

Risk Management Strategy 2018/19

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With our partner:



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1 Introduction

- 1.1 The Board of Brighton and Sussex University Hospitals NHS Trust (BSUH) is committed to ensuring that risks to the quality, safety, effectiveness and sustainability of its services are identified and managed so that they are reduced to an acceptable level or eliminated as far as reasonably practicable. This Risk Management Strategy sets out the Trust's intentions and approach to risk management. It should be read in conjunction with the Trust's Risk Management Policy which sets out the methods and responsibilities for delivering this strategy.
- 1.2 The successful management of risk in all aspects of the Trust's business and by all those working within the Trust is fundamental to delivering the Trust's strategic and operational objectives. It also ensures the Trust is resilient and able to deal with unanticipated exposure to risks that could threaten our success. Therefore, the Trust will ensure that effective risk management is an integral part of everyday working practice in all aspects of the Trust's business as part of its overarching strategy and approach to delivering its strategic objectives.
- 1.3 The Trust is committed to an integrated risk management system, which incorporates all aspects of risk including strategic, clinical, financial, workforce, infrastructure, health and safety, operational, compliance and reputational risk.
- 1.4 The Trust's governance framework relies on a robust system for managing risk. This strategy describes how the Trust's risk management structures, systems and processes will ensure that the Trust meets its strategic and operational objectives and delivers safe, sustainable, high quality care. This will involve maximising opportunities to achieve objectives, as well as reducing risks.
- 1.5 The strategy sets out the Trust's approach to risk management which will include the identification, assessment, reporting and management of risk. It defines the contribution to be made by key parts of the Trust's governance structures. By managing risk effectively, the Trust aims to:
- ensure that risk management is an integral part of open culture
 - identify risks to achieving the Trust's objectives requiring intervention, and
 - drive a standardised, strategic, and accessible approach to risk management
- 1.6 In addition to this Risk Management Strategy there are a range of policies that support the identification and management of risk within the Trust. These include the following policies:
- Risk Management Policy
 - Incident Management Policy
 - Complaints Policy

2 Scope

- 2.1 The risk management approach described in this strategy applies to all areas and activities of the Trust and to all individuals working within the Trust. The Trust will work in partnership with its staff, service users and stakeholders to ensure it takes a comprehensive approach to risk management and that all opportunities for the identification and management of risk are fully exploited including risk management approaches that can only be delivered in partnership with others.

3 Risk Management approach

- 3.1 Risk is inherent in all the Trust's activities: for example, treating patients, determining service priorities, project management, record-keeping, communication, staffing, service design, and setting strategy. Equally, there is also risk associated with not taking any action at all.
- 3.2 The Trust supports a dynamic and proactive approach to risk management, with the aim of identifying and managing potential threats and hazards before adverse events occur. The identification and assessment of risk should be seen as opportunities to improve care quality.
- 3.3 The Trust's strategy for the management of risk is to integrate the identification, assessment, and control of risk into all areas of the Trust's business so that risk is routinely identified by all staff and appropriate action is taken to reduce risks to acceptable levels. The Trust will support all staff to take an active role in the identification and management of risk and to take responsibility for the health, safety, and wellbeing of patients, visitors, staff and others accessing and using the Trust's facilities and services. This approach will also enable staff to make an active contribution to the management of risks associated with the delivery of services in line with the NHS Constitution, and with the delivery of the Trust's objectives.
- 3.4 While the Trust Board carries overall responsibility for risk management, the key to success is local leadership. The Trust's divisional structure is fundamental to the risk management system, and divisional leaders and their teams will work with colleagues holding specialist Trust-wide governance remits, and the Trust's Executive directors to ensure it is successfully implemented.
- 3.5 It is the responsibility of all staff to identify risk and report concerns that may affect the quality, safety and effectiveness of service provision. The Trust aims to work in partnership with staff and support them with their responsibilities by creating a culture of openness and willingness to admit mistakes. The Trust is committed to learning from mistakes, incidents, near misses, complaints and claims and using this learning to improve systems. The Trust is committed to a just culture where the reporting of incidents and concerns is encouraged and staff are supported in delivering their responsibilities for safe care.

3.6 This strategy sets the objectives for risk management within the Trust as follows:

- to take all reasonable and appropriate steps in the management of risk in order to protect patients, staff, the public, its assets and reputation
- to meet statutory, regulatory and legal obligations
- to develop and maintain an effective system to identify, assess, manage and review risks across the Trust
- to offer staff appropriate training and support in the principles and practice of risk assessment and management
- to provide assurance to the Board via the Audit Committee) regarding the effectiveness and robust implementation of the Risk Management Policy and its associated systems and processes
- to manage risk within the risk appetite that has been agreed by the Trust Board

4 Risk Management System

4.1 The risk management system will be an integral part of the Trust's framework for assuring and delivering good governance. It will enable the Trust to identify and monitor risks to its strategic objectives, supports the appropriate management and escalation of these risks and informs the Board whether the systems and process in place are providing effective controls and assurances.

