

Title of Meeting:	Governing Body	Agenda Item: 8.2	
Date of Meeting:	27 August 2020		
Paper Title:	Risk Management Matrix – Financial Consequence Descriptors	Session (Tick)	
		Public	X
		Private	
Responsible Governing Body Member Lead Jane Hawcard, Chief Finance Officer		Report Author and Job Title Sasha Sencier, Senior Governance Manager	

Purpose (this paper if for)	Decision	Discussion	Assurance	Information
	X			

Has the report (or variation of it) been presented to another Committee / Meeting?
If yes, state the Committee / Meeting: No.

Executive Summary

The Risk Management Strategy was approved by the Governing Body on 25 June 2020. Since this time an extensive piece of work has been carried out to review risks and this has highlighted the need to review the financial consequence descriptors detailed within the strategy.

When looking at scoring for some of the financial risks facing the CCG the scoring came out lower than it felt appropriate. This is because the NY CCG has a turnover much higher than it was when the CCGs were 3 separate entities. As an example, based on a turnover of £700m, a risk to the CCG estimated at £500,000 would be classified as a ‘consequence’ of 1 (negligible). Thus, even if it was felt that this risk ‘likelihood’ was ‘almost certain’ to happen, the overall score would only be a 5 (negligible).

The proposed update made to the financial descriptors seeks to address the risk of not identifying a potential significant financial risks of the CCG.

The below table demonstrates the current financial descriptor and the proposed financial descriptors. The full Likelihood and Consequence Descriptors are detailed at Appendix A.

CURRENT Finance including claims	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget Claim less than £10,000	Loss of 0.25–0.5 per cent of budget Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget Claim(s) between £100,000 and £1 million Purchasers failing to pay on time	Non-delivery of key objective/ Loss of >1 per cent of budget Failure to meet specification/ slippage Loss of contract / payment by results Claim(s) >£1 million
PROPOSED Finance including claims	Risk of loss / claim remote up to £100,000	Claims / Loss between £100,000 and £250,000	Claims / Loss between £250,000 and £500,000	Uncertain delivery of key objective/ Claims / Loss between £500,000 and £1m Purchasers failing to pay on time	Non-delivery of key Objective Claims / Loss exceeds £1m Failure to meet specification/ slippage Loss of contract / payment by results

Recommendations	
The Governing Body is being asking to: Approve the update made to the financial 'consequence' descriptors detailed within Appendix A of the Risk Management Strategy.	
Monitoring	
This policy will be reviewed in three years. Earlier review may be required in response to exceptional circumstances, organisational change or relevant changes in legislation / guidance, as instructed by the senior manager responsible for this policy. The Governing Body, Executive Directors, Committees and all CCG employees have responsibility to ensure the effective implementation of the Risk Management Strategy.	
Any statutory / regulatory / legal / NHS Constitution implications	The CCG is required to manage risk. The Risk Management Strategy and processes detailed within will be audited and will provide assurance that the CCG is meeting all statutory requirements.
Management of Conflicts of Interest	No conflicts of interest have been identified prior to the meeting.
Communication / Public & Patient Engagement	The policy will be circulated to the target audience identified within the policy.
Significant Risks to Consider	No significant risks to consider, however not updating the financial consequence descriptors could stop a potential significant risk from being adequately scored.
Financial / resource implications	The financial descriptors in the strategy have been updated as outlined in this paper.
Outcome of Impact Assessments completed	Not applicable.

Sasha Sencier, Senior Governance Manager

Likelihood and Consequence Descriptors

Risks are first judged on the *probability* of events occurring so that the risk is realised. Enter a number (1-5) indicating the probability of the risk occurring. Please refer to the definition scale below.

