee</b>	Audit, Risk & Assurance Committee		
<b>Document Owner:</b>	Director of Corporate Governance / Board Secretary	<b>Document Author:</b>	Deputy Board Secretary

## Reviews and updates

Version no:	Summary of Amendments:	Date Approved:
2.2	2017 Version Updated to reflect changes in risk management arrangements and organisational realignment	September 2019
3.0	2019 Version Updated to reflect changes in risk management arrangements and organisational realignment	November 2021
4.0	2021 Version Updated to reflect changes in risk management arrangements and organisational realignment	November 2022
5.0	2022 version updated to reflect changes in risk management arrangements and organisational realignment	March 2025

## Glossary of terms

Term	Definition
Risk	The effect of uncertainty on objectives. An effect may be positive, negative, or a deviation from the expected. In addition, a risk is often described as an event; a change in circumstance; or a consequence.
Risk management	The process which aims to help organisations understand, evaluate and take action on all their risks, with a view to increasing the probability of success and reducing the likelihood of failure.
Risk management framework	Organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organisation.
Risk architecture	Risk architecture is the organisational arrangements for risk management detailing the roles, responsibilities and the lines of communication for reporting on risk management.
Risk assessment	A systematic process of assessing the likelihood of something happening (frequency or probability) and the consequence if the risk actually happens (impact or magnitude).
Risk treatment	The development, selection and implementation of risk treatment strategies and controls.
Risk appetite	The amount of risk that an organisation is willing to pursue in order to meet its strategic objectives.
Risk tolerance	Whilst risk appetite is about the pursuit of risk, risk tolerance is about what an organisation can actually cope with.
Risk owner	The person with the authority and accountability to make the decision to treat, or not to treat the risk.
Strategic risks	Risks that represent a threat to achieving the Health Board's strategic objectives or its continued existence.

Operational risks	Risks that are by-products of the day-to-day running of the Health Board and may include risks such as to the achievement of directorate or service objectives; the day-to-day operation of the directorate or service, i.e. delivering a safe and sustainable service for patients; and risks in regard to any legislation or standards that the directorate or service should be compliant with.
-------------------	--

## CONTENTS

1. The Board’s Statement.....	5
2. Purpose of the Risk Management Framework.....	5
3. Scope of the Risk Management Framework.....	6
4. The Board’s Appetite for Risk.....	6
5. The Risk Management Process.....	7
6. Levels of Risk.....	8
7. Risk Architecture and Escalation.....	9
8. Risk Escalation .....	14
9. Accountabilities and Responsibilities.....	14
10. Risk Management Toolkit.....	23
11. Risk Management Training.....	23
12. Monitoring the Effectiveness of the Risk Management Framework .....	24
13. References .....	24

## 1. The Board's Statement

The Board is committed to the principles of good governance and recognises the importance of effective risk management as a fundamental element of the Health Board's governance framework and system of internal controls.

The Board is committed to having a risk management culture that underpins and supports the business of the Health Board; providing and securing high quality care in a safe environment, that is compliant with legal and regulatory requirements; meeting objectives; and, promoting its values.

The Board intends to demonstrate an ongoing commitment to improving the management of risk throughout the organisation by:

- Ensuring a dynamic approach to strategic risk management to support achievement of the Health Board's vision, aims, and strategic objectives;
- Promoting considered risk taking, within authorised and defined limits in-line with the Board's Appetite for Risk (see Risk Appetite Statement at Appendix A);
- Adopting an integrated approach to risk management that includes risks related to clinical care, professional standards, health and safety, staff wellbeing, financial and business planning, workforce planning, corporate and information governance, performance management, project / programme management, research and development;
- Embedding effective risk management systems and processes within the organisation and promoting the ethos that risk management is **everyone's** business, with clearly defined roles and responsibilities;
- Creating an environment that is as safe as is reasonably practicable, by ensuring that risks are continuously identified, assessed and appropriately managed, i.e. where possible eliminate, transfer or treat risks to an acceptable level;
- Fostering an organisational culture of openness and willingness to report risks, incidents and near misses that is used for organisation-wide learning;
- Establishing clear and effective communication mechanisms that enable a comprehensive understanding of risks at all levels of the organisation by the use of directorate, specialist and organisational-wide risk registers; and
- Providing appropriate training to staff to ensure effective implementation of risk management arrangements.

## 2. Purpose of the Risk Management Framework

This document sets out the Health Board's vision for managing risk. Through the management of risk, the Health Board seeks to minimise, although not necessarily eliminate, threats, and maximise opportunities.

The Framework seeks to ensure:

- that risk management is an integral element of the Health Board's culture;
- that the Health Board's risks in relation to the delivery of services

(provided and commissioned) and care to patients are minimised through effective risk management practices;

- that the wellbeing of patients, staff and visitors is optimised;
- that the resources of the Health Board are protected;
- the implementation and ongoing management of a comprehensive, integrated (clinical and non-clinical) approach to the management of risk across the organisation;
- that the Board receives adequate assurance to ensure that strategic and operational risks are being managed effectively; and
- clarity in regard to respective responsibilities for strategic and operational risk management for the Board, Board Committees, relevant groups and staff throughout the organisation.

