

## **Board of Directors' Risk Appetite Statement - October 2019**

The following Risk Appetite Statement makes clear the Board of Directors' expectations in relation to the category of risks they expect the Trust's management to identify and the level of such risk that is acceptable.

The statement is based on the premise that the lower the risk appetite, the less the Board is willing to accept in terms of risk and consequently the higher levels of controls that must be put in place to manage the risk.

The higher the appetite for risk, the more the Board is willing to accept in terms of risk and consequently the Board will accept business as usual activity for established systems of internal control, and will not necessarily seek to strengthen those controls. Risk appetite will therefore be set a one of the following levels:

<b>Risk Appetite</b>	<b>What this means</b>
No Appetite	We are not prepared to accept uncertainty of outcomes for this type of risk.
Low Appetite	We accept that a low level of uncertainty exists but expect that risks are managed to a level that may not substantially impede the ability to achieve objectives.
Moderate Appetite	We accept a moderate level of uncertainty but expect that risks are managed to a level that may only delay or disrupt achievement of objectives, but will not stop their progress.
High Appetite	We accept a high level of uncertainty and expect that risks may only be managed to a level that may significantly impede the ability to achieve objectives.

Risks at an operational level will be considered under the following categories:

- Quality
- Regulation and Compliance
- Reputation
- People and Resource
- Information and Communication Technology
- Finance and Efficiency
- Health and Safety

Each category of risk may have various sub-categories, for instance Quality risks may be risks relating to safety, effectiveness or patient experience. Acceptable risk scores are based on the Trust's Risk assessment matrix and the Board has specified the maximum acceptable target scores for each sub-category of risk.

## Risks that may impact on Quality

The Board of Directors' top priority is the safety of our patients. While we attempt to find a balance in our approach to achieve the best value for money and ensure the Trust is sustainable and financially sound in the future, we will not hesitate to spend money and apply resources to situations that present unacceptable risks to the safety of our patients.

<b>QUALITY</b>	<p>We will protect patients from harm, give them treatment that provides the best possible outcomes and make sure that they have a good experience of the treatment and care we provide. Patient safety is our top priority and we therefore have a low appetite to risks that may have an impact on any aspect of safety.</p> <p>We will collect useful information on quality and share this information quickly with the people who are best placed to improve care. We will empower our staff to get things done and will be constantly vigilant in keeping quality standards high. We will take every opportunity to compare ourselves with other providers so that we continue to strive for excellence.</p>		
	Sub-category of Risk	Risk Appetite	Maximum Acceptable Target Score (LxC)*
	Patient Safety (e.g. patient harm, infection control, pressure sores, sepsis, learning lessons)	Low	5  (where the maximum Consequence acceptable is 4)
	Effectiveness (e.g. outcomes, delays, cancellations or operational targets and performance)	Moderate	8
	Service User and Carer Experience and the ability to manage quality (e.g. complaints, audit, surveys, clinical governance and internal systems)	Moderate	8

\*Where the target score cannot be met then the risk must be discussed by a member of the Executive Team with a voting member of the Board of Directors.

**Risks that may impact on Compliance and Regulation**

<b>COMPLIANCE &amp; REGULATORY</b>	<p>We provide services within a highly regulated environment that must meet high levels of compliance expectations from a large number of regulatory sources. We will endeavour to meet those expectations within a framework of prudent controls, balancing the prospect of risk elimination against pragmatic operational imperatives.</p> <p>Non-compliance with legal and statutory requirements undermines public and stakeholder confidence in the Trust, has the potential for harm and legal consequences and therefore the Trust has low appetite in relation to these risks.</p>		
	Sub-category of Risk	Risk Appetite	Maximum Acceptable Target Score (LxC)
	Statutory Regulation and Requirements (e.g. Information Commissioner, CQC, H&S, Professional Standards such as GMC and NMC, external certifications such as JAG and ISO)	Low	5
	National Guidance and Best Practice (e.g. National Institute for Health and Care Excellence)	Moderate	12

## Risks that may impact on Finance

<b>FINANCIAL</b>	<p>To achieve the best value for money and ensure the Trust is sustainable and financially sound in the future we expect appropriate stewardship over the Trust's financial resources to be exercised. This means that decisions regarding the pursuit of our strategic objectives must be balanced against the expectations of our regulators in meeting our financial plans and statutory duties.</p> <p>We expect strong internal controls to be maintained which ensure compliance with applicable government and accounting standards. We will not tolerate risks that may lead to financial losses from fraud and negligent conduct as this represents a corporate failure to safeguard public resources.</p> <p>Although we cannot control or predict external factors that may affect our financial resources the Trust has a duty to provide cost saving through efficiencies and innovation. We are therefore willing to accept a moderate level of risk in pursuit of such activities but we expect prudent decisions to be made to mitigate the financial impact while providing optimal value for money.</p>		
	<b>Sub-category of Risk</b>	<b>Risk Appetite</b>	<b>Maximum Acceptable Target Score (LxC)</b>
	Value for money and sustainability (including cost saving)	Low	5
	Standing Financial Instructions (SFIs) and Financial Control	Low	5
	Fraud and Negligent Conduct	Low	5
	Innovation (e.g. new ways of working, new products, new and realigned services)	Moderate	12

