

Risk Appetite Statement

FCG- RM-CP-003

Version: 1.5



NHS fraud.
Spot it. Report it.
Together we stop it.

Version control

Version	Name	Date	Comment
0.1 DRAFT	F&CG Unit	September 2018	To ARC for review
1.1.1	F&CG Unit	November 2018	Amended following comments by ARC and re presented to ARC 11.12.18
1.2	F&CG unit	December 2018	Amendments following informal ARC 11.12.18
1.3	F&CG unit	January 2019	Further amendments from consultation in F&CG & Board Development day 25.1.19
1.4	F&CG	February 2019	Revisions noted by ARC
1.5	F&CG	August 2019	Revision update

Table of contents

1. Vision and Strategic Objectives	4
2. Introduction	4
3. Overall Risk Appetite	5
4. Risk Framework.....	5
5. Statement of Risk Appetite	6
6. Implementation of NHSCFA’s Risk Appetite Responsibility	10
Appendix A - Probability x Impact Matrix	11
Appendix B - Risk Appetite Options.....	12

1. Vision and Strategic Objectives

- 1.1 The vision of the NHS Counter Fraud Authority is for an NHS which can protect its valuable resources from fraud. To lead the NHS in protecting its resources by using intelligence to understand the nature of fraud risks, investigate serious and complex fraud, reduce its impact and drive improvements. This will be done by:
- delivering the Department Health and Social Care Unit's strategy, vision and strategic plan and leading the counter fraud activity in the NHS in England
 - being the single expert intelligence led organisation providing a centralised investigative capacity for complex economic crime matters in the NHS
 - lead, guide and influence the improvement of standards in counter fraud work; and
 - take the lead and encourage fraud reporting across the NHS and wider health group

2. Introduction

- 2.1 The Department of Health and Social Care Anti-Fraud Unit (DHSC-AFU) sets the overarching counter fraud policy and strategy across the whole of the health group in England. The NHSCFA will be accountable to its board, which in turn will be accountable to the DHSC-AFU for the delivery of its strategy.
- 2.2 Risk management is an essential component of NHSCFA governance framework and supports the achievement of the organisation's strategic themes and objectives. Effective risk management increases the probability of successful outcomes, whilst protecting the reputation and sustainability of the organisation.
- 2.3 The NHSCFA's Organisational Strategy sets out the current plan to tackle fraud and corruption in the NHS and the wider health group. Such overriding themes and objectives demand a risk appetite that embraces the taking and effective management of its inherent risks.
- 2.4 The NHSCFA takes its responsibilities to its stakeholders seriously and regards risk management as both a tool of good management and an important factor in ensuring that the organisation meets its obligations to key stakeholders.
- 2.5 The NHSCFA's Risk Management Policy provides the structural framework to effectively manage its risks. The policy looks to maximise opportunities and minimise adverse risks in the organisation's pursuit of achieving its strategic plan.

- 2.6 The Risk Appetite Statement considers the most significant types of risks to which NHSCFA is exposed and provides an outline of the approach to managing these risks.

3. Overall Risk Appetite

- 3.1 The NHSCFA's Board, management and staff will have regard to the organisation's stated risk appetite in both strategic and operational decision making.
- 3.2 The NHSCFA's strategic vision and objectives set out above necessitates that the organisation accepts those risks that accompany its activities and are commensurate with the potential reward. While overall the NHSCFA has limited appetite for risk in many of its activities, it is acknowledged that at times it must undertake activities that inherently carry greater risks.

The NHSCFA's current overall risk appetite is OPEN.

We are willing to consider all potential delivery options to combat fraud and corruption in the NHS in England and the wider health group. Choosing the one, that is most likely to result in successful delivery while also providing an acceptable level of reward and value for money.

