

BNSSG ICB Board Meeting

Date: Thursday 7th September 2023

Time: 12:15pm

Location: Vassall Centre Gill Avenue, Bristol, BS16 2QQ

Agenda Number :	6.2	
Title:	BNSSG ICS Risk Appetite Statements	
Confidential Papers	Commercially Sensitive	No
	Legally Sensitive	No
	Contains Patient Identifiable data	No
	Financially Sensitive	No
	Time Sensitive – not for public release at this time	No
	Other (Please state)	N/A
Purpose: For decision		
Key Points for Discussion:		
This paper proposes Risk Appetite statements for BNSSG Integrated Care System (ICS). These statements describe the nature and extent of the risks that the ICS is exposed to and is willing to take to achieve its objectives, and to ensure that collective planning and decision-making reflects this assessment.		
Recommendations:	<ul style="list-style-type: none"> The ICB Board agree the proposed ICS Risk Appetites presented in this paper and consider a review after a period of use. ICB Board members cascade these agreed ICS Risk Appetite statements across BNSSG ICS partner organisations. ICB Board members cascade these agreed ICS Risk Appetite statements across all ICS Groups (Health & Care Improvement Groups and all other ICS operational or oversight groups). BNSSG ICB Communications Team include these agreed Risk Appetite statements in a resource pack that is being planned that describes 'how we do things round here'. 	
Previously Considered By and feedback :	<ul style="list-style-type: none"> Audit & Risk Committee in June 2023. ICB Board in July 2023 	
Management of Declared Interest:	There are no declared interests in the development of these Risk Appetite statements.	
Risk and Assurance:	The purpose of this paper is to establish the BNSSG ICS appetite for risk. The Good Governance Institute describes 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, 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'. The decision-making architecture of BNSSG ICS and its constituent partner organisations should assure themselves and hold each other to account that they are operating within the context of these agreed statements.
Financial / Resource Implications:	These proposed Risk Appetite statements don't have any direct costs associated with them. However, there are likely to be financial and resource implications to these proposed statements as they suggest a context for planning and decision making.
Legal, Policy and Regulatory Requirements:	The Health & Care Act 2022 includes duties on ICBs to improve the quality of services, reduce inequality of access and outcomes and take appropriate advice. These proposed Risk Appetite statements will provide a shared and common understanding of the amount of risk the ICS and constituent partners are willing to take to achieve these duties.
How does this reduce Health Inequalities:	The proposed Risk Appetite statements in this paper offer a shared understanding of the amount of risk that the ICS and its constituent partners are willing to take to achieve their common objectives. One of the primary objectives of the ICS integrated care strategy, and one of the core purposes of the ICS, is to reduce health inequalities. Therefore, planning and decisions made to reduce health inequalities should be considered in the context of these statements, noting a deviation from them could increase the risk of widening health inequalities.
How does this impact on Equality & diversity	The proposed Risk Appetite statements in this paper offer a shared understanding of the amount of risk that the ICS and its constituent partners are willing to take to achieve their common objectives. This shared understanding should provide the context for enhancing equality and diversity across the ICS, noting a deviation from them could increase the risk of negatively impacting on equality and diversity.
Patient and Public Involvement:	There has been no patient or public involvement in the development of these Risk Appetite statements. Healthwatch were participants at the ICB Board on 06 July 2023 when they were initially proposed and contributed to the discussion.
Communications and Engagement:	See recommendation 4. under section 2.1 of this paper.
Author(s):	Ellie Wetz, ICS Development Programme Manager
Sponsoring Director / Clinical Lead / Lay Member:	Sarah Truelove, Deputy Chief Executive and Director of Finance

Agenda item: 6.2

Report title: BNSSG ICS Risk Appetite Statements

1. Background

In July 2023, the ICB Board received a [paper](#) which included proposed Risk Appetite statements for the BNSSG Integrated Care System (ICS). The proposed ICS Risk Appetite statements were considered in detail by the ICB Board but a decision to proceed with the recommendation was deferred.

This paper revisits those proposed Risk Appetite statements and requests the ICB Board agrees:

- They are fit for purpose.
- To make decisions about the provision of health and care services in BNSSG within the context and spirit of these statements
- To support the developing arrangements and relationships across the ICS at this point in time.

2. BNSSG ICS Risk Appetite

The ICB Board and its partner organisations should determine and regularly assess the nature and extent of the risks that the ICS is exposed to and is willing to take to achieve its objectives, and to ensure that planning and decision-making reflects this assessment.

