**Policy authorisation form**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of policy:**  **1** | | Risk Management Framework, Strategy and Policy | | | | | |
| **Policy Number** | | 14 | | | | | |
| **Job title of author:** | | Governance Manager  Associate Director of Corporate Affairs | | | | | |
| **Sponsor:** | | Chief Financial Officer | | | | | |
| **Name of group:** | | Audit Committee | | | | | |
| **Equality and diversity – mandatory requirement**  **2** | | | | | | | |
| An Equality & Diversity assessment has been completed  *(Please contact the Equality & Diversity Lead)* | | | | | **Date Completed:**  \* | |  |
| **Consultation** | | | | | | | |
| **Name of group/s** | | | | | **Date considered** | | |
| Name of Local Committee or Specialist Group?  Audit Committee  ICB Board | | | | | 8th September  5th November  30th November | | |
| Name of Countywide Committee or Specialist Group? | | | | | N/A | | |
| Other relevant Forum/Individual? | | | | |  | | |
| County Wide Policy: | | | | | NO | | |
| **Approved by**  **3** | | | | | | | |
| **NAME** i.e. Audit Committee | | | | | **Date approved** | | |
| 19 Jan 2023 | | |
| **To be reviewed by: (author)** | | | | | **Date to be reviewed:** | | |
| \* | | | | | 25th November 2025 | | |
| **Policy updates/changes** | | | | | | | |
| Date | Summary of Changes | | Author/Editor | Approved by | | Version | |
| September 2022 | First Draft | | Lauren Peachey / Christina Gradowski | First Draft | | Version 1 | |
| Oct 2022 | Second Draft after September meeting with Audit Committee | | Christina Gradowski | Second Draft | | Version 2 | |
| Nov 2022 | Third Draft after ICB Board feedback | | Christina Gradowski | Third Draft | | Version 3 | |

The Policy Authorisation Form is part of the overall policy template and forms the front of the document and must be completed in all cases

**Equality and Diversity** - Part 2 of the form (Appendix 1)

The policy should be checked to see if it has any adverse effect on any personal group covered by Discrimination Legislation. In order to do this an ‘Impact Assessment’ must be completed. Further advice can be obtained from the Equality and Diversity Lead.

**Approval & Review -** Part 3 of the form

Once the Policy has been approved the name of the group/individual and date of approval should be included. The policy document should be sent to the Policy Co-ordinator to log on the Policy Register.

Review and amendments are the responsibility of the Author and Director of the Policy and a date for review must be set and included on the form. However, the Policy Co-ordinator will give a reminder to an author when a policy is overdue a review. The review date must be at least annually.

If, after a review, changes are made the document must be resubmitted, by the Author, for approval and therefore the ‘Policy for Policies’ must be followed again. Any changes should be included in the necessary ‘Policy updates/changes’ section at the beginning of the document.

**Risk Management Framework,**

**Strategy and Policy**

|  |  |
| --- | --- |
| **Version** | **1** |
| **Policy ID No** | **14** |
| **Author** | **Governance Manager / Associate Director of Corporate Affairs** |
| **Sponsor** | **Director of People, Culture & Engagement** |
| **Approved By** | **Audit Committee** |
| **Approval Date** | **January 2023** |
| **Review Date** | **January 2026** |

*This document may be made available to the public and persons outside of the ICB as part of the ICB’s compliance with the Freedom of Information Act 2000.*

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# Introduction

* 1. This document sets out the Risk Management Framework, Strategy and Policy for Gloucestershire Integrated Care Board (ICB).
  2. The ICB has statutory and regulatory obligations to ensure that systems of control are in place to minimise all types of risk to the organisation and the individuals to whom it owes a duty of care. However, it is acknowledged that the commissioning of health and care services is not without risk, especially in some more innovative areas of service redesign. An element of risk is vital in order to explore opportunities and new ways of working.
  3. ‘Managing risk is iterative and assists the organisation in setting its strategy, achieving its objectives and making informed decisions.’ ISO 31000: 2018.
  4. It applies to all staff of the ICB, Executive team and all managers to ensure that risk management is a fundamental part of the ICB’s approach to governing the organisation. All staff at every level of the organisation are required to recognise that risk management is their personal responsibility.
  5. The Governane Team is responsible for ensuring compliance with relevant legislation and best practice guidelines for risk mangemen and for developing and managing the ICB’s procedural documents in consultation with the ICB Board and its sub-committees.
  6. The Framework covers the following elements as shown in the diagram:

# Purpose

* 1. The aim of this document is to:
     1. set out the ICBs approach to risk and the management of risk in fulfilment of its strategic objectives;
     2. ensure that risks to the achievement of the ICB’s objectives (key prioritis) are understood and effectively managed;
     3. ensure that the risks to the quality of services that the organisation commissions from healthcare providers are understood and effectively managed;
     4. assure the public, patients, staff, and partner organisations, that the ICB is committed to managing risk appropriately; and protects the services, staff, reputation, and finances of the ICB through the process of early identification of risk, risk assessment, risk control and elimination where possible.

