GIG CYMRU NHS WALES | Cyd-bwyllgor Comisiynu Joint Commissioning Committee

4.2 APPENDIX 1

NHS Wales Joint Commissioning Committee

Risk Management Procedure 2026/27

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Executive Sponsor:	Committee Secretary and Associate Director of Corporate Services
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Target Audience:

People who need to review this document in detail	All Staff with the responsibility for undertaking risk assessments. All staff who approve risks as a risk owner or manager.
People who need to have a broad understanding of this document	All staff.
People who need to know that this document exists	All staff.

Integrated Impact Assessment:

Equality Impact Assessment Date & Outcome	**Date:** **Outcome:**
Welsh Language Standard	Yes - If Standard 82 applies you must ensure a Welsh version of this policy is maintained.
Date of approval by Equality Team:	
Aligns to the following Wellbeing of Future Generation Act Objective	Provide high quality, evidence based, and accessible care

Approval Route:

Where	When	Why
CTM UHB Audit & Risk Committee		Endorse for Joint Commissioning Committee Approval
Joint Commissioning Committee		Endorse for Host Body Approval

Disclaimer:
If the review date of this document has passed, please ensure that the version you are using is the most up to date version either by contacting the author or (nwjcc.governance@wales.nhs.uk)

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1. INTRODUCTION

1.1 The NHS Wales Joint Commissioning Committee, hereafter known as "JCC", is an organisation that is committed to supporting the creation of an NHS system fit for the future, with transformed services that join up around the people who use them. Its objectives drive work plans and decisions to enable the JCC to provide all stakeholders with assurance about the internal system of controls.

1.2 The JCC is a joint committee of the seven Health Boards in Wales and hosted by Cwm Taf Morgannwg University Health Board ("CTMUHB"), acting collectively on their behalf. Risk management plays a critical role in helping the JCC understand the impacts and manage the risks associated with its priorities and is fundamental to its success. This procedure sets out key principles that guide how risk management is embedded at all levels and how the JCC will ensure that risk is managed effectively and efficiently.

1.3 Risk is an important feature within the different parts of the NHS systems architecture. Collaborative working can often lead to risks regarding risk ownership and accountability. It is important that there are clear inter-relationships regarding the management and ownership of risks between these elements, acknowledging that organisations across the NHS system may be responsible for implementing the controls and providing assurances for aspects of strategic JCC risks.

1.4 Pursuant to the Hosting Agreement between the JCC and CTMUHB dated 26th September 2024 (and subsequent iterations to be agreed), the JCC adopts the risk assessing and management mechanisms of CTMUHB, details of which can be found here.

1.5 Whilst the JCC adopts the risk assessing policies and procedures of CTMUHB there is a need for the JCC to set out its own risk management processes that relate to the specific functions of the JCC. Such processes are set out within this Risk Management Procedure ("Procedure"), which is also supported by a simple guide that can be found [here – insert link when approved]

1.6 This procedure will be applied to those risks relating directly to the commissioning functions of the JCC undertaken on behalf of the health boards.

1.7 Whilst the procedure outlines the risk management mechanisms for the JCC, the JCC remains aware of the need to work in partnership with each of the seven Health Boards to ensure that it does not substantially deviate from their agreed risk management arrangements.

1.8 The purpose of this procedure is to provide clear instructions on the identification, management and assessment of all risks.

1.9 The JCC is committed to implementing a Joint Committee Assurance Framework ("JAF") that will identify, analyse, evaluate and control the risks that threaten the delivery of its strategic objectives, see Appendix 1, and delivery against its Annual Plan and strategic priorities for 2026–2027 and beyond. It will be considered alongside other key management tools, such as workforce, performance, quality dashboards and financial reports, to give the Joint Committee ("JC") a comprehensive picture of the JCC's strategic risk profile. The JAF can be found [here – insert link when approved]

1.10 The purpose of this Procedure is to provide guidance to all staff on the management of

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both strategic and operational risks within the organisation.

1.11 It aims to:

- set out respective responsibilities for strategic and operational risk management for the JC and staff throughout the organisation.
- set out responsibility for Sub Committees, namely the Quality, Safety and Outcomes Sub-Committee ("QSOC"), the Planning, Performance and Finance Sub-Committee ("PPF") and the CTMUHB Hosted Bodies Audit, Risk & Assurance Committee ("ARAC")
- describe the procedures to be used in identifying, analysing, evaluating and controlling risks to the delivery of the JCC's Annual Plan and strategic priorities for 2026-2027 and beyond.

2. SCOPE

2.1 The planning and commissioning of health care services involves risk. The aim of the JCC's activities in respect of this is not to seek to create a risk-free environment, but rather to create an environment in which risks are considered as a matter of course and appropriately identified and controlled or managed.

2.2 The JCC is committed to making risk management a core part of how the organisation runs its activities, making risk an integral part of its planning, delivery and evaluative activities.

2.3 The JCC has a dual role:

- It functions as an organisation with responsibilities for ensuring statutory compliance, overseeing provision and ensuring financial sustainability.
- It functions as an engine of change, with responsibilities to promote joined-up care, innovation, and to deliver improved population health outcomes for the services it commissions.

2.4 The JCC has established a clear process governing the identification and description of risk and for clearly recording how these risks are to be effectively mitigated.

2.5 The procedure covers the management of Strategic and Organisational risks and the process for the escalation of risks for scrutiny and consideration for inclusion on the Organisational Risk Register ("ORR") and JAF.

2.6 **Strategic Risks:** are significant risks that have the potential to impact upon the delivery of strategic objectives, which are reported through the JAF. They are reviewed and monitored by the Senior Leadership Team ("SLT"), Sub Committees and the JC.

2.7 **Organisational Risks**: are risks that are mainly operational in nature and arise from the JCC's day-to-day activities. They are monitored locally through the JCC's directorate teams and when appropriate are reported on the ORR.

2.8 The JCC will seek to take a differential approach to the management of risk, based on the type of risk identified. This is to be linked to the JC's view on risk appetite for the various types of risk, as described in section 4 of this procedure.

