



Report Cover Sheet

Report to:	Trust Board	
Date of the Meeting:	27 January 2021	
Agenda Item:	P1-018-21	
Title:	Risk Appetite Statement	
Report prepared by:	Angela Wendzicha	
Executive Lead:	Liz Bishop	
Status of the Report:	Public	Private
	X	

Paper previously considered by:	Not Applicable
Date & Decision:	Not Applicable

Purpose of the Paper/Key Points for Discussion:	<p>The Board met in October 2020 to discuss the Risk Appetite Statement.</p> <p>The attached paper provides a draft Risk Appetite Statement for Board consideration in addition to describing the method of assessing risks going forward.</p>
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Action Required:	Discuss	X
	Approve	X
	For Information/Noting	

Next steps required	Once approved, the Risk Appetite Statement will be incorporated into the business.
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The paper links to the following strategic priorities (please tick)

Deliver outstanding care locally	x	Collaborative system leadership to deliver better patient care	x
Retain and develop outstanding staff	x	Be enterprising	x
Invest in research & innovation to deliver excellent patient care in the future	x	Maintain excellent quality, operational and financial performance	x

The paper relates to the following Board Assurance Framework (BAF) Risks

BAF Risk	Please Tick
1. If we do not optimise quality outcomes we will not be able to provide outstanding care	√
2. If we do not prioritise the costs of the delivering the Transforming Cancer Care Programme we will not be able to maintain our long-term financial strength and make appropriate strategic investments.	√
3. If we do not have the right infrastructure (estate, communication & engagement, information and technology) we will be unable to deliver care close to home.	√
4. If we do not have the right innovative workforce solutions including education and development, we will not have the right skills, in the right place, at the right time to deliver the outstanding care.	√
5. If we do not have an organisational culture that promotes positive staff engagement and excellent health and well-being we will not be able to retain and attract the right workforce.	√
6. If we fail to implement and optimise digital technology we will not deliver optimal patient outcomes and operational effectiveness.	√
7. If we fail to position the organisation as a credible research partner we will limit patient access to clinical trials and affect our reputation as a specialist centre delivering excellent patient care in the future.	√
8. If we do not retain system-side leadership, for example, SRO for Cancer Alliance and influence the National Cancer Policy, we will not have the right influence on the strategic direction to deliver outstanding cancer services for the population of Cheshire & Merseyside.	√
9. If we do not support and invest in entrepreneurial ideas and adapt to changes in national priorities and market conditions we will stifle innovative cancer services for the future.	√
10. If we do not continually support, lead and prioritise improved quality, operational and financial performance, we will not provide safe, efficient and effective cancer services.	√

Equality & Diversity Impact Assessment		
	YES	NO
Are there concerns that the policy/service could have an adverse impact on:		
Age		X
Disability		X
Gender		X
Race		X
Sexual Orientation		x
Gender Reassignment		X
Religion/Belief		X
Pregnancy and Maternity		X

If YES to one or more of the above please add further detail and identify if a full impact assessment is required.



Angela Wendzicha, Associate Director of Corporate Governance

January 2021

Risk Appetite Statement

1. Introduction & Background

The purpose of the Risk Appetite Statement is to clearly articulate what risk(s) the Board is willing or unwilling to take/accept in order to achieve its Strategic Priorities. In essence, it is the assessment of risks to the business model and Strategy of the Trust and the risks we are willing to take. The Risk Tolerance is defined as the range of risk score the Trust is prepared to accept either on a temporary or permanent basis within the Risk Appetite category.

In addition, guidance published by NHS Improvement ¹ refers to organisations having an effective and comprehensive process to identify, understand, monitor and future risks (Key Line of Enquiry 5). Furthermore, there is a requirement for a clear understanding of the Board's risk appetite and tolerance, which is reviewed at least annually and appropriately communicated to all staff.

The Trust Risk Appetite would ordinarily be recorded within the Trust Risk Management Strategy. The current Trust Risk Management Strategy is silent on this but will be included in the current revision of the Risk Management Strategy into a Risk Management Policy.

The Board met for a development session in October 2020 and considered various categories and approaches with varying degrees of complexity and detail. The Board concluded that preference would be for a more pragmatic Risk Appetite Statement that would establish a high level Risk Appetite Statement in addition to enabling discussion on individual risk matters without the constraints of a standard template.

2. Draft Risk Appetite Statement

In line with request for a more pragmatic Risk Appetite Statement, the Board is asked to consider adopting the following:

The Clatterbridge Cancer Centre NHS Foundation Trust recognises that its long term sustainability depends upon the delivery of Strategic Priorities and ambitions in addition to its relationships with service users, staff, public and strategic partners. As such, The Clatterbridge Cancer Centre NHS Foundation Trust will not accept risks that materially provide a negative impact on patient safety.