4.2 The key components of the Trust's risk management system will be the risk appetite statement, the Board Assurance Framework, the Corporate Risk Register and local risk registers. The production of these components is supported by the Trust's risk management processes

Risk Appetite Statement

4.3 Risk appetite can be defined as the amount of risk or the level of potential impact that an organisation is willing to accept in pursuit of the achievement of its strategic aims and objectives. Risk appetite therefore is at the heart of how an organisation does business and how it wishes to be perceived by key stakeholders including employees, regulators, rating agencies and the public.

4.4 The amount of risk an organisation is willing to accept can vary from one organisation to another and between one type of risk and another depending upon the specific organisational and risk circumstances. Factors such as the external environment, people, business systems and policies will all influence an organisation's risk appetite.

4.5 In order to transfer, treat, terminate, or tolerate risks those staff undertaking risk assessments and making decisions will need to understand what level of risk is acceptable to the Trust's Board

4.6 The risk appetite of the Trust will be defined by the Board. The Board will make a decision on the appropriate exposure to risk it will accept in order to deliver its strategy over a given time frame. In practice, the Trust’s risk appetite will address several dimensions:

- The nature of the risks to be assumed.
- The amount of risk to be taken on.
- The desired balance of risk versus reward.

4.7 Risks throughout the organisation should be managed within the Trust’s risk appetite, or where this is exceeded, action taken to reduce the risk. The Trust’s risk appetite statement will be communicated to relevant staff involved in the management of risk and should be used to determine the target risk rating throughout the risk management process.

Risk Appetite

4.8 The following risk appetite levels, adapted from those developed by the Good Governance Institute (see Appendix 1), form the background to the Board’s discussion and decision when defining the Trust’s risk appetite. Using this model as guidance the Trust Board will agree an appetite statement that aligns to the Trust’s strategic aims. The statement should be then be considered when assessing risk target and tolerances in the Board Assurance Framework, Corporate and Local (Divisional) Risk Registers.

Appetite Level	Description:
None	Avoid: There is a requirement to avoid risk and uncertainty to deliver an agreed organisational objective
Low	Minimal: There is a preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential.
Moderate	Cautious: There is a preference for safe delivery options that have a low degree of inherent risk and an acceptance that these may only have limited potential for reward.
High	Open: There is a willingness to consider all potential delivery options and choose those which balance acceptable levels of risk with an acceptable level of reward in terms of improvement and/or value for money.
Significant	Seek: There is a preference to be innovative and to choose options offering potentially higher business rewards despite greater inherent risk and there is evidence that the organisation is Mature: There is confidence in accepting high levels of risk because we are assured that controls, forward scanning and responsiveness systems are robust.

Risk Appetite Statement for 2018/19

- 4.9 The Boards of NHS Trusts are accountable for ensuring the quality, safety and sustainability of the services they provide to patients. Brighton and Sussex University Hospitals NHS Trust sets clear expectations for the Trust through strategic objectives.
- 4.10 The Trust operates in a high risk environment and the day to day management of risk is an expected and integral part of the business of any healthcare provider. Overall, the Board has a **moderate** appetite for risk in relation to the achievement of its objectives and takes active and ongoing actions as part of our daily operational management and strategic planning to reinforce our risk controls in order to minimise risk to a tolerable level.
- 4.11 Our Board Assurance Framework and risk registers will continue to reflect material risks that may prevent the Trust from fulfilling its role in delivering clinical services which meet regulatory and NHS Constitutional standards and the expectations of our stakeholders and patients. We have defined our appetite for risk in relation to our strategic objectives as follows:
- 4.12 **Patient Care:** We make delivering an excellent care experience for our patients our highest priority. However, we will accept **moderate** risks to patient experience if this is required to achieve patient safety and quality improvements.
- 4.13 We have a **low** risk appetite for actions and decisions that, whilst taken in the interests of ensuring quality, safety and sustainability, may affect the reputation of the Trust or of the wider NHS. Such actions and decisions would be subject to a rigorous risk assessment and be signed off by the Board.
- 4.14 **Safety:** We will deliver safe, high quality clinical services and demonstrate they achieve optimal clinical outcomes and deliver best practice for our patients whilst ensuring we meet regulatory standards. Overall, our risk appetite for safety is **low**. Specifically:
- 4.15 We have a **low** appetite for risks that could result in poor quality care or unacceptable clinical risk, non-compliance with standards or poor clinical or professional practice.
- 4.16 We have a **low** appetite for risks that may jeopardise patient safety.
- 4.17 We recognise that it can be in the best interests of patients to have a **moderate** appetite for some individual patient care and treatment risks in order to achieve the best outcomes. Therefore we support our staff to work in collaboration with the people who use our services to develop appropriate and safe care and treatment plans based on assessment of need and clinical risk.
- 4.18 We will apply strict safety protocols for all of clinical and non-clinical activity, when and wherever possible. We will report, record and investigate our incidents and ensure that we continue to learn lessons to improve the safety and quality of our services.

