

ICB - ICS Risk Management Strategy

Version 2.9

Name of Strategy	Risk Management Strategy
Committee approving Strategy	Audit Committee
Ratified by	ICB Board

VERSION CONTROL			
Version	Description of amendments	Date	Author / Amended by
1.0	New Strategy	Sept 2019	Paul Winter
1.1	Updated to include ✓ Presentation of Risk Register & BAF to Exec Directors monthly	Oct 2019	Paul Winter
2.0	Revised for ICB • <i>Recognises role of the Board in setting risk tolerance levels</i>	May 2022	Jane Chapman
2.1	Co-Produced with the ICS Governance & Risk Network (Group) • <i>Identifies ICB & ICS risks and role of the ICS Governance & Risk Group</i> • <i>Common Language & Process</i> • <i>Identifies the difference between risks and issues</i>	May-July 2022	System Partner Governance / Risk Leads, CoSecs,
2.2	Feedback from Chair of the Audit Committee • <i>Highlights the role of the Audit Committee in the management of risk</i>	July 2022	Julie Houlder Jane Chapman
2.3	Description of three-tiered approach to risk management	July 2022	ICS Network
2.4	Addition of deep dive investigations for assurance of strategic objectives or risks	Aug 2022	ICS Network
2.5	Added case studies and examples	Aug 2022	ICS Network
2.6	Proofread & Accessibility Check	Aug 2022	Paul Winter
2.7	Added section on SBAF & role of Directors of Corporate Governance	Aug 2022	Sally Young
2.8	Increased score for strategic risks to 16 Ratified by ICB Board	Sept 2022	Audit Committee ICB Board ratification (22/9/2022)
2.8	Redefined strategic risk and operational risks. introduced concept of 'Enduring Risk'. Updated the Strategic Objectives for 2023/24	Sept 2023	Jane Chapman
2.9	Document re-worded so that BAF now reads SBAF	June 2024	Paul Winter

Introduction and Common Definitions of Risks and Issues

RISKS are generally defined as the combination of the **Likelihood** (probability) of an event and its **Consequences**. Within a business environment, a Risk is the “*effect of uncertainty on objectives*”. [ISO 31000¹]. Which means that a Risk is an event that has not happened yet but may. The language used to define or describe a Risk is always set in the Future Tense: e.g. if this happens, then this will be impacted.

In all areas of business, there is the potential for Risk events and consequences that constitute either opportunities for benefit to the organisation (the upside), or threats to its success (the downside).

In the quality management and safety field, it is generally recognised that consequences are mostly negative. So therefore, the management of clinical quality and/or safety risks will need to be more focused upon prevention and mitigation of harm to patients, staff or the organisation.

“The focus of good Risk Management is the identification and treatment of risk. Its objective is to add maximum value to all the activities of the organisation. It marshals the understanding of the potential upside and downside of all those factors which can affect the organisation. It increases the probability of success and reduces both the probability of failure and the uncertainty of achieving the organisation’s overall objectives.” (Institute for Risk Management, 2002]

**Risks are part of everyday life
e.g. there is a risk to health from crossing the road.**

“Risk Management” is about being concerned with both the positive and the negative aspects of risk. This is a continuous and developing process that covers all parts of the business, from developing strategies through to implementing those. Effective Risk Management requires not just effective policy implementation, but robust programme management too.

**We could choose to avoid crossing the road, but this would make life difficult.
So better alternatives are to:**

- **Reduce the likelihood of an accident by crossing at recognised crossings.**
- **Reduce the impact of an accident by limiting the speed vehicles can travel at.**

They are both good strategies but are more valuable if everyone adheres to them.

ISSUES are obstacles or challenges that have already happened and need to be managed as part of day-to-day operational processes or plans. The language used to define or describe an Issue is always set in the Present Tense: e.g. this problem has arisen, how should we deal with it?

¹ ISO 31000:2018 is a family of standards relating to Risk Management codified by the International Organisation for Standardisation. It provides principles and generic guidelines on managing risks faced by organisations. It seeks to provide a universally-recognised paradigm for practitioners and companies to replace the myriad existing standards, methodologies etc that differ between industries, subject matters and countries. The recommendations provided in ISO 31000 can be customised to any organisation / its context.

Issues may result as a consequence from failure to mitigate risks sufficiently. Or can be part of the environment. Issues are not recorded in a Risk Register. Although may be recorded on separate Issues Logs, which use a similar format / layout as a Risk Register; to ensure consistency of purpose and approach).

**A lack of street lighting is known to contribute to poor road safety.
This is an Issue that needs to be managed.**

While each risk is managed in isolation, by the risk owner, we use the Board Assurance Framework to develop our overarching approach to risk within the ICB.

The *(System) Board Assurance framework (S)BAF* is a tool used by the Board to identify the level of risk it is willing to take in the pursuit of improvement and by the organisation to demonstrate to the Board sources of assurance and how they are tested and develop proportionality in reporting.

The (S)BAF brings together all the relevant information about risks to the System's / Board's strategic objectives. It should set out:

- the organisation's strategic objectives
- the risks to achieving these
- the controls in place to minimise the likelihood or effect of those risks materialising
- the assurances the board needs to be confident that the controls are operating effectively.

As part of developing the (S)BAF a Board needs to agree it's:

- *Risk Appetite* - is the level of risk that the organisation is prepared to accept in relation to an event / situation, after balancing the potential opportunities and threats that situation presents. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings.
- *Risk Tolerance* - is the predetermined upper level of risk that can be assigned to an objective. This might be set as an overall risk rating or might specifically relate to an upper 'impact' or upper 'likelihood' rating which, if reached, must be mitigated at all costs.

If we do not know what our organisation's collective appetite for risk is, and the reasons for it, this may lead to erratic or inopportune risk-taking, exposing the organisation to a risk it cannot tolerate; or an overly cautious approach, which may stifle growth and development.

To ensure we get it right from the outset, we need to methodically address all risks surrounding our business activities and integrate these into our new Integrated Care Board (ICB) / Integrated Care System (ICS) **Risk Culture**.

