

## Risk Appetite – The Robert Jones and Agnes Hunt Orthopaedic Hospital

Proposed Risk category	Proposed Risk appetite	Proposed Risk tolerance - target score	Rationale
Quality	Cautious	6	The trust exists to provide optimal clinical care and treatment. Therefore, we take a <b>cautious</b> approach – we prefer to avoid risks which would adversely affect the quality of services but recognise that it is rarely possible to develop new services or change pathways without some degree of risk. We will pursue innovation in order to make improvements but when making significant decisions about clinical services, we will carefully assess any associated risks to patient safety, patient experience and clinical effectiveness, and put in place control measures to mitigate them. We continuously monitor the impact on quality, using both statistical data and feedback from patients and carers.
Finance	Open	9	We are an ambitious organisation which plans for the future. Many of our initiatives and innovations will generate additional income and efficiencies in the longer term but require financial investment to get started. We also recognise that the cheapest option is not always the most effective. We are therefore <b>open</b> to financial risk. This is dependent on financial forecasting which allows us to quantify the level of risk, and applying robust budgetary controls as set out in our standing financial instructions and scheme of delegation.
Workforce	Seek	12	We aim to provide a supportive workplace in which employees can thrive and which people choose as a great place to work. For these reasons, and to fulfil our ambitions of growing and transforming our services, we will pursue new ways of working. We <b>seek</b> risk in that we recognise that the prospect of change can be disruptive and unsettling but are willing to accept this risk where there are longer term gains, including improved recruitment and retention, and widening the skills and capabilities of staff.
Regulatory	Open	9	It is important for us to remain in good standing with regulatory bodies because this provides assurance over the quality of our services and reinforces public confidence in our trust. However, we recognise that regulators will closely scrutinise and challenge significant changes and innovations to our services. We are <b>open</b> to this risk in cases where we are confident that we are acting in the interests of patients and can demonstrate that our actions are consistent with relevant legislation and professional standards.
Reputational	Open	9	We are an outward-looking organisation which works in partnership with healthcare, educational and charitable organisations in Shropshire and further afield. Patient and community involvement is very important to us. We believe that stakeholders of all kinds recognise our commitment to maintaining good working relationships with them. We are, however, <b>open</b> to reputational risk in that we are prepared to take decisions which may attract scrutiny or opposition when we can clearly demonstrate that they will achieve better outcomes for patients.

# Key to Risk Appetite Descriptors

RISK APPETITE LEVEL	0 NONE	1 MINIMAL	2 CAUTIOUS	3 OPEN	4 SEEK	5 SIGNIFICANT
	Avoidance of risk is a key organisational objective.	Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential.	Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential.	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward.	Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risk).	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.
RISK TYPES						
<b>FINANCIAL</b> 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.
<b>REGULATORY</b> 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.
<b>QUALITY</b> 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.
<b>REPUTATIONAL</b> 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.
<b>PEOPLE</b> 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 chan.