- 4.19 **Sustainability:** We strive to use our resources efficiently and effectively for the benefit of our patients and their care and ensure our services are clinically, operationally, and financially sustainable. We will always aim to achieve this objective; however, overall we have a **moderate** appetite for risk in this area. Specifically:
- 4.20 We have a **moderate** appetite for some financial risks where this is required to mitigate risks to patient safety or quality of care. We will ensure that all such financial responses deliver optimal value for money.
- 4.21 We are committed to providing patient care in a therapeutic environment and providing staff with an environment and supporting infrastructure in which to perform their duties. However, we have a **moderate** appetite for some risks related to our infrastructure and estate except where these adversely impact on patient safety, care quality and regulatory compliance
- 4.22 We will increase our appetite for financial risk to **significant** in some instances and consider all potential delivery options to ensure the delivery of our objectives. Our appetite for risk in this area recognises the financial environment in which NHS trusts are operating, and the requirement to maintain regulatory and constitutional standards. A decision to take this level of risk would be based on a rigorous risk assessment and a review of the robustness of the controls and would require sign off by the Board.
- 4.23 We are prepared to support investments for return and minimise the possibility of financial loss by managing associated risks to a tolerable level. Value and benefits will be considered and resources allocated in order to capitalise on opportunities.
- 4.24 **People:** We value and respect all our staff equitably, involve them in decisions about the services they provide and offer the training and development they need to fulfil their roles. We will rarely accept risks that would limit our ability to achieve this objective and the Trust's overall risk appetite for workforce related risks is **low**. Specifically:
- 4.25 We have a **low** appetite for risks related to the recruitment, retention and training of staff to deliver safe, high quality services and good patient experience.
- 4.26 We have **no** appetite for risks associated with unprofessional conduct, bullying, or an individual's competence to perform roles or tasks safely nor any incidents or circumstances which may compromise the safety of any staff members and patients or contradict our values.
- 4.27 We have a **moderate** appetite for risks associated with the implementation of non-NHS standard terms and conditions of employment, innovative resourcing, and staff development models where these enhance or improve patient safety, care quality, service delivery or financial sustainability.
- 4.28 We have **no** appetite for any risk that could result in staff being non-compliant with legislation, or any frameworks provided by professional bodies.

- 4.29 We have **no** appetite for any risk that could result in us being in breach of our contractual or statutory responsibilities in relation to our staff or in a breach of our staff's employment rights.
- 4.30 **Systems and Partnerships:** We will collaborate with commissioners, local authorities, our other partners and other care providers to prevent ill health, plan and deliver services that meet the needs of our local population and deliver operational and NHS constitutional standards. Overall we have a **moderate** appetite for risks to the achievement of this objective. Specifically:
- 4.31 We have a **moderate** appetite for risk where this results in improvements in the design or delivery of healthcare services for our patients or the population we serve. Our appetite for risk in this area recognises that the Trust operates in a complex environment and is subject to very challenging economic conditions and changing demographics with intense scrutiny. We consider the risks associated with innovation, creativity and clinical research to be an essential part of the Trust's risk profile. We increase our appetite for risk in this area to **significant** in order to maximise the opportunities to improve patient outcomes and the Trust's sustainability. . A decision to take this level of risk would be based on a rigorous risk assessment and a review of the robustness of the controls and would require support of the Board.
- 4.32 We will collaborate with commissioners, local authorities, our other partners and other care providers to prevent ill health, plan and deliver services that meet the needs of our local population and deliver operational and NHS constitutional standards.

Risk Tolerance

- 4.33 Risk 'tolerance' is the minimum and maximum risk the Trust is willing to accept as reflected in the risk appetite themes above. All risks with a total risk score of 12 and above and those with a consequence/impact score of 5 will be considered as Corporate Risks and as such require executive oversight by the Trust Executive Committee (TEC). TEC will be responsible for ensuring that Corporate Risks are managed and controlled in accordance with the risk appetite defined by the Board and with the Risk Management Policy.

Board Assurance Framework

- 4.34 The Board Assurance Framework (BAF) will set out the strategic risks which may threaten the achievement of the Trust's strategic objectives. It will enable the Board to monitor progress in achieving the strategic objectives, attend to key accountability issues, ensure the right issues are debated and that remedial actions are taken to reduce risk, strengthen controls and assurances. All NHS bodies are required to sign a full Annual Governance Statement, and must have the evidence to support this. The BAF brings together a significant part of this evidence
- 4.35 The BAF will be designed to assess the strength of the internal control measures that are intended prevent these risks occurring and to identify and evaluate sources of assurance. It supports the identification of gaps in control and

assurance and enables the Board to monitor progress on the actions being taken to address these gaps.

- 4.36 The BAF will also describe the assurances and sources of assurance the Board has agreed are necessary to assess the achievement of the Trust's strategic objectives, and will thus drive the cycle of Board and Board Committee work and reporting to the Board.
- 4.37 The BAF also describes the controls that the Trust's Executive must ensure are effective in order to manage strategic and operational risks and to assess that the adequacy and strength of these controls are aligned to the Board's risk appetite for individual strategic risks.
- 4.38 The BAF will be regularly review by the Board, Board Committees and TEC as determined by their roles and responsibilities set out in Section 7 and defined in the Risk Management Policy.
- 4.39 The assurance alignment within the Trust is shown diagrammatically by Good Governance Institute, see Appendix 2.