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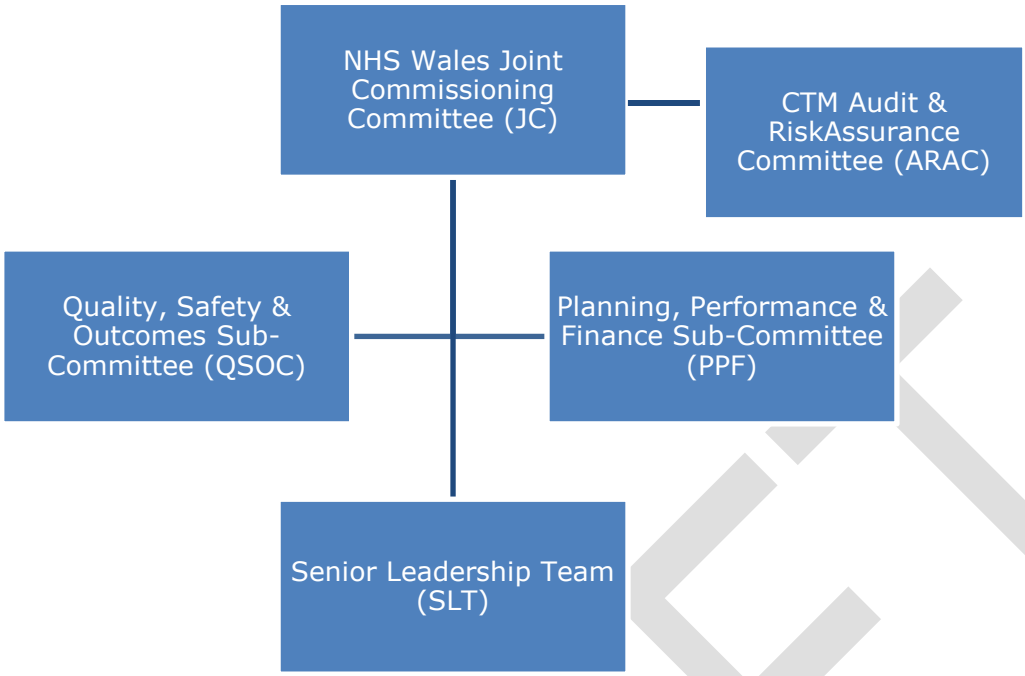
3. RISK MANAGEMENT ORGANISATIONAL STRUCTURE



3.1 Roles and Responsibilities

ROLES	RESPONSIBILITIES
Joint Commissioning Committee	Health Board Chief Executives and NWJCC Lay Members share responsibility for the effective management of risk and compliance with relevant legislation. In relation to risk management, the JCC is responsible for: • Articulating the Strategic Objectives/Goals of the JCC. • Articulating the Strategic Risks of the JCC. • Protecting the reputation of the JCC. • Providing leadership on the management of risk. • Approving the risk appetite for the JCC. • Ensuring the approach to risk management is consistently applied. • Ensuring that assurances demonstrate that risk has been identified, assessed and all reasonable steps taken to manage it effectively and appropriately. • Reviewing the strategic risks reported through the JAF. • Noting the ORR with risks scored over 15 and those which are novel and/or contentious. • Endorsing risk related disclosure documents. • Approving the JCC Risk Management Procedure, JAF and Risk Appetite Statement on an annual basis.
Senior Leadership Team (SLT)	The SLT undertakes the following duties on behalf of the JCC: • Promote a culture within the JCC, which encourages open and honest reporting of risk with local responsibility and accountability. • Provide a forum for the discussion of key risk management issues within the JCC. • Ensure appropriate actions are applied to strategic risks on the JAF.

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ROLES	RESPONSIBILITIES
	• Enable risks which cannot be dealt with locally to be escalated, discussed and prioritised as deemed necessary. • Ensure Directorate Risk Registers are being appropriately rated, and action plans are being agreed and implemented to control them. • Review the risks on the ORR to determine whether they impact upon the JCC's strategic objectives. Typically, these are risks put forward by the directorates with a risk score of 15 or above which may be grouped in nature by service area or deemed appropriate by the SLT to include on the ORR as they are novel or contentious, or unable to be managed locally. • Review the Organisational Risk Register and the JAF prior to its presentation to the JCC. • Review risks identified as scoring 15 and above to ensure that they are assessed on a consistent basis and appropriately reflect the risk to the JCC, as these will inform the risks to achievement of the JCC's strategic objectives reported within the JAF. • Review and monitor the implementation of the Risk Management Procedure, Risk Appetite Statement and JAF on an annual basis. • Ensure that all appropriate and relevant requirements are met to enable the Chief Commissioner to sign the Annual Governance Statement which outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed. • Provide assurance to the JC that there is an effective system of risk management across the Organisation.
Quality, Safety & Outcomes Sub-Committee; and Planning, Performance & Finance Sub-Committee	On behalf of the JC, the sub-committees will have a role to play in ensuring effective risk management in particular they will: • Have responsibility for the review and scrutiny of commissioning risks assigned to them by the JCC. • Receive, monitor and scrutinise risk management and assurance arrangements. • Stimulate discussion to identify any new risks applicable to the JCC. • Ensure that associated quality and/or financial concerns associated with commissioned service risks are appropriately captured within each risk as necessary. • Analyse if there are cross cutting themes and/or risks that need to be captured and escalated to the ORR. • Provide constructive critical challenge on risk scoring, controls and mitigating actions. • Receive updates in terms of actions taken to mitigate the risks and provide feedback and challenge to risk owners on the actions taken and any further action required. • Provide onwards assurance to the JC in relation to risks assigned to them to provide oversight and scrutiny.
CTM Audit, Risk and Assurance Committee ("ARAC") for Hosted Bodies	As a hosted organisation of CTMUHB, the CTM ARAC for hosted bodies has a specific role in relation to the ongoing review of the effectiveness of the JCC Risk Management processes. In relation to risk management, the CTMUHB ARAC shall support and

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ROLES	RESPONSIBILITIES
	provide advice to the JCC on the establishment and maintenance of an effective system of internal control and risk management. In particular, the CTM ARAC will seek assurances of: • All risk and control related disclosure statements (in particular the Annual Governance Statement), including information relating to internal audit assessments undertaken, external audits and/or other appropriate independent assurance, prior to endorsement by the JC and/or the JC sub-committees. • The structures, processes and responsibilities for identifying and managing risks facing the JCC. • The JCC's JAF and the adequacy of the scrutiny of risks by the assigned JCC sub-committees. This will be addressed by ensuring all significant risks (i.e. those escalated to the ORR scoring 15 or above or those not able to be managed locally) are assigned to a JCC sub-committee for scrutiny. • Through the Hosting Agreement, the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct and accountability requirements. By identifying and assessing regulatory, legal and code of conduct issues that could have been prevented by more effective management of risk and assurance of controls in place. • The operational effectiveness of policies and procedures, through regular review of policies and procedures, through the Hosting Agreement.
Directorates	Directorates are responsible for risks within their areas of operation and providing assurance to the SLT, via the JCC sub-committees and directorate team meetings on the operational management and any support required in relation to the management of risk. Specifically, each directorate will: • Promote a risk culture which encourages open and honest reporting of risk with local responsibility and accountability. • Use the Local/Directorate Risk Register(s) for recording and reviewing risks. • Ensure that directorate meetings discuss risk, risk management and organisational learning within their area of responsibility on a monthly basis. • Co-ordinate the risk management processes which include risk identification and assessments, and the management of the local and directorate risk registers. • Ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the JCC risk domains and risk scoring matrix contained in this document. • Assure SLT on the management and mitigation of risk for their area. • Provide reports, as required, to the SLT that will contribute to the organisational monitoring and auditing of risk. • Escalate service risks scored 15 and above and any novel or contentious risks that are unable to be managed to the Strategic

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ROLES	RESPONSIBILITIES
	Risk Owner for consideration and review at SLT to determine whether they impact on the JCC's strategic objectives. • Contribute to the organisational monitoring and auditing of risk. • Ensure staff attend relevant mandatory and local training programmes. • Ensure the moderation and calibration of risks across the Directorates to avoid duplication, ensure consistency, compliance and alignment with the Risk Management Procedure and ensure shared learning across the JCC. • Review and update existing risks, consider new risks for inclusion and escalate/de-escalate risks as appropriate to the Director assigned as the Strategic Risk Owner for the risk being escalated.

