

Integration Joint Board
30th April 2026

Subject : **Risk Appetite Statement**

Purpose : To approve the Risk Appetite Statement

Recommendation : That the IJB approve the Risk Appetite Statement

Direction Required to Council, Health Board or Both	Direction to :-	
	1. No Direction Required	x
	2. North Ayrshire Council	
	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership

1.	EXECUTIVE SUMMARY
1.1	This report provides an overview of the risk appetite statement for the partnership. The purpose of the report is to allow IJB members to approve the Risk Appetite Statement.
2.	BACKGROUND
2.1	Risk appetite is the amount of risk which is judged tolerable and justifiable. It is the amount of risk that any organisation is prepared to tolerate or be exposed to at any one point in time.
2.2	The Risk Appetite Statement has been developed to recognise that the planning and delivery of health and social care services involves having to manage risk and that staff must have the confidence to work with uncertainty.
2.3	The Statement reflects the 'normal' risk appetite, but it is recognised that risk appetite accepted in responding to delivering services during exceptional circumstances e.g. a pandemic, may be higher.
2.4	The Statement focuses on the key elements of service, quality, people and finance. Appendix A details the assessed risk appetite for each of these key elements of service.

2.5	The descriptions of the low, moderate and high scenarios outlined in Appendix A have been reviewed and redrafted to reflect the feedback received when the appetite statement was presented in June 2025. Future reviews of the risk appetite statement will routinely be conducted alongside the review of the risk management strategy, with the next one due in June 2028. It may be reviewed in the interim in the event of an urgent need.
2.6	Appendix B shows the alignment of Risk Appetite Areas to Strategic Risk Register (SRR).
3.	PROPOSALS
3.1	It is proposed to approve the risk appetite statement and appendices.
3.2	<u>Anticipated Outcomes</u>
	Appropriate and effective risk management practice will be embraced throughout the IJB as an enabler of success, whether delivering better outcomes for the people of North Ayrshire, protecting the health, safety and wellbeing of everyone who engages with the IJB or for maximising opportunity, delivering innovation and best value, and increasing performance.
3.3	<u>Measuring Impact</u>
	The IJB aims to provide safe and effective care and treatment for patients and clients, and a safe working environment within the IJB and for others who interact with the services delivered under the direction of the IJB. Effective risk management practice will support this.
4.	IMPLICATIONS
4.1	<u>Financial</u> The Risk Appetite Statement is relevant to finance in framing the approach to value for money, the balance of risk and reward from alternative courses of action.
4.2	<u>Human Resources</u> None
4.3	<u>Legal</u> None
4.4	<u>Equality/Socio-Economic</u> None

4.5	<p><u>Risk</u> Failure to approve the report would result in a gap in the governance structure of the partnership.</p>
4.6	<p><u>Community Wealth Building</u> None</p>
4.7	<p><u>Key Priorities</u> Appropriate and effective risk management practice will deliver better outcomes for the people of North Ayrshire, protecting the health, safety and wellbeing of everyone who engages with the IJB or for maximising opportunity, delivering innovation and best value, and increasing performance.</p>
5.	CONSULTATION
	<p>The risk appetite statement has been reviewed and agreed by the Partnership Senior Management Team.</p>

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Appendices

- Risk Appetite Statement



North Ayrshire Integration Joint Board

Risk Appetite Statement

Version	4.0
Prepared by	Chief Finance Officer
Effective from	30 th April 2026
Review Date	April 2027
Lead Reviewer	Chief Officer

Introduction

The Integration Joint Board (IJB) is committed to a culture where the workforce is encouraged to develop new initiatives, improve performance and achieve goals safely, effectively and efficiently by appropriate application of good risk management practice.

Appropriate and effective risk management practice will be embraced throughout the IJB as an enabler of success, whether delivering better outcomes for the people of North Ayrshire, protecting the health, safety and wellbeing of everyone who engages with the IJB or for maximising opportunity, delivering innovation and best value, and increasing performance.

In doing so the IJB aims to provide safe and effective care and treatment for patients and clients, and a safe working environment within the IJB and for others who interact with the services delivered under the direction of the IJB.

The IJB purposefully seeks to promote an environment that is risk 'aware' and strives to place risk management information at the heart of key decisions. This means that the IJB can take an effective approach to managing risk in a way that both address significant challenges and enable positive outcomes.

