

Meeting Title	Board of Directors		
Date	14 July 2022	Agenda item	Bo.22.7.8

Risk Management Strategy & Risk Appetite Statement

Presented by	Laura Parsons, Associate Director of Corporate Governance/Board Secretary		
Author	Laura Parsons, Associate Director of Corporate Governance/Board Secretary		
Lead Director	John Holden, Director of Strategy & Integration		
Purpose of the paper	To present the Risk Management Strategy and Risk Appetite Statement for approval		
Key control	This paper relates to the operation of the Trust's risk management system		
Action required	To approve		
Previously discussed at/ informed by	Audit Committee – 12 April & 24 May 2022 ETM – 4 July 2022 People Academy – 25 May 2022 (risk appetite) Finance & Performance and Quality & Patient Safety Academies – 29 June 2022 (risk appetite)		
Previously approved at:	Academy/Group	Date	
	N/A		

Key Options, Issues and Risks

Risk Management Strategy

An updated Risk Management Strategy has been developed (Appendix 1) which has previously been discussed at Board Development Sessions, most recently in April 2022. The Audit Committee also reviewed the draft Strategy on 12 April. Before being able to recommend that the Board approves the Strategy, the Committee agreed that the Strategy needed to be updated to set out a clear flow of assurance from ward to Board (via executive management and Academies), and clarify the role of the Board, Audit Committee, Academies and Executive Team in relation to the BAF and High Level Risk Register.

The Strategy was updated to address these areas and was presented to the Audit Committee on 24 May. The escalation process and flow of assurance is set out on in section 6 on pages 7-8 (operational risk escalation framework). The respective roles of the Board, Audit Committee etc. are set out in section 9 on page 10. The Committee agreed to recommend the Strategy to the Board for approval.

Risk Appetite Statement

Risk appetite is defined as *'the decision about the level of risk that an organisation is prepared to accept, after balancing the potential opportunities and threats a situation presents. It represents a **balance between the potential benefits of innovation and the threats that change inevitably brings.**'*

Risk appetite is not a single, fixed concept and there is varied practice across NHS Trusts.

At the Board Development Session in April, it was agreed to use the Good Governance Institute's Risk Appetite Matrix to set a risk appetite level in relation to each of its strategic objectives, alongside an explanation of what this means at BTHFT. The proposed Risk Appetite Statement is attached at Appendix 2. The Academies have reviewed the appetite levels in relation to the relevant strategic objectives and have not suggested any amendments.

Next Steps

The operational High Level Risks will continue to be reported to the Executive Team, Academies and Board. The BAF will continue to be presented to the Executive Team and Board on a bi-monthly basis, and the Academies will start to review the BAF strategic risks within their remit, also on a bi-monthly basis. NB This will need to be undertaken via e-mail in August and December each year as there are no Academy meetings in those months.

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The Academy Terms of Reference have been updated to reflect their role in relation to the Strategy and are also being presented to the Board for approval (see agenda item Bo.7.22.25). ETM's Terms of Reference will also need to be updated to reflect its role.

A further update will be presented to the Audit Committee on 26 July to provide assurance as to the processes and controls ensuring accuracy and completeness of the risk register and the BAF.

Following the implementation of the revised operational structure later this year, the Strategy will be updated to reflect the escalation of risks directly from CSUs to the executive team (rather than via Care Groups).

A training needs analysis will be completed to ensure that the Strategy becomes embedded throughout the organisation. Our requirements are currently being reviewed and may include the purchase of a training package.

Recommendation

The Board is asked to **approve** the updated Risk Management Strategy (Appendix 1) and Risk Appetite Statement (Appendix 2).

Risk assessment

Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients, delivered with kindness			g			
To deliver our financial plan and key performance targets			g			
To be one of the best NHS employers, prioritising the health and wellbeing of our people and embracing equality, diversity and inclusion					g	
To be a continually learning organisation and recognised as leaders in research, education and innovation				g		
To collaborate effectively with local and regional partners, to reduce health inequalities and achieve shared goals					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)	N/A					

Benchmarking implications (see section 4 for details)	Yes	No	N/A
Is there Model Hospital data relevant to the content of this paper?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is there any other national benchmarking data relevant to the content of this paper?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is the Trust an outlier (positive or negative) for any benchmarking data relevant to the content of this paper?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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Risk Implications (see section 5 for details)	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Quality implications	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Resource implications	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Legal/regulatory implications	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Diversity and Inclusion implications	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Performance Implications	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Regulation, Legislation and Compliance relevance
NHS Improvement: (please tick those that are relevant) <input type="checkbox"/> Risk Assessment Framework <input type="checkbox"/> Quality Governance Framework <input checked="" type="checkbox"/> Code of Governance <input type="checkbox"/> Annual Reporting Manual
Care Quality Commission Domain: Well Led
Care Quality Commission Fundamental Standard: Good Governance
NHS Improvement Effective Use of Resources: Choose an item.
Other (please state):

Relevance to other Board of Director's academies: (please select all that apply)			
People	Quality	Finance & Performance	Other (please state)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>