North Central London Clinical Commissioning Groups

Corporate Risk Management Policy

**North Central London Clinical Commissioning Groups
Corporate Risk Management Policy - Control Sheet**

No	Title	Description
1.	**Summary**	This Policy sets out the CCGs' detailed risk management arrangements and the process by which risks are managed.
2.	**Author**	Andrew Spicer, Head of Governance & Risk - North Central London CCGs.
3.	**Accountable Director**	Ian Porter, Director of Corporate Services - North Central London CCGs.
4.	**Applies to**	All staff.
5.	**Groups/individuals who have overseen development of this policy**	Corporate Services.
6.	**Groups which were consulted and have given approval**	This Policy was developed following discussion and engagement with Chief Operating Officers, the NCL Governance and Risk Team and key staff.
7.	**Equality Impact Analysis**	Policy reviewed for compliance throughout its development and on 22nd March 2019.
8.	**Ratifying committee and date of final approval**	NCL Senior Management Team meeting on 16th April 2019
9.	**Version**	Barnet CCG Version 3 Camden CCG Version 2 Enfield CCG Version 10 Haringey CCG Version 2 Islington CCG Version 3
10.	**Locations available**	NCL CCG external websites, intranets and on request from Corporate Services.
11.	**Related documents**	Risk Management Strategy for NCL CCGs
12.	**Disseminated to**	All staff.
13.	**Date of implementation**	22nd April 2019
14.	**Date of next review**	21st April 2022

Document Control

Date	Version	Action	Amendment
16th April 2019	NCL1	Policy approved by the NCL Senior Management Team.	This Policy forms part of the CCGs' revised approach to risk management as formulated in 2018 and 2019.

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A. INTRODUCTION

A1. Introduction
This document sets out the Corporate Risk Management Policy of the North Central London Clinical Commissioning Groups ('NCL CCGs'). It provides guidance on the policy, processes and procedures for risk management and supports the NCL Risk Management Strategy.

The North Central London CCGs are:
- NHS Barnet Clinical Commissioning Group;
- NHS Camden Commissioning Group;
- NHS Enfield Commissioning Group;
- NHS Haringey Commissioning Group;
- NHS Islington Commissioning Group.

A2. Equalities
This policy has been created and written in accordance with the provisions of the Equality Act 2010 ('EA 2010'). In addition, it supports the achievement of the aims of the EA 2010 and the Public Sector Equality Duty contained therein.

A3. Fraud and Bribery
This policy helps to reduce the risk of fraud and bribery by providing a robust system of internal control for risk management. This policy supports and compliments the CCGs' Counter Fraud, Bribery and Corruption Policy and has been reviewed by the NCL CCGs' Local Counter Fraud Specialist.

A4. Help and Support
For any support with this policy please contact the NCL Governance and Risk Team (see Schedule 1). Schedule 1 does not form part of this policy and may be amended or updated as necessary without the need to formally approve this policy.

B. AIMS AND PRINICPLES

B1. Policy Aims
The aims of this policy are to:
- Promote organisational success and help the NCL CCGs to achieve their objectives;
- Have organisational grip of key risks;
- Empower staff to manage risks effectively;
- Promote and support proactive risk management;
- Help create a culture that recognises uncertainty and supports considered, measured and appropriate risk taking and effective risk management;
- Support new ways of working and innovation;
- Provide clear guidance to staff;
- Have a consistent, visible and repeatable approach to risk management;
- Support good governance and provide internal controls;
- Evidence the importance of risk management to the CCG.

B2. Aims of Risks Management
The NCL CCGs are committed to commissioning high quality, cost-efficient, sustainable and effective healthcare services for their populations and meeting their organisational objectives.

To achieve this the NCL CCGs recognise and appreciate that they will need to take risks in a measured, considered and appropriate way. Good risk management is a tool that supports and empowers staff in this regard by enabling them to identify, assess and control risks in a way that is visible, consistent and makes best use of resources.

