



**RISK APPETITE – December 2023 Draft**

<b>Risk Appetite Level</b>  <b>Risk Types</b> 	<b>0 – Averse</b> Avoidance of risk is a key organisational objective	<b>1 – Minimal</b> Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential	<b>2 – Cautious</b> preference for safe delivery options that have a low degree of inherent risk and only a limited reward potential	<b>3 – Open</b> willing to consider all potential delivery options and choose while also providing an acceptable level of reward	<b>4 – Eager</b> Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risk)
<b>1. Operational Risks</b>	Defensive approach to operational delivery - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority.	Innovations largely avoided unless essential. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control.

<p><b>2. Strategic Risks</b></p>	<p>Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 5+ year intervals</p>	<p>Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals</p>	<p>Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Strategy is refreshed at 3-4 year intervals</p>	<p>Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Strategy is refreshed at 2-3 year intervals</p>	<p>Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 1-2 year intervals</p>
<p><b>3. Legal/Regulatory Risks</b></p>	<p>Play safe and avoid anything which could be challenged, even unsuccessfully.</p>	<p>Want to be very sure we would win any challenge</p>	<p>Want to be reasonably sure we would win any challenge.</p>	<p>Challenge will be problematic; we are likely to win and the gain will outweigh the adverse impact.</p>	<p>Chances of losing are high but exceptional benefits could be realised.</p>
<p><b>4. Financial Risks</b></p>	<p>Avoidance of any financial impact or loss, is a key objective. Priority for close management controls and oversight with limited devolved authority.</p>	<p>Only prepared to accept the possibility of very limited financial impact if essential to delivery. Appetite for risk taking limited to low scale procurement activity. Decision making authority held</p>	<p>Seek safe delivery options with little residual financial loss only if it could yield upside opportunities. Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority</p>	<p>Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels. Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-</p>	<p>Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place). Innovation pursued – desire to ‘break the mould’ and challenge current practices. High levels of devolved authority – management</p>

		by senior management.	generally held by senior management.	critical decisions may be devolved.	by trust rather than close control.
<b>5. Developmental / Innovation Risks</b>	Avoidance of any financial impact or loss, is a key objective. Priority for close management controls and oversight with limited devolved authority.	Only prepared to accept the possibility of very limited financial impact if essential to delivery. Appetite for risk taking limited. Decision making authority held by senior management	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities. Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels. Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved	Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place). Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control.
<b>6. Clinical and Care Risks</b>	Defensive approach to clinical delivery - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight	Focus on delivering core clinical services safely. Innovations largely avoided unless essential. Decision making authority held by senior management.	Focus on delivering core clinical services safely. Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally	Focus on delivering core clinical services safely and effectively. Innovation in service delivery supported, with clear demonstration of benefit / improvement in patient outcomes.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. Delivery of core clinical services safely and effectively still paramount

	with limited devolved authority		held by senior management. Management through leading indicators	Responsibility for non-clinical decisions may be devolved	
<b>7. People/ Workforce Risk</b>	Avoidance of decisions that could have a negative impact on workforce development, recruitment and retention. Sustainability is primary interest	Avoid all risks relating to the workforce unless absolutely essential. Innovative approaches to workforce recruitment and retention are not a priority and will only be adopted if established and proven to be effective elsewhere	Prepared to take limited risks with regards to the workforce. Where attempting to innovate, would seek to understand where similar actions have been successful elsewhere before taking any decision	Prepared to accept the possibility of some workforce risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention and development opportunities for staff	Eager to pursue workforce innovation. Willing to take risks which may have implications for the workforce but could improve the skills and capabilities of our staff. Recognise that innovation is likely to be disruptive in the short term but with the possibility of long term gains
<b>8. Reputational Risks</b>	Zero appetite for any decisions with high chance of repercussion for organisations' reputation.	Appetite for risk taking is limited to those events where there is no chance of significant repercussions	Prepared to accept the possibility of limited reputational risk if appropriate controls are in place to limit any fallout	Willing to take decisions that are likely to bring scrutiny of the organisation. Outwardly promote new ideas and innovations where potential benefits outweigh the risks	Appetite to take decisions which are likely to bring additional governmental / organisational scrutiny only where potential benefits outweigh risks.

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