What do we mean by a "Risk Culture"?

An effective Risk Culture describes the Values, Beliefs, Knowledge and Understanding about risk and is a shared, common purpose by the organisation's leadership and employees. Effective frameworks, processes and standards alone won't create a Risk Culture. To reliably manage risk and deliver strategic objectives, we also need to understand the behavioural

element as to why individuals, teams and organisations operate in the ways they do; and how this affects Risk Management.

An effective Risk Culture is one that enables and rewards individuals and groups for taking the right risks, in an informed manner. A successful Risk Culture includes the following:

- ☑ A distinct and consistent tone from the top in respect of risk taking and avoidance, along with consideration of this by all levels
- ☑ A commitment to ethical principles and considering wider stakeholder positions in decision-making
- ☑ A common acceptance of the importance of continuous Risk Management, including clear accountability for and ownership of specific risks or risk areas
- ☑ Transparent and timely risk information flow up and down the organisation, with bad news rapidly communicated and without fear of blame
- ☑ Encouragement of risk reporting and whistleblowing, and actively seeking to learn from mistakes or near misses
- ☑ No process or activity is too large, complex or obscure for risks to be readily understood
- ☑ Appropriate behaviours are encouraged and inappropriate behaviours challenged
- ☑ Risk Management skills and knowledge are valued, encouraged and developed, supported by a corporate Risk Management function for technical training and timely provision of advice
- ☑ There is sufficient diversity of perspectives, values and beliefs covered, in order to ensure that the status quo is consistently and rigorously challenged
- ☑ Alignment of Risk Culture with employee engagement and OD programmes to ensure that staff are supported and focused on the task in hand

Every organisation has a Risk Culture. The key question is whether that culture is effectively supporting or undermining the longer-term success of the organisation, in terms of assisting or hampering delivery of its agreed corporate (strategic) objectives.

For example, organisations with inappropriate cultures will inadvertently find themselves allowing activities that are at odds with its stated objectives, policies and procedures. Where at worst, people are probably operating completely outside these. Problems with ineffective Risk Culture are the root cause of nearly all organisational scandals or collapses.

Our Vision for a System Risk Culture

Getting it right will provide the appropriate 'Internal Control' mechanisms, checks and balances to provide assurances and confidence to the ICB-ICS Boards and Audit Committees. As well as patients, partners and stakeholders that we are acting with probity and less likely to be derailed by unexpected risk. An effective Risk Culture enables us to assure all that we are operating in accordance with the law and our statutory duties.

Our approach will avoid being overly bureaucratic and procedural but will nonetheless be robust and proportionate to the level of risk facing the wider Staffordshire and Stoke-on-Trent Integrated Care System (ICS). Included in this, it is understood that system risks, especially where these have a direct bearing on the ICB or Statutory Partner Bodies, also need to be reflected on our System or ICB Risk Registers.

Our solution will be systematic but will not look to expend effort on non-value adding processes. Nor will it overload the Risk Register with multiple issues that are not directly linked to delivery of our strategic objectives. The recognition of and speedy reaction to risk will be crucial to this.

Roles and Responsibilities

Development of our System / ICB Risk Culture will be led by Boards, their Audit Committees and the System Senior Leadership & Executive Teams. This is because they are ultimately responsible for determining our approach to risk, while carrying out their leadership and assurance roles.

These roles also include oversight of the effectiveness of organisational systems and controls. Identifying the level of risk we are willing to tolerate ('Risk Appetite'), as well as instilling the Risk Culture. They will ensure that corporate strategy is cascaded into everyone's objectives, and by assigning risk responsibilities throughout our organisations.

However, every employee has a role in identifying and minimising risks and must play a full and active role in helping to manage those risks.

All activities of ICB-ICS are aligned to our Strategic Objectives, created from the Integrated Care Strategy and managed by the Integrated Care Partnership (ICP) and ICS Boards. A Board is therefore responsible for the oversight of all risks. Assurance is achieved in through a three-tiered approach:

Strategic Risks	Strategic Risks are directly overseen by the Board as part of the (System) Board Assurance Framework: SBAF. Strategic Risks pose a threat to the delivery of Organisational or System Strategic Objectives.
Operational Risks (ICB Directorate / ICS Portfolio)	Operational Risks are recorded in the Risk Register and overseen by ICB Board Committees who are responsible for providing assurance to the Board. Operational Risks pose a threat to delivery of day-to-day business operations.
Corporate Issues	The Issues (Non-Risks) managed by Directorates / Teams responsible for providing assurance to Board that their day-to-day activities are being discharged effectively

[A 'Process Map' (diagram) explaining the roles noted below is provided after the various categories (1) to (7) as described]

(1) Integrated Care Board (ICB):

- ✓ Has overall responsibility for the effectiveness of the ICB's Risk Management system and processes;
- ✓ Must ensure they seek independent assurances from its Audit Committee, Internal Audit and any other suitably qualified persons that systems and processes are robust and effective;
- ✓ They should also routinely ask themselves the types of questions included as Appendix One, in relation to development of our (System) Risk Culture. (These are recommended by the Institute of Risk Management as core questions for any Board that is responsible for leading a Risk Culture).

(2) Audit Committee:

- ✓ The Audit Committee has lead responsibility for oversight of the ICB's Systems of Internal Control (Risk Strategy and Risk Management);
- ✓ The Audit Committee are responsible for the regular review of the Risk Strategy and will receive updates of all risks at every meeting undertaking their role.