B3. Proactive Planning Tool

Effective risk management is a tool that is used proactively and forms a key part of planning. The work is front loaded with the time staff invest in properly identifying, considering, assessing, planning and managing risks paying dividends as work progresses as problems are dealt with before they become issues and opportunities are maximised before they pass.

B4. Type of Risks

This policy applies to all corporate risks which include but are not limited to:
- Business risks;
- Commissioning and Clinical Commissioning risks;
- Clinical risks;
- Communications risks;
- Environmental risks
- Financial risks;
- Fraud risks;
- Governance risks;
- Information risks;
- IT risks;
- Operational risks;
- Quality and safety risks;
- Regulatory and compliance risks;
- Reputational risks;
- Strategic risks.

B5. Definition of Risk

Risk is defined as an uncertain event or set of events which if they occur will threaten the achievement of one or more objectives.

B6. Definition of Issue

An Issue is an event or set of events that have materialised or will definitely materialise. An issue is different to a risk as an issue is something that may happen where as an issue is something that will or has happened. Issues fall outside the scope of this policy.

B7. Key Risks

The NCL CCGs want to create a culture that supports effective risk management and using resources in the most appropriate way.

The management of risks need to be proportionate – with key risks needing to be managed formally. Key risks fall into one or two categories:
1. Risks identified as so serious or difficult to control that staff feel they need to take a formal approach to effectively manage them;
2. Risks identified as being sufficiently serious and difficult to effectively control that they will stop the CCG from achieving one or more of its strategic objectives.

What constitutes a key risk is a matter of judgment and involves a level of subjectivity. However, it excludes the vast majority of uncertainties or everyday risks which teams have tried and tested methods for dealing with. It also excludes those risks that can be resolved or mitigated in a relatively straightforward way.

B8. How is Risk Measured?

Risk is the combination of two factors:

- The consequence or impact on an objective if the risk occurs ('Consequence'); and
- The likelihood or probability of the risk occurring ('Likelihood').

Both Consequence and Likelihood are measured on scales of 1-5 in accordance with the charts below:

Consequence Scale:

Level of Impact on the Objective	Descriptor of Level of Impact on the Objective	Consequence for the Objective	Consequence Score
0 - 5%	Very low impact	Very Low	1
6 - 25%	Low impact	Low	2
26-50%	Moderate impact	Medium	3
51 – 75%	High impact	High	4
76%+	Very high impact	Very High	5

Likelihood Scale:

Level of Likelihood the Risk will Occur	Descriptor of Level of Likelihood the Risk will Occur	Likelihood the Risk will Occur	Likelihood Score
0 - 5%	Highly unlikely to occur	Very Low	1
6 - 25%	Unlikely to occur	Low	2
26-50%	Fairly likely to occur	Medium	3
51 – 75%	More likely to occur than not	High	4
76%+	Almost certainly will occur	Very High	5

B9. Calculating the Risk Score

Once a risk has been measured it needs to be scored as this indicates how serious the risk is, the level of importance and the priority that should be attached to controlling the risk.

The risk score is calculated as follows:

> **Consequence Score x Likelihood Score = Risk Score**

The Risk Score is then matched against the following chart to understand the level of seriousness, importance and the priority the risk should be given:

LIKELIHOOD	CONSEQUENCE				
	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Very Low (1)	1	2	3	4	5
Low (2)	2	4	6	8	10
Medium (3)	3	6	9	12	15
High (4)	4	8	12	16	20
Very High (5)	5	10	15	20	25

1-3 Low Risk	4-6 Medium Risk	8-12 High Risk	15-25 Very High Risk
Low Priority	Moderate Priority	High Priority	Very High Priority

B10. Perspectives

Risks should be identified, assessed, understood and controlled at the appropriate organisational level based on the objectives to which they relate. This is because risks have different meanings and significance depending on what they are a risk to and should therefore be given the appropriate priority. A risk at one organisational level may or may not be a risk at another level. In addition, a risk at one level may pose or generate a totally different risk at another level.

