**NHS Wales Shared Service Partnership**

**Risk Appetite Statement.**

**Introduction.**

NWSSP is committed to achieving and maintaining the highest standards of managerial practices that maximise and progress service benefits. NWSSP recognises that effective risk management is a key component of corporate governance and is critical to achieving the strategic objectives of the organisation.

NWSSP’s Risk Management Protocol seeks to ensure that there is an effective process in place to manage risk across the organisation. Risk management is part of management decision-making and is the responsibility of all staff. Risks are identified, assessed and managed at a corporate level (‘top-down’) and operational level (‘bottom-up’). Managers have a responsibility to evaluate their risk environment, to put in place appropriate controls and monitor the effectiveness of these controls.

An organisation’s risk appetite is defined as the amount and type of risk that the organisation is willing to take in the pursuit of its strategic objectives. The risk appetite can help NWSSP by enabling the organisation to take decisions based on an understanding of the risks involved and communicating expectations for risk-taking to managers.

NWSSP has undertaken a review to identify the most commonly used framework for NHS organisations and confirmed that this is one developed by the Good Governance Institute (Table 1).

The risk appetite has been communicated to staff to embed it throughout the organization and it is also a key reference document in discussions regarding the risks on the NWSSP risk register, ensuring these are in line with NWSSP's risk appetite.

The Risk Appetite Statement is presented to the SSPC for approval on an annual basis, or sooner if circumstances require.

**Table 1. Good Governance Institute Framework.**

|  |  |
| --- | --- |
| **Appetite Level.** | **Described as:** |
| **None** | **Avoid.** The avoidance of risk and uncertainty is a key organisational objective. |
| **Low** | **Minimal.** Preference for ultra-safe delivery options that have a low degree of inherent risk and may only have limited potential for reward. |
| **Moderate** | **Cautious.** Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward. |
| **High** | **Open.** Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM). |
| **Significant** | **Seek.** Eager to be innovative and to choose options offering potentially higher business rewards despite greater inherent risk.  **Mature.** Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust. |

**General Statement of Appetite.**

NWSSP faces a broad range of risks reflecting its responsibilities. The risks arising from our responsibilities can be significant. These risks are managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality staff and public accountability.

NWSSP make resources available to control operational risks at acceptable levels and recognises that it is not possible or indeed necessarily desirable to eliminate some of the risks inherent in our activities. Acceptance of some risk is often necessary to foster innovation within the services for which we are responsible.

This statement considers the most significant risks to which NWSSP is exposed and provides an outline of the approach to managing these risks. All strategic and business plans for operational areas must be consistent with this Statement. Given the range of our activities and responsibilities, it is not appropriate to make a single overarching statement of our attitude to risk. Instead, a range of risk appetite statements arising from the different areas of our work are set out below.

1. **Quality.**

The provision of high quality services is of the utmost importance for NWSSP. This means that NWSSP has **no appetite** for risks that could result in poor quality of service provision.

1. **Compliance.**

NWSSP has a **low** **appetite** to any risk that prevents the SSPC demonstrating the highest standards of accountability and transparency.

Non-compliance with legal and statutory requirements undermines public and stakeholder confidence in NWSSP, has the potential for harm and legal consequences and therefore NWSSP has **no appetite** in relation to these risks.

NWSSP has a preference for safe delivery options rather than risk breaching statutory or compliance obligations.

We have **no appetite** for risks that could result in NWSSP being non-compliant with UK law or healthcare legislation, or any of the applicable regulatory frameworks in which we operate.

1. **Research & Development.**

NWSSP has a **moderate appetite** for risks associated with innovation, research and development in order to take forward our vision to become a world-class organisation.

NWSSP will only take risks when it has the capacity to manage them and is confident that there will be no adverse impact on the safety and quality of the services provided.

1. **Innovation.**

NWSSP has a **high appetite** for risks associated with innovation and partnership with industry and academia in order to realise the provision of new service delivery options, new technologies, efficiency gains and improvements in practice. However, NWSSP will balance the opportunities with the capacity and capability to deliver such opportunities and is confident that there will be no adverse impact on the safety and quality of the services provided.

1. **Reputation & Public Confidence.**

NWSSP will maintain high standards of conduct, ethics and professionalism at all times and has **no appetite** for risks or circumstances that could cause reputational damage to NWSSP or a loss in public confidence.

1. **Performance & Service Sustainability.**

NWSSP has a **moderate appetite** to accept risks to our portfolio of services if they are consistent with the achievement of safety, efficiency and quality improvements as long as safety, quality, financial and effective outcomes are maintained.

1. **Financial Sustainability**

NWSSP is entrusted with public funds and must remain financially viable while safeguarding the public purse. NWSSP has **no appetite** for accepting or pursuing risks that would leave the organisation open to fraud or breaches of Standing Financial Instruction.

1. **Workforce & OD**

NWSSP is committed to recruit and retain staff that meet the high quality standards of the organisation and will provide on-going development to ensure all staff reach their full potential. This key driver supports our values and objectives to maximise the potential of our staff to implement initiatives and procedures that seek to inspire staff and support transformational change whilst ensuring it remains a safe place to work.

NWSSP has **no appetite** for risks associated with unprofessional conduct, underperformance, bullying or an individual’s competence to perform roles or tasks safely nor any incident or circumstances which may compromise the safety of any staff members or group.

1. **Partnerships**

NWSSP works in partnership arrangements with other Health Boards, Trusts, Local Authorities, academia, independent organisations and the voluntary sector and therefore has a **moderate appetite** to seek out opportunities and take greater inherent risks for higher rewards in pursuit of partnership development and collaborative working where this is considered advantageous to achieving its aims.

Working collaboratively with national and local partners requires some moderate risk to be accepted as we develop longer-term strategic plans to deliver stronger and more resilient services.

The above can be summarised as follows:

|  |  |  |
| --- | --- | --- |
| 1 | Quality | No appetite |
| 2 | Compliance | Low appetite (no appetite for legislative or statutory non-compliance) |
| 3 | Research & Development | Moderate |
| 4 | Innovation | High |
| 5 | Reputation & Public Confidence | No |
| 6 | Performance & Service Sustainability | Moderate |
| 7 | Financial Sustainability | No |
| 8 | Workforce & OD | No |
| 9 | Partnerships | Moderate |

**Conclusion**

This statement has acknowledged that NWSSP faces a broad range of risks reflecting its responsibilities and that some of these can be significant.

It has also asserted that risk management is part of management decision-making and is the responsibility of all staff. It has reaffirmed that Managers have a responsibility to evaluate their risk environment, to put in place appropriate controls and monitor the effectiveness of these controls.

NWSSP’s risk appetite levels are communicated to staff through the practical adoption of these risk appetite levels in the way that the Directorate and Corporate Risk Registers function. Directorate Senior Management meetings and the NWSSP Senior Management Team are the conduit through which this process is led.

This statement will be reviewed annually, unless circumstances dictate that an earlier review is necessary.