

Risk Appetite Statement 2018/19

Introduction

The purpose of this statement is to articulate the UHB's position as to how it treats risks, and informs wider decision making and provide guidance to staff.

The main principles of the UHB's appetite for risk is that

- The lower the UHB's appetite, the less risk the UHB is willing to accept and therefore higher levels of controls should be put in place to manage the risk.
- The higher the UHB's appetite, the more risk the UHB is willing to accept and consequently the UHB will accept the usual for established systems of internal controls and will not necessarily seek to strengthen those controls above all else.

The following risk appetite levels, developed by the Good Governance Institute, have been included, for information, to help the discussion in relation to appetite;

Appetite Level	Described as:	What this means
None	Avoidance of risk and uncertainty is a key organisational objective.	<i>Avoidance of loss is key objective, play safe, avoidance of developments. Priority for tight controls and oversight.</i>
Low	<i>Minimal</i> , or as little as reasonably possible, is preferred for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential.	<i>Prepared to accept the possibility of very limited financial loss if essential. Win any challenges re compliance. Innovations avoided unless essential.</i>
Moderate	<i>Cautious</i> is preferred for safe delivery options that have low degree of inherent risk and may only have limited potential for reward.	<i>Prepare to accept some possibility of some financial loss. Limited tolerance for sticking neck out. Tendency to stick with status quo, innovation in practice avoided unless really necessary.</i>
High	<i>Open</i> and willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM).	<i>Prepared to invest for return & minimise the possibility of financial loss. Value and benefits considered. Gains outweigh adverse consequences. Innovation supported.</i>
Significant	Seek and be eager to be innovative and too chose options offering potentially higher business rewards (despite greater inherent risk). Or also described as <i>mature</i> and confident in setting high levels of risk appetite because controls, forwards scanning and responsiveness systems are robust.	<i>Investing for best possible return & acceptance of possibility of financial loss. Chances of losing any challenge are real and consequences would be significant. Desire to break the mould. High levels of devolved authority – management by trust not control.</i>

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Hywel Dda's approach is to *minimise* its exposure to safety, quality, compliance and financial risk, whilst being *open* and willing to consider taking on risk in the pursuit of delivery of its objective to become a population health based organisation which focuses on keeping people well, developing services in local communities and ensuring hospital services are safe, sustainable, accessible and kind, as well as efficient in their running.

The UHB recognises that its appetite for risk will differ depending on the activity undertaken, and that its acceptance of risk will be based on ensuring that potential benefits and risks are fully understood before decisions on funding are made, and that appropriate actions are taken.

The UHB's risk appetite takes into account its capacity for risk, which is the amount of risk it is able to bear (or loss we can endure) having regard to its financial and other resources, before a breach in statutory obligations and duties occurs.

The UHB's appetite for risk across its activities is provided in the following table;


RISK APPETITE & TOLERANCE LEVELS FOR EACH RISK DOMAIN <i>(links back to Risk Scoring Matrix)</i>			
Risk Impact Domains	Risk Appetite /appetite to take risk	Risk Tolerance /tolerance level for risk	Rationale
Safety of Patients, Staff or Public	None	6	The UHB will hold the safety of people who use its services in the highest regard and will always aim to do no harm. The UHB will at all times act to <i>avoid</i> risk and uncertainty that could result in poor care, non-compliance with clinical and professional standards and non-compliance with statutory duties. Only in exceptional circumstances would the Board have an appetite to make a decision that may jeopardise it.
Quality, Complaints or Audit	Low	8	The UHB will provide high quality services ensuring value for money in a competitive arena and, depending on the circumstances will accept some risks that could limit its ability to fulfil this objective. This is in recognition that it is possible to deliver a service that is sub-optimal in terms of quality and patient experience, but is still clinically safe.
Workforce & OD	Low	8	The UHB will continue to employ and retain staff that meet the high quality standards of the organisation and provide on-going training to ensure all staff reach their full potential, always mindful of the professional and managerial capacity and capability of the organisation and staff well-being. In certain circumstances, the UHB will accept risks associated with the delivery of its strategy where the development of new staffing models and roles is necessary.









Statutory Duty or Inspections	Low	8	Non-compliance with legal and statutory requirements undermines public and stakeholder confidence in the Board, therefore the UHB will not accept any risk which (if realised) would result in non-compliance with its statutory duties and regulatory requirements.
Adverse Publicity or Reputation	Low	8	The UHB will maintain high standards of conduct and will not accept risks that could cause reputational damage to the Board and undermine public and stakeholder confidence associated with the day to day delivery of services. The Board will only consider accepting risks in certain circumstances, such as service or transformational change, if it is assessed that risk of undermining public or stakeholder confidence is outweighed by the longer term benefits that the change would bring for the local population, and that the impacts have been fully assessed and managed.
Business Objectives or Projects	Low	6	The UHB's success depends on the delivery of its objectives to achieve its objectives and gain the confidence of its stakeholders. Therefore the UHB will not accept any risk which (if realised) would result in it not meeting its key objectives.
Finance including Claims	Low	6	Achieving financial balance and delivery of savings plans is a key objective, and therefore the Board will not accept any risk that will (if realised) threaten this, unless a financial response is required to manage those risks associated with patient safety. To support the long term success of the organisation, the UHB will need to <i>seek</i> risks. These would need to focus first and foremost on the maintenance of quality and safety to clinical care, be aligned to its objectives, and the return of investment would need to be clear, as would the potential loss. The potential benefits and associated risks would need to be fully understood before developments are authorised and appropriate measures to mitigate risk are established.
Service or Business interruption or disruption	Low	6	The UHB would prefer as little disruption or compromise to operational areas as reasonably possible, except in very exceptional circumstances. There must be business continuity plans and disaster recovery plans in place to ensure that if identified risks materialise, the damage is limited, ie, the scale of disruption is minimum, and costs are contained.

Risk Appetite Map

The UHB's risk appetite is demonstrated below in an easy to follow guide for the benefit of management and staff.

Key

- ☺ Comfortable – Risks below bar do not present a major threat as long as managed sensibly
- ☹ Dangerous – Risks above the bar represent risks the UHB is unwilling to take or tolerate
-  Manageable – Risks need careful management but may be worth taking or can be tolerated

Risk Impact Domains Risk Score	LOW 1 – 2 – 3	MODERATE 4 – 5 – 6	HIGH 8 – 9 – 10 – 12	EXTREME 15 – 16 – 20 – 25
Safety of Patients, Staff or Public			← ☹ →	
Quality, Complaints or Audit	← ☺ →			← ☹ →
Workforce & OD	← ☺ →			← ☹ →
Statutory Duty or Inspections	← ☺ →			← ☹ →
Adverse Publicity or Reputation	← ☺ →			← ☹ →
Business Objectives or Projects	← ☺ →			← ☹ →
Finance including Claims	← ☺ →			← ☹ →
Service or Business interruption or disruption	← ☺ →			← ☹ →