3.2 **Duties of Individuals within the NWJCC Team**

The following table sets out the respective risk management duties and responsibilities for individual staff members.

INDIVIDUALS	DUTIES
Chief Commissioner	The Chief Commissioner as Accountable Officer of the JCC 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, finance, and organisational control and governance. The Chief Commissioner has overall responsibility for: • Ensuring the JCC maintains an up-to-date Risk Management Strategy and JAF endorsed by the JCC. • Promoting a risk management culture throughout the JCC. • Ensuring that there is a framework in place which provides assurance to the JCC in relation to the management of risk and internal control. • Putting in place and maintaining an effective system of risk management and internal control.
Committee Secretary	The Committee Secretary will, with the support of the Assurance and Risk Officer: • Work closely with the JCC Chair, Chief Commissioner, JCC Directors, Director of Corporate Governance at CTMUHB and Chair of the CTMUHB ARC to implement and maintain the Risk Management Strategy and JAF and related processes, ensuring that effective governance systems are in place. • Work with the JCC to develop a shared understanding of the risks to the JCC's strategic objectives. • Develop and communicate the JCC's risk awareness, appetite and tolerance. • Develop and oversee the effective execution of the JAF and ensure effective processes are embedded to rigorously manage the risks therein. • Monitor the action plans and reporting to the JCC and relevant JCC sub-committees.

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INDIVIDUALS	DUTIES
Directors	Directors are accountable and responsible for ensuring that their areas of responsibility are implementing this Strategy and related policies. 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 JCC's strategic objectives. Specifically, they will: • Act as strategic risk owner for risks within their remit including those escalated to the Organisational Risk Register. • Use the Directorate and Organisational Risk for recording and reviewing risk. • Communicate to their staff the JCC's strategic objectives and ensure that the Directorate's individual objectives and risk reporting are aligned to these. • Ensure that a forum for discussing risk and risk management is maintained within their area which will encourage the proactive management of risk. • Co-ordinate the risk management processes which include risk assessments, incident reporting, the investigation of incidents/near misses and the management of the local and directorate risk register. • Ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk scoring matrix contained in this document. • Provide reports to the appropriate JCC sub-committee that will contribute to the monitoring and auditing of risk. • Ensure staff attend relevant mandatory and local training programmes. • Ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting. • Ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post and those key objectives are reflected in the individual performance review/staff appraisal process; and • Ensure that the JAF and the risk management reporting timetable are delivered to the Joint Committee.
All 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 directorate/team/area operates. Managers must ensure that their staff understand and implement this Strategy and supporting processes, ensuring that staff attend relevant mandatory and local training programmes.

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INDIVIDUALS	DUTIES
	Managers must be fully conversant with the JCC's approach to risk management and governance. They will support the application of this Strategy and its related processes and participate in the monitoring and auditing process.
All Staff	All members of staff are accountable for maintaining risk awareness and identifying and reporting risks as appropriate to their line manager. In addition, they will ensure that they familiarise themselves and comply with all the relevant risk management strategies and procedures for the JCC and attend/complete risk management training as appropriate. They 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 JCC's business. • Report all incidents/accidents and near misses. • Comply with the JCC's incident and 'near miss' reporting procedures. • Be responsible for attending mandatory and relevant education and training events; and • 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 which may not have been assessed.

4. RISK MANAGEMENT PROCESS

4.1 Risk Assessment

Each directorate within the JCC needs to identify risks through the completion of risk assessments and ensure that risk assessments are completed and regularly reviewed on an ongoing basis. The JCC Risk Identification and Assessment Form can be found at Appendix 2.

4.2 Organisational Risk Register ("ORR")

The ORR is a record of risks rated 15 which have been determined by the SLT that they may impact upon the JCC's strategic objectives or cannot be managed locally. Typically, these are risks put forward by the directorates with a risk score of 15 or above which may be grouped in nature by service area or deemed appropriate by the SLT to include on the ORR as they are novel or contentious, or unable to be managed locally.

The ORR represents a record of service, quality, commissioning, financial and business risks faced by the JCC during the year.

It sets out the controls which the strategic risk owner and risk lead have or will put in place to effectively mitigate each risk, together with sources of assurance to inform the SLT as to the effectiveness of the controls. It also identifies any areas in which the controls or sources of assurance require improvement to be as effective as possible and sets out actions necessary to secure improvement.

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The responsible strategic risk owner and risk lead will take responsibility for the development and implementation of an appropriate risk action plan and ensure progress against this is reported to the relevant JCC sub-committee and SLT for assurance.

4.3 **JCC Risk Assurance Framework**

The JCC's Risk Assurance Framework was approved by the JC on the (insert date following approval).

The JAF will be articulated via a JAF Report presented to the JC that brings together the JCC's strategic objectives and the strategic risks, which may prevent the organisation from achieving its strategic objectives.

The JAF Report identifies the controls in place to manage these risks and any available assurance linked to their effectiveness. It will:

- Incorporate action plans for the strategic risks within the "Mitigating Actions" section which are closely aligned to the gaps in controls and/or assurances.
- Link to key measures of performance and National Priority Measures.
- Align strategic risks to operational risks on the Organisational and Directorate Risk Registers as appropriate.

4.4 The benefits of the JAF include:

- That it is designed specifically for Joint Committee-level oversight.
- It is a structured and evidence-based assessment of the key risks facing the JCC.
- It can be used to shape cycles of business and the work of the JCC and its sub-committees.
- It enables Independent Lay Members to focus their scrutiny and constructive challenge.
- It supports strategic decision-making.

The table below articulates how the JAF differs from the JCC Organisational Risk Register and Local/Directorate Risk Register.

Strategic Risk (JAF)	Corporate (Organisational) Risks	Local (team)/Directorate Risks
• Captured on the Joint Assurance Framework (JAF). • Potential 'high/extreme' risks that may threaten the achievement of the JCC's strategic objectives and key statutory duties. • Proactive identification. • Managed by established control framework and planned assurances. • Long-term (e.g. little movement expected in risk scores). • Will be high/extreme (red) risks by their nature.	• Captured on the Organisational Risk Register (ORR). • 'Live' operational risks which may impact delivery of strategic objectives, wider organisational priorities and/or day to day business delivery. • May be grouped in nature by service area. • May be novel or contentious. • Reactive identification. • Managed by additional mitigations. • Dynamic, short-term (e.g. expected movement in	• Captured on the Local and/or Directorate's Risk Registers. • Operational risks at team and/or directorate level which might impact on the delivery of service or work programme/project objectives. • Reactive identification. • Managed by additional mitigations. • Dynamic, short-term (e.g. expected movement in risk scores). • Will usually be very low to medium (green/amber) risks by their nature. • A risk reaching a high

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	risk scores). • Will be high/extreme (red) risks by their nature.	(red) score might prompt review and discussion with the senior leadership team as an emerging risk but will not necessarily result in automatic escalation to the ORR. This reflects the distinction between risks assessed against team and/or directorate level objectives, including project objectives, and those affecting JCC wide strategic objectives. Risks scoring 15 or over can therefore be managed at local directorate/ project level without being reported through the ORR.

