

Meeting:	NHS Grampian Board
Meeting date:	10 April 2025
Item number:	14
Title:	Strategic Risk Report - Board Risk Appetite & Strategic Risk Process
Responsible Executive/Non-Executive:	Dr Hugh Bishop, Executive Medical Director
Report Author:	Jennifer Matthews, Corporate Risk Advisor

1 Purpose

This report is presented to the Board for:

- **Endorsement-**
 - Consider and endorse the revised NHS Grampian Risk Appetite Statement
 - Consider and endorse the following proposals in relation to the Strategic Risk Process:
 - The reporting of Strategic Risks to aligned Board Committees (not including the Audit & Risk Committee) at least two times per year
 - A full Strategic Risk Report for all risks to the Board once per year
 - Strategic Risk to be a standing item at January Board Seminars

This report relates to a:

- Annual Operation Plan
- Government policy/directive
- Legal requirement

This aligns to the following NHS Scotland quality ambition(s):

- Safe
- Effective

2 Report summary

2.1 Situation

During the initial session of NHS Grampian Board Seminar held on the 9th January 2025, where chairs/members of the Grampian Area Partnership Forum and the Area Clinical Forum Committees were in attendance in addition to Board members, time was allocated to the consideration of risk appetite and the current strategic risk process. Attendees were specifically asked to consider the updating of the Boards Risk Appetite Statement, which involved the updating of aligned risk appetite levels for each risk impact category.

The groups were asked to decide on risk appetite levels, providing a rationale for this, while taking into consideration that:

- The Risk Appetite Statement speaks to how NHS Grampian approach the consideration and management of different types of risk, and should be clear on the Board's intent
- Allocated levels should be realistic and in line with the current operating environment
- Risk appetite should not be set on 'how we are currently performing', it is about the ideal/optimal level of risk that the Board wants to sit with

Outputs from this session have been collated and further considered by the Chief Executive Team (CET) on 4th February 2024, the Clinical Governance Committee on 11th February 2024, the Performance, Assurance, Finance and Infrastructure Committee on 26th February 2024, the Staff Governance Committee on 25th February, and the Population Health Committee on 28th February 2024.

Feedback has allowed for a draft to be compiled of the updated Risk Appetite Statement, which can be viewed in Appendix 1.

The second half of the session was allocated to reviewing the current Strategic Risk Management Process, including the handling of intolerable risks. Outputs from this session have been considered and have allowed for proposals for Strategic Risk reporting across the Committees and to the Board for the year ahead.

These outputs and the draft Risk Appetite Statement will be presented to the relevant Board Committees for consideration and comment prior to returning to CET and being presented to the Board in April 2025.

Section 2.3 of this report provides further details on these outputs, including rationale for the updated risk appetite levels.

2.2 Background

Risk Appetite

The Board recognises that it is not possible to eliminate all risks that are inherent in the delivery of healthcare, and is therefore willing to accept a certain degree of risk where it is considered to be in the best interest of patients, carers, the public, staff members and the Board.

To support the effective assessment and management of risk within NHS Grampian, a Risk Appetite Statement is used to articulate the level and type of risk that the Board aims and is willing (or unwilling) to accept in pursuit of achieving its strategic objectives. The current Risk Appetite Statement was endorsed by the Board on 5th October 2023.

The risk impact categories (which describe the direct impact an associated risk may have) used within the current statement are adapted from the NHS Scotland Risk Assessment Matrices. A Short Life Working Group (SLWG) comprised of Risk Managers, Advisors and Leads from NHS Scotland health boards commenced in June 2024, with an aim to update the NHS Scotland Risk Assessment Matrices, an integral piece of the HIS Adverse Event Framework which is also under review. The SLWG closed their period of work and consultation on 7th November 2024.

The updated risk impact categories were utilised during the Board Seminar on the 9th January for the consideration of risk appetite.

It is advised that the Board's Risk Appetite Statement is reviewed and updated on a yearly basis, or more frequently throughout the year depending on changes to the operating environment or the Board's strategic objectives.