Corporate Risk Register

- 4.40 The corporate risk register (CRR) will be comprised of all risks with a score of 12 or above or that has an impact score of 5, and will be compiled from divisional and corporate directorate risk registers. It will be the key tool for the management of risk and will be informed by the Trust's risk escalation process.
- 4.41 The CRR will be routinely reviewed by TEC and the Trusts Management Groups as determined by their roles and responsibilities as set out in their Terms of Reference. This will ensure:
- the right risks are being reported and escalated
 - actions are being taken to mitigate risk
 - these actions have been effective in reducing the risk level
 - risks to strategic objectives are identified
 - gaps in control are identified and included in the BAF
 - the ongoing integrity of the risk management system
- 4.42 In addition the CRR will be routinely reviewed by the Audit Committee in order to assess the adequacy and effectiveness of the Trust's risk management systems and processes so that the Committee can provide the relevant assurance to the Board.
- 4.43 The Audit Committee will also assess whether the linkages between the CRR and the BAF are robust and enable the Board to effectively identify gaps in control and assurance. Risks on the CRR may indicate a gap in control or identify that the Board is receiving inadequate, insufficient or incomplete assurances.

Local Risk Registers

- 4.44 The local Risk Registers (RR) will be held at divisional and corporate directorate level and are the mechanism and management tool through which identified risks, controls and actions to mitigate or manage risks are recorded, monitored and managed. RR will follow the same format as the CRR.
- 4.45 Divisional RR will be routinely reviewed and monitored through the divisional governance structure. Corporate directorate RR will be routinely reviewed and monitored by Executive Directors and their teams.
- 4.46 In addition the CRR and RR will be reviewed as required by TEC and Trust Management Groups to ensure consistency between all RR in the identification, assessment and rating of risks and to ensure effective management action is being taken to mitigate and control risks.

5 Risk management processes

- 5.1 The Trust's risk management processes will be described in the Risk Management Policy and will be determined in line with NHS and regulatory requirements and best practice. They will govern how risk is contextualised, identified, analysed for likelihood and impact, prioritised and managed and how risks will be communicated, reported, recorded, monitored and reviewed.
- 5.2 The Trust's risk management processes will ensure that risk is identified from a wide range of sources both proactively (for example through audit or assessment of provision against clinical guidelines) and reactively (for example through complaints, incidents and claims).
- 5.3 The Trust will manage identified risk through one of the following approaches:
- **Treat:** control or reduce by taking action
 - **Terminate:** remove altogether by stopping practices, or
 - **Tolerate:** accept where appropriate and in line with risk appetite
 - **Transfer:** move to another organisation or service

6 Governance Structure

- 6.1 The Trust's governance structures will support the ward to Board management of risk throughout the organisation. The Trust's Governance structure is set out in Appendix 3.
- 6.2 The Board's is responsible for setting the objectives and strategy for risk management, setting the Trust's risk appetite and assessing the outputs and outcomes of the Trust's Risk Management Systems to ensure that they deliver appropriate levels of assurance and demonstrate that the risks to the Trust's strategic objectives are being effectively managed and controlled The Board

delegates some of its responsibilities to its Committees as described below. The BAF is the key tool used by the Board in fulfilling its responsibilities.

- 6.3 The Trust's management structures will have the responsibility to ensure risk is managed and controlled in line with the Trust's Risk Management Strategy and Policy. Gaps in control will be identified through the management structures, and actions to strengthen controls or address gaps in control will be defined and monitored.
- 6.4 TEC will be the principal governance forum for the management of risk and will delegate some of its responsibilities to other management groups in order to ensure appropriate levels of scrutiny and action to manage risk. The Risk Management Policy CRR and RR will be the key tools used by the Executive and Trust managers in fulfilling their responsibilities.
- 6.5 Assurances on the effectiveness of the Trust's risk management system will be developed through the Trust's management systems and will be assessed and scrutinised by the Board and its Committees. The Board and TEC will agree the format and content of management and Board reporting that supports the provision of robust assurance.

Risk escalation

- 6.6 In order to successfully monitor and manage operational and strategic risk it is essential that high risks, areas of escalating risk, gaps in control and delays in implementing actions to strengthen controls or address control gaps are escalated through the risk management governance structure. The risk escalation process will be described in the Risk Management Policy. In addition to regular reporting to provide assurance it is expected that all component parts of the Trust's risk management governance structure will identify and escalate risks in a timely manner, reporting concerns to ensure awareness and the implementation of strengthened actions.

Learning from the management of risk

- 6.7 The Trust is committed to continuously developing as a learning organisation and ensuring that it can learn from the outcomes and processes of its risk management system. Learning will include the identification of improvement actions that will enable incremental improvement in the effectiveness of the risk management system, the implementation of effective controls and risk mitigations and the development and delivery of assurance. Learning opportunities will be identified throughout the Trust's risk management process and highlighted to the Board. Plan for risk management improvement will be incorporated into the Risk Management Strategy, Policy and practice.

7 Organisational responsibilities

- 7.1 In line with the governance structure illustrated in Section 6, Table 1 below describes the key responsibilities of the Board and its Committees. Table 2 describes the roles and responsibilities of the Trust's key management groups for the delivery of the Trust's risk management systems and processes and the development of assurances in relation to the management.
- 7.2 The Terms of Reference for the Board Committees and Trust Management Groups are available on the Trust's intranet.

