



**Aneurin Bevan University Health Board**

# **Risk Appetite Statement**

**January 2024**

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## **INTRODUCTION**

Risk is the effect of uncertainty on Aneurin Bevan University Health Board's (the Health Board's) ability to achieve its objectives.

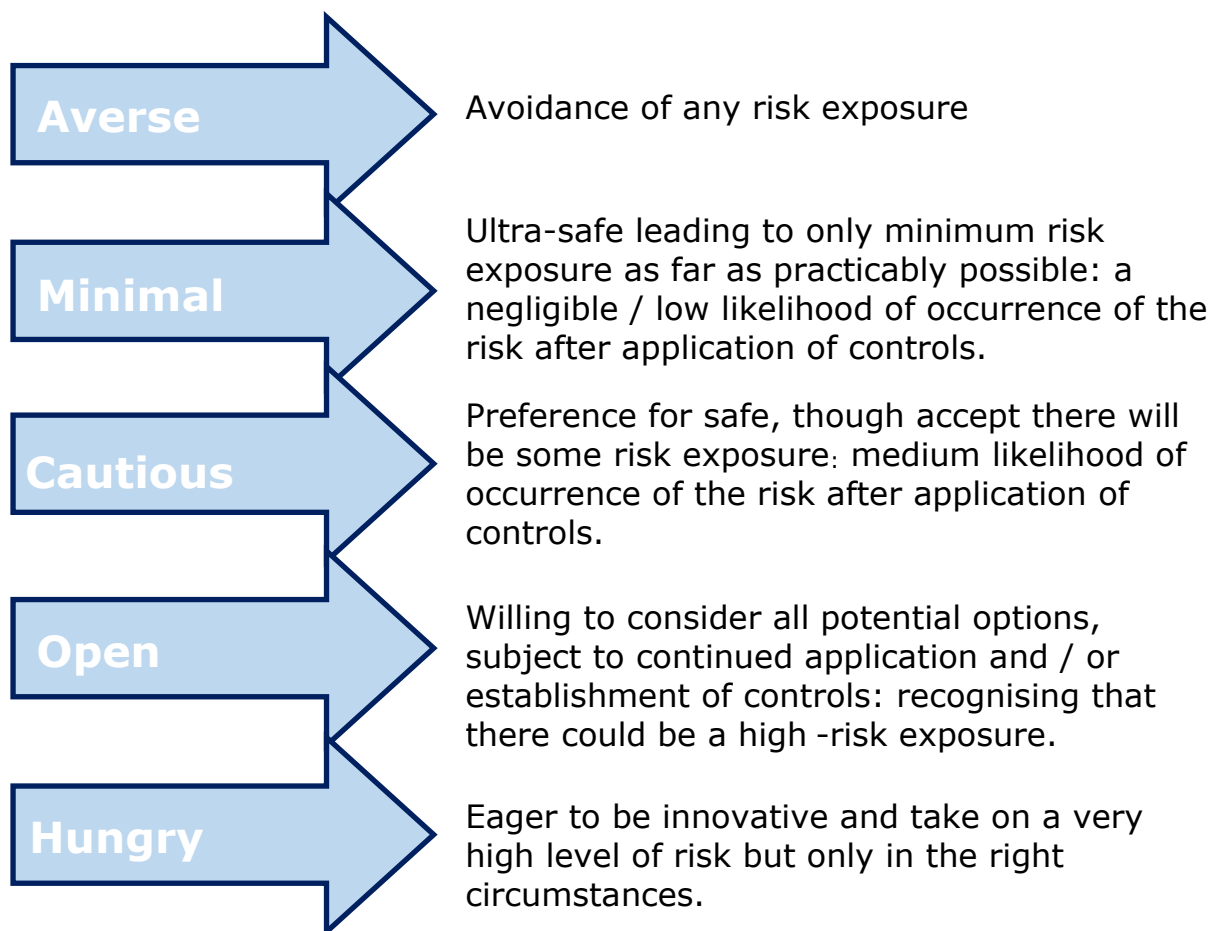
Risk itself is neither positive nor negative, but the outcome of taking risks can be to realise an opportunity or a threat. Only in extreme circumstances is the risk unforeseen. Therefore, through careful consideration and based on information available, the Health Board should be able to determine when it can take more risk and when it should not.

Risk appetite is a way of expressing the Health Board's attitude to different types of risk and the nature of the risks the Health Board is prepared to take. The Health Board's appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances.

The Health Board's Risk Appetite Statement is not prescriptive but instead provides several underlying component parts that encourage structured thinking. The aim of the risk appetite is to enable the Health Board to reach an informed conclusion as to whether a risk can be accepted and to what extent.

## RISK APPETITE DESCRIPTION

The Board has agreed the following levels of risk appetite,



## RISK APPETITE BOUNDARIES

To enable translation of the risk appetite into Aneurin Bevan University Health Board's risk scoring methodology, the tolerance for each risk appetite has been plotted on the matrix below i.e., at what point a risk is acceptable (within tolerance) and when it is not (outside tolerance).

There may at times be risks which exceed appetite thresholds and the Health Board will therefore need to actively consider and agree to any risks managed outside tolerance in line with escalation levels.