(3) Other Board Assurance Committees:

- ✓ These will act under delegated authority from the Board for additional, operational responsibility of managing the Risk Register pertinent to their roles and responsibilities outlined in their Board-approved Terms of Reference;
- ✓ The relevant risks will be assigned to the relevant committee – e.g. Quality & Safety Committee will be responsible for Clinical Risk; and Finance & Performance and People, Culture & Inclusion will be responsible for Non-Clinical Risk. Place-based Boards will receive operational clinical or non-clinical risks pertinent to their area;
- ✓ All committee meetings will include risk as a standing agenda item at the start of their meeting, at least quarterly; and agenda items would ordinarily only be agreed where they can show how they will manage / mitigate the risks associated with that subject matter and in relation to strategic objectives;
- ✓ At the end of each meeting, members and attendees will be asked if any further risks have been identified during the course of proceedings, and how satisfactorily the meeting has mitigated their existing risks.

(4) ICB Governance Team:

- ✓ Act as the bridge between ICB, its committees, System Partners and ICB-ICS staff in managing day-to-day risk activities; holding operational responsibility for co-ordinating the System & ICB Risk Registers, liaising with all Directorates, Risk Owners and Lead Directors (or deputies) in updating and processing their Risk Register responsibilities;
- ✓ The Team will provide Risk Owners with dedicated support and advice on managing their assigned risks, including training & development programmes where required;
- ✓ Risk training will be given to all staff and ICB Board by the Governance Team. Our Internal Auditor will also provide additional training where required in line with this strategy document's key principles.

(5) Integrated Care System (ICS) Governance Network & Risk Group

The Group / Network consists of Lead Governance Representatives from each ICS membership organisation and representatives from ICB Directorate Risk Owners.

- ✓ This Group is established to review risks on the SBAF and Risk Registers, to provide assurance to ICB and each Partner Organisation, that risks are being monitored, recorded and managed, in a way that is optimal for the system;
- ✓ The Group will “gatekeep” / first line triage the SBAF and Risk Registers, which will then progress through the ICB-ICS governance reporting structure:
 - All Operational Risks go to the Lead Committee / Audit Committee at least quarterly
 - All Strategic Risks go to the Board quarterly and the Audit Committee twice per year
- ✓ The Group may also identify risks that collectively impact or have the potential to impact on one or more partners or the whole system;
- ✓ The Group will ensure that each Partner co-ordinates local management of their BAFs & Risk Registers by integrating with SBAF & System Risk Registers to achieve optimal system-wide outcomes;
- ✓ Under a collective ‘System Risk Appetite’, the Group will ensure that a consistent approach to the scoring of shared risks is taken, allowing for the fact that the likelihood or impact may differ between individual organisations;
- ✓ Provide initial triage of new risks to identify whether they sit on the Strategic or Operational Risk Register;
- ✓ Ensure the Risk Strategy is current, and procedures consistently followed by:
 - Ensuring risks are being regularly reviewed by Risk Owners
 - Reviewing all newly-identified risks, ensuring each is clearly described
 - Reviewing proposed closures by ensuring risk has been reduced or eliminated
 - Discussing any changes to risk scores since the previous meeting
 - Providing challenge to risk descriptions, scores and updates
 - Ensuring risks are scored consistently with the Scoring Matrix
 - Reviewing risk mitigation / action plans and outcomes, where appropriate
 - Ensuring financial and resource implications / impacts are properly represented
 - Ensuring each risk has a nominated Risk Owner and Executive Lead
 - Ensuring each risk is correctly aligned to one of the Board Committees
 - Ensuring all risks 16+ are appropriately represented in the Strategic Risk Register
 - Supporting our Risk Culture in respect of promotion and enabling
- ✓ The Group will also agree and oversee a programme of ‘deep-dives’ covering our strategic objectives, receiving reports from Leads to establish levels of assurance and identify where further actions should be presented to Board or Audit Committee.

(6) ICB Chief Executive Officer (CEO):

- ✓ Has overall accountability for Risk Management on behalf of the ICB;
- ✓ The CEO will make and sign off an informed (Annual) Governance Statement within the ICB’s Annual Report, on behalf of the ICB that provides public assurance that:

- Risks that impact on the achievement of objectives are being effectively managed
- The ICB is managing risk appropriately

(7) Director of Corporate Governance

- ✓ Executive lead for Risk Management - through the ICS Governance Network is leading the System approach to Risk Management

(8) The ICB – ICS Executive:

- ✓ Are responsible for ensuring that their Teams update risks on a regular basis (monthly);
- ✓ They will regularly review the System & ICB Risk Registers and SBAF matters that sit within their Directorate and/or Portfolio, liaising and updating risks collaboratively across System Partner peers, Programme SROs etc (monthly);
- ✓ The ICB Executive & ICS Senior Leadership Teams will receive regular Risk Register and SBAF reports for review, discussion and executive oversight to support the other meeting arrangements.