# Defintions

* 1. **Corporate Risk**: is the chance that something will happen that will have an impact on the achievement of the ICB’s aims and objectives. It is measured in terms of likelihood (frequency or probability of the risk occurring) and impact (severity or magnitude of the effect of the risk occurring). Those risks that score 12+ are recorded on the Corporate Risk Register.
  2. **Board Assurance Framework**: a report made to the Board of the ICB on strategic risks that will affect the delivery of the ICB Strategic Objectives. Strategic risks that score 15+ are recorded onto the Board Assurance Framework (BAF).
  3. **Risk Management**: refers to the systematic application of processes and structures that are directed toward the effective management of risk.
  4. Additional definitions are included in Appendix 2

# Roles and responsibilities

* 1. **All ICB staff:** Staff are responsible for complying with the Risk Management Framework and will assist the risk management process by:
     + identifying risks within their area of work and taking appropriate action to assess and manage such risks and/or report them to their line manager;
     + attending training and development events to ensure a full understanding of their risk management responsibilities;
     + following ICB policies and guidelines;
     + escalating risks and issues up through their designated line management structures;
     + all staff are responsible for ensuring that remedial action is taken wherever key risks are identified within their area of responsibility.
  2. **Associate Director of Corporate Affairs and the Governance Team:** 
     + support risk owners to provide an update each month of actions, progress, and any changes to risk scores; and escalating any significant risks to the Executive Team;
     + providing training to ICB staff in risk management and risk reporting processes;
     + providing reports to the Executive Team, Committees and Board of the ICB;
     + escalating any significant risks to the Executive Team;
     + establishing and maintaining the risk management system operationaly within the ICB including the 4Risk system;
     + in consultation with the Board, its committees and partners, producing the risk management strategy, policy and procedures;
     + providing advice and support in risk identification, assessment and analysis.
  3. **Senior Managers:** have delegated responsibility and authority regarding the management of risk within their specific areas of work, including compliance with the Risk Management Framework and for ensuring that remedial action is taken wherever key risks are identified within their area of responsibility, including:
     + demonstrating leadership, active involvement, and support for risk management, together with actions to prevent or minimise a reoccurrence;
     + identifying and recording risks in a timely manner;
     + co-ordinating the application of resources to minimise, manage and control the identified risks;
     + undertaking risk assessments as required.
  4. **Board of the ICB**: The Board is responsible for ensuring that there is an effective framework for managing risk and that a risk aware culture that is embedded within the organisation. In particular, the Board ensures that there is an robust risk framework with clear procedures and guidance on identifying risks, with risk reduction plans, and that there are mechanisms are in place to monitor progress on action plans. In relation to risk management the Board is responsible for:
     + providing leadership, communicating that risk management is a priority for the organisation and setting the tone for risk management throughout the ICB;
     + ensuring the approach to risk management is consistently applied;
     + determining the strategic risks aligned to the strategic objectives of the ICB on an annual basis;
     + determining the risk appetite for the ICB;
     + monitoring these processes on an ongoing basis via the Board Assurance Framework (BAF) and reports from the Audit Committee.
  5. **Audit Committee**: The Audit Committee is responsible for ensuring that there is an effective framework for managing risk. In particular, it considers risk processes and the reporting framework. In relation to risk management the Audit Committee is responsible for:
     + providing leadership and support for risk management;
     + reviewing and approving the Risk Management Framework.
     + ensuring that there is a structure in place for the effective management of risk throughout the ICB and that this structure is consistently applied;
     + ensuring that inter-related risks are reported to the relevant committees
     + reviewing and scrutinising the Corporate Risk Register as well as the BAF prior to inclusion of the BAF in the board papers of the ICB Board.
  6. **Chief Executive Officer**: has overall responsibility and accountability for risk within the ICB and is required to provide assurance through the Annual Governance Statement that all risks to the organisation are effectively identified, managed, mitigated and reported to the ICB Board, its sub-committees and groups. The Lead Director for Risk Management is the Director of People, Culture and Engagement.
  7. **Directors**: share responsibility for the success of the ICB, including the effective management of risk and compliance within their directorates. They are required to ensure that risks are identified promptly and managed effectively in accordance with this framework and any associated documents, policies, and procedures. Each Director is responsible for:
     + demonstrating leadership, active involvement, and support for risk management;
     + ensuring that each directorate has an established Risk Lead to coordinate directorate risk registers;
     + ensuring that at the Directorate Risk Register is actively reviewed at Directorate / team meetings;
     + supporting the ICB in identifying the key strategic risks, evaluating them, and ensuring adequate responses are in place are monitored;
     + ensuring that the risk management procedures and processes are applied consistently throughout the ICB;
     + supporting the escalation of risks to the Board Assurance Framework.
  8. **Chief Financial Officer** is responsible for the identification, scoping and implementation of the risk management system in relation to the ICB’s internal controls. In addition, the Director will ensure:
     + the effectiveness of the ICB’s financial control systems;
     + significant financial risks faced by the ICB are identified and managed effectively;
     + the Internal and External Audit effectively perform their roles in assuring the ICB’s system of internal control; and
     + robust Counter Fraud arrangements are in place.
  9. **Non-executive Directors**: have a responsibility to scrutinise and, where necessary, challenge the robustness of systems and processes in place for the management of risk. According to the UK Corporate Governance Code Non-Executive Directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of the system of internal controls within the ICB ensuring that robust information (financial, performance, quality and workforce) is made available to the ICB Board and Committees. NEDs have a key role in ensuring that financial information and that financial controls and “systems of risk management are robust and defensible”.

