

# Risk Appetite for Health & Social Care Partnerships

## A maturity matrix to support better use of risk in partnership decision taking

RISK LEVELS KEY ELEMENTS	Maturity Levels					RISK LEVEL	SIGNIFICANCE
	0 AVOID	1 MINIMAL (ALARP)	2 CAUTIOUS	3 OPEN	4 SEEK		
<b>FINANCIAL /VFM</b>	Avoidance of risk and uncertainty is a key Organisational objective; No consensus by partners	(as little as reasonably possible) Partners have reference for ultra-safe delivery options that have a low degree of inherent risk and therefore potential for only limited reward	Partners have preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	All parties willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VFM)	All parties eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)	Partnership confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust	Consistently focussed on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself
<b>COMPLIANCE / REGULATORY</b>	Avoidance of financial loss is a key objective. Only willing to accept the low cost option. VFM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VFM is the primary concern.	Prepared to accept the possibility of some limited financial loss. VFM still the primary concern but willing to also consider other benefits or constraints. Resources generally restricted to existing commitments	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation	
<b>INNOVATION/ QUALITY/ OUTCOMES</b>	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems / technology developments	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations	Tendency to stick to the status quo, innovations generally in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved.	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 tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.	
<b>REPUTATION</b>	No tolerances for any scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management encouraged to distance themselves from any chance of exposure to attention	Tolerance for 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	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Proactive management of organisation's reputation	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweigh the risks. New ideas pursued	
<b>APPETITE</b>	NONE	LOW	MODERATE	HIGH	SIGNIFICANT		SIGNIFICANT

Based on the Risk Appetite Matrix developed initially by H&MT, 2005 and subsequently by GGI and Southwark BSU, 2011  
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