4.5 The Joint Committee will monitor and ensure the JAF remains up to date by the following activity:

- Each strategic risk has a Lead Director as the Strategic Risk Owner.
- The Committee Secretary will review the risk score, action plan and current performance with the Lead Director(s) in readiness for reporting to the SLT and onwards to the Joint Committee.
- Each strategic risk has an assigned JCC sub-committee.
- JCC sub-committees will monitor, scrutinise and seek assurances on the strategic risks which they own.
- The Joint Committee should consider annually whether the strategic risks are comprehensive, or if risks need to be added / removed / changed.

The JCC utilises the CTMUHB ARAC to discharge the requirements outlined in the JCC Standing Orders for a sub-committee to cover audit and risk business requirements on behalf of the JCC.

4.6 **Risk Quantification and Escalation & De-escalation**

As part of the risk assessment process risks must be allocated a domain and a risk score which can be obtained using the JCC Risk Domain and Scoring Matrix, found in Appendix 3. Each risk is assessed and scored on the likelihood of occurrence and the severity/impact in the initial assessment (without controls), current (with controls and mitigating actions where gaps in controls are identified), and target risk score (after completion of actions).

The process of risk escalation and de-escalation will be monitored by SLT and the JCC sub-committees, through monitoring new risks hitting threshold scores and being escalated as appropriate and/or current risks having their risk grading reduced so that the risks are appropriately de-escalated from the Organisational Risk Register back to Directorate and/or Local Risk Registers as appropriate.

The score of a particular risk will determine at what level decisions on acceptability of

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the risk should be made and where it should be reported. The Joint Committee defines as "High or Extreme" any risk that has the potential to damage the JCC's strategic objectives.

The JCC's 'Risk Management Process – Directorate to Joint Committee Escalation is included at Appendix 4.

4.7 **Risk Appetite**

At its simplest, risk appetite can be defined as the amount of risk that the JCC is prepared to accept in the pursuit of its strategic objectives.

Decisions on accepting risks may be influenced by the following:

- The likely consequences are insignificant.
- A higher risk consequence is outweighed by the chance of a much larger benefit.
- Occurrence is rare.
- The potential financial costs of minimising the risk outweighs the cost consequences of the risk itself.
- Reducing the risk may lead to further unacceptable risks in other ways.

Therefore, a risk with a high numerical value may be acceptable to the JC, but that decision would be taken at an appropriate level following approval of the JCC's Risk Appetite.

The JC will review its risk appetite on an annual basis to ensure that the JCC's 'risk appetite' remains appropriate in the prevailing political, financial and healthcare landscape.

The JCC's Risk Appetite Statement is included at Appendix 5.

4.8 **Risk Treatment**

The risk assessment process involves making a decision about what should be done with each risk. It includes determining appropriate controls and or treatments for the risk, and what level of risk can be tolerated within the organisations risk appetite.

- A **Control** is an existing strategy and process currently in place such as systems, policies, procedures, standard business processes, practices.
- A **Treatment** is an additional strategy/activity we need to develop, and implement should the risk level be unacceptable after controls are applied.

Consideration must be given as to how risks can be controlled or be made less likely to occur. After introducing effective precautions and controls there may still be a certain amount of residual risk remaining.

It is important to remember that if a risk has already occurred then the controls are not working effectively and control mechanisms will need to be reviewed, tightened, and the risk assessment updated.

Where it has been considered that a risk requires further action to reduce the likelihood and/or impact, a mitigating action plan should be devised. The action plan must have an owner; it should be specific to the risk and be SMART (specific, measurable, attainable, relevant and time bound) to evidence how the risk score can be reduced.

There are four options when deciding how to treat a risk and this is known as the 4T approach to risk decision-making.

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Following an assessment of the controls and assurance in place for each risk, consideration is given to the risk response:

Risk Response	
Terminate	This is where the activity that could lead to the risk being realised is itself terminated so that the risk can no longer occur.
Transfer	This is where a third party takes on the risk on your behalf. The most common form of risk transference is in insurance, whereby we pay insurance companies a premium to accept (usually a financial) risk on our behalf. This is a rare form of operational risk treatment and so anyone considering this as an option should contact the Strategic Risk Owner for advice. For the JCC, Transfer of a Risk could take place between the JCC to a named provider, who assumes responsibility for the risk following an agreed commissioning decision.
Tolerate	This is where the risk has been assessed, and the Strategic Risk Owner has determined that the risk is acceptable – in other words it is within our risk appetite. Once this decision has been taken, the risk will be kept under regular review to ensure that opportunities to mitigate the risk, or realise opportunities are not lost.
Treat	This is where the risk has been assessed, and the Strategic Risk Owner has determined that it still presents an unacceptable level of exposure and so needs further treatment. Treatment may be in the form of investment in resources, contingency planning or any other action that may help to reduce the risk further.

4.9 **Monitoring and Review**

It is essential to continue to reduce risks to their lowest level practicable through ongoing monitoring and reviewing. It is best conducted through normal day-to-day management. The implementation of a mitigating action plan must be kept under review along with the risk score to measure its effectiveness; if the treatment is not reducing the risk a new treatment plan should be considered.

Risk assessments should be reviewed on a regular basis as determined below:

1-6	Low	This type of risk is considered low and should be reviewed and progress on actions updated at least every six months.
8-12	Moderate	This type of risk is considered moderate and should be reviewed and progress on actions updated at least quarterly.
15-25	High	This type of risk is considered high and should be reviewed and progress on actions updated, at least every two months. If scored 20 or above the risk should be reviewed on a monthly basis.

4.10 **Escalation of Risks**

Risks should be reported on the appropriate risk register in order that they can be managed at the appropriate level. Risk escalation supports the established leadership and reporting processes as described at Appendix 4 and illustrated below in Figure 1. Risks will similarly be de-escalated through the process where risk ratings reduce.