# Risk Management Strategy and Appetite

* 1. The Risk Management Strategy outlines the vision and objectives of the organisation’s risk management system; the strategy embodies 8 key principles to achieve effective risk management:
     1. **Integrated** – risk management is an integral part of all organisational activities.
     2. **Structured and comprehensive** – a structured and comprehensive approach contributes to consistent and comparable results.
     3. **Customised** – the risk management framework and processes are customised and proportionate to the organisation’s external and internal context related to its objectives.
     4. **Inclusive** – appropriate and timely involvement of stakeholders results in improved awareness and informed risk management.
     5. **Dynamic** – risk management anticipates, detects, acknowledges and responds to changes and events in an appropriate and timely manner.
     6. **Informed** – information should be timely, clear and available to relevant stakeholders.
     7. **Audience-appropriate** – the design of the risk framework and communication about risk should take into account the cultural characteristics and level of knowledge of the audience.
     8. **Always improving** – risk management is continually improved through learning and experience.
  2. The ICB’s vision is that risk management is integrated in all parts of the organisation’s activities. It is embedded in all business activities and processes of the organisation, ensuring that a risk aware culture is embraced throughout the organisation. This will be achieved through an inclusive approach to risk management involving ICS partners in contributing to the development of the ICB BAF, through the identification of strategic risks and the involvement of the Executive and directorate teams and risk leads in identifying, managing and reporting risks.
  3. There will be a dynamic and agile approach to detecting and responding to emerging risks and changes, communicated in an audience appropriate manner. Information related to risk will be customised for the ICB Board and its committees and groups, so that relevant and timely information is provided. There will be an improvement approach to risk management including learning and development opportunities made relevant to different staffing groups, committees/groups and the Board of the ICB.

# Risk Management Structure

* 1. The ICB has a duty to assure itself that the organisation has properly identified the risks it faces and that it has processes and controls in place to mitigate those risks and the impact they have on the organisation and its stakeholders.
  2. This strategy establishes a structure for effectively and systematically managing corporate risks (shown below). It enables the ICB to have a clear view of the risks affecting each area of their activity, how those risks are being managed, the likelihood of occurrence and their potential impact on the successful achievement of corporate objectives.
  3. Gloucestershire ICB governance and committee structure and associated risk responsibilities for each committee:
  4. Risk Appetite is defined as ‘The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time’ (HMT Orange Book definition 2004). It is influenced by a broad range of factors including, the organisation’s culture and history, current internal or external events.
  5. The ICB has statutory and regulatory obligations to ensure that systems of control are in place to minimise all types of risk to the organisation and the individuals to whom it owes a duty of care. However, it is acknowledged that the commissioning of health and care services is not without risk especially in some more innovative areas of service redesign. An element of risk is vital in order to explore opportunities and new ways of working.
  6. The foundation of the Integrated Care System (ICS) across Gloucestershire has allowed greater opportunities to work collaboratively on service redesign and reconfiguration across organisational boundaries, develop new patient pathways and work in a ‘place’ based way. This has meant that ICS partners have had to work to identify new and emerging risks that affect partners including mechanisms for mitigating those risks as a collective.
  7. Developing new and exploratory schemes and programmes can entail a greater degree of risk to the way in which staff work, the amount of resources needed and the operational design of services. Therefore staff, managers and executives need greater clarity on the level of risk that will be tolerated by the ICB and the risk boundaries in which they work.
  8. A level of risk appetite is recorded for each risk by the risk lead which is included in the 4Risk system and will be aligned to the risk appetite table below.
  9. The risk appetite is closely linked to the risk target score. If there is a low appetite to risk, that risk will not be accepted (or ‘tolerated’) by the organisation unless it has reached a very low likelihood, for example, patient harm.
  10. The organisation’s risk appetite will seek to address:
      + The nature of the risks to be assumed;
      + The amount of risk to be taken;
      + The desired balance of risk versus reward.
      + Risk appetite coding (aligned to 4Risk system).

**6.11 Risk Appetite Statement**

Risk appetite is the amount and type of risk that an organisation is prepared to pursue, retain or take in pursuit of its strategic objectives. It represents risk optimisation - a balance between the potential benefits of innovation and the threats that change inevitably brings.

This should not be confused with risk tolerance, which reflects the boundaries within which the executive management are willing to allow the true day-to-day risk profile of the organisation to fluctuate, while they are executing strategic objectives in accordance with the board’s strategy and risk appetite. It is the level of the current (residual) risk within which the board expects sub-committees to operate and management to manage and escalate.

Put simply, risk appetite is how much risk you want, risk tolerance is how much risk you can live with. The Board should therefore not see each level of risk appetite as being better or worse than any other.



The ICB therefore understands its Risk Appetite as:

‘the amount and type of risk that an organisation is prepared to pursue, retain or take in pursuit of its strategic objectives, which is key to achieving effective risk management. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings, and therefore should be at the heart of an organisation’s risk management strategy – and indeed its overarching strategy”.

It is acknowledged that there is inherent complexity in assessing risk when making significant strategic decisions. There is no set formula for establishing that an activity / action is or is not an acceptable risk and will be decision-specific within the current circumstances. As such each case will require a level of judgement to be made within the agreed boundaries of the Board’s Risk Appetite and the ICB’s overall approach to risk management.

The Board therefore accepts that there is an element of risk in every activity the ICB undertakes and the ICB’s appetite for particular risks will be dependent on a variety of factors including the likelihood of that risk occurring its impact (before and after controls) and the effect the risk will have on the achievement of the ICB’s strategic objectives if the risk comes to fruition. The Risk Appetite Statement does not negate the opportunity to potentially make decisions that result in risk taking that is outside of our agreed approach to risk appetite. However any such decisions must be referred by the Board for scrutiny and decision.

Methods of controlling risks must be balanced. The ICB may accept some high risks either because of the cost of controlling them, or to deliver innovation or use resources creatively when this may achieve substantial and sustained benefit.

