

Meeting Title	Mid and South Essex University Hospitals Group Board in Common		
Meeting Date	11 th September 2019	Agenda No	6
Report Title	Risk Appetite Review		
Lead Executive Director	Diane Sarkar – Chief Nursing Officer		
Report Author	Diane Sarkar – Chief Nursing Officer		
Action Required	Decision <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Monitoring <input type="checkbox"/> (<i>please tick</i>)		
Background / Context	<p>The purpose of this paper is to provide an update to the Committee of the current risk appetite review from each of the sites and approve the group risk appetite assessment for review at the next Board in Common meeting on the 11th September.</p> <p>It is good practice for NHS Trusts to develop an annual Risk Appetite Statement.</p> <p>Each site has approve their local appetite (detailed in table 1) and subsequently the Executive Team has recommended the group risk appetite (table 2) utilising the Good Governance Institute (GGI) matrix (Appendix 1).</p> <p>This paper was also presented to the Audit Committee in Common on the 23rd August 2019. During discussion it was agreed that a process should be developed for those circumstances where a site may wish to take an action which exceeds the group threshold. At this time it is proposed that this would be via the Executive team.</p>		
Key Issue 1	<p>Risk is inherent in the provision of healthcare and its services. It is necessary for the Trust to understand and agree the level of risk that it is willing to accept to achieve its strategic objectives.</p> <p>The purpose of a Risk Appetite Statement is to articulate what risks the Board is willing or unwilling to take in order to achieve the Trust's strategic objectives.</p> <p>In setting out its approach to and appetite for risk within a Risk Appetite Statement, the Board is defining its strategic approach to risk-taking by defining its boundaries and risk tolerance thresholds.</p> <p>A Risk Appetite Statement that is reviewed annually, clearly articulated by the Board and clearly communicated to staff adds value by:</p> <ul style="list-style-type: none"> • Supporting decision making; • Providing clarity over the risks the organisation is willing to take; and 		

	<ul style="list-style-type: none"> Supporting effective use of resources by prioritising risks. <p>It is a requirement of the Trust's Risk Management Strategy that the Risk Appetite Statement is reviewed annually. This approach is in accordance with guidance from:</p> <p>the Good Governance Institute and Well Led guidance, published by NHS Improvement, which references regular review of the Board's risk appetite and tolerance as part of evidence that there are clear and effective processes for managing risks, issues and performance (KLOE 5).</p> <p>Methods of controlling risks must be balanced. The Trust may accept some high risks either because of the cost of controlling them, or to deliver innovation or use resources creatively when this may achieve substantial benefit.</p> <p>As a general principle the Trust has a low tolerance for, and will therefore seek to control, all risks which have the potential to:</p> <ul style="list-style-type: none"> Expose patients, staff, visitors and other stakeholders to harm; Compromise the Trust's ability to deliver operational services; Adversely impact the reputation of the Trust; Have severe financial consequences which may impact on the Trust's future viability; and Cause non-compliance with law and regulation.
Timescale for Benefits to be Realised	Ongoing monitoring via Board sub committees
Risk	Inadequate oversight of risks increases the overall risks to patients and the trusts
Freedom of Information	<i>No exemptions apply (i.e., information is in the public domain)</i> <i>OR The following exemption(s) apply to this paper :</i>
Other Implications Identified	<ul style="list-style-type: none"> Regulatory impact may be evident
Recommendation	<p>The Board is invited to:</p> <ul style="list-style-type: none"> Note site risk appetite statements Approve recommended group risk appetite statements
Appendix	1 – Good Governance Institute (GGI) Risk Matrix

1.0 Risk Appetite Definitions

Definitions for levels of risk appetite are set out in table 1 below.

These have been adopted from the Good Governance Institute's Risk Appetite for NHS Organisations Matrix (Appendix 1).

Risk Levels (consequence)	
AVOID	Avoidance of risk and uncertainty is a key organisational objective
MINIMAL	ALARP (As little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential
CAUTIOUS	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward
OPEN	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward and Value for Money (VfM)
SEEK	Eager to be innovative and choose options offering potentially higher business rewards (despite greater inherent risk)
MATURE	Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust

2.0 Site Risk Appetite Statements

Detailed below are each of the three sites risk appetites which have been discussed at Site Governance Forums.

(Table 1)

Element	Mid Essex		Southend		Basildon	
	<i>Risk Level</i>	<i>Appetite</i>	<i>Risk Level</i>	<i>Appetite</i>	<i>Risk Level</i>	<i>Appetite</i>
Financial / VFM	Cautious (2)	Moderate	Cautious (2)	Moderate	Cautious (2)	Moderate
Compliance / regulatory	Cautious (2)	Moderate	Cautious (2)	Moderate	Open (3)	High
Quality /	Open	High	Open	High	Seek	Significant

outcomes	(3)		(3)		(4)	
Innovation	Open (3)	High	Seek (4)	Significant	Seek (4)	Significant
Reputation	Open (3)	High	Open (3)	High	Open (3)	High

3.0 Recommended Group Risk Appetite Statement

Detailed below is recommended group risk appetite, this has been reviewed and discussed by the executive team. Please note the regulatory / compliance has now been broken down into two elements to cover financial and quality compliance.

(Table 2)

Element	Group	
	<i>Risk Level</i>	<i>Appetite</i>
Financial / VFM	Cautious (2)	Moderate
	Moving to Open (3) at merger	High
Financial Compliance / regulatory	Cautious (2)	Moderate
Quality Compliance / regulatory	Open (3)	High
Quality / outcomes	Open (3)	High
Innovation	Seek (4)	Significant
Reputation	Open (3)	High
	Moving to Seek (4) at point of merger	Significant