2.3 Assessment

2.3.1 Risk Appetite

The following provides a summary and details of the risk appetite levels allocated to the categories, whether they have changed from the previous statement, and the rationale behind the allocations collated from the Board Seminar discussion groups and recent CET discussions.

Table 1: This table provides an overview of all risk impact category alignments to provisional risk appetite levels.

2025 (provisional)	Minimalist	Cautious	Open	Courageous
Healthcare Experience		✓		
Injury/Illness	✓			
Transformation & Innovation				✓
Service/Business Interruption			✓	
Workforce		✓		
Financial	✓			
Compliance	✓			
Public Confidence		✓		
Health Inequalities	✓			

Risk impact category: Injury / Illness

Description: Physical and/or psychological injury or illness to patients/visitors/staff

Previous Risk Appetite Level (2023): Minimalist

Provisional Risk Appetite Level (2025): Minimalist

Rationale:

Much discussion was given as to whether this category should move to a Cautious appetite level, as perhaps this is more realistic and in line with our current operating environment, and was a Minimalist approach achievable.

The consensus was that, given the specifics surrounding this category, Minimalist is in line with where we should aim to be as a healthcare provider. As a Board, we do not have a willingness to potentially cause harm (related to this category) in any circumstance, and this aligns with the Boards intent to provide safe services and reduce avoidable harm.

Risk impact category: Healthcare Experience

Description: The impact on how our stakeholders experience our organisation, including unsatisfactory experience and clinical outcome, as well as the potential for the organisation to receive complaints

Previous Risk Appetite Level (2023): Cautious

Provisional Risk Appetite Level (2025): Cautious

Rationale:

It is felt that there is no pressing argument for moving our risk ambition here but feedback was reflective of the broad application of this across the system and between those that receive treatment and those that do not.

Risk impact category: Transformation & Innovation

Description: The impact on our ability to deliver change & innovation across our organisation

Previous Risk Appetite Level (2023): Open

Provisional Risk Appetite Level (2025): Courageous

Rationale:

The consensus to move this category to Courageous focused on the principle that Open has not allowed the level of change required, and the context we are operating in requires us to be very innovative so a sustainable system can be created. Being Courageous at the strategic level demonstrates clear intent and commitment to change. This also allows for balance in other areas where appetite for risk is more reserved.

The Courageous level is to be linked to the Route Map for Strategic Change, with a caveat that individual risk appetites will be set for individual projects based on the unique circumstances and context for each project.

Risk impact category: Service Delivery / Business Interruption

Description: Impact on our ability to deliver efficient & effective services

Previous Risk Appetite Level (2023): Cautious

Provisional Risk Appetite Level (2025): Open

Rationale:

Initial discussions supported a move to Open to support planning around innovation within services and the flexibility required for this. There was also an agreement for an increased level of devolved authority for decision making throughout the organisation.

However, there were some concerns raised regarding the linkages between this category and impact on business continuity arrangements, given the current focus in this areas.

Feedback received was supportive of the suggestion to articulate the specific areas of risk in relation to this category, especially relating to patient care. This has been reflected through the addition of a sentence in the category statement detailing that NHS Grampian “seek to embrace a more Cautious approach in this area of risk regarding service interruption that may impact directly upon the delivery of patient care.”

Risk impact category: Workforce

Description: The impact on our staff wellbeing, competency (ability to carry out training and development activities) & levels (requirement for supplementary staffing)

Previous Risk Appetite Level (2023): Cautious

Provisional Risk Appetite Level (2025): Cautious

Rationale:

The rationale for remaining at Cautious centres around aspects such as the flexibility required in the ability for staff to carry out training and development activities given current operational pressures and priorities. Although there is work to reduce the use of bank and agency/locum staff, the reality is that these resources are still a key requirement in certain areas for clinical activity to continue.

It was noted that staff wellbeing is a component of this category and although it is accepted that there may be some impact upon the wellbeing of staff, impact upon the welfare of staff, specifically in terms of harm (physical and psychological), is not acceptable. This is reflected in the Minimal approach under the Injury/Illness category.