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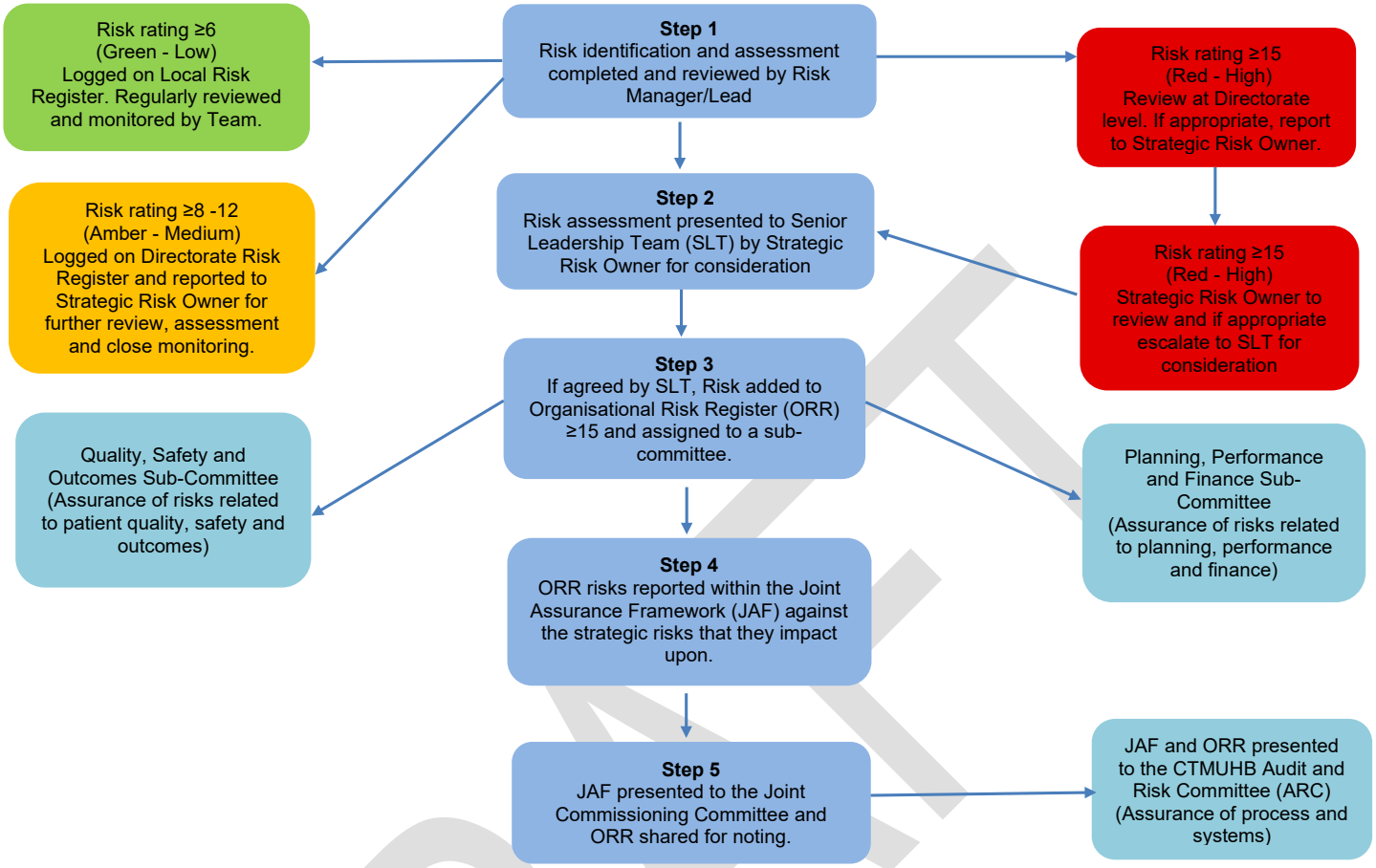
FIGURE 1: Risk Escalation Process



5. INFORMATION / SUPPORT

Support and guidance are available from the Corporate Governance Team via nwjcc.governance@wales.nhs.uk

Risk Assessment templates and training information is also available via the following site on SharePoint: http://ctuhb-intranet/dir/HealthandSafety/default.aspx

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6. APPENDIX 1 – NHS WALES JOINT COMMISSIONING COMMITTEE VALUES AND STRATEGIC OBJECTIVES

7. APPENDIX 2 - NWJCC RISK ASSESSMENT FORM FOR EMERGING RISKS REQUIRING ESCALATION

RISK ASSESSMENT FORM			
Directorate:			
Service Portfolio:			
Is this risk linked to any of the following: (Service Escalation/ Investment Decision/ Incident/Legal Proceedings/Other (specify))			
Strategic objective: (See Appendix 1)			
Risk domain: (See Appendix 2)			
Risk type: (See Appendix 2)			
Description of risk: Example: **If…** commissioned "specialised" service capacity does not keep pace with increasing demand, **Then…** patients will experience longer waiting times, reduced access to timely support, and poorer patient outcomes, **Resulting in…** • "specialised" service specification standards not being met, • the service potentially having to be placed into escalation, and • alternative service provision having to be secured at additional financial cost to the NWJCC.	**If:**	**Then:**	**Resulting In:**

What is the Initial Risk Score:
This is the risk, considered **without taking account of any controls**. Sometimes called the inherent risk score, this is important as it shows the true severity of the risk should it ever be realised. See **Appendix 3** for Risk Scoring Matrix

Consequence – C		**Likelihood - L**		**Risk Score**	

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RISK ASSESSMENT FORM

Current Control Measures in Place:

A control is something that is already in place that has to some extent reduced the likelihood of a risk occurring e.g. service in escalation, governance systems in place such as standing operating procedures, service specifications, policies, additional investment agreed, business/work programmes, alternative commissioning solutions (this might be interim/time-limited), or would reduce the consequence of a risk should it come about e.g. insurance, business continuity plans.

1.
2.
3.

With These Current Control Measures the Levels of Risk Are:

This is the risk, considered **with any existing controls taken into account**. The current risk score will almost always be lower than the initial risk, and the important point is that the greater the difference between the two scores, the greater the reliance on the control environment

Consequence – C		**Likelihood - L**		**Risk Score**	

Mitigating Action Plan:

An action is something that is intended to be done which, when it is implemented or complete, is expected to reduce the likelihood or consequence of the risk further. Once complete an action may become a new control.

Action(s) Required	**By Whom?**	**By When?**	**Investment/Cost ? (State actual or estimated if appropriate)**
1. 2. 3.			

With the Above Controls and Mitigating Actions, the Target Risk Score Will Be:

This is the risk score that the Risk Owner, having decided to treat the risk, needs to be actively working towards. The target score is usually lower than the initial score and it must be accompanied by an action plan to achieve the target (Mitigating action that will be taken to reduce the risk)

Consequence – C		**Likelihood - L**		**Risk Score**	

Target Deadline: Anticipated timescale	
Rationale for risk to be considered: (Set out the case, with any additional details, for why you think the case requires escalation)	

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RISK ASSESSMENT FORM	
Risk Assessor(s):	
Date of Risk Assessment:	

THIS SECTION TO BE COMPLETED BY DESIGNATED STRATEGIC RISK OWNER			
Does this risk require capital funding? **(Not within NWJCC Control)**		Yes ☐ No ☐	
Does this risk require escalation to the Senior Leadership Team (SLT) for consideration?		Yes ☐ No ☐	
Approval Status:			
Strategic Risk Owner:			
Comments / Feedback to Risk Assessor(s):			
Name:		**Date:**	

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8. APPENDIX 3 – RISK DOMAINS & SCORING MATRIX

