

RISK APPETITE STATEMENT POLICY®

DOCUMENT SUMMARY/KEY POINTS

The Risk Appetite Statement applies to all activities undertaken by The Sydney Children's Hospitals Network and provides the Board's strategic approach to risk taking by defining the boundaries and parameters that support well-managed risk taking, pursuing business opportunities, innovation and maximising value for money in service delivery.

CHANGE SUMMARY

- N/A – new policy

READ ACKNOWLEDGEMENT

- Executive and Senior Managers are to read and acknowledge they have read and understood the contents of this policy.
- There will be phased implementation across the Network.

Approved by:	SCHN Policy, Procedure and Guideline Committee	
Date Effective:	1 st of October 2021	Review Period: 3 years
Team Leader:	Manager Corporate Governance and Risk Management	Area/Dept: Corporate Services

TABLE OF CONTENTS

Introduction	3
Background	3
Scope	3
Aim.....	3
Risk Appetite Concepts	3
Risk Appetite Statement	4
Risk Appetite – Category and Definitions	5
Applying the Risk Appetite – What does this mean for me?.....	8
<i>What is the Risk Appetite Statement?</i>	8
<i>Why use the Risk Appetite Statement?</i>	8
<i>How is the Risk Appetite Statement used in decision making?</i>	8
Risk Appetite Statement Implementation	9
Communication	9
Reporting and Monitoring	9
Review	9

Introduction

Risk management is an integral part of the Sydney Children's Hospitals Network (SCHN) organisational processes and forms part of strategic and operational planning activities. The risk appetite is a foundational element of the risk management framework used to support decision making and ensure operational effectiveness.

Background

The SCHN is responsible for delivering world class clinical care, undertaking ground breaking research, educating and training our current and future health workforce and advocating for a healthy future for children and young people in NSW and beyond. SCHN's ability to achieve this rests on its leadership and reputation of the highest integrity and professionalism.

The Risk Appetite Statement has been developed in line with requirements of the NSW Health Policy Directive PD2015_043 [Risk Management - Enterprise-Wide Risk Management Policy and Framework – NSW Health](#) which provides that the Board:

- ensures an effective risk management framework (including risk appetite and risk tolerance) is established and embedded into the clinical and corporate governance processes of the organisation.
- provide strategic oversight and monitoring of SCHN risk management activities and performance.

Scope

The Risk Appetite Statement applies to all SCHN employees, casual employees, contractors, volunteers and the Board.

Aim

Ensure risks SCHN are prepared to take are consistent with its capabilities, to manage those risks and not expose the organisation to unacceptable or unmanageable levels of risk.

Risk Appetite Concepts

Risk appetite is an interaction of the risk appetite and tolerance to take risks. SCHN has adopted the following definitions which are consistent with the ISO Guide 73: 2009 (Risk Management – Vocabulary):

- Risk appetite is the amount and type of uncertainty the Board is prepared to seek, or accept, in pursuit of organisational objectives.
- Risk tolerance describes our willingness to bear the potential effects of specific types of uncertainties after treatments are applied in order to achieve organisational objectives.

Risk Appetite Statement

SCHN has greatest appetite for risk in the pursuit of research and innovation in finding opportunities to improve child health and treatment outcomes, systems and processes.

SCHN does not have an appetite for risks that adversely impact on patient health outcomes, the wellbeing of children, young people, their families or our people, service delivery, or financial viability.

