

## Trust Board

08 September 2022

<b>Report Title:</b>	Trust Risk Appetite Statement 2022-23
<b>Executive/NED Lead:</b>	Steve Parsons – Interim Director of Governance
<b>Report author(s):</b>	Sarah Jenkins, Associate Director of Governance, Risk and Compliance
<b>Previously considered by:</b>	N/A

Approval
  Discussion
  Information
  Assurance

### Executive summary

The Trust risk appetite statement is to articulate what risks the Board is willing or unwilling to take in pursuit of its strategic objectives. The risk appetite is required to be set at least annually or at times of uncertainty.

A risk seminar was held on 29<sup>th</sup> July 2022 and a draft risk appetite statement has been compiled based on those discussions. The discussions at the seminar covered:

1. Reviewing the 2022-23 risk appetite prior to formal Board approval
2. Agree to the introduction of the concept of risk tolerance across ESNEFT
3. There was a division of opinion regarding the appropriate appetite for Reputation; this paper proposes adopting the view with the preponderance of support, namely an 'Open' appetite. Appendix 1 gives the formal statements for approval.

When the Board has approved the formal risk appetite statements, work will be undertaken on revising the Risk Management Strategy and the BAF risks, with a view to providing them to Board for approval.

### Action requested of the Board

The Board is Invited to:

1. Review and approve the 2022-23 risk appetite

Link to Strategic Objectives (SO)		Please tick
SO1	Keep people in control of their health	<input checked="" type="checkbox"/>
SO2	Lead the integration of care	<input checked="" type="checkbox"/>
SO3	Develop our centres of excellence	<input checked="" type="checkbox"/>
SO4	Support and develop our staff	<input checked="" type="checkbox"/>
SO5	Drive technology enabled care	<input checked="" type="checkbox"/>

### Risk Implications for the Trust *(including any clinical and financial consequences)*

A failure to ensure that a meaningful risk management framework actively manages key risks to the operational delivery of healthcare services, and the delivery of the Trust's strategic objectives, may lead to the Trust being exposed to unrecognised and unmanaged risk. This in turn may lead to patient harm, legal and/or regulatory action, and financial impact should sanctions be imposed.



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<b>Trust Risk Appetite</b>	The Board has a cautious risk appetite when it comes to compliance and regulatory issues. Where the laws, regulations and standards are about the delivery of safe, high quality care, it will make every effort to meet regulator expectations and comply with them and will only challenge them if there is strong evidence or argument to do so.
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<b>Legal and regulatory implications</b> <i>(including links to CQC outcomes, Monitor, inspections, audits, etc)</i>	A requirement to ensure robust risk management frameworks are in place are outlined within the Well-Led domain of the Care Quality Commission's Regulatory Framework. Key Line of Enquiry 5 – subsection 5.4
<b>Financial Implications</b>	The Trust may be at risk of litigation if there are failings in relation to risk management that has led to patient harm or service disruption.
<b>Equality and Diversity</b>	There is nothing outlined in this paper that relates to the Trust's failure to act in accordance with the Equality Act 2010, or has identified a specific impact on any section of the workforce with an identified protected characteristic.

## Appendix 1

### Risk Appetite Statement 2021/22

#### Financial

The Trust has a flexible view of financial risk when making medium to long-term business decisions with transformative potential and is prepared to make bold, but not reckless, decisions, minimising the potential for financial loss by managing risks to a tolerable level. For other financial decisions, the Trust takes a cautious position, with VFM as the primary concern. However, the Trust is willing to consider other benefits or constraints and will consider value and benefits, not just the cheapest price. Resources are allocated in order to capitalise on opportunities.

#### Compliance/Regulatory

The Board has a cautious risk appetite when it comes to compliance and regulatory issues. Where the laws, regulations and standards are about the delivery of safe, high quality care, or the health and safety of the staff and public, it will make every effort to meet regulator expectations and comply with them and will only challenge them if there is strong evidence or argument to do so and the gain will outweigh the adverse consequences.

#### Innovation

The Board has an open view of innovation that supports quality, patient safety and operational effectiveness. This means that it is eager to pursue innovation and challenge current working practices, and views new technologies as a key enabler of operational delivery. However, decision making authority will be carefully managed to ensure that prioritization and focus is on the identification and delivery of innovations with transformative potential and will only be devolved on the basis of earned autonomy.

#### Quality

The Board has a cautious view of risk when it comes to patient safety, patient experience or clinical outcomes and places the principle of “no harm” at the heart of every decision it takes. It is prepared to accept some risk if, on balance, the benefits are justifiable at the heart of every decision it takes. It is prepared to accept some risk if, on balance, the benefits are justifiable and the potential for mitigation actions are strong. When taking decisions involving choices between a wide range of outcomes, it will prioritise the option resulting in the greatest benefit for the most patients.

#### Infrastructure

The board will take a cautious approach when investing in building and equipment maintenance and replacement, based on informed analysis and assessment of risk but may take informed risks if there are identifiable mitigations that can provide reasonable alternative protection.

#### Workforce

The board has a flexible view to Workforce and is prepared to take decisions that would have an effect on staff morale if there are compelling arguments supporting change, including some decisions with a high inherent risk if there is a potential higher reward.

#### Reputation

The Board's view over the management of the Trust's reputation is open, and is willing to take high to significant risks and is willing to take decisions that are likely to bring scrutiny to the organisation



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where the potential benefits outweigh the risks and sees new ideas as potentially enhancing the reputation of the organisation.

### **Commercial**

The Board has a flexible view of commercial risk. It is willing to pursue business opportunities with the potential for high returns alongside commercial activities of a more established nature, taking a balanced view of risk and reward and on the basis of earned autonomy.

Key Elements Tolerance Limits	None to Low 0-3	Moderate 4-8	Cautious/Open 9-11	High/Seek 12-15	Very high/ Significant 16-25
Appetite	Avoid	Minimal	Moderate	Flexible	Open
Financial/VFM				High/Seek	
Compliance/Regulatory			Cautious/Open		
Innovation					Very high/ Significant
Quality			Cautious/Open		
Infrastructure			Cautious/Open		
Workforce				High/Seek	
Reputation					Very high/ Significant
Commercial				High/Seek	