Risk appetite is the amount of risk which is judged tolerable and justifiable. It is the amount of risk that any organisation is prepared to tolerate or be exposed to at any one point in time.

The approved risk strategy requires a formal risk appetite statement to be agreed annually by the IJB.

The Risk Appetite Statement has been developed to recognise that the planning and delivery of health and social care services involves having to manage risk. The IJB is responsible for the oversight of services and through the Chief Officer is responsible for the operational management and delivery of these services. Caring for people, managing staff, facilities and finances are all, by their nature, activities that involve risk. These risks cannot be avoided completely but can be managed to an acceptable level.

In considering the development of the risk appetite statement the focus was on the key elements of service, quality, people and finance. The IJB's appetite for risk in each of these elements has been assessed as either none, low, moderate or high.

Risk Appetite Statement

North Ayrshire Health and Social Care Partnership's Vision is **“To empower people in North Ayrshire to live safe, healthy and active lives with fair and equal access to sustainable health and care services.”**

This vision is supported by three strategic priorities:

- Supporting the Improvement of Public Health
- Addressing the Changing Needs of an Aging Population
- Tackling the Root Causes of Health inequality

Service

We acknowledge that health and social care operates within a regulated environment and we have to meet compliance expectations from various regulatory sources. In line with Appendix A, we have a **moderate** appetite for risk in relation to compliance and regulatory requirements. This means we will maintain strong controls to ensure compliance with statutory duties and guidance and have no tolerance for unlawful practice or avoidable harm. Where service pressures require limited, time-bound tolerance of process risk, this will be subject to clear governance, assurance, corrective action and escalation.

We have a **high** appetite for risk in relation to service innovation and transformation. This reflects the need for disruptive and transformative change to improve pathways and outcomes, and to respond to demographic, demand and financial pressures. We will embrace appropriate uncertainty and experimentation where this is well governed, evaluated and focused on longer-term sustainability and improved outcomes for the people of North Ayrshire.

Quality

We are committed to a culture of quality improvement and learning, ensuring that the quality and safety of care is above all else. Safe delivery of integrated services is the highest priority for the Partnership. In line with Appendix A, there is a **moderate** appetite for risk related to the safety of service users or the workforce, with a low tolerance for harm: all safety risks must be clearly identified, escalated, mitigated and kept under regular review. Where risks are tolerated due to unavoidable constraints, this reflects operational reality rather than desired appetite.

At the same time, the Partnership has a **high** appetite for positive risk-taking that supports better outcomes, continuous improvement and the sharing of positive practice. This includes supporting staff to exercise appropriate autonomy and professional judgement within clear boundaries, and to learn from both success and adverse events. We will encourage innovation in person-centred support and service quality where this is well governed and aligned to clinical and care governance expectations.

People

We want to attract, recruit and retain the right people with the right skills in the right place. In line with Appendix A, we have a **high** appetite for addressing workforce challenges and testing new approaches to deliver our Workforce Plan, including more dynamic roles, skill-mix changes, cross-skilling and flexible/agile workforce models. This includes targeted recruitment activity, leadership development and exploring innovative learning approaches, alongside a willingness to test new wellbeing initiatives and shift models where required.

This appetite operates within clear boundaries, maintaining staff governance and wellbeing standards, partnership working with trade unions, professional standards and ethical practice, and with minimal appetite for risks to these principles.

Finance

We have a **low** appetite for taking risk in respect of adherence to standing financial instructions, financial controls and statutory financial duties. We have zero tolerance for breaches of financial regulations and will maintain strong governance, transparency and oversight, even in highly constrained financial circumstances.

We have a **moderate** risk appetite in relation to financial planning, sustainability and value for money. This means allowing some flexibility within defined limits, using a balanced approach that combines historical and predictive data, and embedding contingency planning within our financial strategy through multi-year planning. We will support selective investment in innovation and transformation where there is a clear business case, appropriate governance and evaluation.

In delivering best value, we will take a **moderate** approach to cost and quality in procurement, permitting limited trade-offs only where any impact on quality is minimal and decisions are supported by a clear business case and oversight. In relation to care provision, we will take a **moderate** approach and apply the Best Value Care Funding Framework to ensure publicly funded care is delivered fairly, consistently and sustainably: we will fund the most cost-effective option that meets the person's assessed outcomes, while supporting choice where individuals wish to select a higher-cost option by enabling them to self-fund the difference. This maintains choice while ensuring public funding is used fairly.

