

## **Risk Appetite Statement**

The aim of North West Anglia NHS Foundation Trust is to provide high quality, effective and safe services which improve the health, wellbeing and independence of the population it serves. The Board recognises risk is inherent in the provision of healthcare and its services, and therefore a defined approach is necessary to identify risk context, ensuring that the Trust understands and is aware of the risks it is prepared to accept in the pursuit of the delivery of the Trusts' aims and objectives.

The Board is responsible for defining and monitoring the risk appetite of the Trust when pursuing its strategic objectives. The Board's approach to and appetite for risk is summarised below.

The Trust recognises its work in a healthcare system where there are quality, service and financial challenges. The Trust's stakeholders extend to not only other health and social care providers, but also to suppliers of services to the Trust, the public, the government and government bodies including regulators.

All processes, procedures and activities carried out by the Trust carry with them a degree of risk. It is necessary for the Trust to agree the level of risk that it is willing to accept, based on what it considers to be justifiable and proportionate to the impact on patients, carers, the public, members of staff and the Trust.

Risk appetite describes the amount and type of risk the Trust is prepared to accept to achieve its financial and strategic objectives. The Trust recognises that its risk appetite may vary on specific elements e.g. safety and care of patients, compliance and regulation and finance etc.

Risk tolerance describes the maximum amount or type of risk the Trust is prepared to tolerate above the risk appetite. As with risk appetite risk tolerance will be influenced by a number of factors.

In terms of operational risk, the Trust has determined that all risks rated as significant or high (i.e. score of 12 or above) should be reviewed at Board subcommittee level. In addition, the matrix in **Annex B** below shows the Trust's risk appetite against each of the identified domains which will help inform decision making.

## RISK APPETITE MATRIX

<b>Risk Levels</b>   <b>Domains</b> 	<b>0</b> <b>Avoid</b> <i>Avoidance of risk and uncertainty is a key organisational objective</i>	<b>1</b> <b>Minimal (ALARP)</b> <i>(as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential</i>	<b>2</b> <b>Cautious</b> <i>Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward</i>	<b>3</b> <b>Open</b> <i>Willing to consider all Potential delivery options and choose while also providing an acceptable level of reward (and VFM)</i>	<b>4</b> <b>Seek</b> <i>Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)</i>	<b>5</b> <b>Mature</b> <i>Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust</i>
<b>Quality Outcomes</b>	No tolerance for any decisions that could negatively impact on quality or safety of care. Priority for tight management controls and oversight to ensure good quality and safe care.	Tolerance for risk taking limited to those decisions where there is no chance of any significant negative impact on quality or safety of care. Decision making authority held by senior clinicians.	Tolerance for risk taking limited to those events where there is little chance of any significant negative impact on quality or safety of care. Decision making authority generally held by senior clinicians.	Appetite to take decisions with potential to significant negative impact on quality or safety of care. Responsibility for non-critical clinical decisions may be devolved.	Willingness to take decisions that are likely to negatively impact on quality or safety of care. High levels of devolved authority for clinical decisions. Management by trust rather than tight control.	Consistently willing to take decisions that are likely to negatively impact on quality or safety of care. Devolved authority for clinical decisions. Management by trust rather than tight control is standard practice.
<b>Financial/Value for Money (VfM)</b>	Avoidance of financial loss is a key objective. We are only willing to accept the low cost option as VfM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept possibility of some limited financial loss. VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – ‘investment capital’ type approach.	Consistently focussed on the best possible return for stakeholders. Resources allocated in ‘social capital’ with confidence that process is a return in itself.
<b>In all circumstances, the Trust has no appetite for fraud and/or other financial crime risk</b>						
<b>Staff Experience/ Outcomes</b>	No tolerance for any decisions that could negatively impact on staff experience or outcomes. Priority for tight management controls and oversight to ensure good staff experience and outcomes.	Tolerance for risk taking limited to those decisions where there is no chance of any significant negative impact on staff experience or outcomes. Decision making authority held by senior managers.	Tolerance for risk taking limited to those events where there is little chance of any significant negative impact on staff experience or outcomes. Decision making authority generally held by senior managers.	Appetite to take decisions with potential to significant negative impact on staff experience or outcomes. Responsibility for non-critical decisions may be devolved.	Willingness to take decisions that are likely to negatively impact on staff experience or outcomes. High levels of devolved authority for decisions. Management by trust rather than tight control.	Consistently willing to take decisions that are likely to negatively impact on staff experience or outcomes. Devolved authority for decisions. Management by trust rather than tight control is standard practice.
<b>APPETITE</b>	<b>NONE</b>	<b>LOW</b>	<b>MODERATE</b>	<b>HIGH</b>	<b>SIGNIFICANT</b>	

<b>Risk Levels</b>   <b>Domains</b> 	<b>0</b> <b>Avoid</b> <i>Avoidance of risk and uncertainty is a key organisational objective</i>	<b>1</b> <b>Minimal (ALARP)</b> <i>(as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential</i>	<b>2</b> <b>Cautious</b> <i>Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward</i>	<b>3</b> <b>Open</b> <i>Willing to consider all Potential delivery options and choose while also providing an acceptable level of reward (and VFM)</i>	<b>4</b> <b>Seek</b> <i>Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)</i>	<b>5</b> <b>Mature</b> <i>Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust</i>
<b>Compliance/Regulatory</b>	Play safe, avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
<b>Continuous Quality Improvement/Innovation</b>	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems/ technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently ‘breaking the mould’ and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
<b>Reputation</b>	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation’s reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
<b>APPETITE</b>	<b>NONE</b>	<b>LOW</b>	<b>MODERATE</b>	<b>HIGH</b>	<b>SIGNIFICANT</b>	

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<b>Estates</b>	No tolerance for any decisions that could negatively impact on the safety of our estate. Priority for tight management controls and oversight to ensure the safety of our estate.	Tolerance for risk taking limited to those decisions where there is no chance of any significant negative impact on the safety of our estate. Decision making authority held by senior managers.	Tolerance for risk taking limited to those events where there is little chance of any significant negative impact on the safety of our estate. Decision making authority generally held by senior managers.	Appetite to take decisions with potential to significant negative impact on the safety of our estate. Responsibility for non-critical decisions may be devolved.	Willingness to take decisions that are likely to negatively impact on the safety of our estate. High levels of devolved authority for decisions. Management by trust rather than tight control.	Consistently willing to take decisions that are likely to negatively impact on the safety of our estate. Devolved authority for decisions. Management by trust rather than tight control is standard practice.
<b>APPETITE</b>	<b>NONE</b>	<b>LOW</b>	<b>MODERATE</b>	<b>HIGH</b>	<b>SIGNIFICANT</b>	