8 Strategy Implementation and monitoring

- 8.1 The Trust's Risk Management Strategy will be implemented through the mechanisms described in Section 7 and through the Risk Management Policy. The Board will review the Risk Management Strategy at least annually making any changes required to reflect national and regulatory standards, best practice and learning and improvement opportunities identified by the Trust including through internal or external reviews the of risk management systems.

Table 1: Responsibilities of the Board and Board committees

Group and responsibilities
<p>The Trust Board is accountable for</p> <ul style="list-style-type: none"> • Agreeing the Trust’s Risk Management Strategy • Agreeing the key risks to the achievement of the Trust’s strategic objectives • Agreeing the Trust’s risk appetite in relation to the strategic objectives and the types of risk the trust is managing • Agreeing the BAF; defining the controls, assurances and gaps in control and assurance for each of the key risks that will be the focus of the Board’s assurance assessment activity • Ensuring the BAF informs the business of the Board and drives the Board agenda • Scrutinising and testing the assurances received on the effectiveness of controls and actions to address gaps in control through the annual cycle of business • Challenging the risk controls and sources of assurance described within the BAF to ensure they are effective and robust • Considering the wider strategic implications of the risks identified, and making recommendations to improve management of risk by taking a strategic corporate approach
<p>The Board delegates responsibility to the Audit Committee for:</p> <ul style="list-style-type: none"> • Assessing the quality and strength of the assurances received on the Trust’s risk management, quality and financial governance systems and processes and providing assurance to the Board that the Trust has established and maintains an effective integrated system of governance, risk management and internal controls, across the whole of the Trust’s activities (both clinical and non-clinical) and that this supports the achievement of the Trust’s objectives • Testing the integrity and completeness of the risk management system through reviewing the strength of operational and strategic risk management and internal control. • Assessing the accuracy, adequacy of the assurances provided on the effectiveness of controls and the actions being taken to address gaps in control processes that indicate the effectiveness of the management of principle corporate and clinical risks. • Identifying gaps in assurance, assessing the adequacy and robustness of the actions being taken to address these gaps and the progress being made to close them • Regularly reviewing and testing the contents of the BAF, CRR, and local RRs in pursuit of the above responsibilities • Regularly reviewing and testing the contents of the Trust’s Risk Management Strategy, Risk Management Policy and associated policies in pursuit of the above responsibilities. • Ensuring there is independent scrutiny of the Trust’s risk management and governance systems and processes and of the strength and adequacy of related assurances through internal and external audit work programmes • Making recommendations to the Trust Board on the development and implementation of the Risk Management Strategy and Policy • Reviewing and testing all risk and control-related disclosure statements (e.g. the Annual Governance Statement) to provide assurance to the Board that they are accurate and adequate. • Reviewing the Trust’s Risk Management Annual Report, and agree recommendations on actions for improving the Trust’s risk management systems and processes

BSUH Risk Management Strategy

The Board delegates responsibility to the **Quality Assurance Committee** for

- Assessing the quality and strength of the assurances received on the Trust's quality and clinical governance systems and processes and providing assurance to the Board that the Trust has established and maintains an effective integrated system of quality and clinical governance across the whole of the Trust's activities and that this supports the achievement of the Trust's objectives
- Testing the integrity and completeness of the quality governance system through reviewing the strength of operational and strategic management and internal control of quality and clinical risks.
- Assessing the accuracy and adequacy of quality reporting and the assurances developed through the Trust's quality management system; identifying gaps in assurance and overseeing the actions being taken to address these gaps and ensure assurances are focused on the key risks to achievement of the Trust's strategic;
- Escalating concerns about areas of insufficient, incomplete or inadequate assurance to the Board
- Assessing the effectiveness of the controls implemented through the Trust's quality management system; identifying gaps in control and overseeing the actions being taken to address these gaps and ensure controls are focused on managing the key risks to achievement of the Trust's strategic
- Escalating concerns about areas of inadequate control to the Board
- Monitoring delivery progress on actions to address gaps in control or assurance and agreeing recommendations on actions for quality improvement
- Regularly reviewing and testing the contents of the BAF, CRR, and local RRs in pursuit of the above responsibilities
- Reviewing and testing all clinical and quality related statements (e.g. the Quality Account) to provide assurance to the Board that they are accurate and adequate.
- Making recommendations to the Trust Board on the development and implementation of the Quality Strategy
- Regularly reviewing and testing the contents of the Quality Improvement Plan, Clinical Governance Annual Report and associated policies in pursuit of the above responsibilities.

