



## Moray Integration Joint Board DRAFT Risk Appetite Statement

### Overview

Improving public services and innovating requires managed risk taking. Higher risk appetite can result in greater achievement but taking on too much risk can result in operational failures, financial losses, and damage to reputation. Taking on too little can mean an organisation misses opportunities to improve, and becomes unsustainable in the long term.

This statement sets out the Board's appetite for different types of risks. In reality most decisions the Board makes will involve balancing more than one type of risk.

The risk appetite statement can be useful in two ways:

1. When considering the best response to risks to the Strategic Plan, as set out in the Strategic Risk Register
2. When making specific key decisions and the risk implications of accepting or rejecting a course of action

Defining an organisation's risk appetite can help:

- Ensure the organisation is only taking a level of risk – and the type of risks – it is comfortable with to achieve its goals
- Ensure the risks are commensurate to the opportunity or reward to be gained
- Provide a framework for decision making: significant decisions can be taken with consideration to how it will affect the level or risk the organisation is exposed to, and if this is acceptable or not
- Enable staff to make judgements about which risks are acceptable in pursuing goals & which are not
- Ensure the response to specific risks is proportionate



## Appetite Statement

Table 1 sets out in broad terms the range of the Board's appetite for different types of risk. Example behaviours are set out in Appendix 1. The boundaries should be read with the appetite statements below.

**Table 1 – Risk Appetite Boundaries**

Risk Type	Appetite			
	Averse	Cautious	Open	Hungry
People Risks - Safety				
Regulatory Risks				
Transformation				
Operational Continuity & Performance – Moray Priorities				
Operational Continuity & Performance – Non-Moray Priorities				
Reputation – Stakeholder Confidence				
Reputation – Quality of Service				
Reputation – Financial Management				
Financial – Meeting Annual Budget				
Financial – 5% Overspend				
Political Risk				

## Risk Appetite Statements

### People Risks – Safety

Safety risks that could result in harm to service users, staff or the public are inherent in Health & Social Care services. The safety of individuals is paramount therefore standards of safety management and clinical care have to be high, and the Board will continue to seek assurances this is the case.

The Board's ambition is for health & social care to be people centred. This means supporting people in decision making about their own health & care, which may expose individuals to higher risk where they make an informed decision.



The Board will also seek to balance individual safety risks with collective safety risks to the community.

### Regulatory Risks

The Board, staff and providers across Moray are all committed to ensuring high standards of clinical care & governance through operational policies. Innovation and new ways of working may mean traditional regulations do not exist, or are contradictory.

We will only take regulatory risks knowingly, following consultation with the relevant regulatory body and where we have clear risk mitigation in place.

### Transformation

The Board has a high appetite for risks associated with delivery of the Transformation plan. The following should be considered when accepting these risks:

- We understand and can mitigate other risk types that may arise, e.g. safety or financial within appetite
- Service users are consulted and informed of changes in an open & transparent way
- We will monitor the outcome and change course if necessary

### Operational Continuity & Performance (2 Categories)

The Board is cautious to open about risks that could affect outcomes that are priorities to people in Moray. There is a slightly higher appetite to risks that may mean nationally set outcomes – that are not a high priority in Moray - are not met.

This will only be accepted where there is a clear rationale, and preferably also a way of demonstrating what the IJB is doing to meet the aspiration the outcome was created for.

### Reputation (3 Categories)

The Board is cautious to open about risks that could damage relationships with different stakeholders. It recognises many of our aspirations depend on effective collaboration, coproduction and partnership working with a range of stakeholders. The appetite also recognises that while the aspiration is to be a co-operative partner, some partners will not be able to move at the same pace as us all the time.



We will seek to protect relationships in the long term and will not set out to antagonise stakeholders deliberately. For example, we must not be seen to exclude or prevent participation in the design of services where there is an appetite to do this.

We must be mindful that repairing relationships is easier when there is already a well of goodwill to draw on, and that further damage to an already damaged relationship will not be conducive to good long term outcomes.

#### Financial (2 Categories)

The Board recognises the financial constraints all partners are working within. While we are cautious to open about accepting financial risks this will be done:

- Where a clear business case or rationale exists for exposing ourselves to the financial risk
- Where we can protect the long term sustainability of health & social care in Moray

#### Political

The Board recognises the political and media response to new ways of working or outcomes can help or hinder innovation and improvement. While this should not stop innovation or working in different ways the Board is keen to ensure political and media risks are considered thoroughly and appropriate mitigation and communication strategies are in place.



## Appendix 1 – Risk Appetite Descriptions

Table 1 – Behaviours Associated with Appetite

Risk Appetite	Typical Organisational Attitude or Behaviours
1. Low	<p><b>Risk Averse or Minimalist</b></p> <ul style="list-style-type: none"> <li>• Preference is for ultra-safe actions that will not result in a loss of reputation, credibility or money</li> <li>• Innovation is avoided unless it's forced upon us</li> <li>• All reasonable steps will be taken to manage the risk; prepared to be bureaucratic and tightly control processes</li> <li>• Avoid any action that could lead to a legal challenge or breach of regulatory framework</li> </ul>
2. Medium	<p><b>Cautious with Risk</b></p> <ul style="list-style-type: none"> <li>• Preference is for actions that are unlikely to result in a loss of reputation or credibility</li> <li>• Innovation is generally avoided, and will only be entered into if all stakeholders are committed, and success is virtually guaranteed</li> <li>• Prepared to accept the possibility of only limited financial loss</li> </ul>
3. High	<p><b>Open to Risk</b></p> <ul style="list-style-type: none"> <li>• Willing to stick our neck out and risk our reputation but only if steps have been taken to reduce the risk</li> <li>• Innovation is supported, but only if clear benefits are demonstrated and we are confident in our success</li> <li>• Prepared to invest for reward and accept moderate financial losses are possible</li> <li>• The likelihood of this risk happening and the consequences are such that we're happy to live with it</li> </ul>
4. Very High	<p><b>Hungry for Risk</b></p> <ul style="list-style-type: none"> <li>• Willing to accept increased scrutiny from stakeholders and a loss of credibility if things go wrong</li> <li>• Innovation is pursued, we are willing to break the mould to deliver organisational goals even if failure is a possibility</li> <li>• Prepared to invest knowing significant financial losses are possible, or that innovation may fail to deliver the anticipated benefits</li> </ul>