Should you have any queries in relation to this framework or an associated document please contact:

[powysdirectorate.corporategovernance@wales.nhs.uk](mailto:powysdirectorate.corporategovernance@wales.nhs.uk)

### **3. Scope of the Risk Management Framework**

This framework applies to all employees of the Health Board; Board members; agency staff; contractors brought in to undertake work on behalf of the Health Board, for example capital and estates works; students; locums; volunteers; individuals employed on honorary contracts; and, other third parties engaged in Powys Teaching Health Board business. It applies to all activities of the Health Board, including those related to the commissioning of services.

Managers at all levels within the Health Board must take an active lead to ensure that risks are managed effectively and to support the development of a risk aware culture within the Health Board.

### **4. The Board's Appetite for Risk**

The Board recognises that risk is inherent in the provision and commissioning of healthcare services, and therefore a defined approach is necessary to articulate risk context, ensuring that the organisation understands and is aware of the risks it is prepared to accept in the pursuit of its aims and objectives.

Risks throughout the organisation will be managed within the Board's risk appetite, or where this is exceeded, action will be taken to reduce the risk.

The Board is not open to risks that materially impact on the quality, safety or access to, services the Health Board provides or commissions; or risks that could result in the organisation being non-compliant with UK law, healthcare legislation, or any of the applicable regulatory frameworks in which the Health Board operates.

The Board has greatest appetite to pursue innovation, and challenge current working practices and financial risk in terms of its willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

The Board’s Risk Appetite Statement, which is included at Appendix A, has been defined following consideration of organisational risks, issues and consequences. Appetite levels will vary, in some areas. Our risk tolerance may be cautious, in others we may be eager for risk and are willing to carry risk in the pursuit of important strategic objectives. The Health Board will always aim to operate organisational activities within the levels defined within the Risk Appetite Statement. Where activities are projected to exceed the defined levels, this will be escalated through the appropriate governance mechanisms to the Board for ratification.

## 5. The Risk Management Process

Risk Management is the systematic application of management policies, practices and procedures to the task of identifying, analysing, assessing, treating and monitoring risk in a way that will enable organisations to minimise losses and maximise opportunities.

The aim of risk management is not to remove risk altogether, but to manage risk to an acceptable level, considering the cost of minimising the risk and reducing risk exposure (the level of risk that the organisation is exposed to, either in regard to an individual risk or the cumulative exposure to the risks faced by the organisation).

The Board has adopted a structured approach to risk management, whereby risks are identified, assessed and controlled, and if appropriate, escalated or de-escalated through the governance mechanisms of the organisation. The process is defined in four key steps:



The Orange Book (2023)

## 1. Risk Identification and Assessment

The Health Board cannot manage risk effectively unless it knows what the risks are. Risk identification is therefore vital to the success of the organisation's risk management process, and ultimately the safe delivery of care.

Assessment and scoring of risk are used to determine the level of risk, using the Health Board's risk matrix to ensure a consistent approach is adopted across the organisation.

## 2. Treatment

Treatment is how the risk will be managed, and what the required actions are to achieve an acceptable level of risk. All risks are recorded on a risk register, which is a formal record of the risks that the Health Board has identified.

## 3. Monitoring

Part of managing risk is to continually review and update, and to capture the changes and progress of mitigation.

## 4. Reporting

Risk reporting supports the organisation to assess whether decisions are being made within its risk appetite to successfully achieve objectives, to review the adequacy and effectiveness of internal controls, and to decide whether any changes are required to re-assess strategy and objectives, revisit or change policies, reprioritise resources, improve controls, and/or reconsider their risk appetite/tolerance.

The Health Board's detailed guidance in support of the risk management process is included in the risk management toolkit on the staff [intranet](#) and includes guidance on how to identify, assess, treat and monitor risks. The toolkit is due to be reviewed over the course of 2025-26 to align to revised Risk Management Framework.

## 6. Levels of Risk

The Risk Management Framework defines three levels of risk:

1. **Strategic Risks** – Risks that represent a threat to achieving the Health Board's strategic objectives or its continued existence. Strategic risks are recorded in the Board's Strategic Risk Register (SRR). The SRR provides an organisation-wide summary of significant risks that have the potential to hinder achievement of one or more of the Health Board's strategic objectives. Strategic Risks are owned by the Board, and are reviewed and monitored by the Executive Committee
2. **Operational Risks** – Risks that represent a threat the day-to-day activities of the Health Board. Operational risk registers may include risks such as to the achievement of directorate or service objectives; the day-to-day operation of the directorate or service, i.e., delivering a safe and sustainable service for patients; and risks in regard to any legislation or standards that the directorate or service should be compliant with.

The Health Board is currently in a period of transition, with the adoption of the Datix Cloud Risk Module as our system for recording, and reporting on operational risks due to be completed in 2025/26.