Risk impact category: Financial

Description: The impact on our ability to operate within budget and achieve financial sustainability through unplanned cost/reduction of available finances

Previous Risk Appetite Level (2023): Cautious

Provisional Risk Appetite Level (2025): Minimalist

Rationale:

There was much discussion for this category as to whether to remain at Cautious or move to Minimalist.

Given the current financial pressures, external scrutiny and the Boards requirement to be clear about its intent in this area, the consensus was to move to Minimalist to align with aspirations for the year ahead.

Risk impact category: Compliance

Description: Impact on business controls to comply with industry rules, regulations and sustainability, including the potential for Regulator involvement/enforcement action/fines and a reduction in the level of Board Assurance

Previous Risk Appetite Level (2023): Minimalist

Provisional Risk Appetite Level (2025): Minimalist

Rationale:

As a highly regulated public body, there was agreement to remain with NHS Grampian's reasonably conservative approach to risk in this area, and remain with Minimalist. Although the ability to remain compliant across all areas is challenging due

to resource constraints, a Minimalist approach to compliance type risk is necessary to maintain the trust and confidence of colleagues, regulators and the public.

Risk impact category: Public Confidence

Description: Impact on public confidence of the organisation

Previous Risk Appetite Level (2023): Open

Provisional Risk Appetite Level (2025): Cautious

Rationale:

The reasoning behind moving this category from Open to Cautious is primarily due to the current adverse operating environment. Public confidence during this adversity is critical as it can determine the ability to engage with change.

Risk impact category: Health Inequalities

Description: Impact could create/increase Health Inequalities across the Population

Previous Risk Appetite Level (2023): n/a (new category)

Provisional Risk Appetite Level (2025): Minimalist

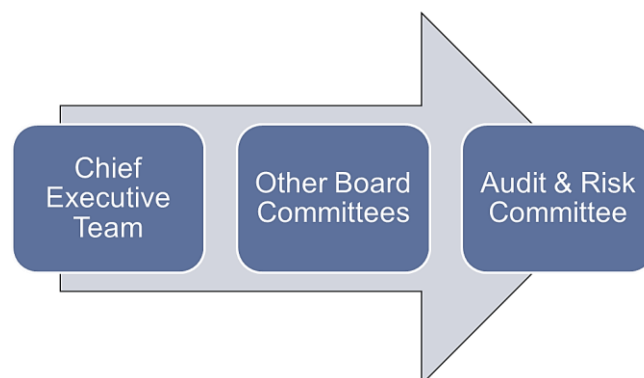
Rationale:

The alignment of Minimalist to this category was centred from much of the reasoning behind the Injury/Illness category, in that the Board would not seek to cause harm to any individuals within disadvantaged groups. Consideration was given not just to economic factors but also to potential ethical implications. A Minimalist approach would aid in steering controls towards the Boards strategic intent in this area.

2.3.2 Strategic Risk Management Process

The following is proposed for firming up arrangements regarding the reporting of Strategic Risks to the Board and its Committees, providing additional robustness regarding assurance in this area.

Figure 1: Although some changes are present, the current 3 step process for Strategic Risk is to remain unchanged.



- All Strategic Risks will be reported to their aligned Committee(s) at least two times per year. Reporting to align with and complement committee scheduling/other planned reporting
- The Audit and Risk Committee will continue with the current arrangement of being provided with the full Strategic Risk Profile at every meeting, as well as feedback/assurance notes from other Board Committees on their aligned risks
- CET will decide as to whether there requires to be any additional reporting/escalation to Committees, especially concerning intolerable risks
- Intolerable risks will be discussed at every CET Strategic Risk meeting (held every 7/8 weeks throughout the year)
- The Board will receive a yearly report on Strategic Risk, to include updates from Risk Owners/Executive Leads and also from Committee Chairs regarding the assurance level for their aligned risks
- It is also proposed that the Board include Strategic Risk as a permanent feature of their January Seminar, to allow for yearly consideration of Risk Appetite and other Strategic Risk matters

2.3.3 Risk Assessment/Management

The effective management of Strategic Risk aims to reduce the overall level of risk exposure, enabling the achievement of NHS Grampian's strategic objectives, as outlined in Plan for the Future.