Overall Risk Appetite

The partnership is **open** in terms of risk appetite. The partnership encourages innovation and creativity and creates the permission, trust and support required to meet its vision. At the same time this needs to be balanced against the risk related to the safety of service users or the workforce.

Appendix A

		Low	Moderate	High
Service	Compliance	Zero tolerance for breaches of statutory duties, unlawful practice, harm or adverse events..	Strong controls to ensure compliance with statutory duties and guidance; zero tolerance for unlawful practice or avoidable harm. Eligibility decisions will be applied consistently in line with current policy and the recent budget decision, with clear recording, communication and oversight; discretion used only where required to meet legal duties and manage risk.	Some tolerance for managed compliance and process risk to enable service delivery (e.g., piloting improved pathways), but no tolerance for unlawful decisions or failure to meet statutory duties. Clear governance, assurance and corrective action where issues are identified.
	Innovation & Transformation	Incremental improvements only. Prefer stability and proven methods.	Mix of incremental and some transformative initiatives. Open to change with clear benefits	Disruptive and transformative innovations. Embraces uncertainty and experimentation
Quality	Safety	Zero tolerance for safety incidents. Minimal innovation; only proven safety practices	Low tolerance; minor incidents reviewed thoroughly. Open to piloting new safety practices with oversight	Accepts some risk in controlled environments. Encourages experimentation in safety innovation
	Positive Practice	Prefers traditional methods; avoids untested practices. Limited autonomy; strict supervision	Open to piloting new approaches with oversight. Encourages initiative within defined boundaries	Actively pursues innovative and transformative practices. High autonomy and trust in staff decision-making

People	Workforce Challenges	Prefers fixed roles and minimal change to staffing structures. Conservative hiring; prioritizes internal promotions. Mandatory training only; limited innovation in learning. Strong emphasis on stability and low stress environments	Open to some role flexibility and cross-skilling. Invests in CPD and some innovative training methods. Supports wellbeing initiatives with moderate change tolerance	Embraces dynamic roles and agile workforce models. Aggressive recruitment campaigns. Encourages experimental learning and leadership development. Willing to test new wellbeing strategies and shift models
Finance	Compliance	Strict compliance with all financial regulations; zero tolerance for breaches. Highly conservative reporting with full transparency and minimal estimation. Frequent internal and external audits with detailed scrutiny.	Compliance prioritized but allows for minor, well-managed deviations. Balanced reporting with some use of estimates and assumptions. Regular audits with risk-based focus.	Willing to challenge or test regulatory boundaries for innovation. Aggressive financial reporting with forward-looking assumptions. Minimal audit frequency; relies on internal controls.
	Financial Planning	Strict budget adherence; minimal flexibility. Highly conservative; based on historical data only. Extensive contingency reserves maintained. Annual budgeting with tight controls; minimal discretionary spending	Some flexibility allowed within defined limits. Balanced approach; combines historical and predictive data. Contingency planning integrated into financial strategy. Multi-year planning with moderate innovation funding	Flexible budgeting to support strategic goals. Forward-looking and dynamic forecasting. Minimal contingency reserves; relies on agile response. Transformational funding models; rapid reallocation of resources

<p>VFM - procurement</p>	<p>Strict cost controls; minimal flexibility. No compromise on quality for cost savings. Only essential investments with guaranteed returns. Preference for lowest-cost suppliers with proven track record. Minimal funding for innovation; focus on proven methods</p>	<p>Balanced approach to cost and value. Some trade-offs allowed if quality impact is minimal. Investments allowed with clear business case. Mix of cost and quality considerations in procurement. Selective funding for innovation with oversight</p>	<p>Flexible cost management to enable strategic goals. Willing to accept quality risks for long-term value. Aggressive investment in transformation and growth. Open to new suppliers and innovative procurement models. Significant funding for innovation and experimentation</p>
<p>VFM - care provision</p>	<p>We will provide care based strictly on assessed eligible need and the minimum safe level required to meet outcomes. We will apply tight controls to reduce variation and avoid over-provision, with limited flexibility for higher-cost packages unless there is clear evidence of necessity. Choice will be supported within the funded care offer, with any additional preferences self-funded.</p>	<p>Best Value Care Funding Framework Aligned to resource limitations, the Framework ensures publicly funded care is delivered fairly, consistently and sustainably. Under this approach: • The HSCP will fund the most cost-effective option that still meets the person's assessed outcomes. • Individuals may choose a more expensive option if they self-fund the difference. This maintains choice while ensuring public funding is used fairly.</p>	<p>We will accept greater financial risk to secure improved outcomes, prevent escalation and support innovative models of care. Funding decisions may support higher-cost provision where there is a credible expectation of better outcomes, reduced long-term demand (e.g., avoiding admission or placement), or system-wide benefit. This will be supported by strong governance and evaluation, but with more flexibility to depart from the lowest-cost option.</p>