B11. Risk Appetite

The Risk Appetite is the amount of risk that an organisation is willing to accept. All staff must work within the agreed Risk Appetite levels when managing risks. Governing Bodies decide and set Risk Appetite levels.

It is important that the Risk Appetite does not exceed the CCG's capacity to effectively manage its risks and the CCG's ability to meet its financial control total.

The Risk Appetite is set out in Schedule 2. Schedule 2 does not form part of this policy and may be amended or updated as necessary without the need to formally approve this policy.

B12. Openness, Honesty, Transparency and Continued Learning

Risks at the NCL CCGs will be managed in an open, honest and transparent way within a culture that supports and encourages this approach.

B13. Proportionality
Risks should be managed in a way that is proportionate to the level of risk. This will vary on a case by case basis depending on the nature of the risk.

B14. Training
The NCL CCGs aim to manage risks effectively and create a culture that recognises uncertainty and supports considered, measured and appropriate risk taking. To achieve this all staff will be provided with appropriate training.

It is the responsibility of all staff and their line managers to ensure they are available for and receive risk management training.

All staff are able to request additional risk management training if they feel it will help support them in their role or are interested in developing their skills further. All requests should be made to the NCL Governance and Risk Team.

C. RISK MANAGEMENT PROCESS AND RISK OWNERSHIP

C1. Risk Management Process
The risk management process is the process that staff are required to follow when managing key risks. It is set out in the Risk Management Process Guide contained in Schedule 3 of this policy. Schedule 3 does not form part of this policy and may be amended or updated as necessary without the need to formally approve this policy

C2. Risk Owners and Accountability
Each risk will have a designated owner that has accountability for that risk. Each risk will be owned by a Director and each Director owns all of the risks within their directorate. The Risk Owner is responsible for ensuring risks are effectively managed and for ensuring all actions to manage the risk are completed.

C3. Operational Oversight and Handling of Risks
It is important for effective risk management that all risks are owned, overseen and managed by the right person, at the right time and at the right level. To help ensure this the Risk Owners may delegate the management of each risk to appropriate members of their team. The person who manages a risk on a day to day basis is known as the Risk Manager.

C4. Staff Management Structure and Good Risk Management
To ensure effective risk management, it is important each directorate has a supportive risk management culture. Staff within directorates should regularly discuss their key risks and share knowledge, perspectives, skills and learning.

Risk discussions should be structured and be of sufficient frequency so that the Risk Owner (the Director) is genuinely assured that all risks in the directorate are being effectively overseen and managed at the right time, by the right people, in the right way and at the right level. As a result of these discussions risk registers should be updated in a timely manner.

C5. Directorate Risk Leads
Directorates may appoint a 'Directorate Risk Lead' to:
- Support directors in managing the risk management process within their directorates and assist with risk reporting;
- Support the NCL Governance and Risk Team and NCL Governance and Risk Leads in delivering and embedding the CCGs' approach to risk management;
- Provide a source of expertise and advice embedded within each directorate to help support and empower staff to manage risks;

- Help drive effective risks management within directorates;
- Help support staff to implement the CCGs' risk management policies and procedures;
- Assist staff within their directorates to co-ordinate risk reporting;
- Maintain a central folder within each directorate containing the meeting notes/minutes from risk management meetings within the directorate.

D.   KEY ROLES

D1.   Role of the Governing Body and Committees
Within each of the NCL CCGs the Governing Body and its committees will provide oversight and scrutiny of the most serious organisational risks and hold people to account in this regard. In addition, each CCG's Lay Member for Audit and Governance and the Audit Committee will play a lead role in ensuring effective oversight and scrutiny of the CCGs' risk management policies, procedures and systems.

