

Meeting:	Board of Directors	Date:	4 January 2018
Title:	Risk Tolerance Statement – Annual Refresh		

Summary of paper:	<p>Directors are reminded that a Statement of Risk Tolerance is in place developed and approved by the Board to provide guidance to the Divisions in decision making and risk management.</p> <p>The Board uses an agreed framework for determining the Trust’s risk tolerance which is a matrix developed building on the Good Governance Institute Risk Appetite Matrix. The risk levels are aligned to our strategic objectives.</p> <p>The matrix sets out levels of risk appetite for patients (safety, quality outcomes, experience, staffing); money; opportunities (new approaches & innovations, partnership working, stakeholders, IT); compliance (legal and regulation); and reputation.</p> <p>The Board requested that the Risk Tolerance Statement be reviewed annually and more frequently should something material occur which might change the Board’s approach to risk tolerance. The Audit, Risk and Assurance Committee at its meeting in November considered whether the Statement is still reflective of the appetite for risk and recommend an updated statement to the Board for approval.</p> <p>The views of the Executive Directors have also been included. The proposal is that the appetite for organisation risk (financial / value for money) should be changed to “low” with a risk tolerance level of “minimal” (currently “moderate” and “cautious”) in view of the Trust’s current financial position and having regard to the Trust currently working towards a financial recovery plan. No other changes are proposed.</p>		
	Type of Risk (per risk tolerance matrix)	Risk Appetite	Tolerance
	Risk to Patients - Safety & Quality Outcomes / Patient Experience / staffing	None	Avoid
	Organisational Risk - Financial/Value for Money (VfM)	Low ↓	Minimal ↓
	Opportunistic Risk - New Approaches & Innovation & Partnership Working	High	Open
	Compliance & Legal Risk - Compliance/ regulatory	Low	Minimal
Reputational Risk – Reputation	High	Open	

Consultation / other committee views:	Executive Directors comments included in the report.
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Assurances:	None
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Recommendations/ decisions required:	<i>that the amended Risk Tolerance Statement be approved.</i>
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Link to Trust Priorities	Link to Quality
<ul style="list-style-type: none"> (1) We will make the patient the centre of everything we do. (2) We will innovate and identify new ways of working. (3) We will build capacity and capability by investing in our staff, infrastructure and partnerships. 	<ul style="list-style-type: none"> (1) Effectiveness (HMSR, SHMI, Mortality, Clinical audits, care bundles, deteriorating patient). (2) Caring (patient experience, patient surveys, friends and family test, patient stories, response to call bells). (3) Responsiveness (complaints, waiting times, cancelled operations, ambulance stays, translation services, comfort factors – TV and seating).

	(4) Well led (staff survey, staffing levels, sickness rates, flu vaccinations rates, board/ward interactions, staff reports, governance and reporting, risk management, financial control).
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Risk issues:		Risk Register Ref No:	Risk Score:
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Resource Implications: Expenditure / Income net value	Regulations and legal considerations:	Quality consideration and impact on patient and carers:	
n/a	n/a	n/a	

Report Sign Off:		
Financial	Operational	HR
n/a	n/a	n/a

Confidentiality
This report does not contain any confidential information.

Equality Impact Assessment
Great Western Hospitals NHS Foundation wants its services and opportunities to be as accessible as possible, to as many people as possible, at the first attempt.
This report has been assessed against the Trust's Equality Impact Assessment Tool and there are no proposals or matters which affect any persons with protected characteristics.

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Executive Director:	Carole Nicholl	Title:	Director of Governance & Assurance

GREAT WESTERN HOSPITALS NHS FOUNDATION TRUST

RISK TOLERANCE STATEMENT

December 2017

The management of risk underpins the achievement of the Trust's objectives. Effective risk management is imperative to provide a safe environment and improve quality of care for patients. Risk management is also significant in the financial and business planning process where robust, sustainable financial health and public accountability in delivering health services is required. Risk management is the responsibility of all staff.

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. The Trust will not accept risks that impact on patient safety and is only prepared to accept the possibility of minimal risks which adversely impact on the financial position. The Trust has a medium tolerance for reputational impact, although this should be carefully considered and a greater appetite to take considered risks in terms of pursuing innovation and challenge current working practices where positive gains can be anticipated. The Trust has a minimal tolerance to not working within the constraints of the regulatory and legal environment. This is depicted in the chart below.

However, any consideration of risk needs to be in a broad context. Risk taking and decision making based on risk should not be considered in isolation or in "silos". There is often the potential for a greater impact of risks with wider organisational context or in relation to other decisions made.

To assist managers and staff in decisions which may involve or facilitate exposure to risk, the Trust Board has set out below its current attitude to risk.

This may change over time as internal and external circumstances change, but it provides an approved approach to support decision making by managers and staff. Decisions taken which would be contrary to this statement must be referred to the Executive Directors before implementation.

Risk Appetite for Great Western Hospitals NHS Foundation Trust

A matrix to support better risk sensitivity in decision taking

Adopted by the Board of Directors – December 2017

Definition of Risk Appetite: - *“The amount of risk that the organisation is prepared to accept, tolerate or be exposed to at any point in time”.*

Our strategic objectives

1. To deliver consistently high quality services which deliver desired patient outcomes
2. To improve patient and carer experience for every aspect of care we deliver
3. To ensure staff are proud to work at the Trust and would recommend the Trust as a place to work or receive treatment
4. To secure the long term health of the Trust
5. To adopt new approaches and innovation so that we improve services as healthcare changes whilst continuing to become even more efficient
6. To work in partnership with others so that we provide seamless care for patients

Risk levels Mapped against our objectives / Other	0 Avoid Avoidance of risk and uncertainty is a Key Organisational objective	1 Minimal (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	2 Cautious Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	3 Open Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	4 Seek Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).	5 Mature Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Risk to Patients - Safety & Quality Outcomes / Patient Experience / Staffing	Avoidance of harm to patients is a key objective. We are not willing to accept any risk to patient safety, outcomes, or experience.	Only prepared to accept the possibility of minimal risk to patient safety, outcome or experience if essential.	Prepared to accept the possibility of some risk to patients. Patient safety is the primary concern but this is balanced against other considerations such as the best interest of the patient.	-	-	-
Organisational Risk - Financial/Value for Money (VfM)	Avoidance of financial loss is a key objective. We are only willing to accept the low cost option as VfM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept possibility of some limited financial loss. VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach.	Consistently focussed on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself.
Opportunistic Risk - New Approaches & Innovation & Partnership Working & Stakeholders & IT	Defensive approach to opportunities – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems/ technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Compliance & Legal Risk - Compliance/ regulatory	Avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for non compliance. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
Reputational Risk - Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest, provided this has been thought through and understood. Prospective management of organisation's reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
APPETITE	NONE	LOW	MODERATE	HIGH	SIGNIFICANT	