Risk Domains	1. Negligible (1 – 3) Negligible impact on objective/s. Day to day operational challenges.	2. Minor (4 – 6) Minor impact on objective/s. Temporary restriction to business delivery with limited impact on stakeholder confidence.	3. Moderate (8 – 12) Moderate impact on objective/s. Short term failure to deliver key objectives with temporary adverse local publicity.	4. Major (15 – 20) Major impact on objective/s. Medium term failure to deliver key objectives with ongoing adverse publicity or negative impact on stakeholder confidence.	5. Catastrophic (25) Catastrophic impact on objective/s. Continued failure to deliver key objectives with long term adverse publicity or fundamental loss of stakeholder confidence.
Health Inequalities ***Risk Type:*** *Risks that may result in unfair or unavoidable differences in health across different groups within society*	• Negligible risk to communities, with limited impact on health inequalities or disparities	• Minor risk which may lead to noticeable effects on certain populations, leading to minor disparities in access to healthcare services or health outcomes across different groups within society	• Moderate risk which may significantly affect certain populations, resulting in substantial disparities in health status, access to care, or health related quality of life among affected groups	• Major risk which may have a profound impact on certain populations, exacerbating disparities in morbidity, mortality, and overall well-being, with far reaching consequences for affected communities	• Catastrophic threats to certain populations, leading to widespread and severe health crises, overwhelming healthcare systems, and causing significant loss of life and societal disruption
Health Outcomes ***Risk Type:*** *Risks that may result in poor or worsening health outcomes for populations*	• The impact on health outcomes for certain populations are negligible, with only immaterial variations to care or health status observed.	• Minor risk which may lead to noticeable effects on health outcomes, leading to minor disparities in disease management, treatment outcomes, or overall well-being	• Moderate risk which may lead to significant impacts to health outcomes, resulting in disease progression, functional impairment, and health-related quality of life	• Major risk which may lead to profound impact on health outcomes, exacerbating disparities in morbidity, mortality, and life expectancy, with significant implications for health trajectories and long-term prognoses	• Catastrophic threats to health outcomes, leading to severe and potentially life-threatening consequences, overwhelming the ability of certain populations to cope, and causing significant harm to their physical and mental well-being

Risk Domains	1. Negligible (1 – 3) Negligible impact on objective/s. Day to day operational challenges.	2. Minor (4 – 6) Minor impact on objective/s. Temporary restriction to business delivery with limited impact on stakeholder confidence.	3. Moderate (8 – 12) Moderate impact on objective/s. Short term failure to deliver key objectives with temporary adverse local publicity.	4. Major (15 – 20) Major impact on objective/s. Medium term failure to deliver key objectives with ongoing adverse publicity or negative impact on stakeholder confidence.	5. Catastrophic (25) Catastrophic impact on objective/s. Continued failure to deliver key objectives with long term adverse publicity or fundamental loss of stakeholder confidence.
Legal ***Risk Type**: Risks that may result in successful legal challenge and/or non-compliance with regulatory requirements. May include, but not limited to, risks linked to statutory duties, inspections, information governance, data management, general governance and probity*	• No impact or negligible 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 notice. • Low performance rating • Critical report	• Multiple breaches in statutory duty • Prosecution • Complete systems change required • Zero performance rating • Severely critical report
People ***Risk Type:** Risks that may result in damage to staff morale, wellbeing and/or adversely impact workforce collaboration and integration. May include, but not limited to, risks linked to human resource issues, business continuity, organisational development, skills mix and staff experience*	Short-term low staffing level that temporarily reduces business quality and delivery (< 1 day)	Low staffing level that reduces business quality and delivery	• Late delivery of key objective / business due to lack of staff • Unsafe capacity or competency levels (>1 day) • Low staff morale • Poor staff attendance for mandatory training	• Uncertain delivery of key objective / business due to lack of staff • Unsafe capacity or competency levels (>5 days) • Loss of key staff • Very low staff morale • No staff attending mandatory training	• Non-delivery of key objective / business due to lack of staff • Ongoing unsafe capacity or competency levels • Loss of several key staff • Staff unable to attend mandatory training on ongoing basis

Risk Domains	1. Negligible (1 – 3) Negligible impact on objective/s. Day to day operational challenges.	2. Minor (4 – 6) Minor impact on objective/s. Temporary restriction to business delivery with limited impact on stakeholder confidence.	3. Moderate (8 – 12) Moderate impact on objective/s. Short term failure to deliver key objectives with temporary adverse local publicity.	4. Major (15 – 20) Major impact on objective/s. Medium term failure to deliver key objectives with ongoing adverse publicity or negative impact on stakeholder confidence.	5. Catastrophic (25) Catastrophic impact on objective/s. Continued failure to deliver key objectives with long term adverse publicity or fundamental loss of stakeholder confidence.
Reputation ***Risk Type:*** *Risks that may result in damage to reputation, poor experience and/or destruction of trust and relations. May include, but not limited to, risks linked to adverse publicity and engagement*	• Rumours • Potential for public concern	• Local media coverage – short-term reduction in public confidence • Elements of public expectation not being met.	• Local media coverage – long-term reduction in public confidence	• National media coverage <3 days well below reasonable public expectations	• National media coverage with >3 days well below reasonable public expectation • MP concerned (questions in the House) • Total loss of public confidence
Resources ***Risk Type:*** *Risks that may result in the organisation, or system, operating outside its resource allocations, poor productivity, inefficiencies, or no return on investment. May include, but not limited to, risks linked to workforce, finance, stability, value for money, procurement and claims*	• Small loss • Risk of claim remote	• Loss of 1-2% of budget • Claim less than £10,000	• Loss of 2-5% of budget • Claim(s) between £10,000 and £100,000	• Uncertain delivery of key objective • Loss of 5-10% of budget • Claim(s) between £100,000 and £1 million	• Non-delivery of key objective • Loss of 10% of budget • Failure to meet specification • Slippage • Loss of contract payment • Claim(s) >£1 million
Social and Economic Development ***Risk Type:*** *Risks relating to decisions or events*	• Minimal or no impact on the environment	• Minor impact on environment	• Moderate impact on environment	• Major impact on environment	• Catastrophic impact on environment

Risk Domains	1. Negligible (1 – 3) Negligible impact on objective/s. Day to day operational challenges.	2. Minor (4 – 6) Minor impact on objective/s. Temporary restriction to business delivery with limited impact on stakeholder confidence.	3. Moderate (8 – 12) Moderate impact on objective/s. Short term failure to deliver key objectives with temporary adverse local publicity.	4. Major (15 – 20) Major impact on objective/s. Medium term failure to deliver key objectives with ongoing adverse publicity or negative impact on stakeholder confidence.	5. Catastrophic (25) Catastrophic impact on objective/s. Continued failure to deliver key objectives with long term adverse publicity or fundamental loss of stakeholder confidence.
which may have favourable social, ethical and/or environmental outcomes					
Strategic Commissioning ***Risk Type:*** *Risks associated with potential threats or uncertainties that may impact the NWJCC's ability to plan and commission services that meet population needs, improve population outcomes, and ensure value for money. Strategic commissioning risks emerge when this process is disrupted or compromised. These risks may affect the NWJCC'S ability to ensure person-centred, equitable, and sustainable care.*	• Negligible disruption to commissioning activities with no impact on service delivery or population outcomes. • Temporary delay in pathway design or contract negotiation.	• Negligible disruption to commissioning activities with no impact on service delivery or population outcomes. • Temporary delay in pathway design or contract negotiation. • Minor misalignment with strategic objectives.	• Moderate disruption to commissioning functions. • Inability to deliver planned service changes or meet transformation targets. • Moderate impact on access, equity, or quality of care.	• Major failure in commissioning processes. • Inability to deliver key services or meet statutory duties. • Major impact on population health outcomes, equity, or financial sustainability	• Catastrophic failure / systemic breakdown in commissioning capability. • Widespread service failure or collapse of strategic programmes. • Catastrophic impact on population health and organisational viability.

