Section G

Risk Management

This section explains how NHS Ayrshire & Arran staff will manage risks that affect the organisation.

Last review: October 2024
Reviewed March 2026 - updated

Contents

Item 1: Statement of Intent

NHS Ayrshire and Arran believes that effective risk management will provide a safer environment and better care for patients and, will help the organisation to capitalise on opportunities and fulfil its corporate objectives in the short and longer term. The Board is committed to making risk management a core organisational process and ensuring that it becomes an integral part of our philosophy, practices and business planning and that responsibility for implementation is accepted at all levels of the organisation.

NHS Ayrshire and Arran acknowledges that providing health services is an inherently risky business and that risk can bring with it positive advantages, benefits and opportunities. The Board does not therefore aim to create a risk-free environment, but rather one in which risk is considered as a matter of course and appropriately identified and controlled.

We will ensure that risk management is embedded into NHS Ayrshire and Arran's vision and organisational culture; existing governance policies; and planning, reporting and decision-making structures at both the strategic and operational levels. We believe that organisations who integrate risk management have a greater likelihood of achieving strategic objectives and delivering services efficiently and effectively.

The Board also recognises the importance of involving local stakeholders in its risk management processes and of working in partnership to identify, prioritise and control shared risks.

NHS Ayrshire and Arran's risk management seven Objectives for 2023 to 2026 are to:

1. Ensure the completion of robust reviews of all adverse events to enhance timeous learning and outputs for those involved in the review;
2. Continual improvement and development of effective training and support for colleagues in relation to risk management activities, through a Human Factors approach;
3. Ensure that the risk appetite statement is embedded in risk management activities and clearly demonstrates application against the four pillars of performance;
4. Maintain provision of assurance to the Board regarding application of the risk management framework with specific assurance that strategic, operational and partnership risks are being managed effectively;
5. Continue to minimise the likelihood of adverse events, risks and complaints through effective risk identification, prioritisation, treatment and monitoring, to ensure integrated linage between risk and resilience to encompass learning;
6. Provide comprehensive continuity and resilience plans for those risks that we accept
7. Further develop and maintain a robust legal compliance register to provide assurances to the Board on the organisations compliance with legal requirements;

The Risk Management Strategy is due for review in 2026 and will be supported by an implementation plan.

Item 2: Purpose

2.1 NHS Ayrshire & Arran's purpose is 'Working together to achieve the healthiest life possible for everyone in Ayrshire and Arran'. This purpose is supported through commitments to our service users and families, our staff and our partners and underpinned by our values: Caring, Safe and Respectful.

The NHS Board recognises that it is not possible to eliminate all the risks which are inherent in the delivery of healthcare and is willing to accept a certain degree of risk.

2.2 Risk management is an integral part of the NHS Ayrshire & Arran system of internal control. Corporate assurance is a process designed to provide evidence that an NHS organisation is doing its "reasonable best" to meet objectives, protect patients, staff, the public and all stakeholders against risks of all kinds.

2.3 In the case of Partnership Working with other agencies, the NHS Ayrshire & Arran Risk Management Strategy will be shared to identify and quantify the individual risks, particularly where responsibility cannot be assigned to an individual partner. In the particular case of NHS and Local Authorities jointly managed services, each partner's risk management arrangements will be taken into account when identifying and quantifying risks associated with the provision of such jointly managed services.

Item 3: Approach to Risk Management

3.1 The Risk Management Strategy provides the overarching framework for the management of risk within NHS Ayrshire & Arran and it applies across all parts of the organisation and to everyone employed by NHS Ayrshire & Arran, including permanent, temporary, locum, contracted agency and bank staff.

3.2 The Strategy sets out the the vision, objectives and organisational arrangements for the management of risk, over the three-year period from 2023-2026 and describes in detail the risk management process for identifying, rating, prioritising and managing risk, how these functions should be carried out and organisational responsibility and accountability. These functions include adverse event and near miss reporting and management; identification and management of risk; and a more integrated approach to sharing of learning information with the ultimate aim of improving patient care and reducing harm. A new strategy will be developed for 2026-2029 with an associated implementation plan.

