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| Board Meeting: | 18 March 2021 |  |
| Subject: | Board Risk Appetite and Risk Register |
| Recommendation: | Board Members are asked to:  |  |  | | --- | --- | | Discuss and Note | ✔ | | Discuss and Approve |  | | Note for Information only |  | | |

## Situation

A Board seminar was held to review the Risk Appetite for the Board and support detailed discussed and review of the risk register. This paper presents the outputs from the workshop which have been endorsed by the Audit & Risk Committee.

## Background

The risk appetite statement was last updated in February 2020 and the December seminar supported the annual refresh. The last 12 months with the COVID pandemic were discussed with assurance that the governance and risk management arrangements throughout this were aligned to our risk appetite in supporting robust decision making and continued service delivery with safety as a priority. The Board standing committees had further opportunity to comment on the risks aligned to them at meetings in January 2021. The Director of Finance, Executive Chair of Audit & Risk Committee and Head of Risk & Clinical Governance met in February 2021 to discuss the outputs of seminar and links to the Audit plan.

## Assessment

The Board Risk Appetite has been updated with a refreshed matrix and statement appended for discussion and approval (appendix A). It was proposed that we continue to develop the appetite. In recognising the differences across the core services of the hospital, hotel and research & development we will continue to consider appetite across these. In addition, in reflecting the changing profile of the Board we will consider the appetite across the key national and strategic work programmes including but not limited to the Academy and National Elective Centres. This will be developed via the appropriate groups and committees and will report up to the newly formed Strategic Portfolio Committee and Audit & Risk Committee.

The Board high risks were discussed in detail at the seminar and an overview of the Board Risk Register is provided in the appendix (appendix B). Mitigations for all risks have been updated and will continue to be regularly reviewed. The overview includes refresh of the Board committee that the risks are aligned to taking cognisance of the new Strategic Portfolio Committee. The risks aligned to this committee are S6, S10 and shared overview of S20.

The Board seminar discussion included agreement to explore further the COP26 and UEFA events planned in 2021 and any potential impact of these. National resilience meetings for these events have restarted with early stage planning discussions. A formal update will be provided to the next meeting. The importance of the embedding agile working was noted with acknowledgement this supports workforce risks and of the ehealth and operational aspects underpinning delivery of this. The Strategic Portfolio Committee will consider this with the Workplace for the Future programme to support benefits realisation. The ongoing impact of COVID and changing regulations over the coming period was discussed noting the vaccination roll out and further lockdown (potential at time of discussions now in place). There was agreement that the governance structures continue to support an agile response to emerging issues and guidance and the risks within the register will be updated regularly to remain live to current issues.

No additional risks were identified at this time for escalation or addition to the Board register.

## Recommendation

Board Members are asked to note this update.

**Colin Neil**

**Director of Finance**

**11 March 2021**

**(Laura Langan, Head of Risk & Clinical Governance)**

**Appendix A – Refreshed Board Risk Appetite**

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| --- | --- | --- | --- |
|  | **Hospital** | **Hotel** | **R&D** |
| **Strategic** | **Willing** | **Moderate** | **Open** |
| **Safety/ Experience** | **Cautious** | **Cautious** | **Cautious** |
| **Reputation** | **Open** | **Moderate** | **Moderate** |
| **Financial** | **Moderate** | **Willing** | **Open** |
| **Regulation** | **Cautious** | **Moderate** | **Cautious** |
| **Operational** | **Moderate** | **Open** | **Cautious** |
| **Workforce** | **Moderate** | **Open** | **Open** |

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| **General Descriptor of risk & benefits** | **Averse**  **Avoidance of risk and uncertainty.**  **Very low rewards from risk taking.** | **Cautious**  **Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential.** | **Moderate**  **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)** | **Willing**  **Eager to be innovative and to choose options offering potentially higher rewards despite greater inherent risk with confidence in risk controls and management** |

The Board aims to deliver world-class healthcare services that will be recognised both nationally and internationally, putting patients at the heart of progress. As we work to support NHSScotland in the COVID remobilisation and continue to deliver our key core services, our appetite and approach to risk and governance is paramount in ensuring we are able to maximise our capacity and realise the strong benefits to the Board and the wider NHS Scotland.

The acceptance of any risk is subject to ensuring the impact in benefits and risks of any decision are understood and managed through appropriate measures to mitigate risk and realise benefits. The Board recognises that any appetite for risk will vary according to the issue and therefore different appetites and tolerances to risks will apply. Delivery of clinical care is complex and challenging and in recognising this there is generally a more cautious approach to risk within the hospital setting.

Agile governance structures and robust frameworks developed and revised during the COVID pandemic response, supported with the embedding of the 'Values' across the Board, provide confidence in taking risks in the development and execution of the remobilisation and wider board strategy.