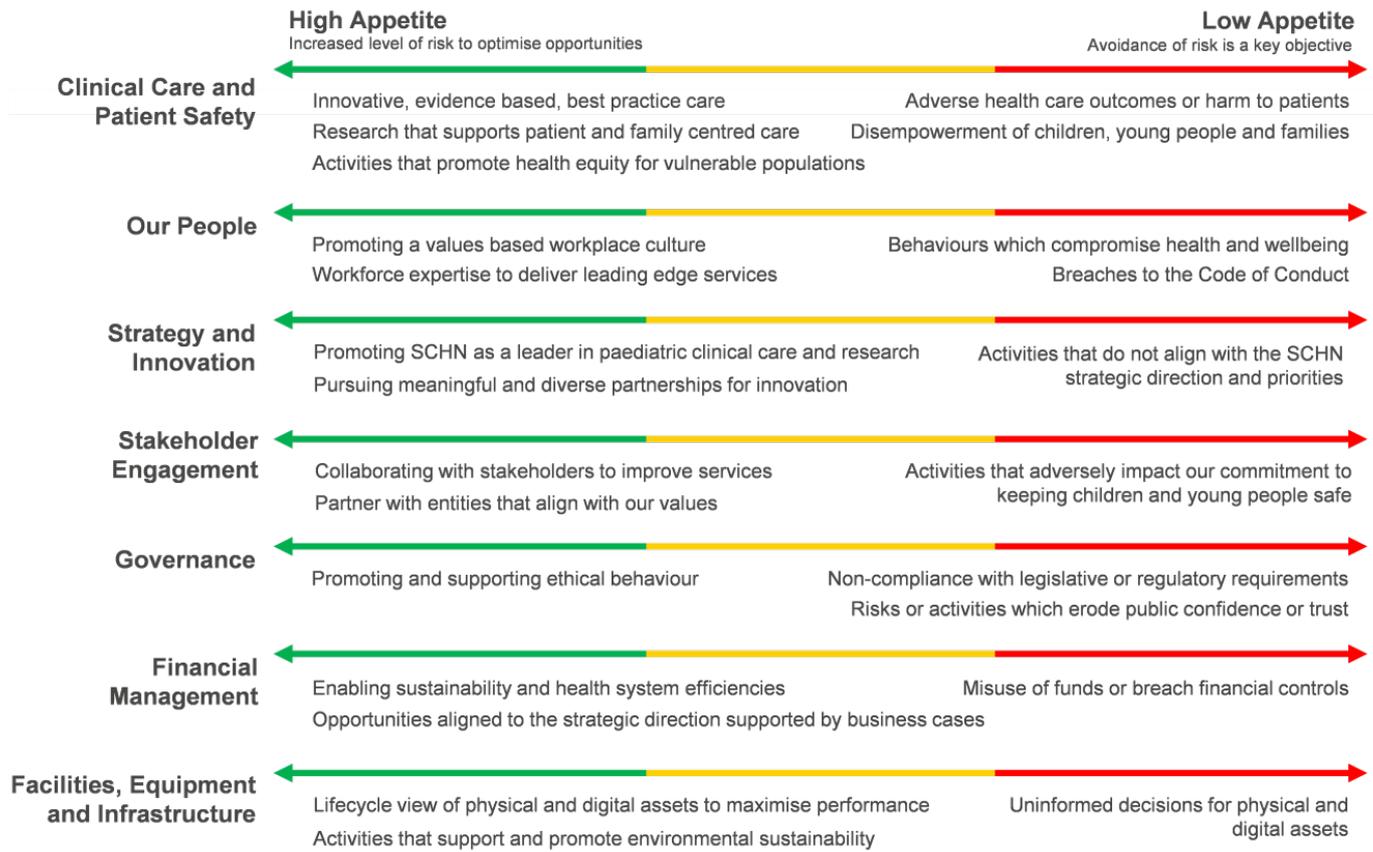
The risk appetite is provided to support decision making and ongoing review of performance through articulating risk boundaries. It will be applied within SCHN to ensure:

- The Board and Executive understand the aggregated and interlinked level of risk for the organisation as a whole
- Executives understand the aggregated and interlinked level of risk so they can determine whether it is acceptable or not within their portfolio areas of responsibility
- The Executive and Managers are clear as to the variability of risk appetite levels over time
- Managers making decisions understand the degree to which they are permitted to expose the organisation to the consequences of an event or situation
- Risk decisions are made with full consideration of outcomes and linked to risk mitigation strategies.

