

**B/18/07**

**NSS Formal Board Meeting – Friday, 2 February 2018**

## **NSS Risk Appetite Statement**

### **Purpose**

Board Members are being asked to approve the wording for the NSS Risk Appetite Statement. The statement forms part of the NSS Integrated Risk Management Approach (IRMA).

### **Recommendation**

Board Members are requested to agree that the NSS Risk Appetite Statement attached as Appendix A, remains appropriate.

### **Timing**

The NSS Board and Executive Management Team (EMT) at their Strategic Development Session held in October 2017, considered NSS's strategic direction. On the basis of feedback from these discussions no changes have been made to the current risk appetite statement. The Audit and Risk Committee at their 1 December 2017 meeting reviewed our appetite to risk and recommend to the Board that no changes be made to our current "Risk Appetite Statement".

### **Background**

In November 2015 the NSS Board Members, from a best practice governance perspective, approved the formal definition of the risk appetite for NSS, in the form of a Risk Appetite Statement.

At the Autumn 2016 Strategic Development Session the Board and EMT Members agreed that NSS had a flexible approach to its risk appetite and suggested that the Risk Appetite Statement be amended to reflect this view.

At the 3 March 2017 Board Development Session the Members discussed NSS's appetite to risk and Members were content with the current levels of appetite to risk in each category.

### **Risk Appetite**

Risk appetite is the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives. As you are aware it is the Board of Directors responsibility to define this part of the risk management system and to ensure that the exercise of risk management throughout the organisation is consistent with that appetite.

The level of risk which NSS is willing to take is assessed and reviewed through their strategic planning process. This includes annual Resource Allocation Meetings (RAMs), Senior Management reviews in the Strategic and Support Business Units and Directorates, monthly EMT meetings, NSS Board Sub-Committee and biannual NSS Board reviews. In line with good practice NSS refers to this in the context of a "Risk Appetite Statement" in our IRMA.

The Members are requested to agree the unchanged NSS Risk Appetite Statement attached as Appendix A.

### **Engagement**

Engagement has taken place with the Board, EMT and Audit & Risk Committee Members.

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## Statement

NHS National Services Scotland (NSS) has a flexible approach to its risk appetite in pursuit of its four principal objectives: Customers at the Heart of Everything We Do, Increase our Services Impact, Improving the Way We Do Things and Be a Great Place to Work. Where risks to new and on-going activities are identified, NSS will always attempt to mitigate the likelihood or impact of the risk to a level judged to be acceptable in the prevailing conditions. This is in line with the NSS Integrated Risk Management Approach.

## Governance

The level of risk which NSS is willing to take is continually assessed and reviewed through the strategic planning process. This includes annual Resource Allocation Meetings (RAMs), Senior Management reviews across the Strategic and Support Business Units and Directorates, monthly Executive Management Team (EMT) meetings, NSS Board Sub-Committee's and biannually by the NSS Board. The NSS Risk Appetite will be reviewed by the NSS Audit and Risk Committee and approved by the NSS Board, on an annual basis.

Articulated below are the risk categories and current risk appetite together with an explanation of why.

<b>Risk Category</b>	<b>Current Risk Appetite</b>	<b>Why</b>
Business	High	NSS places high importance on services and processes. NSS has a high risk appetite aimed at increasing the impact of existing services as well as improving the way these operates. The high risk appetite also allows NSS to explore the opportunity to deliver existing and new services into new markets.
Clinical	Low	Patient safety is paramount to NSS and as such it has a low appetite for clinical risk.
Information Governance	Low	NSS places high importance on using and handling information properly. Having the correct information when required is vital to patient care and effective service delivery. NSS has set a low risk appetite to safeguard sensitive data and ensure regulatory compliance is maintained.
Reputational	Medium	NSS preserves a high reputation and has set a medium appetite for risk. NSS seeks to conduct its activities in a way that maintains its reputation; mitigating anything that might jeopardise this and result in adverse publicity. Maintaining the trust and confidence of its existing NHS customer base remains central to NSS values. However, it is accepted that some risk exposure is taken when growing the wider public sector market; a key element to the revised NSS strategy.
Staff	Medium	Staff are critical to NSS achieving its objectives. NSS therefore invests heavily to support and develop its people. This medium appetite allows NSS scope to implement initiatives and procedures that seek to inspire staff and support transformational change whilst ensuring it remains a safe place to work. Staff engagement, involvement and empowerment are all themes that emerge from this medium risk stance.