The Governing Body will:
- Approve the Risk Management Strategy and subsequent revisions;
- Provide oversight, review and scrutiny of the organisation's highest level risks;
- Receive regular risk reports;
- Hold risk owners to account for their risks;
- Review the Board Assurance Framework.

The Audit Committee will:
- Provide independent assurance to the Governing Body on the effectiveness of risk management process in the CCG and compliance with risk management policies;
- Receive independent reports on the effectiveness of risks management in the CCG;
- Challenge the way in which risk is managed where there is uncertainty or concerns over the effectiveness of risk management arrangements;
- Formally assess on an annual basis the overall effectiveness of the risk management processes in the CCG and report to the Governing Body;
- Review risk management arrangements for the purposes of the Annual Report and the Annual Governance Statement;
- Horizon scan and communicate findings for action;
- Hold risk owners to account for their risks.

Governing Body Committees will:
- Provide scrutiny, review and oversight of key risks (appropriate to the remit of each Committee);
- Receive risk reports;
- Horizon scan and communicate findings for action;
- Hold risk owners to account for their risks.

D2.   Member of NCL Senior Management Team
The NCL Senior Management Team will:
- Approve the risk management policy for each CCG in North Central London ('NCL');
- Agree and approve resources for risk management across the NCL CCGs;
- Provide operational oversight and scrutiny of high level risks across the five Clinical Commissioning Groups in NCL particularly where risks are interconnected between organisations;
- Provide operational oversight and scrutiny of the high level pan NCL risks;
- Ensure staff are effectively managing risks and that each CCG has an effective system of risk management in place;
- Ensure staff are acting in accordance with risk management policies;

- Be held to account by the Accountable Officer and Chief Finance Officer for effective risk management.

D3. CCGs' Executive Management Teams (EMTs)

The CCGs' EMTs will:
- Provide oversight and scrutiny of high level risks within the CCG;
- Ensure staff are effectively managing risks at all levels of the organisation and in all directorates;
- Ensure staff are acting in accordance with risk management policies;
- Have oversight and responsibility for operational risk management issues faced by the organisation;
- Agree and approve resources for risk management within the CCG;
- Prepare a complete, accurate and reliable report on risk management for the purposes of the Annual Governance Statement to ensure it is fair and representative of the organisation's risk management arrangements;
- Provide annual assurance on the effectiveness of risk management arrangements through the completion of an annual assurance statement regarding their risk management responsibilities;
- Provide feedback on the risk management processes and policies supporting this strategy to the NCL Governance and Risk Team;
- Be held to account by the Chief Operating Officer for effective risk management;
- Ensure directors provide risk reports to Governing Bodies /committees as appropriate.

D4. Managers and Staff

The CCGs' managers and staff will:
- Manage risk within their area of responsibility as appropriate and report on these risks to the Risk Owner;
- Support the Risk Owner in the management of their risks and writing risk reports;
- Work within this policy;
- Ensure the teams and staff under their control manage risk effectively and follow this policy;
- Ensure they and their teams receive risk management training;
- Work with the NCL Governance and Risk Team and help ensure timely and smooth production of risk reports, the Corporate Risk Register and the Board Assurance Framework - and the smooth operation of the risk management system;
- Highlight any problems or concerns with any risk with the Risk Owner.

D5. NCL Governance and Risk Team

The NCL Governance and Risk Team provides:
- Central oversight of the risk management process and system in each of the CCGs and this policy;
- Prepare risk reports for Governing Bodies / Committees;
- Training for staff and Governing Body members in relation to risk management.

The NCL Governance and Risk Team is not accountable or responsible for the actual management of the risks and this sits with Risk Owners and Risk Managers.