3.3 Primarily, risk management is about good governance and good risk management awareness and practice at all levels across the organisation is a critical success factor for NHS Ayrshire & Arran. Risk management is central to the effective running of any organisation. At its simplest, risk management is good management practice and it should not be seen as an end in itself, but as part of an overall management approach.

3.4 In essence, 'Risk management' means having in place a corporate and systematic process for evaluating and addressing the impact of risks in a cost effective way and ensuring that staff have the appropriate competencies to identify and assess the potential for risks to arise.

3.5 Risk management proactively reduces identified risks to an acceptable level by creating robust systems for assessment and prevention, rather than reaction and remedy. It plays a vital part in informing decision making and supporting a culture of quality improvement within an organisation. A risk management system is based on a systematic process of:

- Identification
- Assessing
- Managing and controlling
- Monitor and review

3.6 Many of the organisation's existing practices and processes already include elements of risk management. The integrated approach consolidates these elements in order to:

- provide a consistent approach to risk management
- demonstrate how risk management is integrated into the organisation's strategic planning, operational and day to day activities
- ensure that risk management is embedded in the decisions staff make
- clarify roles and responsibilities in the risk management process
- continuously improve risk management approach and the quality of risk information the organisation holds
- provide a framework that will give assurance to the NHS Board and stakeholders of the organisation's ability to deliver its strategic objectives

3.7 NHS Ayrshire & Arran's approach to risk management recognises the importance of working in partnership with all relevant stakeholders where appropriate including:

- Patients and the Public
- Staff
- Partner Agencies, Contractors and the Voluntary Sector

3.8 Working together with our Health and Social Care Partnerships, Integration Joint Boards (IJBs) and Local Authorities and constituent parties across North, South and East Ayrshire in terms of Risk Management plays a significant role in the success of the risk management agenda.

The IJBs have their own Risk Management Strategies including a risk monitoring framework, and a Risk Register, which is maintained and shared between parties. Risks on delegated services which are shared between parties require to be communicated across partner organisations with clear responsibilities, ownership and timescales

Item 4: Organisational Responsibility and Accountability

The Risk Management Strategy defines the control framework, that is the Scheme of Delegation, set by the NHS Board in relation to responsibility for risk management throughout NHS Ayrshire & Arran. The Scheme of Delegation identifies which powers and functions the Chief Executive shall perform personally and those which they have delegated to other Directors and Officers. In addition it identifies those powers and functions delegated by the NHS Board to sub-committees.

4.1 NHS Ayrshire & Arran Board

4.1.1 The NHS Board has overall corporate responsibility for the risk management strategy and for ensuring that significant risks are suitably and sufficiently identified, monitored and controlled. It does this by ensuring that an effective programme for managing all types of risk is in place.

4.1.2 The NHS Board will receive a Strategic Risk Register report relating to high risks and above every six months for review and assurance. The minutes of the Governance Committees will fully reflect discussion on risk and identify the corporate risks that require to be highlighted to the NHS Board.

4.2 Governance Committees

4.2.1 The NHS Board has delegated the function of risk governance to the governance committees. The Audit and Risk Committee has responsibility to review the effectiveness of the risk management system within the organisation.

Each committee has a responsibility to provide assurance to the NHS Board in respect of the risks that fall within their specific remit. Each committee has a further responsibility to encourage lead Directors and Senior Managers to ensure the dissemination of learning across NHS Ayrshire & Arran from adverse events, near misses, complaints and claims.

4.2.2 The Governance Committees will be informed by two key Committees as described below:

Risk and Resilience Scrutiny and Assurance Group has responsibility for monitoring the organisation's risk profile and for reporting the relevant Strategic risks to the assigned Governance Committees of the NHS Board. Specifically it is responsible for reviewing and monitoring implementation of NHS Ayrshire & Arran's Risk Management Strategy and assuring operational delivery. It is charged with embedding risk management into the organisation's existing philosophy, practices and business processes

Health, Safety and Wellbeing Committee provides assurance to the Staff Governance Committee that the Board is meeting its legal duty. The Committee has the role of keeping under review the measures taken to ensure the effective management of the health and safety at work of employees, and also that of patients

4.3.1 Responsibility and accountability is clearly detailed within the Risk Managment Strategy for the following roles:

- Chief Executive
- Medical Director
- Directors (Risk Owners)
- General Managers, Heads of Service, Senior Managers and Clinical Leads (Risk Managers)
- Staff

Item 5: Risk Appetite

5.1 Risk Appetite is the amount and type of risk that NHS Ayrshire and Arran aims to operate within to achieve its objectives.