The Board delegates responsibility to the **Finance and Investment Committee** for:

- Assessing the quality and strength of the assurances received on the Trust's financial governance systems and processes and providing assurance to the Board that the Trust has established and maintains an effective integrated system of financial governance across the whole of the Trust's activities and that this supports the achievement of the Trust's objectives
- Assessing the accuracy and adequacy of financial reporting and the assurances developed through the Trust's financial management system; identifying gaps in assurance and overseeing the actions being taken to address these gaps and ensure assurances are focused on the key risks to achievement of the Trust's strategic objectives
- Escalating concerns about areas of insufficient, incomplete or inadequate assurance to the Board
- Assessing the effectiveness of the controls implemented through the Trust's financial management system; identifying gaps in control and overseeing the actions being taken to address these gaps and ensure controls are focused on managing the key risks to achievement of the Trust's strategic
- Escalating concerns about areas of inadequate control to the Board
- Monitoring delivery progress on actions to address gaps in control or assurance and agreeing recommendations on actions for financial improvement
- Regularly reviewing and testing the contents of the BAF, CRR, and local RRs in pursuit of the above responsibilities
- Reviewing and testing all financial statements (e.g. the Financial Accounts) to provide assurance to the Board that they are accurate and adequate.
- Making recommendations to the Trust Board on the development and implementation of the Trust's Financial Strategy

Table 2: Responsibilities of the Trust's management groups and divisions

The **Trust Executive Committee** is responsible for:

- Ensuring the effective identification, evaluation and management of operational and strategic risk in all aspects of the Trust's business and providing effective and proactive leadership of risk management within the Trust by implementing the Trust's Risk Management Strategy and Policy and the associated framework of processes, procedures and controls that enable risks to be managed directly and through delegated powers and ensure the Trust meets its strategic objectives
- Ensuring the Trust's Risk Management Strategy and Policy and the annual risk management improvement plan are developed, regularly reviewed and updated taking into account recommendations for improvement arising from internal and external scrutiny and recommending these to the Board for approval.
- Developing and providing assurance to the Board and its Committees on the effectiveness of the Trust's risk management systems
- Reviewing the local RR, CRR and Board Assurance Framework routinely to ensure risks and controls are described clearly and accurately, rated consistently, and managed appropriately to reduce risks to the agreed target level. Recommending the BAF to the Board for approval.
- Identifying gaps in assurance or control and ensuring actions to address these gaps are agreed and delivered in a timely fashion to make the necessary improvements, taking action as required to address delays and enable and support successful delivery
- Escalating risks, gaps in control or gaps in assurance to the Board
- Promoting continuous quality improvement with regard to the management of clinical and non-clinical risk and the control environment throughout the Trust by examining and challenging action plans developed to control risks, and assessing their wider impact.
- Assessing the quality and strengths of the assurances developed through the Trust's quality management system and its sub-groups to provide evidence of the effectiveness of quality risk management within the Trust, taking action to strengthen assurances as required
- Assessing the quality and strengths of the assurances developed through the Trust's performance management system to provide evidence of performance risk management within the Trust, taking action to strengthen assurances as required
- Assessing the quality and strengths of the assurances developed through the Trust's financial management system to provide evidence of financial risk management within the Trust, taking action to strengthen assurances as required
- Considering the wider strategic implications of risks and themes arising, and opportunities to improve management of risk by taking a corporate approach
- Delegating powers for the management of risk to the appropriate management groups as set out in their approved Terms of Reference.

Appendix 1: Risk Appetite for NHS Organisations

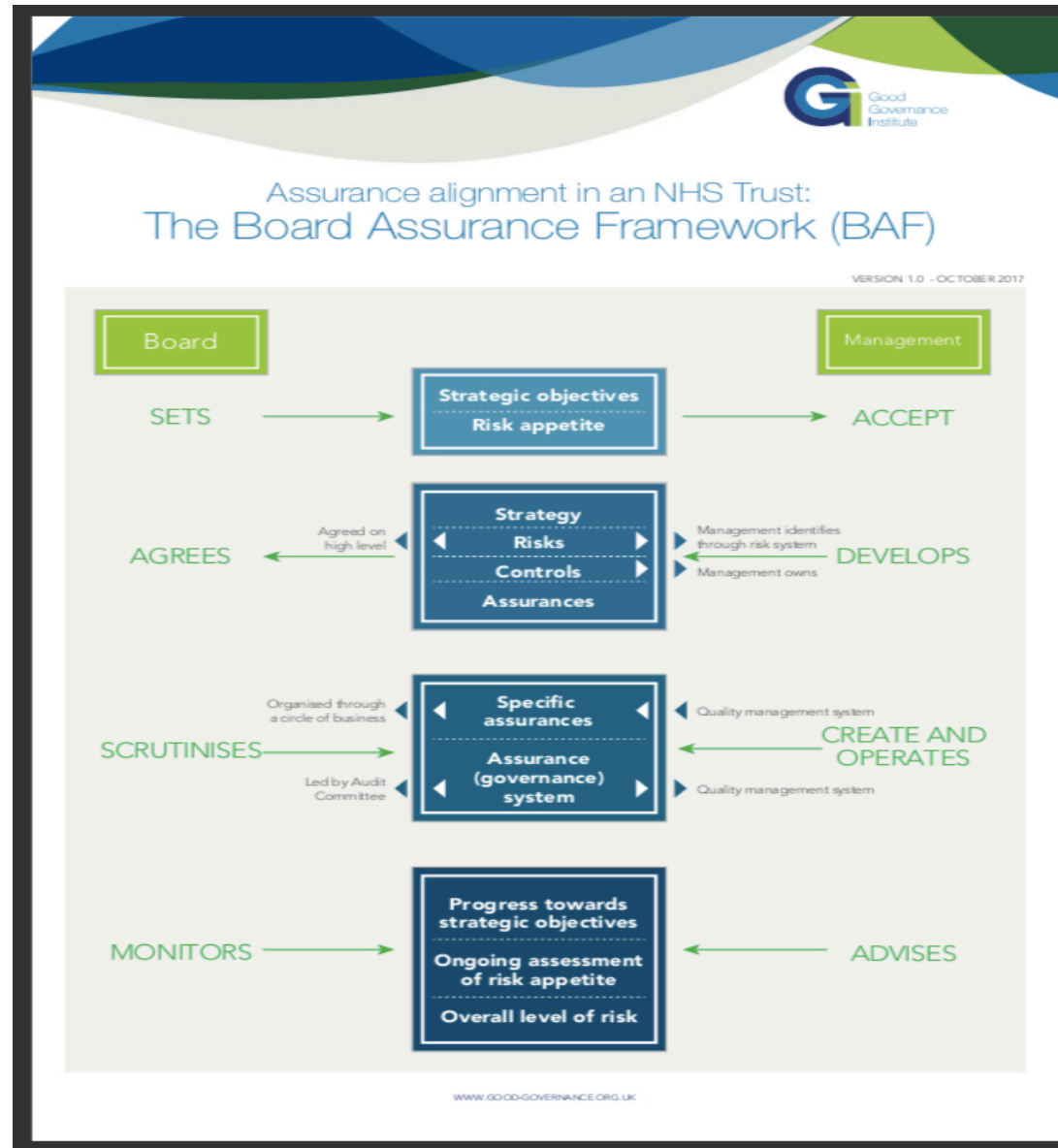
Risk Appetite for NHS Organisations
A matrix to support better risk sensitivity in decision taking