## Risks that may impact on Reputation

<b>REPUTATION</b>	<p>We accept that a level of reputational risk is inherent in all of the Trust's activities which include the effect of factors such as regulatory intervention; employee conduct; human resource practices; legal, licensing, policy decisions; fiscal responsibility; and information security. Negative perceptions by patients, staff and other stakeholders may jeopardise the Trust's credibility and impede the achievement of delivering our strategic objectives.</p> <p>We expect high standards of conduct, ethics and professionalism to be maintained at all times and we have a low appetite for risks that could cause reputational damage to the Trust or a loss in public confidence in our ability to deliver a quality service.</p> <p>We will accept a moderate level of risk to our reputation (where for instance we may spend above planned levels) in protecting and improving the safety of our patients; as this is the Boards' highest priority.</p> <p>The Trust has a greater appetite to pursue innovation in the delivery of services and challenge current working practices. The potential rewards in pursuing new solutions that may improve quality and provide business efficiencies must be balanced against the safety and wellbeing of our patients and staff. We therefore expect that the assessment of reputational risk should consider the Trust's culture, values and objectives together with the implementation of communication strategies.</p>		
	<b>Sub-category of Risk</b>	<b>Risk Appetite</b>	<b>Maximum Acceptable Target Score (LxC)</b>
	Day to day activity (e.g. standards of conduct, ethics and professionalism and delivery of services)	Low	5
	Risk as a result of protecting and improving the safety of patients	Moderate	12
	Innovation (e.g. new ways of working, new products, new and realigned services)	Moderate	12

**Risks that may impact on Resource and People**

<b>RESOURCE AND PEOPLE</b>	<p>We believe that patient outcomes, safety, and the quality of care we provide is influenced by the experiences and engagement of staff and the support they receive from colleagues and the Trust more widely. We will endeavour to ensure that the right numbers of properly qualified staff are in the right place at the right time.</p> <p>As our greatest area of expenditure we expect that staff potential and performance is efficiently maximised while balancing this against opportunities for professional development, flexible working practices and the implementation of national agreements regarding terms and conditions. We have a low risk appetite for compliance risks relating to staff recruitment and the controls applied while in work.</p> <p>We have a low to moderate risk appetite to explore innovative solutions to future staffing requirements, our ability to retain staff and to ensure that the Trust remains an employer of choice.</p>		
	<b>Sub-category of Risk</b>	<b>Risk Appetite</b>	<b>Maximum Acceptable Target Score (LxC)</b>
	Staff recruitment (e.g. compliance with regulations such as visa requirements, Equal opportunities and Diversity, that ensure staff are recruited fairly and competent to deliver services)	Low	5
	Staff in work (e.g. implementation of AfC, professional development, compliance with Trust Policies)	Low	5
	Staff retention (e.g. public sector offering and attractiveness of Trust as an employer of choice)	Low	5
	Innovation (e.g. new models of staffing and realignment of services, international recruitment)	Moderate	12

## Risks that may impact on ICT

<b>ICT</b>	<p>Information and Communications Technology (ICT) plays an ever increasing role in supporting staff to deliver high quality services to patients. ICT must support core Trust functions with sufficient capability, capacity, resilience, and security from internal and external threats. The Trust relies on an increasingly mobile and technologically dependent workforce to carry out its core functions; the Trust therefore expects that full business continuity plans are in place should services become unavailable.</p> <p>We will collect personal and sensitive information to help us deliver services and improve their quality, ensuring that only those who have a legitimate purpose are given access to this data. We have a low risk appetite for ICT risks relating to security, control of assets, business continuity and data.</p> <p>The Trust has a greater risk appetite to pursue innovation and challenge current working practices in support of the use of systems and technology developments as well as new service design within the services it manages. The Trust will therefore pursue options where innovation can provide higher rewards (despite greater inherent risks), but only where quality and compliance are not affected.</p>		
	<b>Sub-category of Risk</b>	<b>Risk Appetite</b>	<b>Maximum Acceptable Target Score (LxC)</b>
	Security (e.g. Access and permissions to systems and networks)	Low	5
	Control of Assets (e.g. purchase, movement and disposal of ICT equipment)	Low	5
	Business continuity (e.g. cyber-attack, maintenance of networks, alternative solutions)	Low	5
	Data (e.g. integrity, availability, confidentiality and security, unintended release)	Low	5
	Innovation (e.g. new ICT systems and improvements)	Moderate	12

**Risks that may impact on Health, Safety and the Environment**

<b>HEALTH, SAFETY AND ENVIRONMENT</b>	<p>Health and Safety risks are not only about maintaining regulatory compliance but about how we provide safe practice and procedures in a safe environment for staff, patients and visitors while they are in our care. We expect that staff will work in an environment where risk to their safety is properly controlled.</p> <p>In doing this we expect that records of hazards and their assessment will form a part of the day to day activities of the Trust’s management and will be available to all staff members in the areas in which they work. We expect these types of risks to be managed to a level that is as low as is reasonably practicable when balanced against operational and legal requirements.</p>		
	<b>Sub-category of Risk</b>	<b>Risk Appetite</b>	<b>Maximum Acceptable Target Score (LxC)</b>
	Compliance with laws and regulations	Low	5
	All Health and Safety risk	Moderate	9