Board Meeting in Public
Tuesday, 26 September 2023

Title of Report	Risk Management Policy		Agenda No.	4.4.1
Nature of Report (tick one)	☒ Official	☐ Official Sensitive		
Author(s)	Richard Rackham, Assistant Director Governance & Resilience			
Lead Executive	Helen Gillan, Director of Quality			
Non-Executive Director Sponsor (if applicable)	Piers White			
Presented for (tick all that applies)	☒ Approval ☐ Assurance	☐ Information ☐ Update		

Purpose of the report and key issues

The Risk Management Policy is a Board level policy that lays out the principles for risk management and sets out the organisation's risk appetite, which is owned and approved by the NHSBT Board. Points to note are:

- The policy is aligned with the Treasury Orange Book and is compatible with risk management best practice.
- The policy will be progressing through the Executive Team, ARGC and will be approved at Board as part of the risk appetite review.
- There is a new risk appetite area for governance, which is proposed as a minimal appetite in this document – this is aligned to a new risk on the Board Assurance Framework.
- The approval of this risk policy is a part of the action plan for the GIAA Risk Management Audit.

The training for all staff already exists on Brightspace and is already an expectation of current process, the only change in making this mandatory is that compliance will be monitored and is auditable.

Previously Considered by

Risk Management Committee and the Audit, Risk and Governance Committee

Recommendation	The Board is asked to review and approve the Risk Management Policy

Risk(s) identified (Link to Board Assurance Framework Risks)

This policy concerns itself with the risk management system and so affects the management of all risks.

Strategic Objective(s) this paper relates to: [Click on all that applies]

☒ Collaborate with partners	☒ Invest in people and culture	☒ Drive innovation
☒ Modernise our operations	☒ Grow and diversify our donor base	

Appendices:	None

Changes in this version

New Policy, therefore, no changes.

Risk Management Policy

Policy Statement

NHS Blood and Transplant (NHSBT) recognises that it has a responsibility to manage risks effectively to deliver safe and effective products and services; to control its assets and liabilities; to protect its employees, stakeholders, customers, and patients against potential harm; to minimise uncertainty in achieving its obligations and objectives; and to maximise the opportunities to achieve its vision.

Risk management is an integral part of NHSBT's corporate governance arrangements and to ensure that confidence can be placed in the risk management system, it will comply with the standards set in "Management of Risk – Principles and Concepts" (The Treasury Orange Book).

Purpose

The purpose of the risk management policy is to provide guidance regarding the management of risk.

Scope

This policy applies to all NHSBT activities. It forms part of the NHSBT governance framework and applies to all directors, chief officers, employees, contractors, volunteers and other individuals acting on behalf of NHSBT.

Risk Governance

- **Board**: Provides policy, agrees risk appetite, gives oversight and review of principal risks via the Board Assurance Framework.

- **Audit, Risk and Governance Committee**: Delegated authority from the Board to have regular in-depth risk review, allocating these to other Board Committees where they have the scope and expertise to better effect this review. Receives the annual report on risk activity.

- **Board Committees**: Provides in-depth risk review of risks within their scope, reporting this activity to the Audit, Risk and Governance Committee.

- **Risk Management Committee**: Oversees regular review of risk management activities.

- **Chief Executive Officer**: Drives culture of risk management and signs off the Annual Report and Accounts, which contains the governance and risk statements.

- **Executive Team**: Responsible for the oversight and management of principal risks. Actively support and promote a positive risk management culture across the organisation.

- **Chief Risk Officer (Assistant Director Governance and Resilience)**: A risk professional advising the Board on setting risk strategy, risk appetite and the architecture of the risk management framework.

- **Risk Management Team**: Continuous improvement of risk management policy, strategy and the supporting framework.

- **Managers**: Ensure staff in their business units comply with the risk management policy and foster a culture where risks can be identified and escalated.

- **Staff and Contractors**: Comply with risk management policies and procedures.

Risk Management Process

The risk management process will be compliant with the Treasury Orange Book and is set out in the Risk Manual (MPD1336). Appropriate and proportionate training will be provided for all staff on risk awareness, and additional training will be provided to Risk Leads, Risk Owners, and those with governance responsibility for risk on the operation of the risk system. All such training will be mandatory.

Risks scored within the Risk Limit will automatically be shared with the Risk Management Committee and the Board, via the Board Assurance Framework.

Risks scored in the Judgement Zone will be managed by the responsible Senior Management Team meeting, with the Chairperson responsible for any escalation requirements. Risk in the appetite range for a period of six months or more, will be reported by the Risk Management Team to the Risk Management Committee

Visibility of risk appetite levels, against each Principal Risk, will be presented monthly in the risk section of the Board Performance Report, via the Board Assurance Framework and available to users in the landing pages of the Risk Management System.

Integration with other systems and processes

Risk management will be factored into business planning, performance management, audit and assurance, business continuity management and project management.

Risk Appetite

NHSBT's Board and Executive Directors accept that:

NHSBT as a provider of healthcare related services and products, operates in an environment where there are risks associated with the processes and activities required to deliver products and services. Risks will be consistently managed in a considered and controlled manner

NHSBT must take risks to successfully deliver its strategic priorities, as part of the commitment to fulfil the organisations ambition

NHSBT will strive to ensure risks are managed within the agreed appetite levels confirmed by the Board, with any risk exceeding agreed tolerances prioritised and managed accordingly

The risk appetite has been defined following consideration of organisational responsibilities and consequences and are based on the following levels:

Minimal. NHSBT will only tolerate a low degree of inherent risk in the delivery of its objectives.

Cautious. NHSBT has a preference for safe options that have a low degree of residual risk.

Open. NHSBT is willing to accept a higher level of controlled risk in the pursuit of transformation and achievement of important objectives.

In certain circumstances risks which exceed the agreed tolerance level and fall within the judgement zone, may be tolerated, if they result in a recognised benefit. This will be by exception, with this risk treatment approved and monitored by the Risk Management Committee

Risks will not be considered acceptable and will always be actively managed if they have the potential to:

- Expose donors, patients, staff and the public to avoidable harm
- Compromise NHSBT's ability to deliver key products and services within specifications and terms of agreements to hospitals, the NHS or other customers
- Breach statute, regulatory, mandatory or professional standard requirements
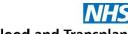- Adversely impact the reputation of NHSBT

Individual risk appetite levels and the appetite statement will be monitored by the Risk Management Committee, signed by the Chair and CEO after approval by the Board as an element of this policy, and will be updated as legislation or the operating environment changes. This policy, including the risk appetite statement must be considered and approved by Board at least every two years.

Risk Appetite Statements for Specific Impact Areas

Risk Impact Area	Level
Donor & Patient Safety	Minimal
Avoid risk, except in very exceptional circumstances, that may result in injury or harm to donors or patients	
Staff & Public safety and wellbeing	Minimal
Avoid risk, except in very exceptional circumstances, that may result in injury or harm to staff or members of the public	
Legal, Regulatory & Compliance	Cautious
Want to be reasonably sure we would win any challenge	
Governance	Minimal
Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions	
Financial	Open
Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels	
People	Open
Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved	
Innovation & Development	Open
Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance	
Service Disruption	Minimal
Avoid risk, except in very exceptional circumstances, that may result in minimal or short-term disruptions to service or product delivery, taking into consideration mitigating controls in place	
Commercial	Open
Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved	
Data & Technology	Open
Systems / technology developments considered to enable improved delivery. Agile principles may be followed. Accept need for operational effectiveness in distribution and information sharing.	

Risk Impact Area	Level
Reputation	Open

Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.