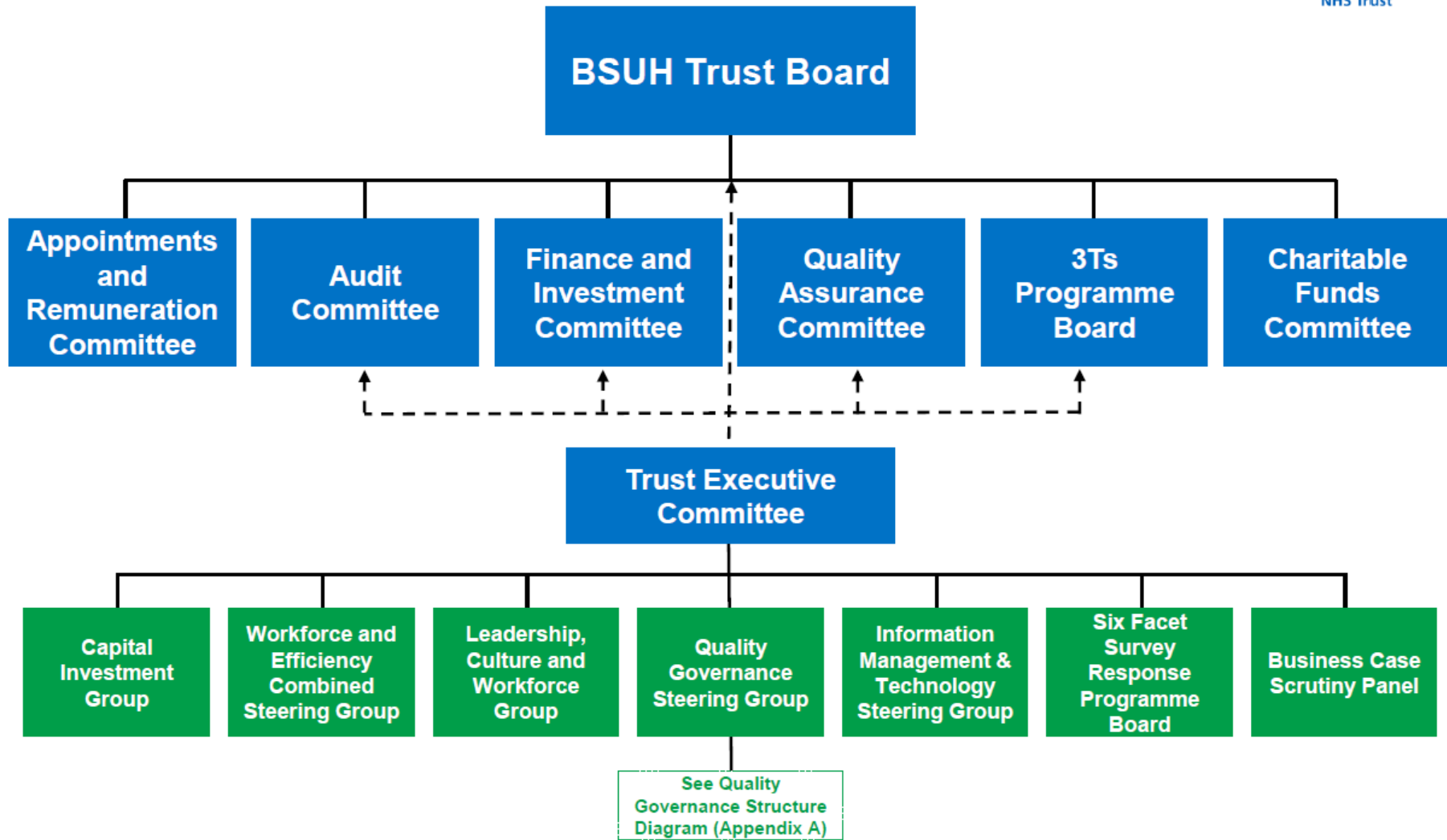
Developed in partnership with the board of Southwark Pathfinder CCG and Southwark BSU – January 2012

