

## 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 uses the Risk Appetite Matrix used by many NHS organisations developed by the Good Governance Institute (Annex 1).

The risk appetite has been communicated to staff to embed it throughout the organisation 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. The Statement was informally reviewed at the SSPC Development Day on 11 October 2024 and is reviewed periodically by the Senior Leadership Group.

## **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. Financial – Risk Appetite Level: Open**

We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of VFM with price not the overriding factor.

### **2. Regulatory – Risk Appetite Level: Open**

We are prepared to accept the possibility of some regulatory challenge as long as we can be reasonably confident that we would be able to challenge this successfully.

### **3. Quality – Risk Appetite Level: Seek**

We will pursue innovation wherever appropriate. We are willing to take decisions on quality where there may be high inherent risks but the potential for significant longer-term gains.

### **4. Reputational – Risk Appetite Level: Open**

We are prepared to accept the possibility of some reputational risk as long as there is the potential for improved outcomes for stakeholders.

### **5. People – Risk Appetite Level: Significant**

We seek to lead the way in terms of workforce innovation. We accept that innovation can be disruptive and are happy to use it as a catalyst to drive a positive change.

## 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 Leadership Group are the conduit through which this process is led.

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

# Applying risk appetite matrix

RISK APPETITE LEVEL ▶	0 NONE Avoidance of risk is a key organisational objective.	1 MINIMAL Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential.	2 CAUTIOUS Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential.	3 OPEN Willing to consider all potential delivery options and choose while also providing an acceptable level of reward.	4 SEEK Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risk).	5 SIGNIFICANT Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.
RISK TYPES ▼						
FINANCIAL How will we use our resources?	We have no appetite for decisions or actions that may result in financial loss.	We are only willing to accept the possibility of very limited financial risk.	We are prepared to accept the possibility of limited financial risk. However, VFM is our primary concern.	We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of VFM with price not the overriding factor.	We will invest for the best possible return and accept the possibility of increased financial risk.	We will consistently invest for the best possible return for stakeholders, recognising that the potential for substantial gain outweighs inherent risks.
REGULATORY How will we be perceived by our regulator?	We have no appetite for decisions that may compromise compliance with statutory, regulatory or policy requirements.	We will avoid any decisions that may result in heightened regulatory challenge unless absolutely essential.	We are prepared to accept the possibility of limited regulatory challenge. We would seek to understand where similar actions had been successful elsewhere before taking any decision.	We are prepared to accept the possibility of some regulatory challenge as long as we can be reasonably confident we would be able to challenge this successfully.	We are willing to take decisions that will likely result in regulatory intervention if we can justify these and where the potential benefits outweigh the risks.	We are comfortable challenging regulatory practice. We have a significant appetite for challenging the status quo in order to improve outcomes for stakeholders.
QUALITY How will we deliver safe services?	We have no appetite for decisions that may have an uncertain impact on quality outcomes.	We will avoid anything that may impact on quality outcomes unless absolutely essential. We will avoid innovation unless established and proven to be effective in a variety of settings.	Our preference is for risk avoidance. However, if necessary we will take decisions on quality where there is a low degree of inherent risk and the possibility of improved outcomes, and appropriate controls are in place.	We are prepared to accept the possibility of a short term impact on quality outcomes with potential for longer-term rewards. We support innovation.	We will pursue innovation wherever appropriate. We are willing to take decisions on quality where there may be higher inherent risks but the potential for significant longer-term gains.	We seek to lead the way and will prioritize new innovations, even in emerging fields. We consistently challenge current working practices in order to drive quality improvement.
REPUTATIONAL How will we be perceived by the public and our partners?	We have no appetite for decisions that could lead to additional scrutiny or attention on the organisation.	Our appetite for risk taking is limited to those events where there is no chance of significant repercussions.	We are prepared to accept the possibility of limited reputational risk if appropriate controls are in place to limit any fallout.	We are prepared to accept the possibility of some reputational risk as long as there is the potential for improved outcomes for our stakeholders.	We are willing to take decisions that are likely to bring scrutiny of the organisation. We outwardly promote new ideas and innovations where potential benefits outweigh the risks.	We are comfortable to take decisions that may expose the organisation to significant scrutiny or criticism as long as there is a commensurate opportunity for improved outcomes for our stakeholders.
PEOPLE How will we be perceived by the public and our partners?	We have no appetite for decisions that could have a negative impact on our workforce development, recruitment and retention. Sustainability is our primary interest.	We will avoid all risks relating to our 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.	We are prepared to take limited risks with regards to our workforce. Where attempting to innovate, we would seek to understand where similar actions had been successful elsewhere before taking any decision.	We are 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 developmental opportunities for staff.	We will pursue workforce innovation. We are willing to take risks which may have implications for our workforce but could improve the skills and capabilities of our staff. We recognize that innovation is likely to be disruptive in the short term but with the possibility of long term gains.	We seek to lead the way in terms of workforce innovation. We accept that innovation can be disruptive and are happy to use it as a catalyst to drive a positive change.