The ICB considers it important to have a more **OPEN** and **SEEK** approach to risk in relation to innovation including workforce and digital transformation and working in partnerships and collaboration to enable the exploration of new models of care, ways of working and delivery of services.

As a general principle the ICB has a **ZERO to** **MINIMAL** i.e. very low tolerance for risks which have the potential to:

* + Adversely impact the quality and safety of services
  + Cause significant and sustained disruption to services and staff
  + Have severe and enduring financial consequences for the system as a whole
  + Cause non-compliance with law and regulation including the ICB’s responsibilities as Category 1 Responder for Emergency Preparedness, Resilience and Response.
  + Adversely impacts the reputation of the ICB and ICS.

The ICB is unlikely to take a **BOLD** approach to managing strategic risks and would only do so with the agreement of the ICB Board in exceptional circumstances.

The ICB’s risk appetite is not a single, fixed concept – and a single high level risk appetite statement would not be sufficient to articulate the ICB’s approach to risk at this point in time while in development mode. However, the Board did agree that the GGI risk appetite levels as aligned to system partners would be used when identifying the risk appetite related to each of the strategic risks.

**The five levels of risk appetite with appropriate descriptors are as follows that can be applied to the system wide strategic risks and input into the 4Risk system. To note suggested risk appetite scores included.:**

|  |  |
| --- | --- |
| 1. **ZERO -Minimal** | * Avoidance of risk is a key organisational objective * Our tolerance for uncertainty is very low * We will always select the lowest risk option * We would not seek to trade off against achievement of other objectives |
| 1. **Cautious** | * We have limited tolerance of risk with a focus on safe delivery * Our tolerance for uncertainty is limited * We will accept limited risk if it is heavily outweighed by benefits * We would prefer to avoid trade off against achievement of other objectives |
| 1. **Open** | * We are willing to take reasonable risks, balanced against reward potential * We are tolerant of some uncertainty * We may choose some risk, but will manage the impact * We are prepared to take limited risks where attempting to innovate, we would seek to understand where similar actions had been successful elsewhere before taking any decision. |
| 1. **Seek** | * We will invest time and resources for the best possible return and accept the possibility of increased risk * In the right circumstances, we will trade off against achievement of other objectives * We will pursue innovation wherever appropriate. We are willing to take decisions on quality / workforce and reputation where there may be higher inherent risks but the potential for significant longer-term gains * We outwardly promote new ideas and innovations where potential benefits outweigh the risks |
| 1. **Bold** | * We will take justified risks. * We expect uncertainty * We will choose the option with highest return and accept the possibility of failure * We are willing to trade off against achievement of other objectives |

# Risk identification, assessment and control

* 1. **Risk Identification**
  2. Every individual within the ICB is responsible for identifying and managing risk.
  3. Risks can be identified in several ways but mainly via teams, operational groups, and executive teams.
  4. Risk ownership is assigned according to where responsibility exists for mitigating action. This means that the ‘risk originator’ i.e., the person who identifies the risk, will not always be the ‘risk owner’.
  5. Risk identification and management should be an integral part of the ICB’s everyday activities. Some specific ways of identifying risks include:
     + Horizon scanning
     + Formal risks assessment exercise (for example health & safety)
     + Lessons learnt following an incident or a complaint
     + Discussion at Board / Committee Level
     + Completing/reviewing a Project Business Case
     + Performance discussions with providers
  6. The achievement of the ICB’s strategic objectives ultimately depends on the identification and successful management of risks. All risks should have a link to the ICBs objectives.

There are five risk categories (shown below) under which to record the risk on the 4Risk management system. They are designed to assist reporting and give staff a framework to identify risks.

* 1. **Risk Assessment**
     1. Once a risk is identified, it is important to analyse the risk, by undertaking a risk assessment to understand its significance. A risk assessment will result in a risk score which can be plotted on a matrix showing the risk score as the likelihood multiplied by the impact (often shown as L x I).
     2. The risk score, prior to action being taken to mitigate the risk, is called the original (or inherent) risk.
     3. Detailed risk likelihood and impact scoring criteria is included within Appendix 3. Once the likelihood and the impact score have been established, a total risk score can be determined in line with the scoring matrix below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Impact** | **Likelihood** | | | | |
| Rare (1) | Unlikely (2) | Possible (3) | Likely (4) | Almost Certain (5) |
| 1 | 1 | 2 | 3 | 4 | 5 |
| 2 | 2 | 4 | 6 | 8 | 10 |
| 3 | 3 | 6 | 9 | 12 | 15 |
| 4 | 4 | 8 | 12 | 16 | 20 |
| 5 | 5 | 10 | 15 | 20 | 25 |

Colour grades are used to enable us to quickly identify areas of significant risk:

|  |  |  |  |
| --- | --- | --- | --- |
| **Low Risk** | **Medium Risk** | **High Risk** | **Significant Risk** |
| 1 - 4 | 5 - 6 | 8 – 12  (very high – 12) | 15 - 25 |

* 1. **Risk Control**
     1. Once the original risk score has been established then the next step is to assess the controls that are in place. After identifying the risk controls, the risk likelihood may have changed as a result and be plotted on the risk scoring matrix. This new risk score is now recorded as the current risk score.
     2. A risk control is an ongoing or regular activity which reduces the likelihood of a risk occurring. Controls include but are not limited to any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk.

