

Meeting Title	Board of Directors		
Date	13.9.18	Agenda item	Bo.11.18.7

Board Assurance Framework (Month 1, Quarter 3, 2018/19) and Board of Directors Risk Appetite Statement

Presented by	Professor Clive Kay, Chief Executive		
Author	Tanya Claridge, Director of Governance and Corporate Affairs		
Lead Director	Professor Clive Kay, Chief Executive		
Purpose of the paper	This paper proposes the Board of Director's risk appetite statement (November 2018) and provides a profile of risks, controls and assurances related to the delivery of the Trust's strategic objectives which should be reviewed throughout the meeting of the Board of Directors		
Key control	Understanding the Board's risk appetite related to the achievement of the Trust's strategic objectives is a key component of the Board Assurance Framework		
Action required	For approval		
Previously discussed at/ informed by	Executive Directors		
Previously approved at:	Committee/Group	Date	
	Quality Committee (strategic objectives 1 and 4)	26/9/2018 and 31/10/2018	
	Finance and Performance Committee (strategic objectives 2a and 2b)	26/9/2018 and 31/10/2018	
	Workforce Committee (strategic objective 3)	26/9/2018	
	Partnerships Committee (strategic objective 5)	5/10/2018	
	Integrated Governance and Risk Committee	19/9/2018 and 17/10/2018	

Key Options, Issues and Risks

In November 2017 the Board of Directors received and approved the Trust's Risk Appetite Statement for 2017-20. That statement proposed that the Board reaffirms its risk appetite on an annual basis. This report proposes the Trust's 2018/19 Risk Appetite Statement (Appendix 1). The Board of Directors receives the Board Assurance Framework (BAF) at each meeting (Appendix 2). Prior to receipt at Board the BAF is reviewed and challenged through the relevant Board Committees and the Integrated Governance and Risk Committee. Also appended to this report is the corporate risk register (Appendix 3).

Analysis

The Board has overall responsibility for ensuring systems and controls are in place, sufficient to mitigate any significant risks which may threaten the achievement of the organisation's strategic objectives. Assurance can be secured through a range of sources, but wherever possible, it should be systematic, consistent, independently verified and incorporated within a robust governance process. The Board achieves this primarily through the work of its assurance committees, through audit and other sorts of independent review, and by the systematic collection and analysis of performance data, to demonstrate the achievement of its strategic objectives. The Board Assurance Framework is a live document that is populated and amended as risks and assurances associated with the organisational strategic objectives are identified.

In November 2017 the Board of Directors received and approved the Trust's Risk Appetite Statement for 2017-20. That statement proposed that the Board reaffirms its risk appetite on an annual basis. This report proposes the Trust's 2018/19 Risk Appetite Statement. The risk appetite agreed by the Board should clearly govern the activities across the Trust. It also defines the boundaries within which the Trust's strategic objectives should be pursued. From an operational risk perspective this is fundamental as operational risk identification and assessment is undertaken in relation to the Trust's strategic objectives. Such clarity should facilitate informed decision-making throughout the organisation on operational risk-related topics. At the meeting of the Board of Directors in July consensus was not achieved in relation to a revision to the Board risk appetite statement as proposed by the Board Committees. Despite Board Committees discussing this

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again during their business during July and August it was difficult again to reach consensus.

Recommendation

Following the Board presentation on the 'clinical strategy one year on' in September and consideration of risk appetite and the drafting of a risk appetite statement as part of its development session in October it is recommended that the Board of Directors approves the risk appetite statement proposed.

The Board of Directors is asked to review the Board Assurance Framework in the context of the papers received during its meeting and the description of assurances provided within the framework itself, to agree the proposed levels of assurance in relation to the Trust's strategic objectives.

Risk assessment						
Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients		g				
To deliver our financial plan and key performance targets			g			
To be in the top 20% of NHS employers			g			
To be a continually learning organisation				g		
To collaborate effectively with local and regional partners					g	
The level of risk against each objective should be indicated. Where more than one option is available the level of risk of each option against each element should be indicated by numbering each option and showing numbers in the boxes.	Low		Moderate	High	Significant	
	Risk (*)					
Explanation of variance from Board of Directors Agreed General risk appetite (G)	The Board Assurance Framework provides a summary of the risks, controls and assurance for each strategic objective					

Risk Implications	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments		▪
Quality implications		▪
Resource implications		▪
Legal/regulatory implications		▪
Diversity and Inclusion implications		▪

Regulation, Legislation and Compliance relevance
NHS Improvement: Risk assessment framework, quality governance framework, code of governance , annual reporting manual
Care Quality Commission Domain: <i>Safe, caring, effective, responsive, well led</i>
Care Quality Commission Fundamental Standard:
Other (please state):

Relevance to other Board of Director's Committee:					
Workforce	Quality	Finance & Performance	Partnerships	Major Projects	Other (please state)
▪	▪	▪	▪	▪	▪

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1 PURPOSE/ AIM

This paper proposes the Board of Director's risk appetite statement. Understanding the Board of Director's risk appetite related to the achievement of the Trust's strategic objectives is a key component of the Board Assurance Framework

2 BACKGROUND/CONTEXT

The Board has overall responsibility for ensuring systems and controls are in place, sufficient to mitigate any significant risks which may threaten the achievement of the organisation's strategic objectives. Assurance can be secured through a range of sources, but wherever possible, it should be systematic, consistent, independently verified and incorporated within a robust governance process. The Board achieves this primarily through the work of its assurance committees, through audit and other sorts of independent review, and by the systematic collection and analysis of performance data, to demonstrate the achievement of its strategic objectives. The Board Assurance Framework is a live document that is populated and amended as risks and assurances associated with the organisational strategic objectives are identified.

In November 2017 the Board of Directors received and approved the Trust's Risk Appetite Statement for 2017-20. That statement proposed that the Board reaffirms its risk appetite on an annual basis. The risk appetite agreed by the Board should clearly govern the activities across the Trust. It also defines the boundaries within which the Trust's strategic objectives should be pursued. From an operational risk perspective this is fundamental as operational risk identification and assessment is undertaken in relation to the Trust's strategic objectives. Such clarity should facilitate informed decision-making throughout the organisation on operational risk-related topics. At the meeting of the Board of Directors in July consensus was not achieved in relation to a revision to the Board risk appetite statement as proposed by the Board Committees. Despite Board Committees discussing this again during their business during July and August it was difficult again to reach consensus. A development session was held with the members of the Board of Directors during the October Board development day and the proposal contained in this paper is the output of that development session.

3 PROPOSAL

This proposed Risk Appetite Statement for 2018/2019 can be found in Appendix 1.

4 RISK ASSESSMENT

There are no identified risks from the content of this paper

5 RECOMMENDATIONS

The Board of Directors should

- acknowledge the steps taken in the development of the Trust's risk appetite statement
- approve the proposed risk appetite statement for 2018/19

6 Appendices

Appendix 1: Board of Director's Risk Appetite Statement 2018/19

Appendix 2: Board Assurance Framework Month 1, Quarter 3 2018/9

Appendix 3: Strategic Risk Register 31/10/2018

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