E   RISK REGISTERS AND RISK OVERSIGHT

E1. Directorate Risk Registers

Each directorate shall have a Directorate Risk Register which contain all of the key directorate risks. Risks with a current risk score of 8 and above assessed at the corporate level will be included in the Corporate Risk Register. The Directorate Risk Registers shall use the same

template as the Corporate Risk Register as per E2 below. The risks from the Directorate Risk Registers with a current risk score of 8 and above will be sent to the Governance and Risk Team for inclusion on the Corporate Risk Register as per local agreement.

E2. Corporate Risk Register

Each CCG will have a Corporate Risk Register ('CRR'). The CRR will contain all of the CCG's key risks with a current risk score of 8 or higher assessed at the corporate level against the CCG's strategic objectives. The CRR template is below:

Corporate Risk
Register and Board As

E3. Board Assurance Framework

Each CCG will have a Board Assurance Framework ('BAF'). The BAF will be comprised of all of the CCG's key strategic risks from the CRR. The key strategic risks are those risks on the CRR with a current risk score of 15 or higher. Therefore, the BAF template will be the same as the CRR template. Please refer to E2 above for the BAF and CRR template.

E4. Risk Oversight

The Directorate Risk Registers will be reviewed by the appropriate director on a monthly basis or as otherwise required. Risks with a current risk score of 8 and above assessed at the corporate level will be included in the CRR.

The CRR will be presented to the CCGs' Executive Teams on a bi-monthly basis or as otherwise agreed by the Executive Team for operational scrutiny, review and oversight. The Executive Teams may re-grade, add amend or remove risks at its absolute discretion.

Risks with a current risk score of 12 or higher from the CRR will be presented to the appropriate Governing Body committee for scrutiny, review and oversight at each committee meeting or as otherwise agreed by the committee.

Risks with a current risk score of 15 or higher from the CRR will be presented to the respective CCG Governing Body for scrutiny, review and oversight at each Governing Body meeting or as otherwise agreed by the Governing Body. This ensures that the Governing Body can concentrate its focus and attention on the most serious risks.

There will be a small number of risks on the CRR which are purely operational and may reach the threshold for escalation to committees but do not reach the threshold for the BAF. These risks may on a case by case basis and at the discretion of the Chief Operating Officer be presented to the Executive Team for scrutiny, review and oversight only and will not be presented to a Governing Body committee. In most instances it will be clear whether a risk is purely operational whereas at times it will be a matter of judgment.

E5. Inclusion and Removal of Risks from the CRR and BAF

Risks may be added to or removed from the CRR or the BAF by directors, Governing Body members, the Governing Body and/or any Governing Body committee.

Risks assessed at a corporate level with a current risk score of 8 or higher will be included on the CRR. Risks with a current risk score of 15 or higher from the CRR will be included on the BAF.

Risks may be removed from the CRR and/or the BAF under the following circumstances:
- The risk is no longer relevant;

- The risk has been effectively mitigated;
- The risk no longer reaches the relevant threshold;
- The risk has materialised and is an issue.

Where a risk has dropped below the relevant thresholds the respective Governing Body or any of its committees may decide that the risk needs to stay on the CRR or the BAF for continued oversight on a case by case basis and at its absolute discretion. Risks that have dropped below the threshold will be reported at the following Governing Body and/or committee meeting for information.

E6. **Project and Programme Level**

Risks at the project and programme level are overseen and managed within directorates as per the directorate management structure. It is at the discretion of the director as to how this is done but should be undertaken in a manner which provides assurance to the director that directorate risks are being both appropriately managed and overseen at the right level.

Projects and programmes tend to have a high number of lower level risk that are being dealt with at any one time which results in lengthy risk registers. It would be a disproportionate use of resources to use the full Corporate Risk Register template to manage these risks therefore a more appropriate and streamlined risk register template has been developed for project and programme risks.

All project and programme risks continue to be owned by the appropriate director. However, when any of these risks become key directorate risk they will be shown as full entries on the Directorate Risk Register.

The Project and Programme Risk Register Template is below:

Project and
Programme Risk Regi

Schedule 1
Key Contacts

This schedule sets out the names and contact details of key contacts.

