

Trust Board Meeting: Wednesday 9 July 2014

TB2014.83

Title	Risk Appetite Review
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Status	For approval
History	<p>The current Trust level Risk Appetite Statement was considered by:</p> <ul style="list-style-type: none"> • Quality Committee December 2012, • Finance & Performance Committee December 2012, • Audit Committee January 2013, • Trust Management Executive February 2013, • Trust Board February 2013, <p>An update paper for the current assessment was presented to:</p> <ul style="list-style-type: none"> • Quality Committee February 2014, • Finance & Performance Committee February 2014, • Audit Committee February 2014. <p>This was also discussed at the Board Seminar in April and June 2014.</p>

Board Lead(s)	Eileen Walsh, Director of Assurance			
Key purpose	Strategy	Assurance	Policy	Performance

Executive Summary

1. This paper presents the proposed Risk Appetite Statement, as discussed at the Board seminar in June 2014, for final review at this Trust Board meeting.

Recommendation

2. The Board is asked to:
 - Approve the proposed Risk Appetite Statement.

1. Introduction

- 1.1. The Trust's Risk Management Strategy sets out the process for the annual review of the Trust's Risk Appetite Statement. The Risk Appetite Statement was formally approved by the Board for the first time in February 2013.
- 1.2. Since the previous statement was developed there has been no change in the Trust's Strategic Objectives. However there have been changes in progress towards the achievement in these objectives and the respective risk scores during the course of the year. This formed part of the discussion in relation to risk appetite at the Board seminars in April and June 2014.

2. For Review

- 2.1. This paper provides the background guidance and a brief summary of the actions taken to review and develop the Trust Risk Appetite Statement.

2.2. Definition of Risk Appetite

The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time'.

(HM Treasury - 'Orange Book' 2006)

- 2.3. The Risk Management Strategy describes the process as follows:

"The risk appetite of the Trust is the decision on the appropriate exposure to risk it will accept in order to deliver its strategy over a given time frame. In practice, an organisation's risk appetite should address several dimensions:

- *The nature of the risks to be assumed;*
- *The amount of risk to be taken on;*
- *The desired balance of risk versus reward;*

On an annual basis the Trust will publish its risk appetite statement as a separate document covering the overarching areas of:

- *Risk to patients*
- *Organisational risk*
- *Reputational risk*
- *Opportunistic risk*

The statement will also define the Board's appetite for each risk identified to the achievement of strategic objectives for the financial year in question.

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

- 2.4. The following risk appetite levels, developed by the Good Governance Institute, have been included, for information, as they formed the background to the discussion in relation to appetite.

Appetite Level	Described as:
None.	Avoid the avoidance of risk and uncertainty is a Key Organisational objective.
Low.	Minimal the preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential.
Moderate.	Cautious the preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
High	Open and being willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM).
Significant.	Seek and to be eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk. Or also described as Mature being confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust.

2.5. The Risk Appetite Statement (Appendix 1) is composed of two parts:

- A general written statement, supported by the cumulative risk appetite scores across the risk categories, in line with the Risk Management Strategy; and
- A more detailed summary of risk appetite score for each of the individual risks in the Corporate Risk Register.

2.6. The Risk Appetite Statement for the current year has been amended to reflect a reduction in risk appetite in relation to opportunistic risk which is reflective of the current environment faced in the wider NHS. The statement is a dynamic live system and may be subject to change over time.

3. Recommendation

3.1. The Board is asked to:

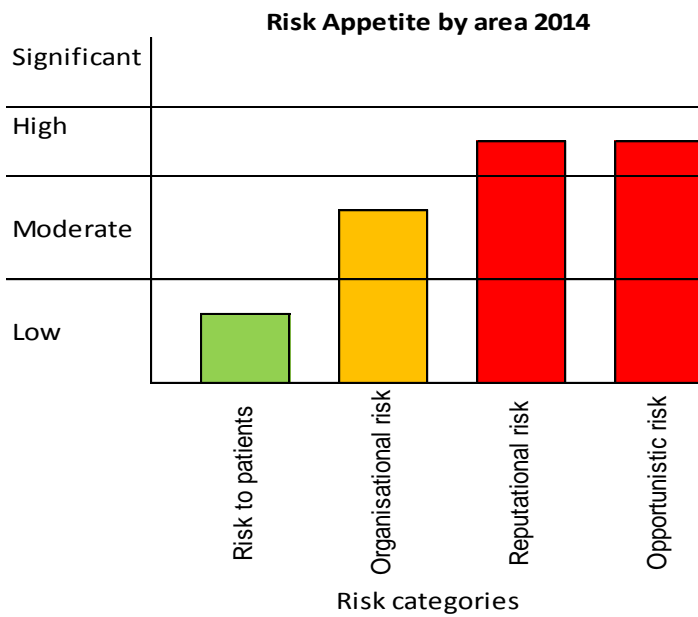
- Approve the proposed Risk Appetite Statement.