2.3.4 Route to the Meeting

Details contained within this report have previously been considered by the following groups as part of its development:

- NHSG Board Seminar 9th January 2025
- Wider Cohort System Leadership Meeting 27th January 2025
- Chief Executive Team Strategic Risk Meeting 4th February 2025
- Clinical Governance Committee 11th February 2024
- Performance, Assurance, Finance and Infrastructure Committee 26th February 2024
- Staff Governance Committee 25th February
- Population Health Committee 28th February 2024

The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

2.3 Recommendation

The Board is asked to

- consider and endorse the revised NHS Grampian Risk Appetite Statement
- consider and endorse the following proposals in relation to the Strategic Risk process:
 - the reporting of Strategic Risks to aligned Board Committees (not including the Audit & Risk Committee) at least two times per year
 - a full Strategic Risk Report for all risks to the Board once per year
 - Strategic Risk to be a standing item at January Board Seminars

3 Appendix/List of appendices

- Appendix 1- Draft NHS Grampian Risk Appetite Statement 2025



NHS Grampian Risk Appetite Statement

Background

The NHS Grampian Board is responsible for enabling wellness within the Grampian population by improving health and preventing ill health, and for responding to illness by delivering the required healthcare.

The Board recognises that it is not possible to eliminate all risks that are inherent in the delivery of healthcare, and is therefore willing to accept a certain degree of risk where it is considered to be in the best interest of patients, carers, the public, staff members and the Board.

Appendix 1 -

To support the effective assessment and management of risk within NHS Grampian, a Risk Appetite Statement is used to communicate the amount and type of risk that the organisation aims to seek, accept or tolerate in pursuit of achieving its strategic objectives.

Definitions

Risk Appetite:

‘The total amount (level and type) of risk an organisation **aims** to accept in pursuit of its objectives’

Risk Tolerance:

‘The total amount (level and type) of risk an organisation is **willing** to accept in pursuit of its objectives’

NHS Grampian’s risk appetite reflects the boundaries in which the organisation aims to work within to achieve its strategic objectives as set out in Plan for the Future, NHS Grampian’s strategy for 2022-2028.

Risk Appetite Setting

NHS Grampian’s Risk Appetite Statement will:

- Complement current risk management processes
- Support the balance of risks and opportunities
- Provide clarity regarding risks that require mitigation and those that are to be tolerated
- Ensure that resources are prioritised and allocated where they are most needed to support the management of risk
- Enable the provision of proportionate and specific responses

The Board accepts that there may be occasions where the organisation must deal with more risk than is thought prudent to pursue, and that various constraints may prevent the achievement of risk appetite. Therefore, flexibility exists for responsible managers within the boundaries of the risk appetites, allowing for a balanced judgement of both risk and reward.

In such situations, the organisation will operate within acceptable tolerance levels, with the aim of steering back to achieving risk appetite.

Such exceptions will be assessed against their consistency with strategic objectives and context of the Risk Appetite Statement, and any breaches of accepted risk tolerances will be addressed with an appropriate corrective action plan, and escalated appropriately.

Risk Impact Categories

NHS Grampian has a differential approach to risk management, where categories of risk are considered individually. This approach allows for a strong link between risk appetite and risk categories, while informing decision-making and escalation procedures, especially in relation to risks that breach acceptable tolerance levels.

High-level risk impact categories used within this statement are adapted from NHS Scotland Core Risk Assessment Matrices, a tool used within NHS Grampian to implement risk management processes, providing consistency of terms and methodology. These categories describe the direct impact that an associated risk may have.

Appendix A provides descriptions of the risk impact categories.

Risk Appetite Level

Level definitions have been adapted from the UK Government's 'Orange Book Risk Appetite Guidance Note' and aim to describe the approach of each risk appetite level.

Each risk appetite level has an individual corresponding Risk Evaluation Matrix. Individual risks have a determined risk rating (based on impact and likelihood) which is applied to the Risk Evaluation Matrix for the corresponding appetite level. This application provides a net risk assessment that indicates the required response: action, monitoring or accept.

Appendix B provides descriptions of the risk appetite levels and corresponding matrices.