HM Treasury's: 'Thinking about Risk - Managing your risk appetite: A practitioner's guide' - See Appendix B

- 3.4 The key challenges in achieving this balance are to ensure:
- ethical and effective governance practices including responsible management and oversight of resources
 - realisation of opportunities and permitting innovation, while avoiding unnecessary bureaucracy; and
 - avoidance of a risk adverse corporate culture which stifles innovation rather than supports it through the correct assessment and management of risks.

4. Risk Framework

- 4.1 Good risk management practice indicates that organisation's should specify their appetite for risk at a granular level, related to the nature of the organisation's activities. The Risk Appetite Statement specifies the amount of risk the organisation is willing to seek or accept in the pursuit of its strategic objectives. This statement outlines the appetite for risk the NHSCFA has when conducting its activities.

- 4.2 In terms of priorities, the need to avoid risk related to compliance and the overall health and safety for its staff, will take priority over other factors. It will for example, be acceptable for NHSCFA to acquire and undertake research of bulk data sets providing it does not expose the organisation or individuals to undue compliance risks. This permits the organisation to undertake its functions which will be integral to its success in achieving its strategic objectives.
- 4.3 Therefore a balanced assessment is taken of risks, as in many cases there are risks attached to both doing something and doing nothing. The 'do nothing' option may often impose greater risk.
- 4.4 Risks are managed in accordance with the organisation's Risk Management Policy. Non Corporate risks are reviewed monthly by the Leadership Team and escalated to the Senior Management Team (SMT) where it is considered the risk should potentially be recategorized as corporate. Corporate risks are reviewed by Risk Register Review group and recommendations for actions reported to the SMT.
- 4.5 Responsibility for reviewing and approving the NHSCFA's Risk Appetite Statement lies with the Board via the Audit & Risk Committee.

5. Statement of Risk Appetite

- 5.1 The NHSCFA's approach is to minimise its exposure to risks relating to its regulatory and legal compliance, whilst accepting and encouraging an increased degree of risk in pursuit of its strategic objectives. The organisation recognises that its appetite for risk varies according to the activity and that the acceptance of risk is always subject to ensuring that the potential benefits and risks are fully understood before projects and developments are authorised and that sensible measures to mitigate risks are established when required.

The NHSCFA identifies **six individual risk aspect categories** as set out below.

Service Disruption

Subject to the Secretary of State of Health's approval for an extension, section 28A of the National Health Act 2006 provides for the abolition of a Special Health Authorities (of which NHSCFA is one) within 3 years, beginning on the day on which it was established. It is therefore important to the NHSCFA that its activities and services operate efficiently and effectively and reduce any risks that may jeopardise the organisation's continuing existence, the operation of its functions or that could lead to a loss of stakeholder confidence.

Aspect Category	Leadership Team (LT) (9+)	Board/Audit Risk Committee (ARC) via BAF (12+)
Service Disruption: <i>Risks that may jeopardise the organisation's continuing existence, operation of its functions or could lead to a loss of stakeholder confidence.</i>	All associated risks in this aspect category scoring 9+ will be reviewed and discussed at the LT meeting to consider escalation as set out a 4.4	An overview of risks in this aspect category will be reported to the Board and those scoring 12+ will be reported to the ARC via the Board Assurance Framework risk report.

Legal, Regulatory Compliance and Finance

The NHSCFA places the highest priority on compliance and will take all necessary steps to reduce/eliminate risks that may cause any material breach of statute, regulation or professional standards. In addition to maintaining its long-term financial viability and its overall financial strength, while also recognising that achievement of its strategic objectives is important to sustain long term financial viability.

Aspect Category	Leadership Team (LT) (9+)	Board/Audit Risk Committee (ARC) via BAF (12+)
Legal, Regulatory Compliance and Finance: <i>Risks that may cause any material breach of statute, regulation or professional standards. Maintain long term financial viability and probity</i>	All associated risks in this aspect category scoring 9+ will be reviewed and discussed at the LT meeting to consider escalation as set out a 4.4	An overview of risks in this aspect category will be reported to the Board and those scoring 12+ will be reported to the ARC via the Board Assurance Framework risk report.