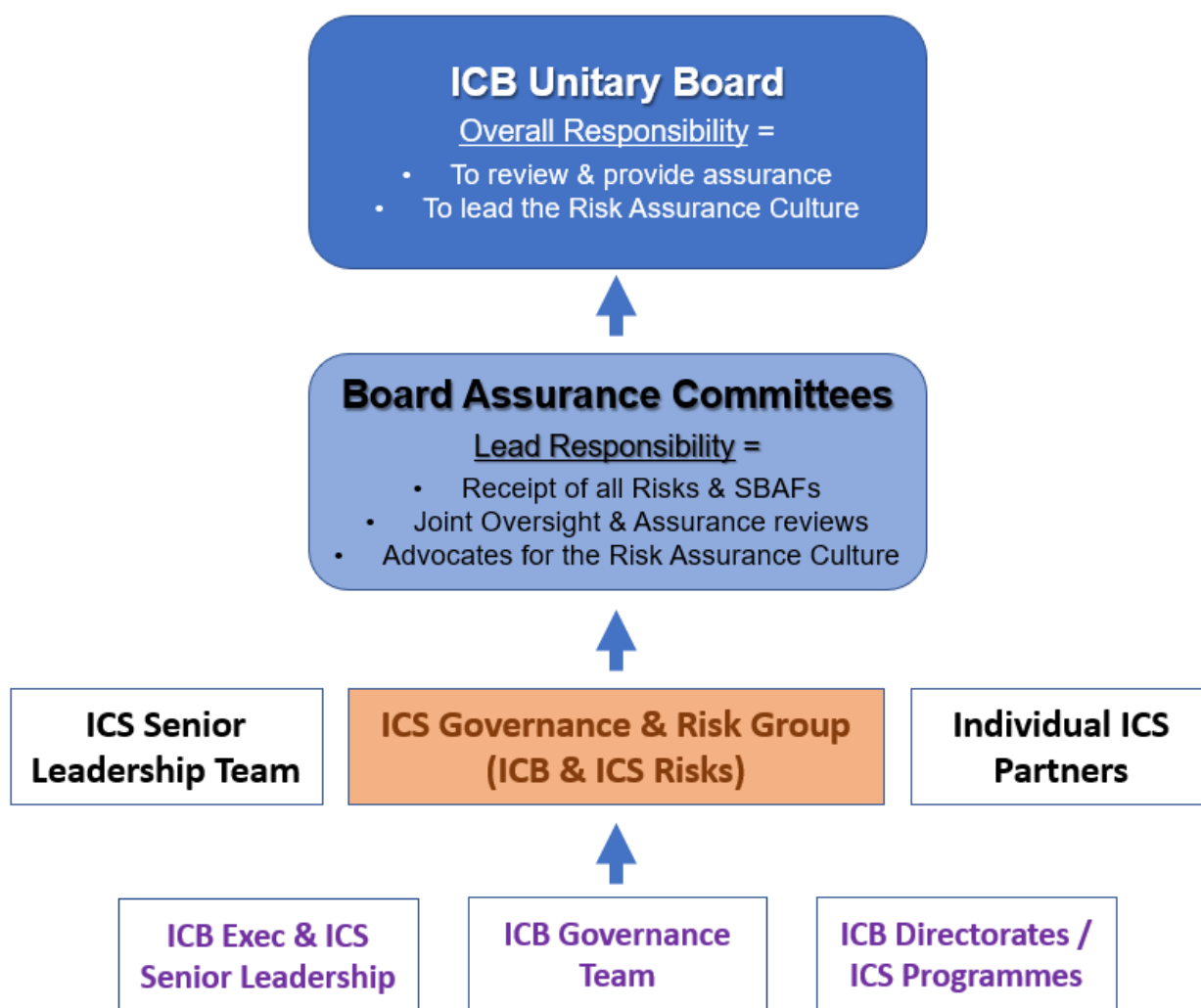
(9) All Other Staff:

- ✓ Have responsibility for providing assurance to ICB that Risk Management is relevant to their goals and objectives; and that strategic objectives are understood and maintained at all levels within the ICB;
- ✓ Risk Owners will individually be assigned risks identified through the ICB Risk Management Framework – Directorate Team meetings will review their Directorate’s risks, with Risk Owners each framing the discussions at these meetings accordingly;
- ✓ Each Executive will share / cascade their annual objectives throughout their Teams, managers and staff to ensure all personal objectives align well to strategic objectives (and risks assigned) to that Directorate;

MANAGER RESPONSIBILITIES	STAFF RESPONSIBILITIES
<ul style="list-style-type: none"> • Implement ICB policy within their area and ensuring that staff understand / apply these: e.g. Budget Holders need to manage financial risks by adhering to Budgetary Control Policy • Support the Governance Team to develop / maintain Risk Registers, and their staff to develop / maintain Issues Logs • Support the management of risk action plans • Conduct local risk assessments by identifying, quantifying and managing risks • Promote awareness of the Risk Culture in their area and ensure their staff recognise that Risk Management is essential: e.g. day-to-day active reporting and delivery • Identify training needs, including their own, and ensuring that staff undertake this where identified 	<ul style="list-style-type: none"> • Be familiar with, understand and adhere to ICB risk policy & procedure requirements • Be aware of risks and issues associated with their role and take reasonable measures to minimise them • Report all incidents or near misses in line with the Incident Reporting Procedure • Participate in Risk Assessment work relevant to their role • Take responsibility for a risk or an issue until it is resolved or transferred to / accepted by someone under whose remit it lies • Initiate action to stop any practice considered to be unsafe, regardless of seniority / profession of the person undertaking the practice

MANAGER RESPONSIBILITIES	STAFF RESPONSIBILITIES
<ul style="list-style-type: none"> Support the effective and efficient use of ICB's Risk Management systems 	<ul style="list-style-type: none"> Attending any mandatory or statutory training as defined in ICB training programmes

- ✓ Issues (or other areas of concern) are captured effectively on their 'Issues Logs'; and to manage / mitigate these by deploying the relevant (operational) management process within their Directorate, Portfolio or Team structure;
- ✓ The intention behind these is to uphold the principal Risk Strategy aim of keeping the Risk Register aligned to strategic objective matters, but to enable a Directorate to manage their "day job" issues in the same way as it does for the Risk Register role as outlined.



The Risk Management Process

It is essential that our process protects and adds value to the organisation / our stakeholders and supports the delivery of our corporate objectives by:

- ☑ Providing a framework to enable ICB business to take place in a consistent and controlled manner
- ☑ Improving corporate and local (Directorate) decision making, planning and prioritisation through the comprehensive and structured understanding of our business activity, including taking advantage of any opportunities or mitigating any threats associated with this
- ☑ Contributing to more efficient use and allocation of capital and resources
- ☑ Protecting and enhancing our corporate assets, image and reputation
- ☑ Developing and supporting our staff and our organisational knowledge / intellectual property
- ☑ Optimising operational efficiency and effectiveness

The System & ICB Risk Registers will be developed for all clinical and non-clinical risks; and will link into the System Board Assurance Framework. The process will be as described on the following two pages:

The Risk Management Process (from the Institute of Risk Management’s “Risk Management Standard”, 2002)



(1) Risk Analysis & Risk Identification:

This will be done methodically by ensuring that all significant business activities are identified and all risks flowing from these defined by the Lead Risk Owner / their Team-Directorate-Portfolio.

(2) Risk Description:

All risks are recorded and reported in a structured format, using the standardised Risk Assessment / Risk Register approach outlined.