Risk Appetite Statements by Risk Impact Category

As a highly regulated public body, NHS Grampian has a reasonably conservative approach to risk, although it accepts that it is not practical or desirable to avoid all risk. The Board recognises the challenging environment in which it operates and that a degree of risk must be accepted and/or pursued in order to achieve transformative ambitions set out in Plan for the Future. The Board will continue to provide safe, high quality services with integrity, maintain strong ethical standards and adhere to all applicable legal and regulatory requirements.

The Board will act in accordance of these Risk Appetite Statements to achieve its strategic objectives.

The table below, using the risk categories and risk appetite levels, provides information regarding the Board's target risk appetite within core risk areas.

Appendix C sets out each risk appetite level for each risk category.

Risk Impact Category	Statement	Risk Appetite Level
Injury (physical or psychological)	<p>Focus on delivering core services safely with a high standard of care. Seek a low degree of inherent risk when concerning patient, visitor or staff injury.</p> <p>Service delivery and environment in line with or in excess of minimum health & safety legislation.</p>	1 - Minimalist
Healthcare Experience	<p>Focus on delivering core clinical services safely, with some elements of risk present in pursuit of safe and effective patient care.</p> <p>Aim to optimise patient experience, outcome and quality of care through new ways of working where appropriate.</p> <p>Robust risk assessment and risk mitigation processes in place.</p>	2 - Cautious
Transformation & Innovation	<p>Willing to accept a higher degree of risk in relation to maximising innovation and change which supports the effective delivery of strategic objectives.</p> <p>Individual projects/programmes related to transformation and innovation activities must be aligned to relevant risk appetite levels based on the unique circumstances and context for each project/programme.</p>	4 - Courageous
Service Delivery / Business Interruption	<p>Prepared to accept a higher degree of risk that may affect the delivery of operational services within NHS Grampian in order to promote a culture of innovation.</p> <p>Aim to develop and maintain safe, resilient, secure, compliant and high performing services throughout the organisation.</p> <p>Seek to embrace a more Cautious approach in this area of risk regarding service interruption that may impact directly upon the delivery of patient care.</p>	3 - Open
Risk Impact Category	Statement	Risk Appetite Level

Workforce	<p>Prepared to take some workforce related risk, under certain circumstances, in pursuit of safe and effective patient care delivery.</p> <p>Unwilling to accept risk that may cause unintended harm (physical and psychological) upon the workforce.</p>	2 - Cautious
Financial	<p>Only prepared to accept the possibility of very limited financial loss for the benefit of safe and effective delivery of patient care and outcomes.</p> <p>Resources allocated in order to maximise on opportunities and potential for transformation.</p>	1 - Minimalist
Compliance	<p>Prepared to accept the possibility of minor regulatory observations, if deemed essential to safe and effective patient care and outcomes.</p> <p>Very limited appetite for decisions that present risks to NHS Grampian maintaining regulatory and legislative compliance.</p>	1- Minimalist
Public Confidence	<p>Risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.</p>	2 - Cautious
Health Inequalities	<p>Focus on delivering core services safely with a low impact upon patient outcomes and access to services. Seek to ensure equitable access and outcomes for all population groups.</p> <p>Service delivery and environment in line with or in excess of minimum equalities legislation.</p>	1- Minimalist

Appendix A- NHS Scotland Risk Impact Categories

Injury / Illness (physical or psychological) – Physical or psychological harm to patients, visitors or staff

Healthcare Experience – Impact on how our stakeholders experience our organisation, including unsatisfactory experience and clinical outcome, as well as the potential for the organisation to receive complaints

Transformation & Innovation – Impact on our ability to deliver change & innovation across our organisation

Service Delivery / Business Interruption – Impact on our ability to deliver efficient & effective services, including the potential requirement to invoke business continuity plans

Workforce – Impact upon our staff's wellbeing, competency (ability to carry out training and development activities) & levels (requirement for supplementary staffing)

Financial – Impact on our ability to operate within budget and achieve financial sustainability through unplanned cost/reduction of available finances

Compliance – Impact on controls to comply with industry rules, regulations and sustainability, including the potential for Regulator involvement/enforcement action/fines and a reduction in level of Board Assurance