The detailed risk appetite statements describe the risk categories and elements that are to be considered when making decisions about new opportunities or strategic initiatives. A scale of risk is provided for each of the risk categories to determine the most appropriate risk management response:

- High appetite: increased level of risk to optimise opportunities
- Low appetite: avoidance or mitigation of risk is the key objective

The SCHN risk appetite scale for each category is provided below:



Risk Appetite – Category and Definitions

High Appetite	Low Appetite
Clinical Care and Patient Safety	
<p>Innovative, evidence based, best practice care – will pursue innovative, evidenced based best practice to deliver equitable patient and family focused health services for our targeted populations</p> <p>Research that supports patient and family centred care – will pursue research and innovation that supports improved delivery and effectiveness of patient outcomes and family centred care</p> <p>Activities that promote health equity for vulnerable populations – will pursue activities that promote collaboration and pathways to improve health literacy, equitable access and health outcomes</p>	<p>Adverse health care outcomes or harm to patients – will not pursue practices which result in adverse health outcomes or negative patient experiences</p> <p>Disempowerment of children, young people and families – will not pursue procedures or activities that are unsubstantiated by the appropriate authorities or deemed no longer necessary, nor accept the performance of services that do not reach our safety, quality or clinical governance standards</p>

High Appetite	Low Appetite
Our People	
<p>Promoting a values based workplace culture – will support a values-based workplace culture that fosters civility, engagement, collaboration, and empowerment</p> <p>Workforce expertise to deliver leading edge services – will ensure workforce expertise and qualifications are aligned to deliver leading edge research, clinical services and education, seeking opportunities to continually develop and engage our people</p>	<p>Behaviours which compromise health and wellbeing – will not tolerate discriminatory, bullying or intimidating behaviours that impact on the safety and quality of our services</p> <p>Breaches to the Code of Conduct – will not tolerate intentional breaches to the Code of Conduct, professional codes of practice and ethical obligations</p>
Strategy and Innovation	
<p>Promoting SCHN as a leader in paediatric clinical care and research – will pursue opportunities to promote SCHN’s reputation through NSW, nationally and internationally as leader in paediatric clinical care and research</p> <p>Pursuing meaningful and diverse partnerships for innovation – will collaborate with our external and academic partners in the pursuit of innovation and research</p>	<p>Activities that do not align with the SCHN strategic direction and priorities – will not pursue activities that do not align with the SCHN strategic direction, operational priorities or NSW Health directions</p>
Stakeholder Engagement	
<p>Collaborating with stakeholders to improve services – will listen, learn, and collaborate with our stakeholders to continually improve our services</p> <p>Partner with entities that align with our values – will partner with entities who align with our values, have the recognised expertise in their fields, to explore opportunities, build meaningful and mutually beneficial relationships and challenge the way we do things</p>	<p>Activities that adversely impact our commitment to keeping children and young people safe – will not partner with entities or stakeholders that are misaligned to our purpose and values or have the potential to endanger our patients, bring disrepute to SCHN, funding, or brand</p>

High Appetite	Low Appetite
Governance	
<p>Promoting and supporting ethical behaviour – will apply appropriate governance to promote and support ethical behaviour and transparent processes</p>	<p>Non-compliance with legislative or regulatory requirements – will not tolerate non-compliance with legislative, regulatory or government policy requirements</p> <p>Risks or activities which erode public confidence or trust – will not pursue risks or activities which erode public confidence or trust in SCHN</p>
Financial Management	
<p>Enabling sustainability and health system efficiencies – will pursue activities which maximise the SCHN financial position, enable and support a sustainable system of care and improve health system efficiencies</p> <p>Opportunities aligned to the strategic direction supported by business cases – will invest in opportunities and strategic initiatives that align and promote SCHN's strategy and are supported by robust business cases and associated financial information</p>	<p>Misuse of funds or breach financial controls – will not expose or commit SCHN to any activity, opportunity or initiative that jeopardises its financial sustainability or the quality of care or accept the misuse of funds or breach of financial controls</p>
Facilities, Equipment and Infrastructure	
<p>Lifecycle view of physical and digital assets to maximise performance – will adopt a life-cycle view of assets to maximise their performance and the smart use of assets, building capability to readily respond to the changing needs of SCHN</p> <p>Activities that support and promote environmental sustainability – will achieve environmental sustainability targets, including maximising the shared use of space with the community</p>	<p>Uninformed decisions for physical and digital assets – will not make uninformed or biased decisions on the need for physical and digital assets</p>