Risk Domains	1. Negligible (1 – 3) Negligible impact on objective/s. Day to day operational challenges.	2. Minor (4 – 6) Minor impact on objective/s. Temporary restriction to business delivery with limited impact on stakeholder confidence.	3. Moderate (8 – 12) Moderate impact on objective/s. Short term failure to deliver key objectives with temporary adverse local publicity.	4. Major (15 – 20) Major impact on objective/s. Medium term failure to deliver key objectives with ongoing adverse publicity or negative impact on stakeholder confidence.	5. Catastrophic (25) Catastrophic impact on objective/s. Continued failure to deliver key objectives with long term adverse publicity or fundamental loss of stakeholder confidence.
Strategy and Operations ***Risk Type:*** *Risks associated with identifying and pursuing strategies / plans (including risks associated with the establishment of innovative systems and processes to deliver the strategies /plans), which could lead to improvements, opportunities for growth or may contribute positively to the achievement of aims and objectives. May include, but not limited to, risks linked to capacity, demand, service/ business interruption, digital, projects, planning, delivery, commissioning, partnership working and transformation*	• Day to day operational challenges • Loss/ interruption of >1 hour • Insignificant cost increase / schedule slippage • Key 'political' target is being achieved and impact prevents improvement	• Temporary restriction to service delivery with limited impact on stakeholder confidence • Loss/ interruption of >8 hours • Key 'political' target is being achieved but impact reduces performance marginally below target in the near future or performance currently on target, but there is no agreed plan to meet	• Short term failure to deliver key objectives with temporary adverse local publicity • Loss/ interruption of >1 day • 5–10 per cent over project budget • Schedule slippage • Key 'political' goal is marginally below target or is soon projected to deteriorate beyond acceptable limits or there is an agreed plan, but it does not yet meet the rising target	• Medium term failure to deliver key objectives with ongoing adverse publicity or negative impact on stakeholder confidence • Loss/ interruption of >1 week • Non-compliance with national 10–25 per cent over project budget • Schedule slippage • Key 'political' target not being achieved, and impact prevents improvement, or substantial decline in performance trend.	• Continued failure to deliver key objectives with long term adverse publicity or fundamental loss of stakeholder confidence • Permanent loss of service or facility • Incident leading >25 per cent over project budget • Schedule slippage • Key objectives not met • Key 'political' target is not being achieved and the impact further deteriorates the position

RISK SCORING MATRIX

	Likelihood				
Consequence	**1**	**2**	**3**	**4**	**5**
	Rare - This will probably never happen / recur only in very exceptional circumstances. (Not for years)	Unlikely - Do not expect it to happen / recur but it is possible it may do so. (At least annually)	Possible - Might happen or recur occasionally. (At least monthly)	Likely - Will probably happen / recur and it is not a persisting issue. (At least weekly)	Almost certain - Will undoubtedly happen / recur, expected to occur in most circumstances. (At least daily)
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

RISK REVIEW

It is essential to continue to reduce risks to their lowest level practicable through ongoing monitoring and review. It is best conducted through normal day-to-day management. A review must be undertaken whenever there are any changes to the existing risk assessment. Risk assessments should also be reviewed on a regular basis as determined below:

1-6	Low	This type of risk is considered low and should be reviewed and progress on actions updated at least every **six months.**
8-12	Medium	This type of risk is considered moderate and should be reviewed and progress on actions updated at least **quarterly.**
15-25	High	This type of risk is considered high and should be reviewed and progress on actions updated, at least every **two months**. If scored **20** or above the risk should be reviewed on a **monthly** basis.

9. APPENDIX 4 – RISK MANAGEMENT PROCESS DIRECTORATE TO COMMITTEE ESCALATION

CTM training on risk is available to book on ESR please search for course: **110 Risk Management Strategy and Risk Assessment and Training Awareness**.

TASK / ACTIVITY	RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
Risk Assessment Identify Operational and Strategic risks through the completion of risk identification and assessment, and for ensuring that risk assessments are completed on an ongoing basis.	N/A	Each: It is everyone's responsibility to identify risks however, escalation would be through the: • Directorate Team • Director (Strategic Risk Owner) • Senior Leadership Team	N/A	N/A
Risk Register Use of the Directorate Risk Register to record all risks identified through the Risk Management Process, their Controls, and score and risk treatment/mitigation and generate risk registers.	N/A	Each: • Directorate Team • Director (Strategic Risk Owner)	N/A	N/A

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TASK / ACTIVITY	RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
Management of Local Risks Any risks identified and evaluated as having a low rating, i.e. a score of between one and eight, can be managed locally within the relevant area. These risks can typically be resolved quickly and relatively easily if the correct actions identified, completed and become controls under business as usual. These risks are recorded locally in the local risk register within each area/service e.g. Cardiac, Women & Children, Ambulance and 111 etc. All local risks should be reviewed and updated as per the frequency captured in Section 7 of the Risk Assessment Procedure.	Scored Between 1 – 6 (Green - Low)	Each: • Directorate Team • Directorate Risk Lead • Director (Strategic Risk Owner) **Held and Managed at Local Area/ Service Level** **Reviewed and updated at least every 6 months.**	Local Risk Register	**NO** If it can be managed locally. **YES** If it is felt that the risk can no longer be managed locally and requires more Senior input and support, then it will be first escalated by the risk owner up to the Director (Strategic Risk Owner).
Project Risks Risks identified through the management of individual projects associated with the delivery of the JC Integrated Medium Term Plan (IMTP), will be recorded in the project risk register and managed locally within the Project Management Office (PMO). These risks might score as a high risk i.e. 15 and above, if they are critical to the achievement of a project's objectives, however they will only be escalated and potentially recorded on the Organisational Risk Register if they present a significant financial or business risk to the JCC. Project risks should be reviewed and updated as per the frequency captured in Section 7 of the Risk Assessment Procedure.	Any Score	Each: • PMO • Strategic Project Lead **Held and Managed at Project Level** **Reviewed and updated at least every 6 months.**	PMO Risk Register	**NO** If it can be managed locally. **YES** If it is felt that the risk can no longer be managed at a Project level and requires more senior input and support, then it will be first escalated up through the Strategic Project Lead as appropriate for further review and assessment. A decision on the escalation of a project risk to the ORR should be made by the relevant Director of Commissioning who will submit the risk to SLT for review and consideration for entry onto the ORR.

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TASK / ACTIVITY	RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
Directorate Team Risks Risks identified as having a moderate rating i.e., a score of 8 - 12 are managed at a local level but should also be escalated to Directorate Senior Team for visibility and review. Risks Identified at a Directorate level should be recorded by a relevant Manager on the Directorate Risk Register. Reviewed at least quarterly at the relevant Directorate Team meeting.	Scored Between 8 – 12 (Amber - Medium)	Each: • Directorate Team • Directorate Risk Lead • Director (Strategic Risk Owner) **Held and Managed at Directorate Level** **Reviewed and updated at least quarterly.**	Directorate Risk Register	**NO** If it is scored below 12 and can be managed at Directorate Level **YES** If it is felt that the risk can no longer be managed at Directorate team level and requires more senior input and support, then it will be first escalated up through the Strategic Risk Owner as appropriate for further review and assessment. This might include risks that are considered novel and/or contentious, including services in escalation.