There are three levels of operational risk register within the organisation:

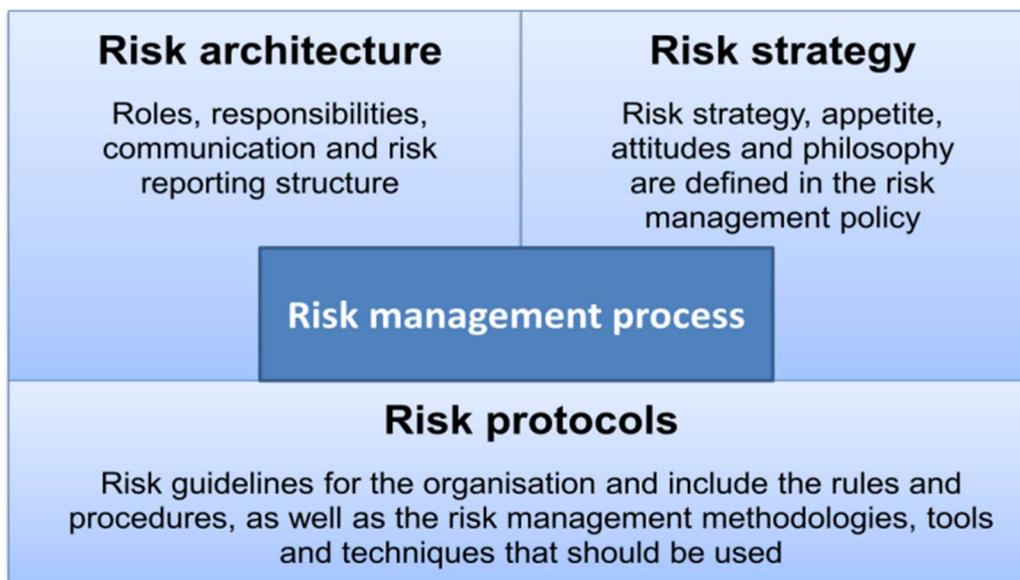
- Organisational
- Directorate
- Service Level

3. **Project/Programme Risks** – Risks that may impact on the delivery of a programme of work or project. All significant projects must be risk assessed before they are progressed, with each project required to have a separate risk register.

Powys Teaching Health Board is predominantly a commissioning organisation, buying services on behalf of the population from a wide range of providers including primary care contractors; independent sector care homes; ambulance services; district general hospitals; and other specialist hospitals. The Health Board's **Integrated Performance and Quality Framework** helps to identify and escalate and mitigate emerging patterns of poor performance and risk in health services used by Powys patients. Through this process, risks may be identified for recording in local or directorate risk registers or the Organisational Risk Register, dependent upon the level and type of risk.

## 7. Risk Architecture and Escalation

Risk architecture is the organisational arrangements for risk management detailing the roles, responsibilities and the lines of communication for reporting on risk management. A risk register provides an agreed, standardised approach to recording of the significant risks that have been identified through the risk assessment process, ownership of those risks, and will also serve as a record of the control activities that are currently undertaken to manage or mitigate the risk. It will also provide a record of the additional actions that are proposed to improve 'control' of risks (i.e., to treat the risk further), including responsibility and timescales for implementation. Effectively used, a risk register will not only drive risk management but should be used to inform decision-making processes. Risk registers are also used to provide assurance that risks are being managed appropriately and effectively.



Fundamentals of Risk Management (2020)

### **Recording of Strategic Risk**

Strategic risks are recorded in the Board's Strategic Risk Register (SRR). The SRR provides an organisation-wide summary of significant risks that have the potential to hinder achievement of one or more of the Health Board's strategic objectives.

The risks contained in the SRR are further scrutinised within the Health Board's Board Assurance Framework (BAF). The Board Assurance Framework provides a structure and process that enables the Health Board to focus on the key control gaps, assurance gaps and risks that may compromise the delivery of its strategic objectives. The BAF is more than a risk register as it provides assurance on the effectiveness and adequacy of the controls in place to manage the Health Board's Strategic Risks. It should support effective decision-making and inform Board agendas in addition to providing assurance on the system of internal control. It also ensures that the assurance mechanisms operating across the Health Board are fully aligned to support the Chief Executive as the Accountable Officer, and the Board, to deliver the organisation's objectives. Further detail can be found in the [Board Assurance Framework](#).

The SRR (alongside a high-level Board Assurance Framework dashboard) is reviewed by the Executive Committee in advance of presentation to the Board at each of its meetings. The Executive Committee is responsible for recommending risks for escalation to / de-escalation from the SRR for approval by the Board. The Executive Committee may also recommend to the Board the 'acceptance' of risks that cannot be brought within the Board's risk appetite/tolerance.

Each strategic risk is allocated to a Committee of the Board for additional scrutiny and oversight. Committee Risk Registers based on the most recent iteration of the SRR approved by the Board will be reported to each Committee as a standing item.

The detailed Board Assurance Framework will be reviewed by the Executive Committee in advance of presentation to the Board on a twice-yearly basis.

### **Recording of Operational Risk**

The Health Board is currently in a period of transition, with the adoption of the Datix Cloud Risk Module as our system for recording and reporting on the risk management process due to be completed in 2025/26.

There are three levels of operational risk register within the Health Board:

#### **Organisational Risk Register (ORR)**

The Organisational Risk Register is a log of significant risks to the organisation that have been identified from a top-down and bottom-up approach (for example these may be identified by the Board or an individual Executive Director or escalated through the organisation's risk architecture).

These are significant risks that affect the organisation's ability to achieve organisational/directorate objectives and significant operational risks affecting the delivery of healthcare services. Individual Executive Directors are responsible for identifying risks potentially requiring escalation from Directorate Level to the ORR. Whilst the Executive Committee is responsible for approving risks proposed for escalation to the SRR and subsequent de-escalation/closure of risks on the ORR.