(3) Risk Estimation (Risk Scoring):

All identified risks will be scored using the standard “5x5” (Australia & New Zealand) Risk Assessment Matrix outlined in Table One.

(4) Risk Evaluation & Risk Treatment:

This technique will be used by responsible Board Assurance Committees and Single Leadership Team to make decisions about the significance of the risks reported to them, in order to ascertain whether each specific risk should be accepted or treated in a particular way according to the System’s ‘Risk Appetite’ (risk treatment / handling) options.

(5) Risk & Residual Risk Reporting / Monitoring:

All risks will be reported to and monitored by the nominated Lead Committee, Risk Group and Board as per their defined roles & responsibilities (as set by their Terms of Reference).

All risks will be classed on the Risk Register according to scores derived from assessing the *Likelihood* of its occurrence, as against the *Consequence* of it occurring.

Scores will be created for each risk – the *Inherent Score* (at first identification); the *Residual Score* (after it has been treated) and a Target Score (which when reached indicates likely risk closure, as the proposed mitigating actions have controlled the risk to acceptable levels).

These in turn determine the overall Risk Status established by Table One below – i.e. a score from 1-4 will be a Low Risk; a score between 5-10 will be a Medium Risk; and a score between 12-25 will be a High Risk.

(6) Risk Description

This will determine how the risk is initially assessed by the individual manager or staff member and will also form the basis of the actual Risk Register reporting structure too. So as to ensure the accurate transfer of the risk from its identification phase into the evaluation and reporting phases. Table Two describes how this works and uses a real-life example to illustrate how it should be completed by Risk Owners.

Table One – RISK SCORING MATRIX

LIKELIHOOD of Occurrence	Most Likely CONSEQUENCE				
	1= Insignificant	2= Minor	3= Moderate	4= Major	5= Catastrophic
1= Rare	1	2	3	4	5
2= Unlikely	2	4	6	8	10
3= Likely	3	6	9	12	15
4= Highly Likely	4	8	12	16	20
5= Almost Certain	5	10	15	20	25

Likelihood is ascertained through determining the frequency / probability of occurrence:

- *Rare – not expected to occur for years / occurs only in exceptional circumstance (<1% chance)*
- *Unlikely – at least annually / unlikely to occur (1-5% chance)*
- *Possible – at least monthly / reasonable chance of occurring (6-20% chance)*
- *Highly Likely – at least weekly / likely to occur (21-50% chance)*
- *Almost Certain – at least daily / more likely to occur than not (>50% chance)*

Consequence is set by determining the level of severity using the core ‘Risk Domain’ factors set out in Appendix Two:

- *Insignificant – barely noticeable, minimal loss / damage / duration, unsatisfactory service*
- *Minor – short-term impact, locally-resolvable issue, low level loss or damage*
- *Moderate – longer term impact, issue needs formal resolution, medium level loss or damage*
- *Major – far more serious impact (regional level), long duration, medium-high loss or damage*
- *Catastrophic – significant impact (national level), effect, duration, loss and damage*

Table Two – RISK DESCRIPTION (also to include Risk Owner)

	Definition	Example
Risk Title	Subject Matter / Topic + Risk Reference (local ID)	Ambulance Waits outside ED (UEC Risk)
Scope of Risk	Qualitative description of the events involved; their size, type, number & dependencies – e.g. System in nature or ICB in nature + Lead Committee (for review / ownership...)	Delivery is under threat. A number of handover delays are potentially avoidable, but with no harm indicated to patients. Long waits are increasing causing Regulator intervention.
Nature of Risk	<p>Strategic: long-term strategic objectives; internal or external factors (e.g. political, legal, reputational risk)</p> <p>Operational: from delivering the business day-to-day</p> <p>Financial: effective management & control of finances</p> <p>Clinical: quality & safety of services commissioned</p> <p>Compliance: health & safety, environmental, data protection, employment practice, statutory & regulatory matters</p>	<p>Operational non-delivery of a Standard that could improve in-year further to application of the proposed risk treatment / control mechanisms outlined below)</p> <p>Clinical (potential for breached patients to have suffered harm + poorer patient experience of care received)</p> <p>Compliance (non-delivery of a Standard & breach of Regulations)</p>
IF (Cause)	aka “Likelihood” (= why the risk is happening): simple descriptors needed only, to set the Risk as a possible future event (not happening now, or just, which is an Issue not a Risk)	If continued delays to Ambulance Handovers are incurred, and sustained or levels increased
THEN (Event)	The actual risk that, if it happened could have an impact	Then there will be significant pressures placed onto ED, ambulance crews and the wider UEC system
RESULTING IN (Effect)	aka “Consequence” (= what will happen if the risk realises)	Resulting in increased instances of patient harm, increased system capacity issues, 'lost' ambulance time & associative issues including financial costs.
Risk Score	Likelihood times Consequence scores: inherent + residual	Scores = 3x4 (12) Inherent / 2x3 (6) Residual
Risk Tolerance / Appetite	Loss potential & financial impact of risk // Objective(s) for risk control // Desired level of performance – the “Target Risk Score”	Value = opportunity cost loss. No significant loss of budget expected // Risk Appetite objective = MANAGE RISK // Target Score = 4
Risk Treatment & Control	The primary means by which the risk is managed, inc. confidence levels of existing control and identification of protocols for monitoring & review	<ul style="list-style-type: none"> - ICB-Provider Remedial Action Plan + contract meetings - Finance & Performance / Quality Committee ownership
Improvement Actions	Other potential recommendations to reduce risk	<ul style="list-style-type: none"> - ICB-ICS (UEC Portfolio & Programme re. ICS Strategy & RightCare opportunities) / NHSE assurance processes

(7) Risk Treatment

Risk Owners, ICS Governance & Risk Group and Lead Committees will all develop / recommend a range of options for mitigating the risk, assessing those and then preparing and implementing action plans. The highest-rated risks should be addressed as a matter of urgency. Selecting the most appropriate option will require balancing the costs of implementing each activity against the benefits derived. In general, the cost of managing the risks needs to be commensurate with the benefits obtained. Depending on the type and nature of the risk, the following options are available:

Avoid:

This means deciding not to proceed with the activity that introduced the unacceptable risk, or choosing an alternative more acceptable activity that meets business objectives or choosing an alternative less risky approach or process.