# Risk Response

* 1. Once a risk has been identified and assessed there needs to be a plan in place to reduce the risk in line with the risk target score / tolerances. This will be recorded in the 4Risk management system as a risk action. After these actions have been identified a target score can then be recorded.
  2. The target score is the score at which the ICB would 'accept' the risk. It is the level of risk exposure that we are prepared to tolerate before removing the risk from the risk register.
  3. The following are the basic types of risk response for which to base the actions on:
     + **AVOID**: Change your strategy or plans to avoid the risk. Focus on eliminating the cause and thus, eliminating the threat.
     + **MITIGATE**: Take action to reduce the risk. There are certain risks that cannot be eliminated. However, their likelihood can be reduced. This is termed as mitigation of risks.
     + **TRANSFER**: Transfer the risk to a third party.
     + **ACCEPT**: Decide to take the risk. Passive acceptance leaves action to be determined as needed, in case of a risk event. Active acceptance may involve contingency plans to be implemented if risk occurs and allocation of time and cost reserves to the project.
  4. Every risk recorded in the 4Risk system requires an action to be recorded. Actions must have a risk action lead and a completion date. The only way to record a target score in 4Risk is to have an action associated with the risk.

# Risk Reporting

* 1. Corporate risks are recorded on the 4Risk system. Each directorate will have their own section on 4Risk, sub-risk registers can also be set up. Once the risk has been identified and scored the following reporting approach is undertaken to keep the risk response under review.
  2. There are specific arrangements with regard to EPRR risk management. The Civil Contingencies Act 2004 requires emergency responders in England and Wales to co-operate in maintaining a public Community Risk Register. These are approved and published by Local Resilience Forums. Gloucestershire’s ICB EPRR risk register links to the Local Resilience Forum Community Risk Register which in turn reflects the National Risk Register.

This ICB risk register is owned, monitored and reviewed monthly via the ICB EPRR team, ‘the risk managers’. The ICB EPRR AEO is the lead responsible director. The ICB EPRR Risk Register are shared at the Local Health Resilience Partnership (LHRP) Business Management Group. EPPR risks are included in the Quality Committee risk reports to ensure the committee is appraised of the risks facign the ICB and system.

* 1. **Risk Reports to ICB Committees**
  2. **The Board** receives the Assurance Framework on a bi-monthly basis including risks of 15 and above.
  3. **The Executive Team** receives a bi-monthly report on all risks over a score of 15 and a report on the medium, high and significant risks prior to the Audit Committee. The scheduling of the reports is aligned with the Board and other committee meetings.
  4. **The Audit Committee** receives a report on the medium, high and significant risks at every meeting e.g the Corporate Risk Register and the BAF.
  5. **The Quality Committee** receives a report showing all risks relating to Quality (including safeguarding and patient safetyas well as Emergency Planning Resiliene and Response at each meeting.
  6. **The System Resources Committee** receives a risk report showing risks relating to performance and finance at each meeting.
  7. **The Primary Care and Direct Commissioning committee** receives a risk report showing all risks relating to primary care at each meeting.
  8. **The People Committee** receives a risk report showing all risks relating to HR or OD at each meeting.
  9. **Operational Groups** (for example Primary Care Operational Group) receive reports for risks relating to their respective areas.

# Assurance

* 1. The Board has a duty to assure itself that the organisation has properly identified the risks it faces, and that it has processes and controls in place to mitigate those risks and the impact they have on the organisation and its stakeholders.
  2. The Board receives assurance reports from its sub-committees on the controls and mitigation plans in place to manage significant and high risks. Overall assurance reports from committees are included in the Integrated Performance Report which is submitted to the Board on a bi-monthly basis.
  3. According to the UK Corporate Governance Code ‘The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems.’
  4. A critical role of any board is to focus on the risks that may compromise the achievement of the organisation’s strategic objectives. To be confident that the systems of internal control are robust, the ICB must be able to provide evidence that it has systematically identified its strategic objectives and managed the principal risks to achieving them.
  5. The BAF drives the Board and committee agendas. It provides a structure that enables the Board to focus on the significant risks, highlights any key controls (management actions to avoid or mitigate risks) that have been put in place to manage the risk, any areas requiring further action, sources of evidence or assurance, and any gaps.
  6. The Board is therefore responsible for identifying their risk appetite (see section 1) and risk tolerance for each strategic objective and agreeing what is sufficient in terms of controls and the assurances that the controls are operating effectively.
  7. The greater the risk appetite, the more controls should be put in place by management to avoid or mitigate the risk.

# Risk Closure

* 1. When the risk is ready to be closed there is a clear process to follow to ensure it is closed properly (appendix 4).
  2. For a risk closure to be considered, the risk must have met its target score and all actions must be completed.
  3. Risk closures must not be closed on the 4Risk system without formal agreement at the Audit Committee.

# Tools and Technology

* 1. 4Risk has been chosen by the ICB to provide a flexible risk and business assurance management information software system that enables the ICB to monitor and measure its overall exposure to risk and examine the effectiveness of its control environment.

# Training

* 1. Training on the policy and the 4Risk management system is provided by the Governance Team. Training takes place at directorate / team meetings and one to one meetings between the Governance Team and the Risk Lead.