Public Confidence – Impact on public confidence of the organisation, including the potential for adverse media etc interest

Health Inequalities – Impact that could create/increase Health Inequalities across the Population, in relation to patient access, patient outcomes and disadvantaged groups

Appendix B- Risk Appetite Levels

Risk Appetite	Description	Risk Matrix	Risk Response																																			
4- Courageous	Eager to be innovative and choose options based on maximising opportunities and increasing benefit, even if these activities carry a very high degree of <i>residual</i> risk.	<div>LIKELIHOOD</div> <table><tr><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td></tr><tr><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table> <div>IMPACT</div>	5	10	15	20	25	4	8	12	16	20	3	6	9	12	15	2	4	6	8	10	1	2	3	4	5	<table><tr><th>Net Risk Assesment</th><th>Risk Assessment Response</th></tr><tr><td>21-25 Very High</td><td>Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure</td></tr><tr><td>17-20 High</td><td>Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure</td></tr><tr><td>10-16 Medium</td><td>Acceptable level of risk exposure subject to regular risk monitoring measures</td></tr><tr><td>1-9 Low</td><td>Acceptable level of risk exposure on the basis of normal operation of controls in place</td></tr></table>	Net Risk Assesment	Risk Assessment Response	21-25 Very High	Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure	17-20 High	Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure	10-16 Medium	Acceptable level of risk exposure subject to regular risk monitoring measures	1-9 Low	Acceptable level of risk exposure on the basis of normal operation of controls in place
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3- Open	<p>Willing to consider all options and choose those that will most likely result in successful delivery and an acceptable level of benefit.</p> <p>Activities may carry, or contribute to, a high degree of <i>residual</i> risk.</p>	<div>LIKELIHOOD</div> <table><tr><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td></tr><tr><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table> <div>IMPACT</div>	5	10	15	20	25	4	8	12	16	20	3	6	9	12	15	2	4	6	8	10	1	2	3	4	5	<table><tr><th>Net Risk Assessment</th><th>Risk Assessment Response</th></tr><tr><td>20-25 Very High</td><td>Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure</td></tr><tr><td>13-19 High</td><td>Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure</td></tr><tr><td>8-12 Medium</td><td>Acceptable level of risk exposure subject to regular risk monitoring measures</td></tr><tr><td>1-7 Low</td><td>Acceptable level of risk exposure on the basis of normal operation of controls in place</td></tr></table>	Net Risk Assessment	Risk Assessment Response	20-25 Very High	Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure	13-19 High	Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure	8-12 Medium	Acceptable level of risk exposure subject to regular risk monitoring measures	1-7 Low	Acceptable level of risk exposure on the basis of normal operation of controls in place
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Risk Appetite	Description	Risk Matrix	Risk Response																																			
2- Cautious	<p>Preference of safe service delivery options that have a low degree of <i>residual</i> risk.</p> <p>Willing to tolerate a degree of risk to achieve key deliverables or objectives where there is potential for significant benefit or opportunity.</p> <p>Any <i>inherent</i> risk is deemed largely controllable.</p>	<div><div>LIKELIHOOD</div><table><tr><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td></tr><tr><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>IMPACT</div></div>	5	10	15	20	25	4	8	12	16	20	3	6	9	12	15	2	4	6	8	10	1	2	3	4	5	<table><tr><th>Net Risk Assessment</th><th>Risk Assessment Response</th></tr><tr><td>16-25 Very High</td><td>Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure</td></tr><tr><td>11-15 High</td><td>Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure</td></tr><tr><td>6-10 Medium</td><td>Acceptable level of risk exposure subject to regular risk monitoring measures</td></tr><tr><td>1-5 Low</td><td>Acceptable level of risk exposure on the basis of normal operation of controls in place</td></tr></table>	Net Risk Assessment	Risk Assessment Response	16-25 Very High	Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure	11-15 High	Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure	6-10 Medium	Acceptable level of risk exposure subject to regular risk monitoring measures	1-5 Low	Acceptable level of risk exposure on the basis of normal operation of controls in place
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- Minimalist	<p>Avoidance or preference of safe service delivery options that have a low degree of <i>inherent</i> risk.</p> <p>The potential for benefit/return is not a key driver and activities will only be undertaken when there is a low degree of <i>inherent</i> risk.</p>	<div><div>LIKELIHOOD</div><table><tr><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td></tr><tr><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>IMPACT</div></div>	5	10	15	20	25	4	8	12	16	20	3	6	9	12	15	2	4	6	8	10	1	2	3	4	5	<table><tr><th>Net Risk Assessment</th><th>Risk Assessment Response</th></tr><tr><td>15-25 Very High</td><td>Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure</td></tr><tr><td>8-14 High</td><td>Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure</td></tr><tr><td>4-7 Medium</td><td>Acceptable level of risk exposure subject to regular risk monitoring measures</td></tr><tr><td>1-3 Low</td><td>Acceptable level of risk exposure on the basis of normal operation of controls in place</td></tr></table>	Net Risk Assessment	Risk Assessment Response	15-25 Very High	Intolerable level of risk exposure which requires immediate action to be taken to reduce risk exposure	8-14 High	Significant level of risk exposure that requires constant active monitoring and action to be taken to reduce exposure	4-7 Medium	Acceptable level of risk exposure subject to regular risk monitoring measures	1-3 Low	Acceptable level of risk exposure on the basis of normal operation of controls in place
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Appendix C- NHS Grampian risk impact categories and risk appetite level descriptions