Reduce / Manage:

This means implementing a strategy that is designed to reduce the likelihood or consequence of the risk to an acceptable level, where elimination is considered to be excessive in terms of time or expense. Action can be taken to reduce / manage the identified risk to within acceptable risk tolerances. Control procedures need to be established and monitored. For significant or principal risks these actions must be agreed by the Board.

Share or Transfer:

This means implementing a strategy that shares or transfers the risk to another party or parties, such as outsourcing the management of physical assets, developing contracts with service providers or insuring against the risk. The third-party accepting the risk should be aware of and agree to accept this obligation.

Accept (then close):

This means making an informed decision that the risk rating is at an acceptable level or that the cost of the treatment outweighs the benefit. These should apply to insignificant or minor risks that can be accepted as requiring no further action, mainly where the risk is regarded as one that the ICB can legitimately bear and is often merely part of “doing business”. This option may also be relevant in situations where a residual risk remains after other treatment options have been put in place. No further action is taken to treat the risk; however, ongoing monitoring is recommended (e.g. carrying out an annual review to ensure the level of underlying risk has not changed).

A range of treatments may be available for each risk and these options are not necessarily mutually exclusive or appropriate in all circumstances. Selection of the most appropriate approach should be developed in consultation with all relevant decision-makers, stakeholders, Risk Owners and the Governance Team.

Appendix One: Institute of Risk Management Risk Culture Questions for the Board

Corporate Governance requires that Boards understand and address their Risk Culture. They have a responsibility to set, communicate and enforce a culture that consistently influences, directs and aligns the strategic objectives with its Risk Management Framework and processes. This starts with the behaviours, attitudes and culture of the Board / Leadership, and then reaches down through the organisation. The Board and Leadership need to ask:

- *What is our current Risk Culture and how do we improve Risk Management within that?*
- *How do we want to change that culture, moving from where we are, to where we want to be?*
- *What tone do we set from the top? Are we providing consistent, coherent, sustained and visible leadership in terms of how we expect our people to behave and respond when dealing with risk?*
- *How do we establish sufficiently clear accountabilities for those managing risks and hold them to account for these?*
- *What risks does our current corporate culture create for the organisation, and what Risk Culture is needed to ensure achievement of our corporate goals? Can people talk openly without fear of consequences or being ignored?*
- *How do we acknowledge and live our stated corporate values when addressing and resolving risk dilemmas? Do we regularly discuss issues in these terms and has it influenced our decisions?*
- *How do our structure, processes and systems support or detract from the development of our desired Risk Culture?*
- *How do we actively seek out information on risk events and near misses (both ours and others) and ensure key lessons are learnt? Do we have sufficient humility to look at ourselves from stakeholders' perspectives and not just assume we're getting it right?*
- *How do we respond to whistle-blowers and others raising genuine concerns? When was the last time this happened?*
- *How do we reward and encourage appropriate risk taking behaviours and challenge unbalanced risk behaviours (either overly risk averse or risk seeing)?*
- *How do we satisfy ourselves that new starters will quickly absorb our desired cultural values and that established staff continue to demonstrate attitudes / behaviours consistent with our expectations?*
- *How do we support learning and development associated with raising awareness and competence in managing risk at all levels? What training have we as a board and leaders had in risk?*

Appendix Two: *the core 'Risk Domain' Consequence Factors*

Scoring Factor	1= Insignificant	2= Minor	3= Moderate	4= Major	5= Catastrophic
Impact on Patient, Staff or Public Safety (physical / psychological harm)	Minimal injury requiring no or minimal intervention or treatment // No time off work	Minor injury or illness, requiring minor intervention // Requiring time off work for >3 days // Increase in length of hospital stay by 1-3 days	Moderate injury requiring professional intervention // Requiring time off work for 4-14 days // Increase in length of hospital stay by 4-15 days // RIDDOR or agency reportable incident // An event which impacts on a small No. patients	Major injuries, or long-term incapacity + disability (loss of limb) / Time off work >14d	Incident leading to death // Multiple permanent injuries or irreversible health effects // An event which impacts on a large number of patients
Quality / Complaints / Audit	Peripheral element of treatment or service suboptimal // Informal complaint or inquiry	Overall treatment or service sub-optimal // Formal complaint - local resolution // Single failure to meet internal standards // Minor implications for patient safety if unresolved	Service has significantly reduced effectiveness // Formal complaint - local resolution (with potential to go to independent review) // Repeated failure to meet internal standards // Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved // Multiple complaints - independent review // Critical report	Totally unacceptable level or quality of Service // Inquest or Ombudsman inquiry // Gross failure of patient safety if findings not acted on // Gross failure to meet national standards

Scoring Factor	1= Insignificant	2= Minor	3= Moderate	4= Major	5= Catastrophic
HR / OD / Staffing / Competence	Short-term low staffing level that temporarily reduces service quality (< 1 day)	Low staffing level that reduces service quality	Late delivery of key objective / service due to lack of staff // Unsafe staffing level or competence (>1 day) // Low staff morale // Poor staff attendance for stat & mand or key professional training	Uncertain delivery of key objective / service due to lack of staff // Unsafe staffing level or competence (>5 days) // Loss of key staff // Very low staff morale // Significant numbers of staff not attending stat & mand or key professional training	Non-delivery of key objective / service due to lack of staff // Ongoing unsafe staffing levels or competence // Loss of several key staff // No staff attending stat & mand or key professional training on an ongoing basis
Statutory Duty / Regulatory / Inspections	No or minimal impact or breach of guidance / statutory duty	Material breach of statutory legislation	Single material breach in statutory duty // Challenging external recommendations // Improvement Notice	Multiple material breaches in statutory duty // Critical report // Prohibition Notice	Multiple material breaches in statutory duty with high likelihood of enforcement action // Complete systems change required // Severely critical report // Prosecution
Adverse Publicity / Reputation	Rumours with potential for public concern	Local media coverage // Short-term reduction in public confidence // Elements of public expectation not being met	Local media coverage // Long-term reduction in public confidence	National media coverage for <3 days with services well below reasonable public expectation	National media coverage for >3 days with service well below reasonable public expectation // MP concerned (questions in the House) // Total loss of public confidence