Whilst each Director will be responsible for the ownership of their respective risk(s) and identifying current controls and developing action plans, it will be the role of the Executive Committee to review controls and ensure appropriate action plans are in place, which might include the development and agreement of corporate risk management strategies to manage risk(s). The Organisational Risk Register will be reported to the Board as an appendix to the detailed BAF.

It will be the role of the Executive Committee to report by exception any risks on the ORR which require sightedness and/or additional scrutiny by the Board or Board Committees. The primary mechanism for reporting matters pertaining to risks to the Board will be the Risk Management and Board Assurance Framework report provided to each Board meeting by the Director of Corporate Governance, though information in regard to operational risks may also be included in individual papers and Committee Chairs Assurance Reports.

#### **Directorate Risk Registers (DRR)**

Directorate level risks are any risks that affect the directorate and its objectives, or risks that have been escalated from service level.

The relevant Executive Director is responsible for approving the inclusion and closure of risks on directorate risk registers and de-escalation to the Service Level Risk Register (SLRR). Executive Directors may also highlight risks for possible escalation to ORR or request for acceptance of risk above

appetite/tolerance.

Each Executive Director is responsible for identifying a 'Risk Champion' within their relevant directorate to attend the Risk and Assurance Group, a sub-group of the Executive Committee. The Risk and Assurance Group (RAG) provides the opportunity to collectively review DRRs, discussing any subsequent urgent, emerging or materialising risks, identifying potential thematic risks arising across Directorates and recommending potential actions for management and/or mitigation where appropriate.

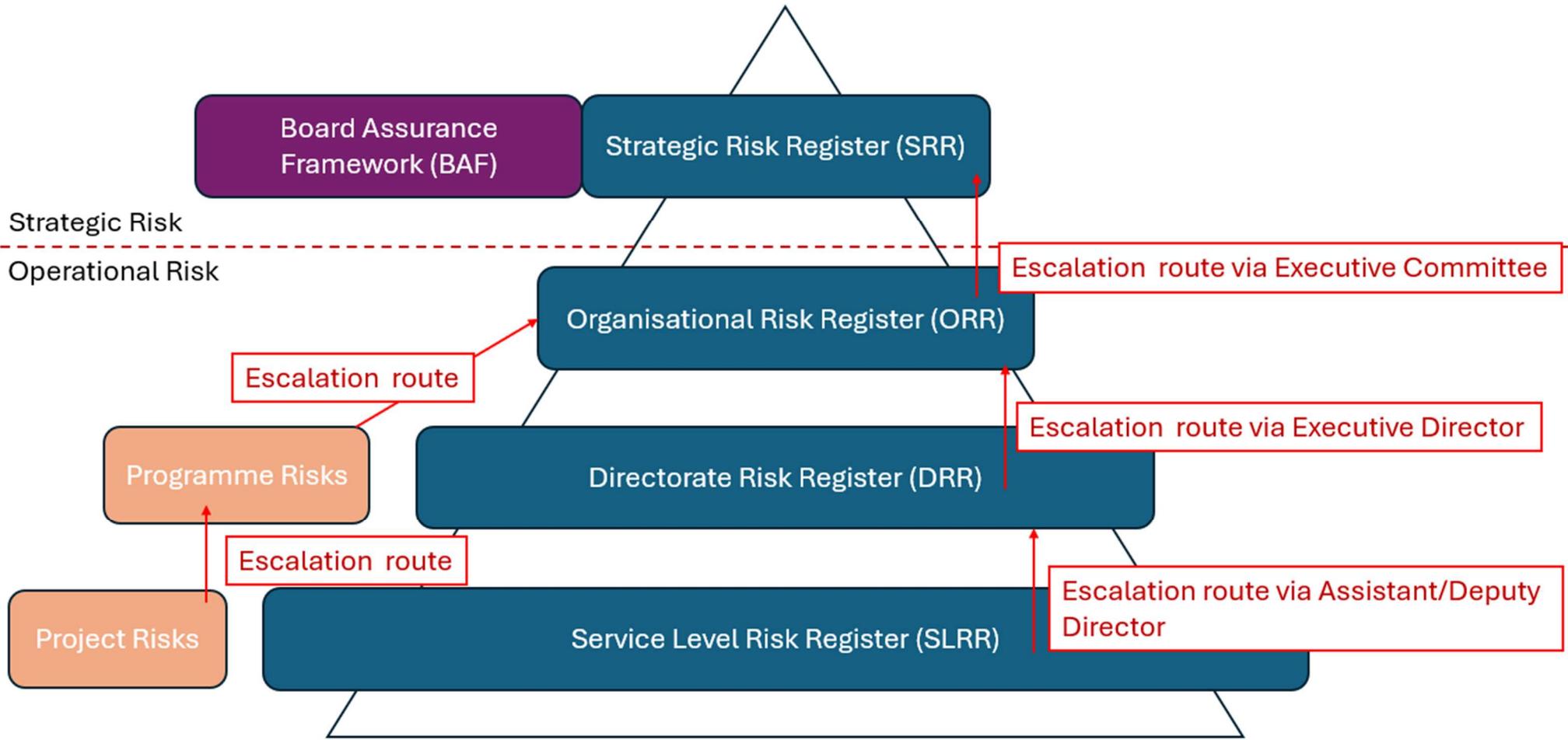
Whilst recognising that the primary mechanism for the escalation of risk is through management channels, as part of the ORR process managed by the Corporate Governance Team the RAG may identify risks for consideration for escalation and de-escalation from/to the ORR and make a recommendation to the Executive Committee as appropriate.