		Descriptors of frequency	Time framed descriptors of frequency
1	Rare	This will probably never happen/recur	Not expected to occur for years
2	Unlikely	Do not expect it to happen/recur but it is possible it may do so	Expected to occur at least annually
3	Possible	Might happen or recur occasionally	Expected to occur at least monthly
4	Likely	Will probably happen/recur but it is not a persisting issue	Expected to occur at least weekly
5	Almost certain	Will undoubtedly happen / recur, possibly frequently	Expected to occur at least daily

Severity of consequence and impact of the risk occurring

Based on the above judgments a risk assessment can be made of the potential future risk to stakeholders and the organisation as follows:

Light Green	Negligible
Green	Low Risk
Amber	Moderate Risk
Red	High Risk
Dark Red	Extreme Risk

	Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
Domains	Negligible	Low Risk	Moderate/High	Serious	Extreme
Impact on the safety of patients, staff or public (physical / psychological harm)	Minimal injury requiring no/minimal intervention or treatment. No time off work	Minor injury or illness, requiring minor intervention Requiring time off work for >3 days Increase in length of hospital stay by 1-3 days	Moderate injury requiring professional intervention Requiring time off work for 4-14 days Increase in length of hospital stay by 4-15 days RIDDOR/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long-term incapacity/disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients

Quality / complaints / audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint (stage 1) Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint (stage 2) complaint Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/independent review Low performance rating Critical report	Totally unacceptable level or quality of treatment/service Gross failure of patient safety if findings not acted on Inquest/ombudsman inquiry Gross failure to meet national standards
Human resources / organisational development / staffing / competence	Short-term low staffing level that temporarily reduces service quality (< 1 day)	Low staffing level that reduces the service quality	Late delivery of key objective/ service due to lack of staff Unsafe staffing level or competence (> 1 day) Low staff morale Poor staff attendance for mandatory/key training	Uncertain delivery of key objective/service due to lack of staff Unsafe staffing level or competence (>5 days) Loss of key staff Very low staff morale No staff attending mandatory/ key training	Non-delivery of key objective/service due to lack of staff Ongoing unsafe staffing levels or competence Loss of several key staff No staff attending mandatory training /key training on an ongoing basis
Statutory duty / inspections	No or minimal impact or breach of guidance/ statutory duty	Breach of statutory legislation Reduced performance rating if unresolved	Single breach in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breaches in statutory duty Improvement notices Low performance rating Critical report	Multiple breaches in statutory duty Prosecution Complete systems change required Zero performance rating Severely critical report
Adverse publicity / reputation	Rumours Potential for public concern / media interest Damage to an individual's reputation.	Local media coverage – short-term reduction in public confidence Elements of public expectation not being met Damage to a team's reputation	Local media coverage – long-term reduction in public confidence Damage to a services reputation	National media coverage with <3 days service well below reasonable public expectation Damage to an organisation's reputation	National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House) Total loss of public confidence (NHS reputation)
Business objectives / projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met

Finance including claims	Risk of loss / claim remote up to £100,000	Claims / Loss between £100,000 and £250,000	Claims / Loss between £250,000 and £500,000	Uncertain delivery of key objective/ Claims / Loss between £500,000 and £1m Purchasers failing to pay on time	Non-delivery of key Objective Claims / Loss exceeds £1m Failure to meet specification/ slippage Loss of contract / payment by results
Service / business interruption Environmental impact	Loss/interruption of >1 hour Minimal or no impact on the environment	Loss/interruption of >8 hours Minor impact on environment	Loss/interruption of >1 day Moderate impact on environment	Loss/interruption of >1 week Major impact on environment	Permanent loss of service or facility Catastrophic impact on environment
Data Loss / Breach of Confidentiality	Potentially serious breach. Less than 5 people affected or risk assessed as low e.g. files were encrypted	Serious potential breach and risk assessed high e.g. unencrypted clinical records. Up to 20 people affected	Serious breach of confidentiality e.g. up to 100 people affected	Serious breach with either particular sensitivity e.g. sexual health details or up to 1000 people affected	Serious breach with potential for ID theft or over 1000 people affected