<div> <div>Risk Appetite Level</div> <div>Risk Impact Type</div> </div>	1- Minimalist Preference for very safe options that have a low degree of inherent risk and a limited potential for benefit or opportunity within NHS Grampian	2- Cautious Preference for safe options that have a low degree of inherent risk and some potential for benefit or opportunity within NHS Grampian	3- Open Willing to consider all potential options and provide an acceptable level of benefit or opportunity within NHS Grampian	4- Courageous Eager to be innovative and to choose options offering greater organisational benefit or opportunity within NHS Grampian (despite greater inherent risk)
Injury (physical or psychological)	Focus on delivering services safely with a high standard of care. Seek a very low degree of inherent risk when concerning patient, visitor or staff injury. Service delivery and environment in line with or in excess of minimum health & safety legislation.	Focus on delivering services safely with a high standard of care. Seek some innovative activity if deemed beneficial and has a low degree of inherent risk. Service delivery and environment in line with minimum health & safety legislation.	Focus on delivering services safely. Focus on improvement with innovation enabled. Service delivery and environment in line with minimum health & safety legislation.	Delivery of services safely and effectively still paramount, however actively seeking new ways of working, which could challenge patient/staff safety. Service delivery and environment may not meet minimum health & safety legislation standards.
Healthcare Experience	Focus on delivering clinical services safely with a low degree of inherent risk. Robust risk assessment & mitigation processes in place. Innovations largely avoided unless essential.	Focus on delivering clinical services safely with some element of risk. Robust risk assessment & mitigation processes in place. Innovations generally avoided however encouraging higher quality patient care through new ways of working.	Focus on delivering clinical services safely and effectively with a higher degree of risk and higher number and significance of complaints. Innovation in service delivery supported, encouraging higher quality patient care through new ways of working. Risk assessment & mitigation processes in place, however, not always effective.	Delivery of clinical services safely and effectively still paramount, with an increased presence of risk taking, which may result in significant adverse events with harm occurring. Innovation pursued – desire to ‘break the mould’ and challenge current working practices.
Transformation & Innovation	Transformation and innovation always avoided unless essential or commonplace elsewhere.	Transformation and innovation in practice avoided unless necessary.	Transformation and innovation supported, with demonstration of proportional improvements in management control.	Transformation and innovation pursued – desire to ‘break the mould’ and challenge current working practices.