5.2 Risk Tolerance is the level of risk that NHS Ayrshire and Arran is willing to operate, given the current constraints (e.g. funding). (Note - Tolerance is not the same as a Tolerated risk).

5.3 Risk Management is an integral part of good governance and corporate management mechanisms. An organisation's risk management framework harnesses the activities that identify and manage uncertainty, allowing it to take opportunities, managed risks and not to simply avoid them. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the organisation's risk appetite.

Key considerations in risk management:

- It is often not possible to manage all risks at any point in time to the most desirable level;
- Organisations have finite resources and must manage resources on a risk based approach;
- Outcomes cannot be guaranteed when decisions are made in conditions of uncertainty;

- It is often not possible, and not financially affordable, to fully remove uncertainty from a decision;
- Decisions should be made using the best information and expertise available and rationale for decisions should be documented;
- The risk culture must embrace openness, support transparency, welcome constructive challenge and promote collaboration, consultation and co-operation

NHS Ayrshire and Arran's purpose is 'Working together to achieve the healthiest life possible for everyone in Ayrshire and Arran.' This purpose is supported through commitments to our service users and families, our staff and our partners and underpinned by our Values: Caring, Safe and Respectful.

All processes, procedures and activities carried out by NHS Ayrshire and Arran carry with them a degree of risk. It is necessary to agree the acceptable level of risk, based on what is considered to be justifiable and proportionate to the impact on patients, carers, the public, members of staff and the Board. The delivery of public services can be inherently high risk and the concept of applying risk appetite can be challenging.

5.4 The Risk Appetite Statement is based upon guidance from the Orange Book – Risk Appetite Guidance Note V2 2021. The Risk Appetite Statement should be used as a tool by Managers to identify whether enough action is being taken to mitigate a risk or whether additional action is required. This Risk Appetite Statement should be used to support the prioritisation of tasks and resources.

5.5 **Application of Risk Appetite and Tolerance Levels**

Risks are assessed using the risk domains from the NHS Scotland Impact Matrix 2025. The risk score (Current) is created by selecting the level of risk impact (range of 1-5) and multiplying this against the likelihood of the risk occurring (range of 1-5), this provides the risk score in the range of 1-25. These scores have been divided into four risk levels (Low, Medium, High and Very High), as shown in the Diagram 1 below. Further detail on this process is provided in the NHS Ayrshire and Arran Risk Management Strategy.

The risk impact is assessed against the following domains:

- Healthcare Experience
- Transformation & Innovation
- Injury/Illness
- Service Delivery/ Business Interruption
- Workforce
- Financial
- Compliance
- Public Confidence
- Health Inequalities

Diagram 1 – Risk Scoring Matrix

LIKELIHOOD	SEVERITY				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
5 Almost Certain	5	10	15	20	25
4 Likely	4	8	12	16	20
3 Possible	3	6	9	12	15
2 Unlikely	2	4	6	8	10
1 Remote	1	2	3	4	5

The following four categories of risk appetite and tolerance align directly to each of the risk score levels (Low, Medium, High and Very High) as noted in Diagram 1 –

- **Averse (Low risk score of 1 - 3):** Avoidance of risk and uncertainty in achievement of deliverables is a key organisational objective. We will accept the lowest level of risk within this area. This appetite level reduces the potential for opportunities and innovative development.

- **Cautious (Medium risk score of 4 - 9)**: Requirement for safe proven/tested delivery options that have a low degree of risk and only a limited reward potential. The potential for benefit or return is not a key driver.

- **Moderate (High risk score of 10 - 16):** Preference for balanced options that have a degree of inherent risk is considered appropriate with the potential for some reward. Levels of risk are mostly controllable.

- **Open (Very High risk score 20-25):** Willing to consider all potential delivery options and choose the one most likely to result in successful delivery whilst also providing an acceptable level of reward. Eager to be innovative and confident. Acceptance that a very high level of risk would be actively taken in the pursuit of innovation / transformation. Potential for high degree of residual risk. Levels of risk are not fully/ not mostly controllable.