Name	Role for NCL CCGs	Telephone	E-mail
Andrew Spicer	Head of Governance & Risk	020 3688 2032	Andrew.spicer1@nhs.net
Jennifer Nabwogi	Governance & Risk Leads	020 3816 3954	Jennifer.nabwogi@nhs.net
Chris Hanson		020 3688 2681	Christopher.hanson1@nhs.net

Schedule 2
Risk Appetite

This schedule sets out the CCG's risk appetite as agreed by the Governing Body.

The chart below shows the appetite grading for risks based on their potential impact

Appetite Description	Appetite Level
The CCG is not willing to accept these risks under any circumstances	1
The CCG is not willing to accept these risks (except in very exceptional circumstances)	2
The CCG is willing to accept some risk in this area	3
The CCG is willing to accept moderate risk in this area	4
The CCG is willing to accept high risk in this area	5

The chart below shows the CCG's risk appetite in each area:

No.	Service Area	Includes	Governing Body Statement	Appetite Level
1.	Quality	- Delivery of quality services - Patient experience - QIPP - NICE guidance - Implementing national clinical guidance - Mandatory training - Access to Primary Care - Reducing Health Inequalities	We will ensure equitable, high quality services for all the people of the borough and will only rarely accept risks which threaten that goal.	2
2.	Safety	- Serious Incidents - Incidents - Safeguarding - Patient safety - Health and Safety - Work force safety - DBS Checks	We hold patient and staff safety as the highest priority and will not accept any risk that threatens either.	1
3.	Compliance with legislation	Financial, Regulatory and Legislative Compliance	We will comply with all legislation relevant to the CCG and will not accept any risk which, if realised,	2

			would result in non-compliance except in very exceptional circumstances. (Excludes compliance with national targets)	
4.	Conflicts of Interest	• Involvement of member practices in decision making process • Expert clinical engagement and input into decision making and decisions	We will preserve the integrity of our decision making processes and our decisions and will comply with statutory guidance. Given the nature of CCGs and the challenges of delivering national and local plans such as the Five Year Forward view we are willing to accept some risks in certain circumstances but these will be managed robustly.	2
5.	Reputation	• Relationship with stakeholders • Knowledge • Political environment	We intend to maintain high standards of conduct and will accept risks that may cause reputational damage only in certain circumstances, and only when the benefits merit the risk.	3
6.	Innovation & Productivity	• Positive risk appetite • Doing things differently • Application of knowledge	We aim to foster, and will encourage, a culture of innovation and efficiency; in so doing we are prepared to accept the concomitant risks. However, when doing so we will work within the risk appetite levels for each Service Area set out in this document and will not exceed them.	4
7.	Finance	• Invest to save • Achieving the financial plan • Value for money • Efficiency and effectiveness of spend	We will stay within set financial limits and will not accept any risks which, if realised, would cause a breach but the achievement of strategic objectives, value for money and cost effectiveness can justify calculated risk.	2
8.	Partnerships	• New partnership creation • Challenging existing partnerships • Partnership prioritisation	We will work with other organisations to ensure the best outcome for patients and are willing to accept the risks associated with a collaborative approach.	3

Precedence of Risk Appetite Scores

For the avoidance of doubt where two risk appetite scores conflict with each other the lowest risk appetite score takes precedence. For example, the CCG may be working on a new and innovative service and so work within the risk appetite level of 4 for Innovation and Productivity. However, whilst doing so the CCG will work within the risk appetite levels of 1 for Safety and 2 for Quality.

Schedule 3
Risk Management Process Guide

1.   Introduction
This guide sets out the risk management process. It is a standard and replicable process which provides guidance and ensures consistency across the organisation. It should be used by all staff when they are managing risks.