Scoring Factor	1= Insignificant	2= Minor	3= Moderate	4= Major	5= Catastrophic
Business Objectives (Corporate & Strategic) / Programmes & Projects	Insignificant cost increase / Schedule slippage	<5% over project budget // Schedule slippage	5-10% over project budget // Schedule slippage	10-25% over project budget // Schedule slippage // Key Objectives not met	Incident leading to >25% over project budget // Schedule slippage // Key objectives not met
Financial (including Claims)	Small loss // Risk of claim remote	Loss of 0.1-0.25% of budget // Claim less than £10k	Loss of 0.25-0.5% of budget // Claim between £10k-£100k	Uncertain delivery of key objective // Loss of 0.5-1.0% of budget // Claim(s) between £100k-£1m // Failing to pay suppliers on time	Non-delivery of key objective // Loss of >1% of budget // Claim(s) in excess of £1m // Loss of contract
Service / Business Interruption (Business Continuity - EPRR)	Loss / interruption of >1 hour	Loss / interruption of >8 hours	Loss / interruption of >1 day	Loss / interruption of >1 week	Permanent loss of service or facility
Environmental Impact	Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

Appendix Three: System (ICB) Risk Appetite

1. INTRODUCTION

The following Risk Appetite Statement makes clear the Board's expectations in relation to the category of risks they expect management to identify and the level of such risk that is acceptable. If the organisation's collective appetite for risk is unknown, it may lead to erratic or inopportune risk taking, exposing the organisation to a risk it cannot tolerate.

The statement is based on the premise that the lower the Risk Appetite, the less the Board is willing to accept in terms of risk and consequently the higher levels of controls that must be put into place to manage the risk.

The higher the appetite for risk, the more the Board is willing to accept in terms of risk and consequently the Board will accept business as usual activity for established systems of internal control and will not necessarily seek to strengthen those controls. Risk Appetite will therefore be set at one of the following levels:

LEVELS OF RISK APPETITE	
Avoid Risk Score Tolerance 0	We are not prepared to accept any risk.
Minimal Risk Score Tolerance 1 – 3	We accept that risks will not be able to be eliminated, therefore these should be reduced to the lowest levels, with ultra-safe delivery options, recognising that these may have little or no potential for reward / return.
Cautious Risk Score Tolerance 4 – 6	We are willing to accept some low levels of risk, while maintaining overall performance of safe delivery options, recognising that these may have restricted potential for reward / return.
Open Risk Score Tolerance 8 – 12	We are willing to accept all potential delivery options, recognising that these may provide an acceptable level of reward.
Seek Risk Score Tolerance 15 – 25	We are eager to be innovative, choosing options with the potential to offer higher business rewards.

2. CATEGORIES OF RISK

Risks at an operational level will be considered under the following categories:

- Quality – Safety, Effectiveness & Experience
- Regulation and Compliance
- Reputation
- Workforce
- Infrastructure (Estates & IM&T)
- Finance and Efficiency
- Partnerships / Collaboration
- Innovation

3. APPETITE FOR RISKS THAT MAY IMPACT UPON QUALITY

OUR STATEMENT ON QUALITY

Patient safety is our number one priority. While we aim to find a balance in our approach to achieve the best value for money in order to achieve financial sustainability for the future, we will not hesitate to spend money and apply resources to situations that present unacceptable risks to the safety of our patients.

We will protect patients from harm, giving them treatment that provides the best possible outcomes and make sure that they have a good experience of the treatment and care we provide. We have a moderate appetite to risks that may have an impact on any aspect of safety.

We will collect useful information on quality and share this information quickly with the people who are best placed to improve care. We will empower our staff to get things done and will be constantly vigilant in keeping quality standards high. We will take every opportunity to compare ourselves with other providers so that we continue to strive for excellence.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Patient Safety (e.g. patient harm, infection control, pressure sores, learning lessons)	Cautious	Mod 4 - Mod 6	
Effectiveness (e.g. outcomes, delays, cancellations or operational targets and performance)	Open	High 8 – High 12	
Service User and Carer Experience and the ability to manage quality (e.g. complaints, audit, surveys, clinical governance and internal systems)	Open	High 8 – High 12	

4. APPETITE FOR RISKS THAT MAY IMPACT UPON REGULATION AND COMPLIANCE

OUR STATEMENT ON REGULATION AND COMPLIANCE

We provide services within a highly regulated environment that must meet high levels of compliance expectations from a large number of regulatory sources. We will endeavour to meet those expectations within a framework of prudent controls, balancing the prospect of risk elimination against pragmatic operational imperatives.

Non-compliance with legal and statutory requirements undermines public and stakeholder confidence in the organisation, has the potential for harm and legal consequences and therefore the organisation has a moderate appetite in relation to those risks.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Statutory Regulation and Requirements (e.g. ICO, CQC, HSE, Professional Regulatory Bodies such as GMC / NMC, external certifications such as JAG and ISO).	Cautious	Mod 4 – Mod 6	
National Guidance and Best Practice (e.g. NICE, GIRFT)	Open	High 8 – High 12	

5. APPETITE FOR RISKS THAT MAY IMPACT UPON REPUTATION

OUR STATEMENT ON REPUTATION

We accept that a level of reputational risk is inherent in all of our activities which include the effect of factors such as regulatory intervention; employee conduct, human resource practices, legal, licensing, policy decisions; fiscal responsibility and information security. Negative perceptions by patients, staff and other stakeholders may jeopardise our credibility and impede the achievement of delivering our strategic objectives.