Risk levels	0	1	2	3	4	5
Key elements	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 VfM)	Seek Eager to be innovative and to 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
Financial/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.
Compliance/regulatory	Play safe, 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 sticking our neck out. 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. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
Innovation/Quality/Outcomes	Defensive approach to objectives – 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.
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. 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	

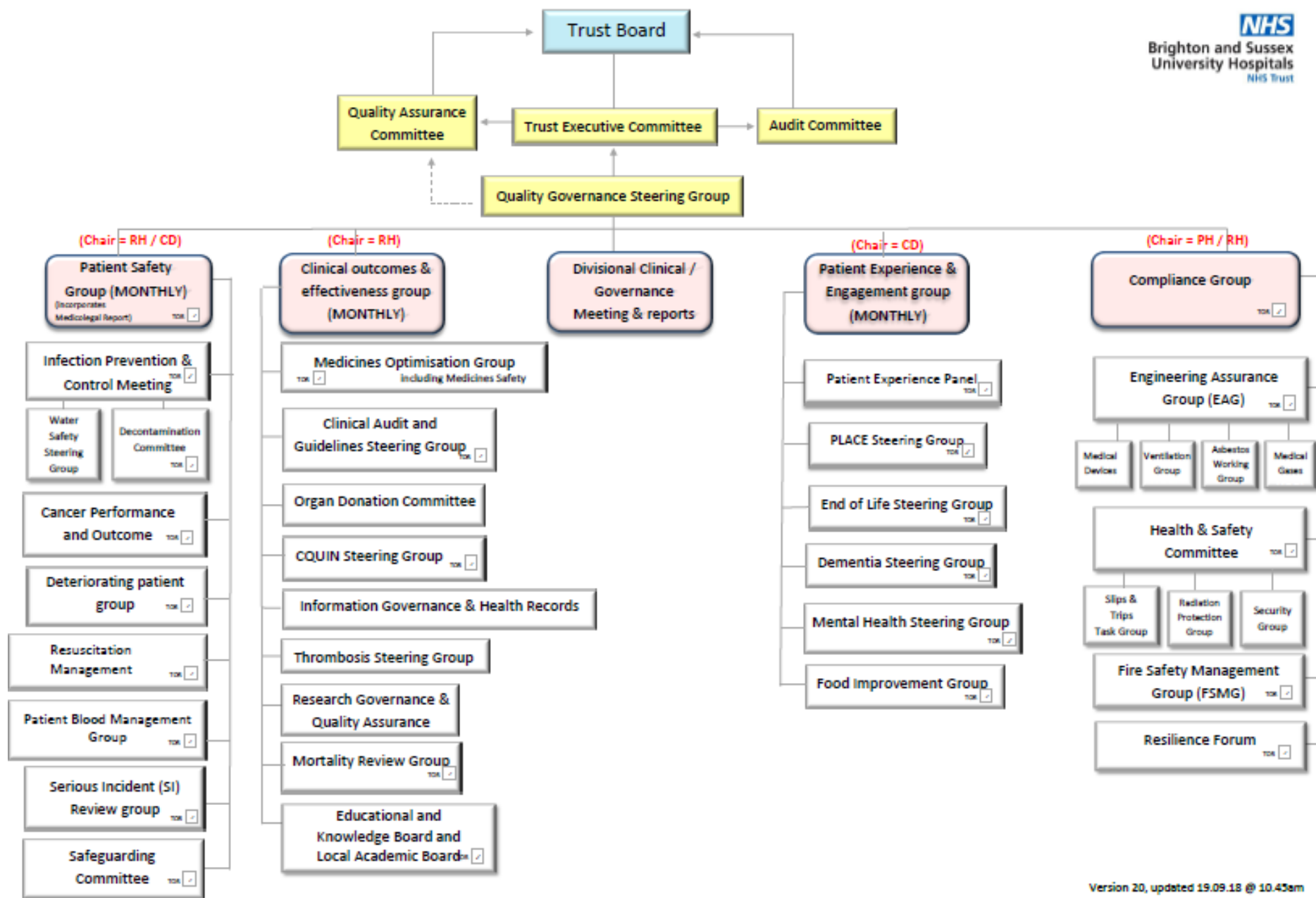
Appendix 2: Assurance Alignment in an NHS Trust – Board Assurance Framework



Appendix 3: Governance Structures



BSUH Risk Management Strategy



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