2.   Key Stages of the Risk Management Process
An effective risk management process has four key stages which are:

Stage No	Stage	Section of this guide
1.	Identify and assess the risk	3
2.	Decide future actions and plan them	4
3.	Assess the strength of THE plan	5
4.	Implement the plan and keep the risk plan under review	6

3.   Stage 1: Identify and Assess the Risk
- Identify the risk and how it impacts on the delivery of objectives;
- Identify measures currently in place to control the risk and consider the effectiveness of these measures;
- Assess the risk and give it an Initial Risk Score to provide an indication of its level of priority. This provides a starting point to work from.

This stage has six steps:

3.1   Step One: Identify the Objective
All risks are a risk to the delivery of an organisational objective. At this step, identify which objective(s) the risk impacts.

3.2   Step Two: Identify the Risk
The risk to achieving the objective should be identified and clearly described. Key stakeholders should be engaged where appropriate to ensure that the risk identified is the right risk. The risk should be given a risk title to make it easy to quickly identify the risk and described in terms of the cause, effect and impact of the risk. The risk should be written in plain English and in a way that a member of the public would easily understand.

Example 1:

Title
Cause: If [A] happens
Effect: There is a risk of [B]
Impact: Which may result in [C].

Failure to Engage Patients
Cause: If the CCG fails to effectively engage with patients when commissioning a service
Effect: There is a risk that the CCG commissions a service that does not meet patient need.
Impact: This may result in the service not delivering the required health improvements, loss of reputation, legal challenge and wasted resources.

3.3   Step Three: Identify the Controls currently in place

- Identify the things that are in place at that moment in time to control the risk (excluding the controls that are planned to be put into place - as they are not yet in place).

3.4 Step Four: Identify the Evidence of Controls
- Identify the physical evidence that exists to prove that the controls are in place. This is important as it provides assurance that the controls exist and can be relied upon.

Example 2:

Controls	Evidence of Controls
C1. Monthly performance reports to Finance and Performance Committee.	C1. Finance and Performance Committee papers. C1. Minutes of Finance and Performance Committee meetings.
C2. Weekly meetings with providers to address key issues.	C2. Provider action plans.
C3. Quarterly NHS England assurance reporting.	C3. Reports to NHS England.

Evidence of controls should be mapped against the controls they relate to as per the example above. In this example 'C1' means 'control 1', 'C2' means 'control 2' and 'C3' means 'control 3.' Here C1 is supported by two pieces of evidence. C2 is supported by one piece of evidence. C3 is supported by one piece of evidence.

3.5 Step Five: Assess the Overall Strength of the Controls in Place
- Assess how strong the totality of the controls are that are in place. Strong controls result in a better controlled risk and so assessing their strength will help to assess the level of risk and the priority that should be given to it.

There are four levels of effectiveness:

Level	Criteria
Zero	The controls have no effect on controlling the risk.
Weak	The controls have a 1- 60% chance of successfully controlling the risk.
Average	The controls have a 61 – 79% chance of successfully controlling the risk
Strong	The controls have a 80%+ chance or higher of successfully controlling the risk

3.6 Step Seven: Assess the Initial Risk
- Asses the initial risk posed taking into account the controls, the evidence of controls that are currently in place and the effectiveness of those controls;
- Measure the risk and give it a score ('Initial Risk Score').

The score is calculated in accordance with the principles below:

Risks are the combination of two things:
1. The consequence to the objective if the risk occurs; and
2. The likelihood of the risk occurring.

In the NCL CCGs we measure both on scales of 1-5 **(see section B8 & B9 of Risk Policy).**

4. **Stage 2: Decide Future Actions and Plan**

This stage has three steps:

4.1 Step One: Make a Risk Response Decision:
Decide how to respond to the risk identified taking into account the level of risk:

Threat Response	Explanation
Avoid a threat	This option is about making the uncertain certain by removing or avoiding the threat altogether.
Reduce a threat	This option is about taking action to reduce the consequence and/or likelihood of a threat materialising.
Transfer the risk	This option is about passing the risk to a third party. A typical example is the use of insurance.
Share the risk	This option is about sharing some of the risk with another party. An example may be to jointly commission a service with another CCG.
Accept the risk and prepare a contingency plan	This option is about taking the chance that the threat will occur but having a contingency plan in place should it do so. This option is commonly used where the likelihood that a threat will materialise is low but the impact is high such as Emergency Preparedness. It is also often used when the likelihood that a risk will materialise is high and there is little that can be done to prevent the risk from materialising.