We expect high standards of conduct, ethics and professionalism to be maintained at all times and we have a moderate appetite for risks that could cause reputational damage to the Trust or a loss in public confidence in our ability to deliver a quality service.

We will accept a significant level of risk to our reputation (where for instance we may spend above planned levels) in protecting and improving the safety of our patients, as this is the Board's highest priority.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Day to day activity (e.g. standards of conduct, ethics and professionalism and delivery of services)	Cautious	Mod 4 – Mod 6	
Risk as a result of protecting and improving the safety of patients	Seek	Ext 15 – Ext 25	

6. APPETITE FOR RISKS THAT MAY IMPACT UPON WORKFORCE

OUR STATEMENT ON WORKFORCE

We believe that patient outcomes, safety and the quality of care we provide is influenced by the experiences and engagement of staff and the support they receive from colleagues and the organisation more widely. We will endeavour to ensure that the right numbers of properly qualified staff are in the right place at the right time.

As our greatest area of expenditure we expect that staff potential and performance is efficiently maximised while balancing this against opportunities for professional

development, flexible working practices and the implementation of national agreements regarding terms and conditions. We have a moderate risk appetite for compliance risks relating to staff recruitment and the controls applied while in work.

We have high risk appetite to explore innovative solutions to future staffing requirements, our ability to retain staff and to ensure that the organisation remains as an employer of choice.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Staff recruitment (e.g. compliance with regulations such as visa requirements, Equal Opportunities / Diversity, that ensure staff are recruited fairly and competent to deliver)	Cautious	Mod 4 - Mod 6	
Employment practice	Cautious	Mod 4 - Mod 6	
Staff retention (e.g. attractiveness of Trust as an employer of choice)	Open	High 8 – High 12	

7. APPETITE FOR RISKS THAT MAY IMPACT UPON INFRASTRUCTURE

OUR STATEMENT ON INFRASTRUCTURE

We are committed to providing patient care in a therapeutic environment and providing staff with an environment and supporting infrastructure in which to perform their duties. However, we have a moderate appetite for some risks related to our infrastructure and estate except where these adversely impact on patient safety, care quality and regulatory compliance.

IM&T plays an ever increasing role in supporting staff to deliver high quality services to patients. IM&T must support core organisation functions with sufficient capability, capacity, resilience and security from internal and external threats. The organisation relies on an increasingly mobile and technologically dependent workforce to carry out its core functions; we therefore expect that full business continuity plans are in place should services become unavailable.

We will collect GDPR-acceptable information to help us deliver services and improve their quality, ensuring that only those who have a legitimate purpose are given access to this data. We have a low risk appetite for IM&T risks relating to security, control of assets, business continuity and data.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Estates infrastructure	Cautious	Mod 4 – Mod 6	
Security (e.g. access and permissions to systems and networks)	Cautious	Mod 4 – Mod 6	
Control of Assets (e.g. purchase, movement and disposal of ICT equipment)	Cautious	Mod 4 – Mod 6	

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Business continuity (e.g. cyber-attack, maintenance of networks, alternative solutions)	Cautious	Mod 4 – Mod 6	
Data (e.g. integrity, availability, confidentiality and security, unintended release)	Cautious	Mod 4 – Mod 6	

8. APPETITE FOR RISKS THAT MAY IMPACT UPON FINANCE AND EFFICIENCY

OUR STATEMENT ON FINANCE AND EFFICIENCY

To achieve the best value for money and to ensure our future financial sustainability we expect appropriate stewardship over our financial resources. This means that decisions regarding the pursuit of our strategic objectives must be balanced against the expectations of our regulators in meeting our financial plans / statutory duties.

We expect robust internal controls to be maintained which ensure compliance with applicable government and accounting standards. We will not tolerate risks that may lead to financial losses from fraud and negligent conduct as this represents a corporate failure to safeguard public resources.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Value for money & sustainability (inc. cost saving)	Cautious	Mod 4 – Mod 6	
Standing Financial Instructions (SFIs) and financial control	Cautious	Mod 4 – Mod 6	
Fraud and negligent conduct	Minimal	Low 1 – Low 3	
Contracting	Seek	Ext 15 – Ext 25	

9. APPETITE FOR RISKS THAT MAY IMPACT UPON PARTNERSHIPS / COLLABORATION

OUR STATEMENT ON PARTNERSHIPS & COLLABORATION

We are committed to collaborating with our stakeholder organisations to bring value and opportunities across current and future services, through system-wide partnerships. We have a high risk appetite in developing partnerships with organisations who are responsible and have similar values, maintaining the required level of compliance with our statutory duties.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Partnerships	Open	High 8 – High 12	

10. APPETITE FOR RISKS THAT MAY IMPACT UPON INNOVATION

OUR STATEMENT ON INNOVATION

We have a significant appetite to pursue innovation in the delivery of services and challenge current working practices. The potential rewards in pursuing new solutions that may improve quality and provide business efficiencies must be balanced against the safety and wellbeing of our patients and staff.

We have a significant appetite to pursue innovation and challenge current working practices in support of the use of systems and technology developments, as well as new service design within the services it manages. We will therefore pursue options where innovation can provide higher rewards (despite greater inherent risks), but only where quality and compliance are not affected.

Although we cannot control or predict external factors that may affect our financial resources, we have a duty to protect cost saving through efficiencies and innovation. We are therefore willing to accept a high level of risk in pursuit of such activities but we expect prudent decisions to be made to mitigate the financial impact while providing optimal value for money.

Sub Category of Risk	Risk Appetite	Risk Tolerance	Score
Innovation (e.g. new ways of working, new products, new and realigned services, new models of staffing and realignment of services, international recruitment, new ICT systems and improvements)	Seek	Ext 15 – Ext 25	
Financial Innovation (e.g. new ways of working, new products, new and realigned services)	Open	High 8 – High 12	