### **Service Level Risk Registers (SLRR)**

Service level risks are risks which affect a service; the Deputy/Assistant Director/Head of Service is responsible for approving the inclusion and closure of operational risks on to the service risk register, as well as highlighting risks to the relevant Executive Director for possible escalation.

The relevant Executive Director is responsible for approving service level risks that require escalation to directorate level.

The risk architecture used in the Health Board and the relationship between strategic and operational risk registers is provided below:



## 8. Risk Escalation

### 8.1 Escalation

The risk management system includes the opportunity for escalation through the levels of the organisation's risk architecture as outlined above. Risks should be managed by the identified owner, or a person otherwise appointed by the risk owner. There may however, be circumstances where the ability to manage a risk may exceed the authority of the risk owner.

Where significant risks have been identified which are deemed too challenging to manage, consideration should be given for the escalation of these risks to the next level of responsibility for additional consideration. These could include decisions for additional resources, increased oversight, review or the acceptance of the risk. Escalation also allows the opportunity for a risk to be considered against other risks at that level in terms of its potential individual and cumulative impact(s) e.g. organisation/directorate wide perspective. This allows for a higher level of authorisation to sanction continued tolerance or undertake additional actions to manage increasingly higher levels of risk.

### 8.2 Potential reasons for escalation

- A risk is above appetite level and there is nothing that the risk owner can do to reduce it to within appetite
- Risk treatments are outside of the delegation of the risk owner
- A risk is shared by other areas of the organisation and risk treatment cannot be agreed
- Significant threat to patient safety, the achievement of the Health Board's plans, targets or the Health Board's reputation
- A risk is assessed to be of significant concern (for example a risk score of 20+ at Directorate Level or 16+ at Service Level)

To enable dynamic escalation and empowerment of risk owners and managers there are no minimum scoring requirements for escalation. Some risk owners may however find scoring useful as a guide when considering whether to escalate a risk.

### 8.3 De-escalation

Risks can be de-escalated when the higher-level risk register owner is satisfied with the management of the risk, e.g. the risk has been reduced or the risk has been accepted above appetite and there is no further benefit of higher-level oversight

## 9. Accountabilities and Responsibilities

### 9.1 The Board

The Board (Executive Directors and Independent Members) have collective responsibility for the setting and ensuring delivery of strategic objectives. Key strategic risks are identified and monitored by the Board. The BAF and SRR provide a central record of risks to the delivery of its strategic objectives. It is the duty of the Board to discuss and advise on the format and content of the BAF. It is also the duty of the Board to appropriately monitor Powys THB's significant risks, associated controls and assurances.

The Board is also responsible for ensuring that the Health Board consistently follows the principles of good governance; ensuring that the systems, policies and people in place to manage risk are operating effectively, focused on key risks and driving the delivery of the Health Board's strategic objectives.

The workplans for the Board and each of its committees will be aligned to the BAF and SRR, ensuring appropriate focus on areas of risk.

In the context of this Framework the Board will:

- demonstrate its continuing commitment to risk management through the endorsement of this Framework;
- ensure, through the Chief Executive, that the responsibilities for risk management outlined in this document are communicated, understood and maintained;
- take a lead role in 'horizon scanning' for emerging threats/risks to the delivery of the Health Board's strategic objectives, and ensuring that controls put in place in response, manage risks to an acceptable level;
- oversee and participate in the risk assurance process;
- ensure communication with partner organisations on problems of mutual concern including risks;
- ensure that appropriate structures are in place to implement effective risk management;
- commit financial, managerial, technological and educational resources necessary to adequately control identified risks;
- ensure that lessons are learned and disseminated into practice from complaints, claims and incidents, and other patient experience data; and
- receive reports from the committees of the Board in line with terms of reference and workplans of those committees.

The Terms of Reference for the committees that report to the Board are included on the Health Board's website:

[Powys Teaching Health Board Committees - Powys Teaching Health Board \(nhs.wales\)](https://www.nhs.uk/health-board-committees)

## **9.2 Individual Responsibilities**

All members of staff, and those working on behalf of the Health Board, have an individual responsibility for managing risk. They must understand and adhere to this Risk Management Framework.

The following individuals have specific responsibility, accountability and authority for risk management, as part of their existing roles:

### **Chief Executive Officer (CEO)**

The CEO is the Accountable Officer of the Health Board and has overall accountability and responsibility for ensuring it meets its statutory and legal requirements and adheres to guidance issued by the Welsh Government in respect of Governance. This responsibility encompasses risk management; health and safety; financial and organisational controls; and governance. The CEO has overall accountability and responsibility for:

- ensuring the Health Board maintains an up-to-date Risk Management Framework endorsed by the Board;
- promoting a risk management culture throughout the Health Board;
- ensuring that there is a framework in place, which provides assurance to the Board in relation to the management of risk and internal control;
- ensuring that risk issues are considered at each level of business planning, from the corporate process to the setting of staff objectives;
- setting out their commitment to the risk management principles, which is a legal requirement under the Health and Safety at Work Act 1974.