# References

* + ISO 31000: (2018); Risk Management Guidelines; available at: <https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-2:v1:en>
  + HM Treasury (2021); ‘Management of Risk – Principles and Concepts’ (HMT Orange Book); available at: <https://www.gov.uk/government/publications/orange-book>
  + UK Corporate Governance Code (2010); available at <https://www.researchgate.net/publication/340620388_The_UK_Corporate_Governance_Code_2010>

# Appendix 1: Equality and Engagement Impact Assessment

Please refer to the Guidance for Completion of the Equality and Engagement Impact Assessment. If you require any assistance in completing this form please contact the Patient Engagement and Experience team.

|  |  |  |  |
| --- | --- | --- | --- |
| **Title of service, policy or programme:** | Risk Management Framework, Strategy and Policy | | |
| **Name and job title involved in the completion of this assessment:** | Lauren Peachey, Governance Manager / Christina Gradowsk Associate Director of Corporate Affairs | | |
| **Date of this assessment:**  *(It is good practice to undertake an assessment at each stage of the project)* | 20 September 2022 | | |
| **Stage of service, policy or programme change**  *(earlier versions of this impact assessment should be included in your submission)* | **Development** ☐ | **Implementation** ☐ | **Evaluation/review** X |

|  |  |
| --- | --- |
| **1. Outline** | |
| **Give a brief summary of your policy, service or programme. Include reference to the following:**  Is this a new or existing policy, service or programme?  If it is not new, detail any proposals for change. | The framework brings together established processes and procedures for risk management along with an overview on risk appeitite. The framework provides a holistic approach to risk management which was previously in various documents. |
| **What aims/outcomes do you want to achieve?** | That the framework provides a clear overview to all staff within the ICB the following:   * ICB Risk Appetite * ICB approach to identifying its strategic risks linked to stratetgic objectives * ICB approach to producing and maintaining the corporate risk register and directorate risk register * Clearly outlining the risk management responsibilities of all staff, managers, executives, CEO, CFO and different committees and groups as well as the ICB Board * Providing information on where to get risk management support and training ie via Governance Team |
| **Give details of any evidence, data or research used to support your work. Consider the following:**  Health Needs Assessment  JSNA/Inform data  National/regional data  Patient experience data | The following references  Kings Fund Blog and articles on Risk Management  Good Governance Institute  References at the end of the Framework |

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| **2. Engagement** | |
| **What relevant patient experience data/feedback is already available?**  Include information from any relevant national/regional patient groups, eg. Healthwatch, national surveys | No applicable to this framework |
| **How have patients, carers and families, staff been involved in shaping your proposals.**  If your policy/programme is currently being developed, please explain any further plans for engagement and/or consultation.  *(\*Plans for additional engagement should also be included in the Section 5: Action Plan below)* | The following staff to be involved in this Framework   * CFO, CEO and People, Culture and Engagement Director * Audit Committee * ICB Board * Committee Chairs and ICS partners * Governance Team members |
| **If your plans/policies are implemented please explain:** | |
| **Any impact on the way in which services are delivered?**  E.g. Change in location, frequency of appointments. | There will be no fundamental changes to the way risk management is undertaken in the ICB the Governance Team will continue to train staff but the new framework will help to codify practice and provide clarity on the Risk Appetite of the organisation and how the BAF is produced concentrating on strategic risks. |
| **Any impact on the range of health services available?** | None |
| **Have you considered whether any change could be considered significant variation? If yes, formal public consultation will be required** *(See Guidance or ask your Engagement Team for advice).* | There is no change |

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| **3. Equality considerations**  This is the core of the Equality Impact Analysis; what information do you have considering any potential or existing *impact on protected groups, as defined by the Equality Act 2010*. Consideration should also be given regarding wider inequalities that people may experience because of social, domestic, environmental and economic circumstances, eg. Unpaid carers, rural isolation, areas of deprivation. If your proposals contain more than one solution for service delivery, you should consider the potential impact for **each** of the solution in this section. | | | | | |
| **(Please complete**  **each area[[1]](#footnote-1))** | **What key impact have you identified at this stage?** | | | **Explain any positive or negative impact below. What action, if any, has been taken to address these issues?** | **Further action required?**  *(\*Include details in Section 5: Action Plan below)* |
| **Positive**  **Impact** 🗹 | **Neutral**  **impact** | **Negative**  **Impact** |
| **Age** | 🗹 | ☐ | ☐ | Positive impact on all staff within the ICB to provide clarity and detailed information on the ICB’s approach to risk management making it easier to follow. |  |
| **Disability** | 🗹 | ☐ | ☐ |  |  |
| **Gender reassignment** | 🗹 | ☐ | ☐ |  |  |
| **Marriage and civil partnership** | 🗹 | ☐ | ☐ |  |  |
| **Pregnancy and maternity** | 🗹 | ☐ | ☐ |  |  |
| **Race** | 🗹 | ☐ | ☐ |  |  |
| **Religion or belief** | 🗹 | ☐ | ☐ |  |  |
| **Sex** | 🗹 | ☐ | ☐ |  |  |
| **Sexual orientation** | 🗹 | ☐ | ☐ |  |  |
| **Other considerations** | 🗹 | ☐ | ☐ |  |  |

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| **4. Monitoring and review** | | | |
| **If you are at the implementation or evaluation stage of your policy development/service or programme change:** | | | |
| **Has an earlier Impact Assessment been undertaken?** | **Yes** ☐ | **No** X | **N/A** ☐ |
| **If yes, please include details of any action plan below:** | | | |
| **What issues/actions have previously been identified?** | None | | |
| **Are any further actions required?** | None | | |

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| **5. Action Plan** | | | |
| **Issues/impact identified in Section 2, 3 or 4 above** | **Explain any further actions required** | **How will you measure and report impact/progress** | **Timescale for completion** |
|  |  |  |  |
| **When will the proposal be next reviewed?** | January 2025 | | |