In delivering our vision and objectives; safety is at the forefront of what we do with a strong commitment to continually learn and improve. Risk is inherent in all that we do and we will continue to ensure this is robustly managed with a cautious approach to risks to patients, staff and guests. We remain committed to supporting advancements in clinical care through innovative models of care and use of technology which will deliver improved clinical outcomes. This will be balanced with careful consideration of risk and benefit and a sound evidence base alongside shared decision making ensuring our patients remain at the heart of our progress.

There is an appetite for operational risk in pursuing innovative ways of delivering services that support improved outcomes, and value for money. This will be supported by a sound evidence base and consideration of potential benefits. In responding to workforce challenges the Board is open to explore innovative workforce models. We will work in partnership to develop a workplace for the future that maximises the resources and capacity we have in delivery of services, whilst ensuring safety and wellbeing.

There are strong financial controls in place across the Board with different challenges faced across the sectors that bring a more cautious approach within the hospital. This reflects the challenges in supporting value for money as we continue to meet the requirements for transformational change.

The Board are focused on maintaining its strong reputation and enhancing this in new areas within the UK and internationally.

The Board recognises the need to place high importance on regulation and compliance but also be open to challenge where supported by evidence in pursuit of quality.

Over the coming year, the Board will develop its risk appetite across the strategic portfolio, recognising the differing stages of key strategic programmes and the links to the overall Board strategy and objectives.

**Appendix B – Board Risk Register Overview**

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| **Ref** | **Title** | **Grading’s** | | **Workshop feedback and status** | **Assurance/ KPIs** | **Board Committee** |
| **Current**  **LxS=RR** | **Target**  **LxS=RR** |
| S3 | If we do not ensure a robust framework to support innovation at local, national and international level | 2x2=4 | 2x2=4 | Agreed to keep risk as is. | Report on Strathclyde University partnership. | ARC |
| S6 | If we do not maintain adequate precautions we increase our susceptibility to Healthcare Associated Infection events, impacting delivery of corporate objectives | 2x4=8 | 2x4=8 | Agreed to keep risk as is. | IPR indicators:   * MRSA/ MSSA and CDI * HAIRT SAB and SSI | CGC |
| W7 | If we are unable to develop sufficient workforce capacity and capability to deliver strategic objectives | 3x4=12 | 2x4=8 | Agreed to remain at high level with mitigations updated. Role of agile working within this risk acknowledged and specified within mitigations. | * Recruitment data monitored via WESG. | PCC |
| F8 | If we fail to maximise effective use of the Boards resources and assets, then we will not deliver the financial plan | 2x3=6 | 2x3=6 | Agreed to keep risk as is. | IPR indicators:   * Manage within agreed forecast capital plan * Manage within annual budget limit * Deliver Board efficiency target | FPP |
| O9 | If we do not effectively manage waiting times whilst delivering recovery plan targets, we will fail to meet TTG for patients | 4x3=12 | 1x3=3 | Agreed to keep risk as is. | Division PRG reviews | FPP |
| S10 | If we do not sustain our cyber resilience, then we are susceptible to cyber breaches and attacks | 2x4=8 | 2x4=8 | Agreed to keep risk as is. | Cyber Essentials Accreditation, renewed annually. Action plan updates to IGG. | ARC/ CGC |
| S11 | If through programme delivery or operational issues, we fail to deliver the expansion programme | 3x3=9 | 2x3=6 | Agreed to keep risk as is. | Programme Reports – milestone and programme risk updates | SPC |
| S12 | If we cannot adequately respond to the changes associated with the EU Withdrawal, it may impact on our ability to continue to deliver our core services | 2x2=4 | 2x2=4 | Agreed to keep risk as is. | Regular review. | ARC |
| S13 | Misalignment of the GJ Strategy with national and regional strategies | 2x4=8 | 1x4=4 | Agreed to reduce risk to medium level with likelihood reduced to a 2. | Expansion delivery  Cardiac and cardiology strategy implementation. | SPC |
| S17 | If we don’t effectively implement the recovery plan, then we will fail to maximise the capacity available at GJNH | 3x3=9 | 2x3=6 | Agreed to update mitigations and remain at medium level noting regular review. | Weekly performance reviews via command structure. | FPP |
| W18 | If we are unable to provide adequate support for our employees during COVID-19 then their health & wellbeing may be negatively impacted | 2x3=6 | 1x3=3 | Agreed to keep risk as is. | Health & Wellbeing Strategy implementation plan. | PCC |
| W19 | If we are unable to ensure provision of PPE for our employees dealing with COVID-19 then their health & wellbeing may be negatively impacted | 1x4=4 | 1x4=4 | Agreed to keep risk as is. | Updates at H&S Committees. | PCC |
| S20 | If we are unable to manage the ongoing impact of the COVID-19 pandemic, specifically relating to staff capacity and COVID precautions (4 national guidance and physical distancing SG guidance) for staff/ patients, we will be unable to support deliver our core activity | 4x3=12 | 2x2=4 | Agreed to keep risk as is. | Weekly performance reports | FPP/ CGC |