**Ref: GJF/2018/03/12**

# GJF LogoBoard Meeting: 29 March 2018

**Subject:** Risk Appetite Statement

**Recommendation:** Board members are asked to approve the revised Risk Appetite Statement

## 1 Background

This paper presents Board members with a revised Risk Appetite statement. This forms a key part of the Enterprise Risk Management (ERM) development within the Board.

The statement was developed via a Board workshop in December 2017 and has been reviewed and approved by the Audit and Risk Committee in February 2018.

As members will recall from the workshop, the approach to the risk appetite has been developed to align to the Board Risk Register with appetite considered for the four pillars across the risk cluster scoring on a scale of one to five.

All Board members were invited to undertake a scoring exercise prior to the workshop, this was collated and results presented at the workshop with clusters then assigned to groups for in depth discussion on the appropriate level and reasons why this level was agreed. The narrative has then been used to develop the supporting statement and both are appended to the paper.

The Audit and Risk Committee, when reviewing this, noted that this was completed at a point in time and would very much be a moving position.

The next stage is to consider how we develop tolerances to support this and this work is being considered by the Strategic Risk Committee.

**2 Recommendation**

The Board are asked to approve the revised Risk Appetite Statement

**Julie Carter**

**Director of Finance**

**16 March 2018**

**(Laura Langan Riach, Chief Risk Officer)**

**Risk Appetite Statement**

The Risk Appetite was set across the four pillars of the Campus considering the clusters used across the Board in assessment of risk using five point scale ranging from averse to willing:

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

The Board vision is leading Quality, Research and Innovation for NHS Scotland and aims to deliver world-class healthcare services that will be recognised both nationally and internationally. 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.

In delivering our vision 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 risk to patients, staff and guests.

Existing governance structures and control frameworks supported with the embedding of the 'Values' across the Foundation provide the Board with confidence that it is open to taking risks in the development and execution of strategy across all pillars within the organisation

The Board are focussed on maintaining the strong reputation of the Foundation and enhancing the reputation in new areas within the UK and internationally.

The Board is committed to driving innovation and as such is open to taking considered operational and strategic risks, particularly where, through innovation, positive gains can be anticipated whilst however always mindful of managing reputational risks.

There are strong financial controls in place across the Board with different challenges faced across the campus bring a cautious risk appetite within the hospital but working with a more moderate appetite across research, innovation and the hotel. This reflects the requirement for transformational change and we explore new ways of collaborative working recognising the associated benefits.

There is a greater appetite for operational risk in developing innovative ways of delivering services. There is caution to ensure a sound evidence base to support this and ensure safety is not compromised. In responding to workforce challenges the Board is open to explore innovative workforce models, working in partnership to maximise the resources we have in delivery of services ensuring this does not compromise safety.

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. The role of regulation in supporting safety within Research and Development is recognised with a more cautious approach here.