Eileen Walsh, Director of Assurance
July 2014

General Risk Appetite Statement

‘The Trust recognises that its long term sustainability depends upon the delivery of its strategic objectives and its relationships with its patients, the public and strategic partners.

As such, the Trust will not accept risks that materially impact on patient safety. However the Trust has a greater appetite to take considered risks in terms of their impact on organisational issues. The Trust has greatest appetite to pursue innovation and challenge current working practices and reputational risk in terms of its willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment. This statement is depicted in the chart below”



Risk Appetite Detailed Results supporting the risk appetite by area

ID	Risk Description	Av	Mini	Cautic	Op	Se	Mat
1.1	Patients experience indicators show a decline in quality.						
1.2	Breach of CQC regulations						
1.3	Failure to meet the Trust's Quality Strategy goals.						
1.5	CIPs impact on safety or unacceptably reduce service quality						
1.6	Poor Bed Management equipment replacement and decontamination facilities impact on patient safety						
1.7	Location of single faith prayer room						
1.8	Management of 24hr paediatric airways during resus and trauma calls						
1.9	CAS Alert NPSA 2011/PSA001 Part A						
1.1	CAS Alert NPSA 2011/PSA001 Part b						
1.12	Staffing levels and skill mix consistently monitored and reported to Board						
1.14	Poor clinical records management processes have a potential impact in quality and safety						
1.15	Excessive use of agency staff may pose a risk to the quality of service delivered						
1.16	Infection Control						
1.17	Medicine Management						
1.18	Patient transportation and co-ordination of care						
1.19	Pneumaonia - Risk Summit						
1.20	Diabetes - Risk Summit						
2.1	Failure to deliver the required levels of CIP						
2.2	Failure to effectively control pay and agency costs.						
2.3	Failure to generate income from non- core healthcare activity.						
2.4	Services display poor cost-effectiveness						
2.5	Failure to manage outstanding debtors						
3.1	Failure to reduce delayed transfers of care						
3.2	Failure of accurate reporting & poor data quality due to implementation of the EPR						
3.3	Failure to deliver National A&E targets						
3.4	Failure to deliver National Access targets 18 weeks						
3.6	Failure to deliver National Access targets Cancer,						
3.7	Capital Programme						
4.2	Lack of robust plans across healthcare systems						
4.3	Loss of Commissioner alignment of plans between the Trust and commissioner						
5.1	Loss of existing market share						
5.2	Failure to gain share of new markets. / Lack of support for business cases.						
5.3	Negative media coverage relative to our competitors						
6.1	Difficulty recruiting and retaining high-quality staff in certain areas.						
6.2	Low levels of staff satisfaction, health & wellbeing and staff engagement						
6.3	Insufficient provision of training, appraisals and development						
6.4	Staffing in maternity service						
7.1	Failure to maintain the development of organisational culture						
7.5	Failure to obtain the clinical advantages from EPR						
7.6	Failure to establish robust governance and assurance processes.						
7.7	Failure to solve legionella issues in the retained estate.						
7.8	Building issues in the Women's Centre could lead to patient safety issues						
7.9	Fire detection systems in the JR require upgrading						
7.10	Failure of laboratory accreditation process due to poor pathology sample store facilities						
7.11	Failure to provide adequate mortuary facilities at the Horton						
8.1	Failure to establish sustainable regional networks						
8.2	Failure to provide adequate support for education.						
8.3	Failure to support research and innovation.						
APPETITE LEVEL		NONE	LOW	MOD	HIGH	SIGNIFICANT	