Alignment of Risk Appetite Areas to Strategic Risk Register (SRR)

1. Service – Compliance & Regulation (Moderate Risk Appetite)

Relevant SRR risks: SRR06 – Governance; SRR12 – Clinical and Care Governance.

These risks relate directly to statutory, regulatory and governance compliance. The SRR shows that governance and compliance risks are actively managed and, where possible, reduced to Moderate or Low.

The Partnership therefore has a moderate appetite for risk in this area. Any tolerance of compliance risk is limited, time-bound and subject to strong assurance arrangements.

Innovation and service pressure do not justify sustained non-compliance with statutory or regulatory requirements.

2. Service – Innovation & Transformation (High Risk Appetite)

Relevant SRR risks: SRR05 – Transformational Change Programme; SRR01 – Financial Sustainability; SRR07 – Demography and Inequality Pressures.

The SRR makes clear that existing service models are increasingly unsustainable due to demand, demographic and financial pressures.

Failure to transform is itself identified as a strategic risk. As a result, the Partnership has a high appetite for well-governed innovation and transformation.

This includes accepting uncertainty and short-term disruption where this is necessary to achieve longer-term sustainability and improved outcomes.

3. Quality – Safety of Service Users and Workforce (Moderate Risk Appetite)

Relevant SRR risks: SRR12 – Clinical and Care Governance; SRR15 – Risk of Harm; SRR16 – Growth and Expansion of Specialist Complex Care Developments.

These risks highlight the potential for harm arising from capacity, demand and system pressures.

The Partnership has a moderate appetite for unmanaged safety risks. Where risks are tolerated due to unavoidable constraints, this reflects operational reality rather than desired appetite.

All safety risks must be clearly identified, escalated, mitigated and kept under regular review.

4. Quality – Positive Practice & Outcomes (High Risk Appetite)

Relevant SRR risks: SRR05 – Transformational Change Programme; SRR12 – Clinical and Care Governance.

Improving outcomes in a constrained system requires learning, innovation and the sharing of positive practice.

The Partnership has a high appetite for positive risk-taking that supports better outcomes, continuous improvement and learning from both success and adverse events.

This appetite underpins cultural change and supports delivery of transformation and quality ambitions.

5. People – Workforce (High Risk Appetite)

Relevant SRR risks: SRR08 – Workforce; SRR15 – Risk of Harm; SRR01 – Financial Sustainability.

Workforce challenges are a persistent strategic risk affecting capacity, safety and sustainability.

The Partnership therefore has a high appetite for workforce innovation, including new roles, skill-mix changes and flexible models of working.

This appetite operates within clear boundaries, maintaining staff governance, wellbeing, professional standards and ethical practice.

6. Finance – Compliance & Statutory Duties (Low Risk Appetite)

Relevant SRR risks: SRR01 – Financial Sustainability; SRR06 – Governance.

Despite significant financial pressure, the Partnership has a low appetite for risk in relation to statutory financial duties and standing financial instructions.

Strong governance, transparency and oversight are essential, even in highly constrained financial circumstances.

Financial pressure does not justify loss of financial control or non-compliance.

7. Finance – Sustainability, Planning & Value for Money (Moderate Strategic Risk Appetite)

Relevant SRR risks: SRR01 – Financial Sustainability; SRR05 – Transformational Change Programme; SRR13 – Provider Failure; SRR16 – Specialist Complex Care Growth.

The SRR demonstrates that the Partnership is already exposed to significant financial risk driven by structural factors.

There is therefore a moderate appetite for strategic financial risk-taking to secure long-term sustainability, including investment, service redesign and resource reallocation.

This sits alongside a continued low appetite for poor financial control or weak governance.