Personal Information/Bulk Data

The objectives of the NHSCFA are related to being the single expert intelligence led organisation to combat and counter fraud and economic crime in the NHS and the wider health service. Information is a key resource used to achieve these objectives, and the availability of that information is imperative to our activity.

The NHSCFA has a high profile in the government and risks to reputation, credibility, finance and compliance (including privacy of personal data) must be considered against the organisation's objectives whilst also maintaining confidence and reassurance that information risk is being appropriately managed.

Aspect Category	Leadership Team (LT) (9+)	Board/Audit Risk Committee (ARC) via BAF (12+)
Personal Information/Bulk Data: <i>Risks that could adversely affect the organisation's reputation, credibility compliance or stakeholder confidence in the processing of personal data.</i>	All associated risks in this aspect category scoring 9+ will be reviewed and discussed at the LT meeting to consider escalation as set out a 4.4	An overview of risks in this aspect category will be reported to the Board and those scoring 12+ will be reported to the ARC via the Board Assurance Framework risk report.

Safety, Health & Environment

NHSCFA aims to make itself a safe and stimulating place to work. It places importance on the health and safety of staff and its visitors and will ensure appropriate practices and procedures are employed to prevent any deviation from its standards and legislative responsibilities in these areas.

Aspect Category	Leadership Team (LT) (9+)	Board/Audit Risk Committee (ARC) via BAF (12+)
Safety, Health & Environment: <i>Risks that would adversely affect the health and wellbeing of staff and visitors in the workplace resulting in a breach of regulatory and legislative standards.</i>	All associated risks in this aspect category scoring 9+ will be reviewed and discussed at the LT meeting to consider escalation as set out a 4.4	An overview of risks in this aspect category will be reported to the Board and those scoring 12+ will be reported to the ARC via the Board Assurance Framework risk report.

Reputation and credibility

Reputational risk is inherent in all of NHSCFA's activities and encompasses factors such as the organisation's culture, employee conduct, policy decisions and information security. The organisation will take decisions with the potential to expose it to additional scrutiny, but only where all appropriate steps have been taken to minimise exposure.

Aspect Category	Leadership Team (LT) (9+)	Board/Audit Risk Committee (ARC) via BAF (12+)
Reputation and credibility: <i>Risks that could expose the organisation to additional scrutiny e.g. in</i>	All associated risks in this aspect category scoring 9+ will be reviewed and discussed at the LT meeting to consider	An overview of risks in this aspect category will be reported to the Board and those scoring 12+ will be reported to the ARC via the Board Assurance

<i>respect of decisions on policy, information security, employee conduct or organisational culture.</i>	escalation as set out a 4.4	Framework risk report.
--	-----------------------------	------------------------

Technology & Cyber threats

The emergence of cyber threats is one of the most impactful sources of risk that an organisation can face. Cyber threats expose the organisation to harm or loss resulting from breaches of or attacks on its information systems and technical infrastructure.

Aspect Category	Leadership Team (LT) (9+)	Board/Audit Risk Committee (ARC) via BAF (12+)
Technology & Cyber threats: <i>Risks/threats that could expose the organisation to harm or loss resulting from breaches of or attacks on its information systems or technical infrastructure.</i>	All associated risks in this aspect category scoring 9+ will be reviewed and discussed at the LT meeting to consider escalation as set out a 4.4	An overview of risks in this aspect category will be reported to the Board and those scoring 12+ will be reported to the ARC via the Board Assurance Framework risk report.