The Welsh Government requires the Chief Executive to sign a Governance Statement annually on behalf of the Board. This outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.

### **Director of Corporate Governance / Board Secretary**

The Director of Corporate Governance / Board Secretary is the delegated lead for risk management in the Health Board, and is accountable for leading on the design, development and implementation of the integrated Board Assurance Framework and Risk Management Framework. The Director of Corporate Governance/Board Secretary will:

- lead the embedding of an effective risk management culture throughout the Health Board;
- work closely with the Chair; Chief Executive; Chair of the Audit, Risk and Assurance Committee; and, Executive Directors, to oversee an appropriate Risk Management Framework and related processes, ensuring that effective governance systems are in place;
- develop and communicate the Board's risk awareness, appetite and tolerance;
- lead and participate in risk management oversight at the highest level, covering all risks across the organisation on a Health Board basis;
- work closely with the Chief Executive and Executive Directors to support the development and maintenance of Strategic, Organisational and Directorate level risk registers;
- oversee the effective execution of the Health Board's Assurance Framework and Risk Management Framework; and
- produce the Health Board's Annual Governance Statement.
-

### **Deputy Board Secretary**

The Deputy Board Secretary is accountable to the Director of Corporate Governance / Board Secretary, and in relation to risk management will specifically:

- provide specialist advice in relation to controls and assurances for a range of functions at all levels in the organisation to support the effective management of clinical and non-clinical risk and governance;
- ensure a central system is in place to collate risk registers across the Health Board, which link to the Health Board's Assurance Framework;
- develop and implement the Health Board's Assurance Framework;
- develop and implement the Health Board's Risk Management Framework; and
- lead the development of, and Chair, the Risk and Assurance Group (established by the Executive Committee).

### **Corporate Governance Team**

The Corporate Governance Team is accountable to the Deputy Board Secretary, and in relation to risk management will specifically:

- support the management and development of the Health Board's Assurance Framework and Risk Management Framework;
- work with directorates and Heads of Service to ensure risks are escalated in accordance with the Risk Management Framework;
- compile the Strategic Risk Register and Board Assurance Framework, for Executive Committee and Board;
- support the development and functioning of the Risk and Assurance Group;
- engage with Directorates to enable effective implementation of the Risk Management Framework and associated processes;
- and
- provide training, information and advice to operational staff and corporate functions on risk management and risk registers.

### **Executive Directors**

Executive Directors are accountable and responsible for ensuring that their respective directorates are implementing this Framework, and related policies/procedures. Each Director is accountable for the delivery of their particular area of responsibility, and will therefore ensure that the systems, policies and people are in place to manage, eliminate or transfer the key risks related to the Health Board's strategic objectives.

Specifically, they will:

- lead the embedding of an effective risk management culture throughout the Health Board;
- communicate to their directorate, the Board's strategic objectives; and ensure that directorate, service and individual objectives and risk reporting are aligned to these;
- ensure that a mechanism for discussing risk and risk management is maintained within their area, which will encourage integration of risk management;

- co-ordinate the risk management processes which include risk assessments; incident reporting; the investigation of incidents/near misses; and the management of the risk register;
- ensure there is a system for monitoring the application of risk management within their area, and that risks are treated as required;
- provide reports to the appropriate committee of the Board that will contribute to the monitoring and auditing of risk;
- ensure staff attend relevant mandatory and local training programmes;
- Identify and manage risks that cut across delivery areas;
- Communicate downwards what the Health Board's strategic risks are;
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of reporting; and
- ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post, and that those key objectives are reflected in the individual performance review/staff appraisal process.

In addition, **Clinical Executive Directors** (Executive Medical Director, Executive Director of Nursing, Quality, Women and Family Health, Executive Director of Allied Health Professions, Health Science and Digital, and the Executive Director of Public Health) have collective responsibility for clinical quality governance, which will include patient safety, incident management and patient experience, and will therefore have a responsibility to ensure that clinical risks are appropriately managed in-line with this framework.

### **Independent Members**

Independent Members have an important role in risk management. This role is restricted to seeking assurance on the robustness of processes and the effectiveness of controls through constructive, robust and effective challenge to Executive Directors and senior management. The role of Independent Members is not to manage individual risks, but to understand and question risk on an informed and ongoing basis.

Additionally, Independent Members chair Board level committees, and in line with the relevant committee Terms of Reference, should provide assurance to the Board that risks within its remit (determined by the SRR and BAF), are being managed effectively by the risk owners, and report any areas of concern to the Board.

### **Clinical Directors, Deputy/Assistant Directors and Heads of Service**

Clinical Directors, Deputy/Assistant Directors and Heads of Service are responsible for implementation of the Risk Management Framework and relevant policies and procedures, which support the Health Board's risk management approach.