Risk Appetite Level	Risk Appetite Threshold
<b>Averse</b>	<b>Score 5 and below</b>
<b>Minimal</b>	<b>Score 8 and below</b>
<b>Cautious</b>	<b>Score 13 and below</b>
<b>Open</b>	<b>Score 17 and below</b>
<b>Hungry</b>	<b>Score 21 and below</b>

## RISK APPETITE THEMES

All risks should be considered in the context of the Health Board's risk appetite. To assist this a number of risk appetite themes have been developed, against which they have assigned a risk appetite. Therefore, in the instances where risks are associated with the theme and dependent on the risk score assigned, the Health Board will be more easily able to determine how to respond and so make best use of mitigation resources.

Safety, quality and the Health Board's staff are key considerations in any risk-based decisions and so with that in mind, the following risk appetite themes and descriptions below have been determined by the Board after considering key negative and positive events that might affect the achievement of the Health Board's objectives.

### People

Risks relating to recruitment and retention of the right people with the appropriate skills and risks relating to the successful delivery of the Health Board's People Strategy which would include culture & wellbeing.

The Health Board will continue to provide and review creative opportunities to develop and grow its workforce, building the operational capability and skills needed to deliver its strategic priorities. To do this the Health Board recognises that its risk appetite will need to be **open**, exploring new innovative workforce models, innovative ways of working and recruitment while always being aligned to positive culture and promoting wellbeing.

### Aneurin Bevan University Health Board Activities (Compliance & Safety)

Risks relating to all aspects of patient safety but also including safeguarding, staff & public security, in addition risks relating to compliance and/or legal implications.

Compliance, safety & security is of the utmost importance. To reflect this the Health Board has a **minimal** risk appetite when making decisions about any matter or risk that may influence compliance, legality, patient harm & safety including safeguarding.

### Aneurin Bevan University Health Board Activities (Service Delivery)

Risks relating to all aspects of the Health Board's ability to deliver, manage, and improve service quality and performance along with all risks relating to the current performance of the organisation's infrastructure such as IM&T and Estates, including the Health Board's ability to deliver its associated strategy.

The Health Board will have an **open** risk appetite to service delivery. This openness will be reflected in decisions that increase the likelihood of creative, innovative, and positive outcomes but also encompass wider improvements to service delivery models, including the use of IT and new technology, acknowledging that investment of resource needed to purchase equipment or deliver successful projects can be significant and must be managed appropriately.

## Financial Sustainability

Risks relating to all aspects of the Health Board's financial performance and its ability to manage cost and efficiencies.

The Health Board's risk appetite for effective financial management is **cautious** as making sure there is sound financial management whilst maximising opportunities and cost effectiveness is vital to ensure future success. While the Health Board is more receptive in its approach to risk, it shall remain vigilant to those risks that could have quality, resource, reputational and safety implications that outweigh any perceived financial benefits.

## Transformation & Partnership Working

All risks relating to the Health Board's ability to engage effectively with other organisations, including development of collaborations and partnerships, along with all risks associated with innovation, transformation, and strategic change.

The Health Board will be **open** in its risk appetite to transformation and when working with local authorities, healthcare partners and other agencies to improve the health of the population. It is acknowledged that risk exposure may exist in decisions to transform and work with others, so the Health Board shall be conscious of those risks that could have quality, reputational and safety implications for patients and/or the organisation.

## Confidence & Trust

All risks relating to confidence and trust in the Health Board, including risks relating to key stakeholders, communities and adapting to external challenges.

The Health Board's natural position is to not tolerate risks that breakdown or impact confidence & trust. Building on and maintaining the confidence and trust of all stakeholders, including staff is vital, so to highlight both the complexity and importance of transparency, the Health Board shall be **cautious** to any risk or opportunity that may influence that confidence and/or trust.

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## RISK APPETITE REVIEW

The Health Board will review its risk appetite on an annual basis, fully recognising that this may be subject to change due to various factors both internal and external that could shape the nature and extent of the risks the Health Board is prepared to take.

The Health Board's Risk Appetite Statement will remain an integral part of its Risk Management Framework and will be embedded into the organisation's risk management system.

## MONITORING AND REPORTING

The Health Board will align existing risks with risk appetite themes. In addition, the Health Board will report the volume (including an approximation of cumulative exposure/risk clusters) of risks by risk theme vs risk appetite and develop a set of Key Risk Indicators, as appropriate, to help measure/inform risk appetite.

In order that the Health Board can understand its risk exposure in connection with the risk appetite themes and ensure an effective response, reporting will be undertaken in-line with the **Risk Management Policy and Procedure**. Risk register entries will be categorised by the risk appetite theme to enable the Health Board to understand the type, nature, and volume of risk attributable to each risk appetite theme.

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## APPENDIX A – Risk Appetite Summary Table

<b>RISK APPETITE</b>	<b>Risk Theme</b>	<b>Risk Appetite Level</b>	<b>Risk Appetite Description</b>	<b>Risk Appetite Thresholds</b>
	<b>Aneurin Bevan University Health Board Activities (Compliance &amp; Safety)</b>	Minimal	Ultra-safe leading to only minimum risk exposure as far as practicably possible: a negligible/low likelihood of occurrence of the risk after application of controls	Score 8 and below
	<b>Aneurin Bevan University Health Board Activities (Service Delivery)</b>	Open	Willing to consider all potential options, subject to continued application and/or establishment of controls: recognising that there could be a high-risk exposure	Score 17 and below
	<b>People</b>	Open		
	<b>Transformation and Partnership working</b>	Open		
	<b>Financial Sustainability</b>	Cautious	Preference for safe, though accept there will be some risk exposure: medium likelihood of occurrence of the risk after application of controls	Score 13 and below
	<b>Confidence and Trust</b>	Cautious		