

## Revised Risk Appetite Voting Descriptors:

<b>Risk Levels →</b>	<b>0 - AVOID</b> Avoidance of risk and uncertainty is a key organisational objective	<b>1 - MINIMAL</b> ALARP (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	<b>2 - CAUTIOUS</b> Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	<b>3 – OPEN</b> Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	<b>4 - SEEK</b> Eager to be innovative and choose options offering potentially higher business rewards (despite greater inherent risk)	<b>5 - MATURE</b> Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
<b>Key Elements↓</b>						
<b>Financial/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 <b>3</b>	Prepared to accept the 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. <b>5</b>	Prepared to invest for return and minimise the possibility of financial loss by managing risks to a tolerable level. Value and benefits considered, not just cheapest price. Resources allocated in order to capitalise on opportunities. <b>7</b>	Investing for the best possible return and accept the possibility of financial loss (with controls in place). Resources allocated without firm guarantee of return – 'investment capital' type approach <b>2</b>	Consistently focussed on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself.
<b>Compliance/Regulatory</b>	Play safe. Avoid anything that could be challenged, even unsuccessfully.	Want to be sure we would win any challenge. Similar situations elsewhere have not breached compliances. <b>2</b>	Limited tolerance for sticking neck out. Want to be reasonably sure we would win any challenge. <b>5</b>	Challenge would be problematic but we are likely to win it and gain would outweigh adverse consequences. <b>8</b>	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup. <b>2</b>	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
<b>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 commensurate improvements in management control. Systems/technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved. <b>1</b>	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. <b>15</b>	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>1</b>

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Key Elements↓						
*Quality/Patient Related Outcomes	<i>Avoidance of risks that could be detrimental to the Quality of Care/Patient Outcomes.</i> <b>3</b>	<i>Preference for very safe activities that have a very low degree of inherent risk in relation to improving Quality of Care/Patient Outcomes. Similar activities elsewhere have not breached compliance to clinical standards and professional practice</i> <b>3</b>	<i>Preference for safe activities that have a low degree of inherent risk in relation to improving Quality of Care/Patient Outcomes. Want to be reasonably sure standards of clinical and professional practice are not breached.</i> <b>3</b>	<i>Carry out activities to improve Quality of Care/Patient Outcomes by considering all potential delivery options while ensuring compliance with standards of clinical and professional practice.</i> <b>7</b>	<i>Willingness to carry out activities which challenge current working practices and could potentially offer higher rewards with higher inherent risks to Quality of Care/Patient Outcomes. Compliance with clinical and professional practice may be put at risk</i> <b>1</b>	<i>Willing to consistently carry out activities that challenge current working practices and could potentially offer higher rewards with very high inherent risks to Quality of Care/Patient Outcomes. Compliance with clinical and professional practice may be jeopardised.</i> <b>1</b>
Reputation	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. <b>1</b>	Tolerance for risk taking limited to those events where there is no chance of any significant repercussions for the organisation. Senior management distance from chance of exposure to attention. <b>3</b>	Tolerance for risk taking limited to those events where there is little chance of any significant repercussions for the organisation should there be failure. Mitigation is in place for any undue interest. <b>3</b>	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation. <b>4</b>	Willingness to take decisions that are likely to bring scrutiny to the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of the organisation. <b>8</b>	Track record and investment in communications has built confidence by public, press and politicians that organisation will take difficult decisions for the right reasons with benefits outweighing the risks.