4.2 Step 2: Identify Gaps in Controls:
Identify if there are any additional controls needed to be put into place to fully support a Risk Response Decision at 4.1 above.

4.3 Step 3: Plan Future Actions:
Plan what actions will be taken in the future to fully support the Risk Response Decision. This will be informed by judgment on what controls are needed, what evidence of controls need to obtained and whether there is a need to strengthen any controls. This step also includes identifying when each action needs to be completed by and stating this in the plan.

5. **Stage 3: Assess the strength of the plan**

This stage has two easy steps.

5.1 Step 1: Assess the Target Risk:
   * Assess the 'target risk' score that will be achieved if all controls are in place and actions have been implemented;

   * The target risk score ('Target Risk Score') is calculated in the same way as the Initial Risk Score at 3.6 above.

The Initial Risk Score and the Target Risk Score act as the two ends of a scale. With the Initial Risk Score showing the level of risk at the point of identification and the Target Risk Score showing the expected target when the risk response decision has been decided and actions supporting it have been completed.

5.2 Step 2: Assess the relationship between the Initial Risk Score and Target Risk Score:
   * The relationship between the Initial Risk Score and the Target Risk Score is an important indicator of how successful the planned actions will be:

Threat Scenario	Meaning
Initial Risk Score is higher than the Target Risk Score	The actions will have an effect in reducing the threat.
Initial Risk Score is the same as the Target Risk Score	The actions will not have an effect in reducing the threat. The planned controls and actions should be reconsidered unless the Risk Response Decision was to Accept the Risk and Prepare a Contingency Plan.
Initial Risk Score is the lower than the Target Risk Score	The planned actions will increase the threat. Stop immediately and reconsider the actions.

6. Stage 4: Implement the plan and keep the risk and plan under review

This stage has five steps:

6.1 Step 1: Set Date when the risk will be reviewed:
- Identify how often the risk needs to be reviewed and the set the date. Some risks may require daily review whereas others may be every three months. It depends on the nature of the individual risks.

6.2 Step 2: Implement the actions:

6.3 Step 3: Review the risk and reassess the Current Risk:
- Review the risk on the date set as per paragraph 6.1 above (or earlier if necessary) and assess where the risk is now.
- Calculate the current risk score in the same way as the Initial Risk Score at section 3.6 above.

The Initial Risk Score shows the risk score at the point the risk was identified. The Current Risk Score shows where the risk is now.

6.4 Step 4: Assess the relationship between the Initial, Current and Target Risk Score:

Threat Scenario	Meaning
Current Risk Score is higher than the Initial Risk Score	The actions taken have increased the threat. Stop and consider the actions.
Current Risk Score is the same as the Initial Risk Score	The actions have not had an effect in reducing the threat. Consider whether the controls and actions are appropriate or whether they need to be reconsidered and alternative actions taken. This does not apply where the Risk Response Decision was to Accept the Risk and Prepare a Contingency Plan.
Current Risk Score is lower than the Initial Risk Score but higher than the Target Risk Score	The controls and actions are reducing the threat.

Current Risk Score is lower than the Initial Risk Score and the same as the Target Risk Score	Target level has been reached. Consider if there is anything else that could be done to further reduce the threat or whether the level of risk is acceptable.

6.5   Step 5: Continue the cycle of review, plan and implement:
- Continue managing the risks through a continual process of review, planning and implementation of actions.