5.6 Appetite and Tolerance Statements

Risk appetite and tolerance statements have been created using the NHS Ayrshire and Arran corporate objectives and organisational values. These have been aligned to the domains within the risk impact matrix. Each statement has then been assigned a risk appetite and tolerance level (averse, cautious, moderate, open) that relate to a risk level within the risk scoring matrix. The Risk Appetite and Tolerance Statements can be found in Appendix 1. Appendix 2 contains the Risk Appetite and Tolerance Summary Levels.

5.7 Identifying Risk Appetite and Tolerance for Risks

In order to identify the Risk Appetite for any risk, once it has been scored the highest domain of each risk should be used to identify the Risk Appetite /Tolerance Level. Where there are multiple impacts of the same rating, the risk owner should select the most appropriate domain to identify the Risk Appetite, taking into account the priorities and

values of NHS Ayrshire and Arran. When the current risk score is greater than the risk appetite or tolerance level, this identifies that additional work is required to reduce the level of risk or the risk should be considered for escalation.

Item 6: Performance Management

6.1. Continuous monitoring and review of the effectiveness of the risk management arrangements will be undertaken using a range of methods including:

- identified Key Performance Indicators
- internal and external audit reports
- adherence to risk structures and processes
- review of risk registers and levels of risk
- reporting of strategic risk

6.2 The following reports and information will be provided in support of the Risk Management Strategy:

- the Board will receive the Strategic Risk Register every six months for review and assurance
- Governance Committees will receive quarterly risk management reports
- a measuring performance programme will be in place to measure the implementation of the risk management strategy at all levels of the organisation

Performance management sets the context in which risks will be evaluated and managed within the organisation. Risk management should therefore be included within the performance reports and be an integral part of planning and performance processes.

Item 7: Learning and Development

7.1 To implement this strategy effectively, it is essential to achieve:

- a workforce with the competence and capacity to manage risk and handle risk judgements with confidence
- an organisational focus on identifying malfunctioning systems rather than people
- organisational learning from events

7.2 Training is an essential element in supporting and embedding risk management throughout NHS Ayrshire & Arran and the development of the organisation's risk management service.

7.3 To meet organisational requirements, training will be delivered which is dependent upon departmental training needs analysis and risk. Whilst there are many subjects which will fall under the description of risk management, the following training will be provided:

- Risk Management Awareness
- Risk Assessment Training
- Risk Appetite Awareness
- Adverse Event Review Training
- Risk System Training
- Root Cause Analysis Training

7.4 The Risk Management Strategy calls for a more integrated approach to sharing of learning information with the ultimate aim of improving patient care and reducing harm. This requirement is reinforced further by the Quality and People strategies which identify the Learning Organisation as a key to the delivery of the Quality Strategy ambitions; the HIS National Framework for Reviewing and Learning from Adverse Events in NHS Scotland, February 2025.' and NHS Ayrshire & Arrans 'purpose'.

7.5 NHS Ayrshire & Arran has ensured that the characteristics of a learning culture[1] are embedded into the organisation. Implementation of such characteristics will have a significant healthy impact upon the management of risk within NHS Ayrshire & Arran.

7.6 Learning does not simply come from the more serious events. The integration of risk management throughout NHS Ayrshire & Arran has led to closer linkages between areas such as Claims, Complaints and Health & Safety providing many areas of learning that require to be shared organisational wide. A learning note process is in place to facilitate both organisation wide learning and national learning through reporting on Healthcare Improvement Scotland Community of Practice Portal.

of

[1] Quality Improvement Culture and Learning Organisation Strategic Framework, October 2014