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Key Elements↓						
*Workforce/Staff Engagement	<i>Avoidance of risks in relation to Workforce/Staff Engagement.</i>	<i>Minimal risks taken in relation to Workforce/Staff Engagement. Preference for very safe delivery options with very low inherent risk that offer limited benefits to Staff, Patients and the Organisation.</i>	<i>Moderate risks taken in relation to Workforce/Staff Engagement. Preference for safe delivery options with low inherent risk that offer minimal benefits to Staff, Patients and the Organisation.</i>	<i>Willing to take some risks in relation to Workforce/Staff Engagements that will offer potential high benefits to Staff, Patients and the Organisation.</i>	<i>Innovative in taking risks in relation to Workforce/Staff Engagement that will offer potential higher benefits to Staff, Patients and the Organisation.</i>	<i>Track record in delivering Workforce Transformation Programmes that offer potential higher benefits to Staff, Patients and the Organisation</i>
*Performance	<i>No tolerance for risks in relation to compliance with performance standards (internal or external)</i>	<i>Tolerance for risk taking limited to compliance with internal performance standards where there is no chance of adverse consequences to Patient outcomes.</i>	<i>Low degree of inherent risk in relation to compliance with performance standards (internal or external) where there is limited chance of adverse consequences to Patient outcomes.</i>	<i>Willing to consider all delivery options that provide acceptable levels of Patient related outcomes. Will prefer not to take risks with compliance to external performance standards where there is likely to be adverse consequences.</i>	<i>Willingness to take risks with compliance to performance standards (internal or external) and choose delivery options that provide potentially higher levels of favourable Patient related outcomes (despite greater inherent risk)</i>	<i>Confident in taking high levels of risk with compliance to performance standards (internal or external) because of consistent track record in meeting performance standards.</i>
APPETITE	NONE	LOW	MODERATE	HIGH	SIGNIFICANT	

Note:

\*Descriptors (in italics) added for: Quality/Patient Related Outcomes; Workforce/Staff Engagement and Performance

# DRAFT BOARD RISK APPETITE - POST 09 DECEMBER 2016 BOARD

## 2. Financial Risk Appetite

Approved text: Financial Risk Appetite

The Trust has a **MODERATELY HIGH** within a context of clear and reliable financial controls for taking financial risk. It will be prepared to allocate resources in order to capitalise on new opportunities and invest for returns, whilst minimising the possibility of financial loss by managing risks to a tolerable level. Value for money will remain the primary concern when making financial decisions.

## 3. Compliance/Regulatory Risk Appetite

Approved text: Compliance/Regulatory Risk Appetite

The Trust has a **HIGH** tolerance for risks to its compliance with regulatory requirements. Although there are regulatory requirements that it must comply with, it must be courageous and willing to defend any subsequent regulatory challenge in situations where it is likely to win. Where there is likely to be adverse consequences, the Trust would prefer not to take risks with compliance unless similar situations elsewhere have been successfully defended.

## 4. Innovation Risk Appetite

Approved text: Innovation/Quality/Outcome Risk Appetite

The Trust has a **SIGNIFICANT** tolerance for risks associated with pursuing innovations, system/technology developments to support operational delivery, and activities to improve quality and outcomes. This will be supported with commensurate improvements in management control and higher devolvement of responsibility for non-critical decisions.

## 5. Quality/Patient Related Outcomes Risk Appetite

Approved text: Quality/Patient Related Outcomes Risk Appetite

The Trust has a **HIGH** tolerance for risks associated with activities to improve Quality/Patient related Outcomes. This means it will consider potential delivery options while ensuring it complies with standards of clinical and professional practice. But it will not accept any unnecessary risks that will jeopardise the quality of patient care.

## 6. Reputational Risk Appetite

Approved text: Reputational Risk Appetite

The Trust has a **SIGNIFICANT** tolerance for risks to its reputation arising from the implementation of a new clinical strategy and/or its key strategies, where the potential benefits outweigh those risks. It will pursue new ideas seen as potentially enhancing to the Trust's reputation, but it will not otherwise accept risks or circumstances that could cause reputational damage to the Trust.

## 7. Workforce/Staff Engagement Risk Appetite

Approved text: Workforce/Staff Engagement Risk Appetite

## DRAFT BOARD RISK APPETITE - POST 09 DECEMBER 2016 BOARD

The Trust has a **SIGNIFICANT** tolerance for risks to Workforce/Staff Engagement. This means it will be innovative in undertaking workforce transformation projects that will offer potentially higher staff, patient and organisational benefits. But it will not accept risks in relation to suitability of staff.

### 8. Performance Risk Appetite

Possible text: Performance Risk Appetite

The Trust has a **HIGH** tolerance for risks in relation to Performance. This means that, as it seeks to meet internal and external performance standards, it will be willing to consider all potential delivery options that provide an acceptable level of delivery of patient related outcome measures. Where there is likely to be adverse consequences, the Trust would prefer not to take risks with compliance to external performance standards, unless similar situations elsewhere have been successfully defended.

Dorothy Otite, Trust Risk Manager

January 2017