<div> <div> <div>Risk Appetite Level</div> <div>Risk Impact Type</div> </div> </div>	1- Minimalist Preference for very safe options that have a low degree of inherent risk and a limited potential for benefit or opportunity within NHS Grampian	2- Cautious Preference for safe options that have a low degree of inherent risk and some potential for benefit or opportunity within NHS Grampian	3- Open Willing to consider all potential options and provide an acceptable level of benefit or opportunity within NHS Grampian	4- Courageous Eager to be innovative and to choose options offering greater organisational benefit or opportunity within NHS Grampian (despite greater inherent risk)
Service Delivery / Business Interruption	Minimal possibility of operational failure. Innovations always avoided unless essential or commonplace elsewhere. Only essential systems / technology developments to protect current operations. Decision making authority held by senior management.	Potential for operational failure in pursuit of innovation when necessary. Systems / technology developments limited to improvements to protection of current operations. Some devolved authority and oversight processes in place.	Increased exposure to operational failures. Innovation supported, with demonstration of benefit/improvement in service delivery. Systems/ technology developments used routinely to enable operational delivery. Devolved authority and oversight processes in place.	Exposure to regular operational failures. Innovation pursued – desire to ‘break the mould’ and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority, management by trust rather than close control.
Workforce	Prepared to accept the possibility of very limited workforce risk impacts if essential to safe and effective patient care and outcomes. Innovative approaches to workforce recruitment and retention are not a priority.	Prepared to take limited workforce risks in pursuit of safe and effective patient care delivery that may yield opportunity, including improved recruitment and retention.	Prepared to take workforce risk that may yield opportunities including improved recruitment and retention and development opportunities for staff but with the potential for exposure to sub-optimal patient care and outcomes.	Eager to pursue workforce opportunities. However, exposure to sub-optimal patient care and outcomes may be likely. Recognise that innovation is likely to be disruptive in the short term but with the possibility of long-term gain.
Financial	Only prepared to accept the possibility of limited financial loss. Value and benefits considered (not just cheapest price).	Prepared to accept the possibility of some financial loss for the benefit of patient care and outcomes. Value and benefits considered (not just cheapest price).	Prepared to invest for benefit and/or accept financial loss for the benefit of patient care and outcomes. Value and benefits considered (not just cheapest price).	Investing for the best possible return and accept the possibility of financial loss (with controls in place).

<div> <div>Risk Appetite Level</div> <div>Risk Type</div> </div>	1- Minimalist Preference for very safe options that have a low degree of inherent risk and a limited potential for benefit or opportunity within NHS Grampian	2- Cautious Preference for safe options that have a low degree of inherent risk and some potential for benefit or opportunity within NHS Grampian	3- Open Willing to consider all potential options and provide an acceptable level of benefit or opportunity within NHS Grampian	4- Courageous Eager to be innovative and to choose options offering greater organisational benefit or opportunity within NHS Grampian (despite greater inherent risk)
Compliance	Prepared to accept the possibility of minor regulatory observations, if deemed essential to safe and effective patient care and outcomes.	Prepared to accept the possibility of moderate regulatory observations/judgements, as long as there is confidence that the challenge could be managed.	Prepared to accept the possibility of significant regulatory observations/judgements, but any impacts to patient care and outcomes are likely to be limited.	Prepared to accept the possibility of significant regulatory observations/judgements, if the decisions can be justified and potential benefit and opportunity outweigh the risk.
Public Confidence	Risk taking limited to those events where there is no chance of any significant repercussion for the organisation.	Risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Decisions taken with the potential to expose the organisation to additional scrutiny / interest. Prospective management of the organisation's reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefit and opportunity outweigh the risk. New ideas seen as potentially enhancing reputation of organisation.
Health Inequalities	Focus on delivering core services safely with a low impact upon patient outcomes and access to services. Seek to ensure equitable access and outcomes for all population groups. Service delivery and environment in line with or in excess of minimum equalities legislation.	Focus on delivering core services safely with some impact upon patient outcomes and access to services. Seek to ensure equitable access and outcomes for all population groups. Service delivery and environment in line with minimum equalities legislation.	Focus on equitable service delivery with increased impact upon patient outcomes and access to services. Focus on improvement with innovation enabled. Service delivery and environment in line with minimum equalities legislation.	Delivery of equitable services still paramount, however actively seeking new ways of working, which could challenge access and outcomes. Service delivery and environment may not meet minimum equality legislation standards.