Appendix 1 – Risk Appetite and Risk Tolerance Statements

Domain	Appetite Statement	Appetite level	Tolerance Statement	Tolerance level
Injury/Illness (Physical and psychological) to patient/visitor/staff	NHSAA objective to protect and improve the health and wellbeing of the population. The 'caring' value underpins this objective, showing concern for others and caring for the health, safety and wellbeing of everyone.	NHSAA accepts that the healthcare has an associated degree of inherit risk therefore has a **cautious** appetite for risks related to injury/illness to patients/visitors/staff.	The NHSAA objective is to protect and improve the health and wellbeing of the population. NHSAA acknowledges that there should be a safe environment and appropriate working practices that minimise the risk of injury to patients and our people in order to deliver patient care however the benefits should always outweigh the risks. NHSAA will not accept a risk tolerance greater than the risk appetite for these types of risk.	NHSAA has a **cautious** tolerance for risks related to injury/illness to patients/visitors/staff.
Healthcare Experience (Impact on how our stakeholders experience our organisation)	NHSAA objective to create compassionate partnerships between patients, their families and those delivering health and care services which results in the people using our services having a positive experience of care. Feedback to gauge satisfaction and effectiveness of healthcare experience will be sought through various processes.	NHSAA has a **cautious** appetite for risks that impact on the healthcare experience of those who engage with our services.	NHSAA is committed to requesting feedback and learning from events ensuring actions are captured to prevent reoccurrence. It is acknowledged that expectations of healthcare experience requires to be managed and delivered appropriately and how people react to situations is out with the organisations control. In order to deliver learning NHSAA acknowledges that additional action may be required following learning events and during this time the risk impact may be higher.	NHSAA has a **moderate** tolerance for risks that impact on the healthcare experience of those who engage with our services acknowledging the challenges associated with waiting times which has a direct impact on healthcare experience.
Transformation & Innovation (Impact on our ability to deliver change	NHSAA is committed to deliver transformational change in the provision of health and social care through dramatic improvement and use of innovative approaches.	NHSAA has a **moderate** appetite for transformation and innovation;	In order to deliver the innovation and research to reform service delivery NHSAA recognises that a higher tolerance level is required during periods of change in order to deliver	NHSAA has an **open** tolerance for transformation and innovation

Domain	Appetite Statement	Appetite level	Tolerance Statement	Tolerance level
& innovation across our organisation)	However, recognising that the balance against the other impacts (quality and safety) of this requires careful consideration and appropriate plans and frameworks are in place to support.		the strategic intent. NHSAA would accept a higher tolerance level as the boundaries are required to be pushed to foster innovation, however they must include detailed medium term mitigation plans to reduce the risk to within appetite and operate within appropriate governance frameworks.	
Service Delivery / Business Interruption (Impact on our ability to deliver efficient & effective services)	NHSAA objectives are to ensure services are timely and accessible to all parts of the community we serve. Whilst it is not always possible to eliminate risk, the focus is on ensuring services are available and appropriate business continuity plans should be in place to minimise disruptions.	NHSAA has a **cautious** appetite for risks associated with service delivery/business interruption.	During periods where an event has occurred this may result in initial delays to service whilst plans are implemented, during this time NHSAA would accept a higher level of risk until plans are implemented. Actions will be identified and delivered where performance is out with target.	NHSAA has a **moderate** tolerance for risks associated with service delivery/business interruption.
Workforce (Impact on our staff wellbeing, competency & levels)	NHSAA workforce related objectives aim to attract, develop, support and retain skilled, committed, adaptable and healthy staff and ensure our workforce is affordable and sustainable. The organisational values centred on workforce exist to ensure staff are valued, respected and developed. The values aim to ensure staff are safe and supported to improve health and wellbeing and are	NHSAA has a **cautious** appetite for risks related to staffing, competence and wellbeing.	In order to continuously improve NHSAA recognises that this will involve periods of change and transition which may result in increased risk in order to identify, develop and embed new, innovative ways of working for the benefit of our people and patients. NHSAA will accept an increased risk during times of change and innovation that are backed up by well-defined and risk assessed plans and assurances that	NHSAA has a **moderate** tolerance for risks related to staffing, competence and wellbeing.