In contrast, The Clatterbridge Cancer Centre NHS Foundation Trust has a greater appetite to take considered risks in terms of their impact on organisational issues. The Trust has a greater appetite to pursue partnerships, commercial gain and clinical innovation in terms of its willingness to taken opportunities where positive gains can be anticipated, within the constraints of the regulatory environment; this includes the development of our Subsidiary Companies. In addition, in pursuit of its Strategic Priorities, The Clatterbridge Cancer Centre NHS Foundation Trust is willing to accept that, in some limited circumstances, risks that may result in some limited financial loss or exposure.

¹ NHSI, Developmental Reviews of Leadership and Governance Using the Well-Led Framework: Guidance for NHS Trusts and NHS Foundation Trusts: June 2017

In practice, in the event the Board adopt the above Statement, the risks described on the revised Board Assurance Framework will be assessed in line with the Good Governance Risk Appetite Matrix² at Appendix 1. In addition, the Executive team will establish the risk tolerance aligned to each Strategic Priority and articulated within the Board Assurance Framework.

Recommendation

The Board is asked to consider the draft Risk Appetite Statement and the approach to integrating the Risk Appetite Matrix into the Board Assurance Framework.

² Good Governance Institute: Risk Appetite for NHS Organisations: A Matrix to Support Better Risk Sensitivity in Decision Taking. May 2020

Applying risk appetite matrix

RISK APPETITE LEVEL ▶	0 NONE Avoidance of risk is a key organisational objective.	1 MINIMAL Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential.	2 CAUTIOUS Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential.	3 OPEN Willing to consider all potential delivery options and choose while also providing an acceptable level of reward.	4 SEEK Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risk).	5 SIGNIFICANT Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.
RISK TYPES ▼						
FINANCIAL How will we use our resources?	We have no appetite for decisions or actions that may result in financial loss.	We are only willing to accept the possibility of very limited financial risk.	We are prepared to accept the possibility of limited financial risk. However, VFM is our primary concern.	We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of VFM with price not the overriding factor.	We will invest for the best possible return and accept the possibility of increased financial risk.	We will consistently invest for the best possible return for stakeholders, recognising that the potential for substantial gain outweighs inherent risks.
REGULATORY How will we be perceived by our regulator?	We have no appetite for decisions that may compromise compliance with statutory, regulatory or policy requirements.	We will avoid any decisions that may result in heightened regulatory challenge unless absolutely essential.	We are prepared to accept the possibility of limited regulatory challenge. We would seek to understand where similar actions had been successful elsewhere before taking any decision.	We are prepared to accept the possibility of some regulatory challenge as long as we can be reasonably confident we would be able to challenge this successfully.	We are willing to take decisions that will likely result in regulatory intervention if we can justify these and where the potential benefits outweigh the risks.	We are comfortable challenging regulatory practice. We have a significant appetite for challenging the status quo in order to improve outcomes for stakeholders.
QUALITY How will we deliver safe services?	We have no appetite for decisions that may have an uncertain impact on quality outcomes.	We will avoid anything that may impact on quality outcomes unless absolutely essential. We will avoid innovation unless established and proven to be effective in a variety of settings.	Our preference is for risk avoidance. However, if necessary we will take decisions on quality where there is a low degree of inherent risk and the possibility of improved outcomes, and appropriate controls are in place.	We are prepared to accept the possibility of a short-term impact on quality outcomes with potential for longer-term rewards. We support innovation.	We will pursue innovation wherever appropriate. We are willing to take decisions on quality where there may be higher inherent risks but the potential for significant longer-term gains.	We seek to lead the way and will prioritize new innovations, even in emerging fields. We consistently challenge current working practices in order to drive quality improvement.
REPUTATIONAL How will we be perceived by the public and our partners?	We have no appetite for decisions that could lead to additional scrutiny or attention on the organisation.	Our appetite for risk taking is limited to those events where there is no chance of significant repercussions.	We are prepared to accept the possibility of limited reputational risk if appropriate controls are in place to limit any fallout.	We are prepared to accept the possibility of some reputational risk as long as there is the potential for improved outcomes for our stakeholders.	We are willing to take decisions that are likely to bring scrutiny of the organisation. We outwardly promote new ideas and innovations where potential benefits outweigh the risks.	We are comfortable to take decisions that may expose the organisation to significant scrutiny or criticism as long as there is a commensurate opportunity for improved outcomes for our stakeholders.
PEOPLE How will we be perceived by the public and our partners?	We have no appetite for decisions that could have a negative impact on our workforce development, recruitment and retention. Sustainability is our primary interest.	We will avoid all risks relating to our workforce unless absolutely essential. Innovative approaches to workforce recruitment and retention are not a priority and will only be adopted if established and proven to be effective elsewhere.	We are prepared to take limited risks with regards to our workforce. Where attempting to innovate, we would seek to understand where similar actions had been successful elsewhere before taking any decision.	We are prepared to accept the possibility of some workforce risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention, and developmental opportunities for staff.	We will pursue workforce innovation. We are willing to take risks which may have implications for our workforce but could improve the skills and capabilities of our staff. We recognize that innovation is likely to be disruptive in the short term but with the possibility of long term gains.	We seek to lead the way in terms of workforce innovation. We accept that innovation can be disruptive and are happy to use it as a catalyst to drive a positive change.