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| **5. Completion:** | **Name and Job title** | **Date** |
| Completed by: | Christina Gradowski, Associate Director of Corporate Affairs | 9 January 2023 |
| Equality Lead: |  |  |
| Project Sponsor: |  |  |
| Policy/programme signed off by:  (*E.g. ICB Board / committee, etc)* |  |  |

**Appendix 2: Definitions**

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| **Assurance** | In risk, assurance refers to the evaluated opinion, based on the information provided, that the risk processes are being followed and the risk treatments will yield the planned outcomes. It can also be defined as the level of confidence in the risk processes. |
| **Control** | A risk control is an ongoing or regular activity which reduces the consequence and/or likelihood of a risk. |
| **Corporate Risk**  **Register** | A tool which acts as a central repository for identified risks which, if they were to occur, would have an effect on the organisations ability to achieve its objectives. |
| **Current Risk Score** | The risk score that a risk is given following risk treatment (following the implementation of actions and controls). It is calculated by the Likelihood x Impact (or ‘consequence’). It is the score as it stands at the time of reporting. |
| **Board**  **Assurance**  **Framework (GBAF)** | If a corporate risk has a score of 15 or more it will be included on the BAF. The BAF which supports the ICB’s system of risk control. It summarises the controls and assurances in place on each of the risks, which provides assurance to the Governing Body. |
| **Impact (or consequence) score** | A quantitative measure of the effect that the risk would have on the people, property or objectives affected if it were to occur. |
| **Inherent risk score** | When a risk is first identified, the initial risk score is known as the ‘inherent’ risk score (or risk ‘rating’). This quantifies the level of risk, if it were to materialise, in the absence of any controls or actions that might reduce impact of the risk. Also sometimes known as the ‘original risk score’. |
| **Internal control** | The ICB’s internal control refers to the systematic process for assuring the achievement of organisational objectives in line with laws, regulations and policies. |
| **Likelihood** | A quantitative measure of the probability that the identified risk will occur. |
| **Risk** | A risk is the possibility that an unplanned event will happen that will have an impact on one or more objectives. It is measured in terms of likelihood (frequency or probability of the risk occurring) and impact/consequence (impact or magnitude of the effect of the risk occurring). |
| **Risk appetite** | The ‘threshold’ of risk that an organisation is prepared to accept. Risk appetite is defined as ‘The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time’ (HMT Orange Book definition 2004). It is influenced by a broad range of factors including, the organisation’ culture and history, current internal or external events. |
| **Risk**  **assessment** | Risk Assessment is the process used to evaluate the risk and to determine whether precautions are adequate or more should be done. The risk is compared against predetermined acceptable levels of risk. |
| **Risk matrix** | A graphical representation of the risk severity, following the risk assessment. The risk matric enables the risk score of the risk to be plotted on a chart. |
| **Risk mitigation** | The process by which an organisation introduces specific measures to minimise or eliminate risks. Risk mitigation will be the controls and actions in place aimed at reducing the likelihood of the risk occurring. |
| **Risk score/rating** | The ‘risk score’ that a risk is given (via a risk matrix). It is calculated by the Likelihood x Impact (or ‘consequence’). E.g. a likelihood of 2 X impact of 4 would be a risk score of 8.  Refer to ‘inherent risk score’, ‘current risk score’, and ‘target risk score’ also defined within the glossary. |
| **RYAG (RAG) Ratings** | Risk scores are grouped based on the severity of the risk. The groups are Green, Yellow, Amber and Red, (RYAG). It is more commonly known simply as a ‘RAG’ rating. Green risks signify that the risk has a low risk score and red signifies a higher rated risk score (with yellow and amber in the middle). |
| **Target risk score** | The target risk score if the level at which the risk would become acceptably mitigated. It is unlikely that many risks will be eliminated altogether. The target risk score will represent the point at which the risk would no longer represent a notable threat, or the point at which everything possible will have been done to mitigate the risk. |

**System Wide Strategic Risks for 2022-23**

**Risks included on the ICB Board Assurance Framework**

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| **Strategic risks** |
| 1. Insufficient capacity and capability to deliver transformational change across a wide variety of strategic priorities***:***    * Urgent and Emergency Care    * Mental health services    * New models of care and digital transformation |
| ***2. People & Culture:*** Failure to provide a compassionate working culture, with the right levels of capacity, capability, training and development and wellbeing provision that enables us to recruit and retain staff to fully deliver our strategic plans. |
| ***3. Financial Sustainabilit***y: Insufficient resources to meet the delivery our strategic priorities which ensure financial sustainability and deliver improvements in value for money and productivity. |
| ***4. System Recovery***: Failure to deliver the recovery of services due to the impact both short term and long term of the Covid pandemic such that waiting times for cancer, diagnostics, mental health, outpatient appointments and elective treatment result in poorer access and outcomes for our patients. |
| ***5. Quality Improvement****: -* Failure to deliver safe, effective, responsive, caring and well-led services and reduce harm. |
| **6. Health Inequalities & Outcomes** Failure to address health inequalities and improve health outcomes for the population of Gloucestershire. |
| ***7. Sustainability*:** Failure to take effective measures to reduce our carbon footprint by tackling the key drivers such as energy consumption, waste management, travel and logistics as well as creating new sustainable ways of working (i.e. digital technologies). |
| ***8. System Development***: Failure to develop robust governance structures and accountabilities based on strong collaborative partnerships working across the system, impacting on the effectiveness of the ICB. |
| ***9.Emergency Preparedness Resilience and Response.*** Failure to meet the minimum occupational standards for EPRR and Business Continuity. **Due to:** Lack of effective EPRR systems and On-Call EPRR training. **Impact:** Unable to fulfil our responsibilities as a Category One responder. |