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TASK / ACTIVITY	RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
Directorate/Organisational Risks The Committee Secretary should have sight of the Directorate Risk Registers and ensure that all risks are recorded and being managed as appropriate. Directorate Risk Registers should be monitored at Directorate Team meetings, at least every two months and monthly for risks scored 20 – 25. Risks scored 15 and above, or risks that are novel and/or contentious, including services in escalation, considered for escalation to the Organisational Risk Register, should be reviewed and assessed at Directorate level in the first instance and if considered appropriate reported to the Strategic Risk Owner for further review and escalation to the Senior Leadership Team to determine whether they impact upon the JCC's strategic objectives. Typically, these are risks put forward by the directorates with a risk score of 15 or above which may be grouped in nature by services area or deemed appropriate by the SLT to include on the ORR as they are novel or contentious, or unable to be managed locally.	Scored Between 15 – 25 (Red – High) Or is novel and contentious.	Each: • Directorate Team • Directorate Risk Lead • Director (Strategic Risk Owner) • Senior Leadership Team • JCC Sub-Committees **Held and Managed at Corporate Governance Service Level** **Reviewed and updated at least every two months.**	Organisational Risk Register	**NO** If scored below 15 **YES** If it is felt that the risk can no longer be managed at Directorate level and requires Senior level input and support, then it will be reported for further review and assessment by the Strategic Risk Owner and escalated up to the Senior Leadership Team to consider inclusion to the Organisational Risk Register should they impact on the delivery of the JCC's strategic objectives. These risks will be assigned to the JCC sub-committees for ongoing scrutiny and assurance and presented to the JC for noting. They will remain on the Organisational Risk Register until they are de-escalated following ongoing monitoring and review of the controls and action plans in place to mitigate the risk.

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TASK / ACTIVITY	RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
JAF Risks Risks rated 'high red/extreme' will inform the strategic risks reported through the JAF The Committee Secretary, through the direction of the SLT, will reflect risks 20 and above to inform the JAF. These risks will continue to be reviewed, monthly, by the Strategic Risk Owner and Risk Lead within the Directorate.	Typically, scored 20 -25 (Red – Extreme) but can be scored 15 and above if deemed to be novel or contentious or unable to managed locally and impact on the delivery of the JCC's strategic objectives.	Each: • Directorate Team • Directorate Risk Lead • Director (Strategic Risk Owner) • Senior Leadership Team • JCC Sub-Committees • JCC **Reviewed and updated on a monthly basis.**	Joint Assurance Framework (JAF)	**NO** If scored below 15 and above unless they are deemed to be novel or contentious or unable to managed locally and impact on the delivery of the JCC's strategic objectives. **YES** Risks with a score of 20 and above will be inform the Joint Assurance Framework The JAF will be presented bi-monthly to the JC for approval and to the CTMUHB ARAC, bi-monthly, following sign off by the JC.

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10. APPENDIX 5 – NWJCC RISK APPETITE STATEMENT

1. Introduction:

Public sector organisations cannot be culturally risk averse and be successful. Effective and meaningful risk management in the public sector remains more important than ever in taking a balance of risk and opportunity in commissioning and delivering services. 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, allows it to take opportunities and to take managed risks not simply to avoid them, and systematically anticipates and prepares successful responses. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the conscious and dynamic determination of the organisation's **risk appetite**.[1]

The NHS Wales Joint Commissioning Committee ("JCC") should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The JCC should determine and continuously assess the nature and extent of the principal risks that the JCC is exposed to and is willing to take to achieve its objectives - **its risk appetite** – and ensure that planning and decision-making reflects this assessment. Effective risk management should support informed decision-making in line with this risk appetite, ensure confidence in the response to risks and ensure transparency over the principal risks faced and how these are managed.[2]
The challenge for the JCC in managing risk is not underestimated, and the intention of the Risk Appetite Statement is to support an informed risk-based decision.

2. The Joint Commissioning Committee has adopted the following **Risk Appetite Matrix:**

Risk Appetite	Description
Averse (None) **(1 – 3)** Avoidance of risk is a key organisational objective	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is a key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimal **(4 – 6)** Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.

[1] Government Finance Function – Risk Appetite Guidance Note – August 2021 – V2.0
[2] The Orange Book – Section A

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Cautious **(7 – 9)** Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open **(10 -14)** Willing to consider all potential delivery options and choose while also providing an acceptable level of reward	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager (Seek) **(15 - 20)** Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risks)	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

3. The Joint Commissioning Committee's **Risk Appetite Statement:**

The JCC's risk appetite 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 willing to carry risk in the pursuit of important strategic objectives.

The JCC will always aim to operate organisational activities at the levels defined below. Where activities are projected to exceed the defined levels, this will be escalated through the appropriate governance mechanisms to the JCC for ratification.

- **Strategic Direction –** the JCC has adopted an **Open** stance, where guiding principles or rules are in place that are receptive to considered risk taking in organisational actions and the pursuit of our priorities. This reflects the uniqueness of the JCC model and provides opportunity to shape the clinical strategy agenda.

- **Health Inequality, Quality, Safety and Outcomes -** the JCC has adopted a **Cautious** stance, with a preference to take decisions that risk an adverse or differential impact on commissioned populations where there is a low degree of inherent risk around patient safety, and the possibility of improved outcomes, and where appropriate controls are in place. Targeting resources to ensure equity of outcome even when this means investing differentially or disinvesting in existing commissioned services and considering options where robust methods for monitoring and measuring impact on outcomes can be established.

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- **Financial Stability and Value for Money (VFM) –** the JCC has adopted a **Cautious** stance, being prepared to accept the possibility of limited financial risk with VFM and population outcomes the primary concern for the services commissioned.

- **Innovation and Service Sustainability –** the JCC has adopted an **Open** stance, with a preference to consider some options, including the associated risks, which support the delivery of operational performance targets, with a preference for innovating service delivery, adoption of new technologies and models of service reconfiguration for the benefit of its commissioned population.

- **Governance, Compliance and Statutory Duty –** the JCC has adopted a **Cautious** stance, with a preference to accept the possibility of limited regulatory challenge, seeking to understand where similar actions had been successful elsewhere before taking any decision. The JCC would wish to work towards an **Open** stance as it continues to mature and develop, accepting the possibility of some regulatory challenge as long as it can be reasonably confident around the decisions taken and that challenge would be successful.

- **Confidence, Trust and Reputation** - the JCC has adopted an **Open** stance, being prepared to accept the possibility of some reputational risk provided there is the potential for improved outcomes for stakeholders and the JCC is comfortable with the decisions it has taken.

- **Workforce/People and OD -** the JCC has adopted a **Cautious** stance following the Organisational Change Process (OCP), with a preference to take limited risks with regard to the workforce and whilst the investment of staff development is still in progress. The JCC would wish to work towards an **Open** stance as it continues to develop and mature, with a preference of accepting the possibility of some workforce risk as a direct result from innovation as long as there is the potential for improved recruitment and retention, sustainability and developmental opportunities for staff leading to a healthy experience of work.

- **Data and Information Management –** the JCC has adopted a **Cautious** stance, with a preference to accept the need for operational effectiveness with risk mitigated through careful management, limiting distribution.

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