Setting a risk appetite is a statement of intent on how open and innovative the ICS will be in considering alternative delivery options to deliver its agreed strategy. An overly risk adverse culture can stifle innovation and the system may fail to take full advantage of opportunities available. Risk appetite should be discussed as part of decision-making processes; therefore, a consensus and shared understanding of risk appetite needs to be agreed.

Whilst risk tolerance is about limiting risk and ensuring mitigation is identified for when risks reach a certain level, risk appetite is about doing things differently and maximizing resources within limits (i.e., our attitude towards doing things differently and taking certain risks). A range of appetites exist, and these may change over time.

Risk Appetite Definition:

The amount of risk that the ICS is willing to take in order to achieve its objectives.

Risk Appetite Definitions:	
None	Totally risk averse, no risk taking will be considered.
Minimal	Ultra safe or traditional approaches only.
Cautious	Preference is for options with a low degree of risk.
Open	Options that provide adequate benefits to justify the risk.
Seek	Eager to innovative and challenge traditional approaches.
Significant	Highly adventurous and willing to taking high levels of risk, investing in new and untested delivery options.

Risk Appetite Domains:	
Financial	Impact of system finances.
Regulatory	Impact on regulatory compliance.
Quality	Impact on delivery of quality of services.
Reputation	Impact of the systems reputation.
People	Impact on the systems workforce

The Good Governance Institute has produced Board [guidance](#) on risk appetite which includes the following matrix. The analysis that follows uses the suggested wording from this matrix.






RISK APPETITE LEVEL	0 NONE	1 MINIMAL	2 CAUTIOUS	3 OPEN	4 SEEK	5 SIGNIFICANT
TYPES	Avoidance of risk is a key organisational objective.	Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential.	Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential.	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward.	Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risk).	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.
FINANCIAL How will we use our resources?	We have no appetite for decisions or actions that may result in financial loss.	We are only willing to accept the possibility of very limited financial risk.	We are prepared to accept the possibility of limited financial risk. However, VFM is our primary concern.	We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of VFM with price not the overriding factor.	We will invest for the best possible return and accept the possibility of increased financial risk.	We will consistently invest for the best possible return for stakeholders, recognising that the potential for substantial gain outweighs inherent risks.
REGULATORY How will we be perceived by our regulator?	We have no appetite for decisions that may compromise compliance with statutory, regulatory of policy requirements.	We will avoid any decisions that may result in heightened regulatory challenge unless absolutely essential.	We are prepared to accept the possibility of limited regulatory challenge. We would seek to understand where similar actions had been successful elsewhere before taking any decision.	We are prepared to accept the possibility of some regulatory challenge as long as we can be reasonably confident we would be able to challenge this successfully.	We are willing to take decisions that will likely result in regulatory intervention if we can justify these and where the potential benefits outweigh the risks.	We are comfortable challenging regulatory practice. We have a significant appetite for challenging the status quo in order to improve outcomes for stakeholders.
QUALITY How will we deliver safe services?	We have no appetite for decisions that may have an uncertain impact on quality outcomes.	We will avoid anything that may impact on quality outcomes unless absolutely essential. We will avoid innovation unless established and proven to be effective in a variety of settings.	Our preference is for risk avoidance. However, if necessary we will take decisions on quality where there is a low degree of inherent risk and the possibility of improved outcomes, and appropriate controls are in place.	We are prepared to accept the possibility of a short-term impact on quality outcomes with potential for longer-term rewards. We support innovation.	We will pursue innovation wherever appropriate. We are willing to take decisions on quality where there may be higher inherent risks but the potential for significant longer-term gains.	We seek to lead the way and will prioritize new innovations, even in emerging fields. We consistently challenge current working practices in order to drive quality improvement.
REPUTATIONAL How will we be perceived by the public and our partners?	We have no appetite for decisions that could lead to additional scrutiny or attention on the organisation.	Our appetite for risk taking is limited to those events where there is no chance of significant repercussions.	We are prepared to accept the possibility of limited reputational risk if appropriate controls are in place to limit any fallout.	We are prepared to accept the possibility of some reputational risk as long as there is the potential for improved outcomes for our stakeholders.	We are willing to take decisions that are likely to bring scrutiny of the organisation. We outwardly promote new ideas and innovations where potential benefits outweigh the risks.	We are comfortable to take decisions that may expose the organisation to significant scrutiny or criticism as long as there is a commensurate opportunity for improved outcomes for our stakeholders.
PEOPLE How will we be perceived by our workforce	We have no appetite for decisions that could have a negative impact on our workforce development, recruitment and retention. Sustainability is our primary interest.	We will avoid all risks relating to our workforce unless absolutely essential. Innovative approaches to workforce recruitment and retention are not a priority and will only be adopted if established and proven to be effective elsewhere.	We are prepared to take limited risks with regards to our workforce. Where attempting to innovate, we would seek to understand where similar actions had been successful elsewhere before taking any decision.	We are prepared to accept the possibility of some workforce risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention, and developmental opportunities for staff.	We will pursue workforce innovation. We are willing to take risks which may have implications for our workforce but could improve the skills and capabilities of our staff. We recognize that innovation is likely to be disruptive in the short term but with the possibility of long-term gains.	We seek to lead the way in terms of workforce innovation. We accept that innovation can be disruptive and are happy to use it as a catalyst to drive a positive chan.