**Appendix 3: Risk Scoring Guide. Likelihood and Impact score**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Likelihood scoring criteria** | | | | | |
|  | 1 | 2 | 3 | 4 | 5 |
| Descriptor | Rare | Unlikely | Possible | Likely | Very Likely |
| Frequency - how often might this appear | Extremely unlikely. May only occur in exceptional circumstances. Has never occurred before. | Unlikely to occur/recur, but possible. Occurred less than once per annum. | May occur/recur, but not definite. Has previously occurred once or twice per annum. | Will probably occur/recur. Has happened several times per annum. | Continuous exposure to risk. Has happened before regularly. |
|

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Impact/Consequence score (severity levels) and examples of descriptors** | | | | | |
|  | **1** | **2** | **3** | **4** | **5** |
| **Descriptor** | **Negligible** | **Minor** | **Moderate** | **Major** | **Severe** |
| **Impact on the safety of patients, staff or public (physical/psychological harm)** | Minimal injury requiring no/minimal intervention or treatment. | Minor injury or illness, requiring minor intervention | Moderate injury requiring professional intervention | Major injury leading to long-term incapacity/disability | Incident leading to death |
| No time off work | Requiring time off work for >3 days | Requiring time off work for 4-14 days | Requiring time off work for >14 days | Multiple permanent injuries or irreversible health effects |
|  | Increase in length of hospital stay by 1-3 days | Increase in length of hospital stay by 4-15 days | Increase in length of hospital stay by >15 days | An event which impacts on a large number of patients |
|  |  | RIDDOR/agency reportable incident | Mismanagement of patient care with long-term effects |  |
|  |  | An event which impacts on a small number of patients |  |  |
| **Quality/complaints/audit** | Peripheral element of treatment or service suboptimal | Overall treatment or service suboptimal | Treatment or service has significantly reduced effectiveness | Non-compliance with national standards with significant risk to patients if unresolved | Totally unacceptable level or quality of treatment/service |
| Informal complaint/inquiry | Formal complaint (stage 1) | Formal complaint (stage 2) complaint | Multiple complaints/ independent review | Gross failure of patient safety if findings not acted on |
|  | Local resolution | Local resolution (with potential to go to independent review) | Low performance rating | Inquest/ombudsman inquiry |
|  | Single failure to meet internal standards | Repeated failure to meet internal standards | Critical report | Gross failure to meet national standards |
|  | Minor implications for patient safety if unresolved | Major patient safety implications if findings are not acted on |  |  |
|  | Reduced performance rating if unresolved |  |  |  |
| **Human resources/ organisational development/staffing/ competence** | Short-term low staffing level that temporarily reduces service quality (< 1 day) | Low staffing level that reduces the service quality | Late delivery of key objective/ service due to lack of staff | Uncertain delivery of key objective/service due to lack of staff | Non-delivery of key objective/service due to lack of staff |
| Unsafe staffing level or competence (>1 day) | Unsafe staffing level or competence (>5 days) | Ongoing unsafe staffing levels or competence |
| Low staff morale | Loss of key staff | Loss of several key staff |
| Poor staff attendance for mandatory/key training | Very low staff morale | No staff attending mandatory training /key training on an ongoing basis |
|  | No staff attending mandatory/ key training |  |
| **Statutory duty/ inspections** | No or minimal impact or breech of guidance/ statutory duty | Breech of statutory legislation | Single breech in statutory duty | Enforcement action | Multiple breeches in statutory duty |
| Reduced performance rating if unresolved | Challenging external recommendations/ improvement notice | Multiple breeches in statutory duty | Prosecution |
|  |  | Improvement notices | Complete systems change required |
|  |  | Low performance rating | Zero performance rating |
|  |  | Critical report | Severely critical report |
| **Adverse publicity/ reputation** | Rumours | Local media coverage – | Local media coverage – | National media coverage with <3 days service well below reasonable public expectation | National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House) |
|  | short-term reduction in public confidence | long-term reduction in public confidence | Total loss of public confidence |
| Potential for public concern |  |  |  |
|  | Elements of public expectation not being met |  |  |
| **Business objectives/ projects** | Insignificant cost increase/ schedule slippage | <5 per cent over project budget | 5–10 per cent over project budget | Non-compliance with national 10–25 per cent over project budget | Incident leading >25 per cent over project budget |
| Schedule slippage | Schedule slippage |  |  |
|  |  | Schedule slippage | Schedule slippage |
|  |  | Key objectives not met | Key objectives not met |
| **Finance including claims** | Financial loss less than £500 | Financial loss between £500 and £5,000 | Financial loss between £5,000 and £50,000 | Financial loss between £50,000 and £250,000 | Financial loss in excess of £250,000 |
|  |
| **Service/business interruption Environmental impact** | 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 |
|  |  |  |  |  |
| Minimal or no impact on the environment | Minor impact on environment | Moderate impact on environment | Major impact on environment | Catastrophic impact on environment |
|  |  |  |  |  |  |

**Appendix 4: Risk Closure Process**

1. Positive Impact: will actively promote the values of the ICB and ensure equity of access to services;

   Neutral Impact: where there are no notable consequences for any group;

   Negative Impact: negative or adverse impact for any group. If such an impact is identified, you should ensure, that as far as possible, it is eliminated, minimised or counter balanced by other measures. [↑](#footnote-ref-1)