




4.2 APPENDIX 6 - NWJCC RISK APPETITE MATRIX

Risk Appetite Level  Risk Category 	Risk Domain and Strategic Objectives Alignment	Averse (None) (1 – 3) Avoidance of risk is a key organisational objective	Minimal (4 – 6) Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential	Cautious (7 – 9) Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential	Open (10 -14) Willing to consider all potential delivery options and choose while also providing an acceptable level of reward	Eager (Seek) (15 - 20) Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risks)
Strategic Direction	Risk Domains: <ul style="list-style-type: none"> All Strategic Objectives: <ul style="list-style-type: none"> All 	We have guiding principles or rules in place that largely maintain the status quo and seek to limit risk in organisational actions and the pursuit of our priorities. Our strategic objectives are rarely refreshed.	We have guiding principles or rules in place that typically minimise risk in organisational actions and the pursuit of our priorities.	We have guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of our priorities.	We have guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of our priorities.	We have guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of our priorities. Our strategic objectives are reviewed and refreshed dynamically.
Health Inequality, Quality, Safety and Outcomes (CTMUHB – Cautious)	Risk Domains: <ul style="list-style-type: none"> Health Outcomes Health Inequalities Strategic Commissioning Strategic Objectives: <ul style="list-style-type: none"> Improve Equity and Population Health Reduce Duplication 	We have no appetite for risks that impact the health, safety and well-being of our commissioned population or for decisions that may have an uncertain impact on health outcomes.	Our appetite for risk taking is limited to where there is a minimal impact on the health, safety and well-being of our commissioned population. We will avoid anything that may impact on health outcomes unless absolutely essential. We will avoid innovation unless established and proven to be effective in a variety of settings.	We are prepared to take decisions that risk an adverse or differential impact on the quality and safety of our commissioned population where there is a low degree of inherent risk and the possibility of improved outcomes, and appropriate controls are in place. We will target our resources to ensure equity of outcome even when this means investing differentially or disinvesting in existing commissioned services. We will consider options where we know we can establish robust methods for monitoring and measuring impact on outcomes.	We believe that sustainably addressing a wide range of inequalities requires us to concentrate on addressing the broader determinants of health and investment in primary prevention. This requires a long-term, collaborative approach that may result in a short to medium-term impact on quality, safety and health outcomes with potential for longer-term rewards. We support innovation.	We will pursue opportunities to commission collaboratively to address the broader determinants of health. We will pursue innovation wherever appropriate. We are willing to take decisions on quality, safety and health outcomes where there may be higher inherent risks but the potential for significant longer-term gains.
Financial Sustainability and Value for Money (CTMUHB – Cautious)	Risk Domains: <ul style="list-style-type: none"> Resources Strategic Commissioning Strategic Objectives: <ul style="list-style-type: none"> Maximise Value 	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 and population outcomes are our primary concern for the services we commission.	We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of VFM and population outcomes for the services we commission with price not the overriding factor.	We will invest for the best possible return for the services we commission and accept the possibility of increased financial risk.
Innovation and Service Sustainability	Risk Domains: <ul style="list-style-type: none"> Strategy and Operations Strategic Objectives: <ul style="list-style-type: none"> Ensure Quality Maximise Value 	We have no appetite for decisions that may have a negative impact on current service delivery or operational performance targets for the services we commission.	We are only willing to accept decisions that may have a limited impact on current service delivery or operational performance targets for the services we commission.	We will take decisions that may have an impact on current service delivery or operational performance targets for the services we commission, provided the adoption of new models of service where similar actions have been successful elsewhere.	We will consider some options, including the associated risks, which support the delivery of operational performance targets, with a preference for innovating service delivery, adoption of new technologies and models of service reconfiguration for the benefit of our commissioned population.	We will pursue innovation in service delivery, adoption of new technologies and models of service reconfiguration for the benefit of our commissioned population.

Risk Appetite Level 	Risk Domain and Strategic Objectives Alignment	Averse (None) (1 – 3) Avoidance of risk is a key organisational objective	Minimal (4 – 6) Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential	Cautious (7 – 9) Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential	Open (10 -14) Willing to consider all potential delivery options and choose while also providing an acceptable level of reward	Eager (Seek) (15 - 20) Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risks)
Governance, Compliance and Statutory Duty (CTMUHB – Cautious)	Risk Domains: <ul style="list-style-type: none"> Legal Strategic Objectives: <ul style="list-style-type: none"> Maximise Value Facilitate Integration 	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.
Confidence and Trust (CTMUHB – Cautious)	Risk Domains: <ul style="list-style-type: none"> Reputation Strategic Objectives: <ul style="list-style-type: none"> Facilitate Integration 	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.
Workforce/People and OD (CTMUHB – Cautious)	Risk Domains: <ul style="list-style-type: none"> People Strategic Objectives: <ul style="list-style-type: none"> Ensure Quality Maximise Value Facilitate Integration 	We have no appetite for decisions that could have a negative impact on workforce development, recruitment and retention. Sustainability is our primary interest.	We will avoid all risks relating to 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 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 the workforce but could improve the skills and capabilities of staff. We recognise that innovation is likely to be disruptive in the short term but with the possibility of long-term gains.
Data and Information Management (CTMUHB – Cautious)	Risk Domains: <ul style="list-style-type: none"> Strategy and Operations Strategic Objectives: <ul style="list-style-type: none"> Facilitate Integration 	We will lock down data & information and have tightly controlled access with high levels of monitoring.	We will minimise the level of risk due to potential damage from disclosure.	We will accept the need for operational effectiveness with risk mitigated through careful management, limiting distribution.	We will accept the need for operational effectiveness in the distribution and sharing of information.	We will minimise the level of controls with data and have information openly shared.

Target Risk Score: This provides the **risk tolerance score** for each of the different types of risks and therefore, **the target risk score**, which should sit within the tolerance score determined by the JCC for the stated category of risk. The strategic risk owner should consult the JCC’s risk appetite statement to ensure the target score is appropriate and within the tolerance values of what the JCC is willing to take.