Applying the Risk Appetite – What does this mean for me?

What is the Risk Appetite Statement?

The Risk Appetite Statement articulates the desired behaviours, limits and considerations that management must take into account when setting and implementing strategy, as well as the day-to-day running of their areas of responsibilities. For example, these considerations should be reviewed and considered as part of the risk assessment process when exploring new models of care or new opportunities to connect with our partners and communities to deliver better outcomes.

The Risk Appetite Statement applies to all activities undertaken by SCHN and is established and reviewed by the Board.

Why use the Risk Appetite Statement?

The Risk Appetite Statement provides a clear process and guidance on the types of risks SCHN is willing to take to achieve organisational objectives.

The Risk Appetite Statement is used to:

- Agree and communicate the boundaries for risk taking activities to empower management to make consistent and risk conscious decisions aligned to organisational objectives
- Align risk management processes and coordinate these in a way that links strategic and operational planning
- Provide a basis for monitoring risks and identifying those that are outside of appetite.

How is the Risk Appetite Statement used in decision making?

The Risk Appetite Statement for each risk category identifies the extent to which certain risks can be taken within boundaries, and those risks that are to be avoided or not pursued. It is acknowledged that accepting some risks will open up opportunities that may support us in achieving our strategy.

Applying the risk appetite boundaries to new opportunities or strategic initiatives will be monitored by the appropriate delegated authority with monitoring of operational performance against the risk appetite metrics undertaken by the appropriate forum.

Where an opportunity or activity is assessed to have potential to not meet the stated appetite, the risk management framework is drawn on to assess the risk, articulate the required action to limit the risk and provide mitigations.

The Risk Appetite Statement is also used as part of the SCHN Investment and Prioritisation Framework to inform our investment assessment and decision making. Where an activity is assessed as falling outside of the appetite this will be directed to the appropriate Executive for consideration and development of mitigation strategies which would need to be approved by the Executive Leadership Team, Board Committees and Board as required, consistent with requirements and where there are relevant delegations e.g. financial delegations.

Risk Appetite Statement Implementation

Senior management will be responsible for the implementation and compliance with the Risk Appetite Statement. Implementation of the Risk Appetite Statement will be used as a suite of strategies including the SCHN Risk Management Policy and Framework and the Investment and Prioritisation Framework.

Communication

The Risk Appetite Statement is published on the SCHN website and intranet.

Reporting and Monitoring

Reporting and monitoring of risks will be in accordance with the SCHN Risk Management Policy and Framework which includes accountabilities and delegations. SCHN will monitor the Risk Appetite Statement against risk metrics which will assist management in assessing whether outcomes are consistent with the overall risk appetite. Performance against these metrics is tracked and reported to the Board.

Review

This Risk Appetite Statement will be reviewed by the Board and Executive Leadership Team annually, or as required when there is a significant change to the business environment.

Copyright notice and disclaimer:

The use of this document outside Sydney Children's Hospitals Network (SCHN), or its reproduction in whole or in part, is subject to acknowledgement that it is the property of SCHN. SCHN has done everything practicable to make this document accurate, up-to-date and in accordance with accepted legislation and standards at the date of publication. SCHN is not responsible for consequences arising from the use of this document outside SCHN. A current version of this document is only available electronically from the Hospitals. If this document is printed, it is only valid to the date of printing.