As Senior Managers of the organisation, Clinical Directors, Deputy/Assistant Directors and Heads of Service take the lead on risk management and set an example through visible leadership of their staff. These responsibilities

include:

- Taking responsibility for managing risk;
- Maintaining a Service Level Risk Register for their area of responsibility;
- Ensuring that risks are assessed where they are:
  - Identified within the working activities carried out within their management control or area of professional oversight;
  - Identified within the environment within their control;
  - Reported from the staff within their management control, or area of professional oversight.
- Identifying and managing risks that cut across delivery areas;
- Ensuring all incidents/accidents and near misses are reported;
- Monitoring mitigating actions and ensuring action owners are clear about their roles, and what they need to achieve;
- Discussing risks on a regular basis with staff, and through discussions at meetings to help improve knowledge about the risks faced; increasing the visibility of risk management and moving towards an action focussed approach;
- Ensuring risks are updated regularly and acted upon;
- Communicating downwards what the Health Board's strategic risks are;
- Using the risk management process to support prioritisation and decision making;
- Ensuring staff are suitably trained in risk management;
- Promoting a risk aware culture in which staff are encouraged to identify and escalate risk;
- Ensuring that risk management is included in appraisals and development plans where appropriate;
- Ensuring the adoption and operation of the risk management framework across their work area.
- Escalating risks for further consideration where the ability to manage a risk exceeds the authority of the individual or the Board's risk appetite.

### **Line Managers**

The identification and management of risk requires the active engagement and involvement of staff at all levels, as staff are best placed to understand the risks relevant to their areas of responsibility and must be supported and enabled to manage these risks within a structured risk management framework. Managers at all levels of the organisation are therefore expected to take an active lead to ensure that risk management is embedded into the way their service/team/ward operates. Managers must ensure that their staff understand and implement this framework and supporting processes, ensuring that staff are provided with the education and training to enable them to do so.

Managers play an important role in managing and escalating operational risks and as such, must be fully conversant with the Health Board's and respective Directorate's approach to risk management and governance. They will support the application of this framework and its related processes and participate in the monitoring and auditing process.

### **All Staff**

All staff will:

- accept personal responsibility for maintaining a safe environment, which includes being aware of their duty under legislation to take reasonable care of their own safety, and all others that may be affected by the Health Board's business;
- be responsible for attending mandatory and relevant education and training events;
- participate in the risk management system, including the risk assessments within their area of work, and the notification to their line manager of any perceived risk that may not have been assessed; and
- be aware of the Health Board's Risk Management Framework and processes, and the local strategy and procedures, and comply with them.

### **Contractors employed by the Health Board e.g. capital and estates specialists**

It is the responsibility of each contractor employed by the Health Board to ensure that any staff working on their behalf is fully conversant with both PTHB's and their own organisations risk management requirements for the activity for which they are engaged.

## **9.3 Internal Audit**

The relationship between risk management and Internal Audit is critically important. Risk management is concerned with the assessment of risk and the identification of existing and additional controls, whereas Internal Audit's role is to evaluate these controls and test their efficiency and effectiveness. This is undertaken through the Internal Audit programme of work. Accordingly, the Head of Internal Audit will:

- a. Provide an overall opinion each year to the Accountable Officer of the organisation's risk management, control and governance; to support the preparation of the Annual Governance Statement;
- b. Focus the internal audit work on the significant risks as identified by management, and audit the risk management processes across the organisation;
- c. Audit the organisation's risk management, control and governance through operational audit plans, in a way that affords suitable priority to the organisation's objectives and risks;
- d. Provide assurance on the management of risk and improvement of the organisation's risk management, control and governance; by providing line management with matters arising from audit work.

## **9.4 Audit Wales**

The Health Board's risk management arrangements are reviewed annually as part of the Audit Wales's Structured Assessment process.

## **9.5 Local Counter Fraud Services**

The Health Board's nominated Local Counter Fraud Specialist (LCFS) provides assurance to the Board regarding risks relating to fraud and/or corruption. The Health Board's Annual Counter Fraud Work Plan, as agreed by the Audit, Risk and Assurance Committee, identifies the arrangements for managing and mitigating risks as a result of fraud and/or corruption. Where such issues are identified they are investigated by the LCFS, and then reported to the Audit, Risk and Assurance Committee as appropriate.

The LCFS works with the Chief Executive, Executive Directors and Board Secretary to review any fraud or corruption risks. Such risks are referred to the relevant risk register for the Directorate concerned and are then escalated through the Health Board's escalation process.

## **9.6 Committee Duties and Responsibilities**

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place. Specific duties and responsibilities are set out in the table below:

### **The Audit, Risk and Assurance Committee**

The Audit, Risk and Assurance Committee is responsible for overseeing risk management processes across the organisation, and will have a particular focus on seeking assurance that effective systems are in place to manage risk; that the organisation has an effective framework of internal controls to address strategic risks (those likely to directly impact on achieving strategic objectives); and, that the effectiveness of that framework is regularly reviewed.

The Committee is responsible for monitoring the assurance environment and challenging the levels of assurance in respect of key risks across the year, ensuring that the Internal Audit Plan is based on providing assurance that controls are in place and can be relied upon, and reviewing the internal audit plan in-year as the risk profiles change.

### **The Executive Committee**

The Executive Committee has responsibility for ensuring implementation of the risk management process and has responsibility for agreeing the risks on the ORR, and the SRR and BAF, prior to consideration and approval by the Board.