Domain	Appetite Statement	Appetite level	Tolerance Statement	Tolerance level
	informed, involved and treated fairly and consistently.		staff governance will remain at the forefront of any changes.	
Financial (Impact through unplanned cost/reduction of available finances)	NHSAA objective related to finance strives to deliver better value through efficient and effective use of all resources. It is recognised that there are significant financial challenges, budgets are under close scrutiny and we are subject to close external monitoring. The challenges associated with delivering the expected budget could impact on NHSAA ability to meet statutory requirements.	NHSAA has a **cautious** appetite for financial risk at the present time. However, it should be acknowledged that the longer term aim would be to work towards an averse appetite for financial risk.	NHSAA recognise that budgets are challenging and there is ongoing financial challenge both in Revenue and Capital. We will support a spend to save approach where there is clear defined benefit to the Board and this supports the ethos of reforming/reconfiguring services to deliver on the budget set out for NHSAA. However we recognise there is a level of risk associated with this approach and it is vital to balance cost versus quality and safety of healthcare.	NHSAA has a **moderate** tolerance for financial risk.
Compliance (Impact on business controls to comply with industry rules, regulations and sustainability)	NHSAA is committed to ensuring compliance with legislation and regulatory requirements. Regular audits and inspections are essential to achieve compliance and NHSAA acknowledge that there will be audit recommendations and actions required, however these must be managed to ensure compliance. NHSAA recognise that there is a	NHSAA has a **cautious** appetite for risks impacting on compliance with regulations, legislation and industry rules.	NHSAA are committed to ensuring compliance with changes to legislation and accept that there may be periods of change that result in actions requiring implementation. Financial challenges associated with these actions may impact on our ability to deliver. During this period NHSAA are willing to tolerate an increased level of risk however detailed actions plans are required to	NHSAA has a **moderate** tolerance for risks impacting on compliance with regulations, legislation and industry rules.

Domain	Appetite Statement	Appetite level	Tolerance Statement	Tolerance level
	financial challenge and as such areas require to be prioritised, however the focus must remain on delivery of the compliance agenda across all topics. NHSAA also recognise the importance of the consideration of compliance with best practice guidance and standards. Although this is desirable, compliance with regulation would be prioritised over best practice or guidance.		be delivered to support compliance challenges.	
Public Confidence (Impact on public confidence of the organisation)	NHSAA objectives focus on delivering patient centred care which is timely and accessible to ensure wider stakeholder confidence. To achieve this it is essential that feedback from a variety of sources / staff and members of the Public is received and responded to in order to deliver service improvements and build Public Confidence. Communication plans will be essential parts of our strategy to build Public Confidence.	NHSAA has a **cautious** appetite for risks impacting on public confidence.	NHSAA recognise that change can bring a period of uncertainty until plans are fully embedded. In order to achieve change there will be some unpalatable decisions being made leading to periods of uncertainty and questions from the Public and through the Media. A robust communications strategy is essential to engage with key stakeholders and also keeping the public informed. During this time NHSAA are willing to accept a higher level of risk in order to drive and implement change that will benefit patient care and service delivery.	NHSAA has a **moderate** tolerance for risks impacting on public confidence.

Domain	Appetite Statement	Appetite level	Tolerance Statement	Tolerance level
Health Inequalities (Impact could create/increase Health Inequalities across the Population)	In order to deliver equity of care across the population of Ayrshire and Arran, NHSAA aims to protect and improve the health and wellbeing of the population through advocacy, prevention and anticipatory care. This will reduce inequalities and will include ensuring our services are timely and available to the population we serve. NHSAA recognise the close link with this domain to finance and healthcare experience.	NHSAA has a **cautious** appetite for risks related to health inequalities.	NHSAA are committed to delivering equity of care across the population of Ayrshire and accept that there may be periods of change that result in actions requiring implementation. This will be essential in pursuit of tackling inequalities both in terms of access and giving back healthy lives. During this period NHSAA are willing to tolerate a limited increase level of risk in order to deliver the strategic intent of NHSAA.	NHSAA has a **moderate** tolerance for risks related to health inequalities.

Appendix 2 – Risk Appetite and Risk Tolerance Level Summary

Risk Domain	Risk Appetite	Risk Tolerance
Injury/Illness	Cautious	Cautious
Healthcare Experience	Cautious	Moderate
Transformation & Innovation	Moderate	Open
Service Delivery / Business Interruption	Cautious	Moderate
Workforce	Cautious	Moderate
Financial	Cautious	Moderate
Compliance	Cautious	Moderate
Public Confidence	Cautious	Moderate
Health Inequalities	Cautious	Moderate