6. Implementation & review of NHSCFA's Risk Appetite Responsibility

- 6.1 The NHSCFA Board is responsible for providing strategic leadership for the organisation, ensuring that it is able to account to parliament and the public on how the functions of NHSCFA are delivered.
- 6.2 The NHSCFA Senior Management Team (SMT) is responsible for setting and overseeing the delivery of the organisation's strategic aims and business priorities; while establishing and maintaining the delivery of governance which includes an effective risk management process and compliance with this Risk Appetite Statement.
- 6.3 Risks entered onto the risk register take into account risks from within the organisation and external sources and are reviewed regularly. The register is also updated when there are key changes in policies, structures or functions.

The SMT are responsible for risk register entries relating to corporate risks faced by the organisation and the control frameworks in place to mitigate these.

Unit Business Leads are responsible for risk register entries relating to risks faced by business units in day-to-day operations and the control frameworks in place to mitigate these.

Both the SMT Unit Business Leads (LTs) are responsible for maintaining the risk register entries in a manner which is consistent with this 'Statement' allowing escalation of risks outside the stated appetite or agreed tolerance levels.

6.4 Confirmation review & Communication

This Risk Appetite Statement has been reviewed and approved by the Board and the Audit Risk Committee.

Reviews take place no less than annually

The NHSCFA's Risk Appetite Statement is published on its website and the staff internal intranet.

Appendix A

Probability x Impact matrix

		Impact				
		1	2	3	4	5
Probability	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5

	1 ADVERSE	2 MINIMALIST	3 CAUTIOUS	4 OPEN	5 HUNGRY
	Avoidance of risk and uncertainty is a key Organisational objective	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	Willing to consider all potential options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward and value for money	Eager to be innovative and to choose options offering potentially higher business reward (despite greater inherent risk)
Category of Risk	Examples of behaviours when taking decisions				
Reputation and credibility	Minimal tolerance for any decisions that could lead to scrutiny of the Government/Department.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussions for the Government/Department.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussions for the Government/Department should there be a failure.	Appetite to take decisions with potential to expose the Government/Department to additional scrutiny but only where appropriate steps have been taken to minimise any exposure	Appetite to take decisions that are likely to bring scrutiny of the Government/Department but where potential benefits outweigh the risks.
Operational and policy delivery	Defensive approach to objectives (aim to maintain or protect rather than create or innovate. Priority for tight management controls and oversight with limited devolved decision making authority General avoidance of systems/technology development.	Innovations always avoided unless essential 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 avoided unless necessary. Decision making authority generally held by senior management Systems/technology developments limited to improvements to protect current operations.	Innovation supported, with demonstration of commensurate improvements in management control System/technology developments considered 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 technology viewed as a key enabler of operational delivery High levels of devolved authority management by trust rather than tight control.
	Avoidance of financial	Only prepared to accept	Prepared to accept the	Prepared to invest for	Prepared to invest for

Financial/Value for money (Vfm)	<p>loss is a key objective.</p> <p>Only willing to accept the low cost option.</p> <p>Resources withdrawn from non-essential activities.</p>	<p>the possibility of very limited financial loss if essential.</p> <p>Vfm is the primary concern.</p>	<p>possibility of some limited financial loss.</p> <p>Vfm still the primary concern but willing to also consider the benefits.</p> <p>Resources generally restricted to core operational targets</p>	<p>reward and minimise the possibility of financial loss by managing the risk to a tolerable level.</p> <p>Value and benefits considered (not just cheapest price)</p> <p>Resources allocated in order to capitalise on potential opportunities.</p>	<p>the best possible reward and accept the possibility of financial loss (although controls may be in place).</p> <p>Resources allocated without firm guarantee of return – investment capital type approach.</p>
Compliance - legal/regulatory	<p>Avoid anything which could be challenged even unsuccessfully.</p> <p>Play safe.</p>	<p>Want to be very sure we would win any challenge.</p>	<p>Limited tolerance for sticking your neck out what to be reasonably sure would win any challenge.</p>	<p>Challenges will be problematic but we are likely to win them and the gain will outweigh the adverse consequences.</p>	<p>Chances of losing are high and consequences serious; but a win would be seen as a great coup.</p>