The Executive Committee has the responsibility to discuss the BAF and any amendments, to ensure there is appropriate scrutiny and challenge of strategic risks, the current controls and assurances in place and the actions to address any gaps in these, prior to the BAF being submitted to the Board for consideration and approval.

It is also the role of the Executive Committee to agree that strategic and organisational risks are being managed to an acceptable level, balancing

priorities, resources and the risk to the Health Board, and recommending the best course of action to manage the risks, to the Board. The Board must be provided with assurance that everything that can be done is being done to reduce the risk, and that there are effective plans and controls in place to manage the situation should the risk materialise. This will help limit damage, control loss and contain costs for the Health Board. Whilst a risk may be accepted by the Board, the risk owner must ensure that the current control measures will be regularly reviewed to ensure that they remain effective.

### **Relevant Sub-group of Executive Committee**

The Risk and Assurance Group is a sub-group of the Executive Committee. The Group reports to the Executive Committee and advises on any risk management issues, including all significant operational risks.

The Group is responsible for supporting the implementation of the risk, control and assurance processes established within the organisation. The Group will review the processes and report on any weaknesses identified to ensure that the Board has in place effective systems for the reporting of risk, and the management of risk registers (service level, directorate and organisational) and the Board's SRR and BAF.

Specifically, the Group is responsible for:

- Coordinating the achievement of the Risk Management Framework's objectives, through the organisation's directorates, by embedding risk management promoting the integration of risk and assurance management.
- Regularly reviewing Directorate Risk Registers, discussing any subsequent urgent, emerging or materialising risks, identifying potential thematic risks arising across Directorates and recommending potential actions for management and/or mitigation where appropriate.
- Reviewing updates to the Organisational Risk Register (ORR), and maintaining clear links with the Assurance Framework;
- Discussing and recommending the escalation and de-escalation of risks from/to the ORR for Executive Committee consideration when appropriate by ensuring significant risks are appropriately prioritised. Reviewing and monitoring closely risks that are identified by members as of potential significance organisationally however are not deemed to meet the criteria for inclusion within the ORR.
- Providing a 'Risk Champions' forum for support in relation to all aspects of risk management including sharing best practice and providing appropriate peer review and challenge to enable cross organisation consistency in the application of the Risk Management Framework and its supporting documents.

### **Directorate Risk Management Arrangements**

All directorates must have the necessary arrangements in place for good governance, quality, safety and risk management and should align with corporate guidance and systems where required e.g. the use of standardised templates, systems and processes.

Directorates, through management, have responsibility for risks to their services and for the management of those risks in accordance with this framework. Directorates are also responsible for developing local arrangements for the monitoring and reporting of risk information both internally within their respective directorate and in accordance with the requirements of the Risk and Assurance Group

## 10. Risk Management Toolkit

To support delivery of the Risk Management Framework, a toolkit is available for staff on the [intranet](#). The toolkit is a means by which the Risk Management Framework is operationalised to put into effect the full range of activities outlined. The toolkit includes:

- Risk Management Process
- Risk Assessment Procedure
- Risk Scoring Matrix
- Risk Register Procedure
- Risk Register Template & Guidance

The Risk Management Toolkit will be reviewed in 2025-26 to align with the updated Risk Management Framework. For any queries in relation to the Risk Management Toolkit or its content please contact:

[powysdirectorate.corporategovernance@wales.nhs.uk](mailto:powysdirectorate.corporategovernance@wales.nhs.uk)

## 11. Risk Management Training

Knowledge of how to manage risk is essential to the successful embedding and maintenance of effective risk management. To support this, a programme of training will be delivered as follows:

Staff Group	Training Need	Frequency
Board Members	Review of Risk Appetite	Annual
	Risk Awareness Training	Every 2 years
Risk and Assurance Group /Risk Register Coordinators	Risk Awareness Training, including Risk Assessment and Risk Register Training	Every 3 Years
Service Managers / Risk Owners	Bespoke training delivered on a needs-based approach	Ad hoc / as required
All Staff	Open invite Risk Awareness Training	Annual

## 12. Monitoring the Effectiveness of the Risk Management Framework

Compliance with this Framework is monitored by the Executive Committee and the Audit, Risk & Assurance Committee.

The Annual Governance Statement is signed by the CEO and sets out the organisational approach to internal control. This is produced at the end of the financial year and is scrutinised as part of the annual accounts process and presented to the Board with the accounts, as part of the Annual Accountability Report.

The Head of Internal Audit will also provide an opinion together with the summarised results of the internal audit work performed during the year. The Health Board's risk management arrangements are also subject to review annually, as part of the Audit Wales Structured Assessment process.

## 13. References

ISO 31000:2018: [ISO 31000:2018\(en\), Risk management – Guidelines](#)

Academi Wales (2017) [The Pocket Guide to Governance in NHS Wales](#). Available at: [Pocket Guide for NHS Wales Boards English.pdf](#)

UK Government (2023) [The Orange Book – Management of Risk – Principles and Concepts](#)

Hopkin & Thompson (2021) *Fundamentals of Risk Management: Understanding, Evaluating and Implementing Effective Enterprise Risk Management*. 6th Ed. London: Kogan Page Ltd.