As reported to the ICB Board at the meeting on the 04 May 2023, ICS partner/multi-disciplinary workshops were held on 25 April and 03 May 2023 to consider a collective attitude to risk against the domains set out above. The output of these workshops was a survey to gain participants perspectives on their attitude to risk (delivered via a Menti Survey). The same survey was sent via Survey Monkey to ICB Board members.

The results have been analysed, and the following Risk Appetite Statements are proposed based the highest number of respondents from the combined survey participants (noting the limitations of the results due to low numbers of responders).

2.1 Proposed Risk Appetite Statements:

Domain	Risk Appetite	Proposed Risk Appetite Statement	
Finance How will we use our resources? Value for money	Open	We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of Value For Money with price not the overriding factor	
Regulatory How will we be perceived by our regulators? Compliance	Open	We are prepared to accept the possibility of some regulatory challenge as long as we can be reasonably confident we would be able to challenge this successfully.	
Quality How will we delivery safe services? Quality of services Outcomes	Cautious	Our preference is for risk avoidance. However, if necessary we will take decisions on quality where there is a low degree of inherent risk and the possibility of improved outcomes and appropriate controls are in place.	
Reputational How will we be perceived by the public and our partners?	Open	We are prepared to accept the possibility of some reputational risk as long as there is a potential for improved outcomes for our stakeholders.	
People How will we be perceived by our workforce?	Open	We are prepared to accept the possibility of some workforce risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention, and development opportunities for staff.	

More detailed analysis was provided in the [paper](#) presented on 06 July 2023 and the ICB Board were given the opportunity to consider the risk appetite statements which were also popular in the survey. The general consensus at the meeting was the proposed Risk Appetite statements were currently appropriate for BNSSG ICS. No further feedback or challenges to these proposed statements have been raised since this meeting.

Recommendation:

- 1. The ICB Board agree the proposed ICS Risk Appetites presented in this paper and flag a review after a period of use.**
- 2. ICB Board members cascade these agreed ICS Risk Appetite statements across BNSSG ICS partner organisations.**
- 3. ICB Board members cascade these agreed ICS Risk Appetite statements across all ICS Groups (Health & Care Improvement Groups and all supporting operational or oversight groups).**
- 4. BNSSG ICB Communications Team include these agreed Risk Appetite statements in a resource pack that is being planned that describes ‘how we do things round here’.**

3. Financial resource implications

These proposed Risk Appetite statements don't have any direct costs associated with them. However, there is financial and resource implication to these proposed statements as they suggest a context for planning and decisions that have a financial and resource allocation implication

4. Legal implications

The Health & Care Act 2022 includes duties on ICBs to improve the quality of services, reduce inequality of access and outcome and take appropriate advice. These proposed Risk Appetite statements will provide a shared and common understanding of the amount of risk the ICS and constituent partners are willing to take to achieve these duties.

5. Risk implications

The purpose of this paper is to establish the BNSSG ICS appetite for risk. The Good Governance Institute describes 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, 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’. The decision-making architecture of BNSSG ICS and its constituent partner organisations should assure themselves and hold each other to account that they are operating within the context of these agreed statements.

6. How does this reduce health inequalities?

The proposed Risk Appetite statements in this paper offer a shared understanding of the amount of risk that the ICS and its constituent partners are willing to take to achieve their common objectives. One of the primary objectives of the ICS integrated care strategy, and one of the core purposes of the ICS, is to reduce health inequalities. Therefore, planning and decisions made to reduce health inequalities should be considered in the context of these statements, noting a deviation from them could increase the risk of widening health inequalities.

7. How does this impact on Equality and Diversity?

The proposed Risk Appetite statements in this paper offer a shared understanding of the amount of risk that the ICS and its constituent partners are willing to take to achieve their common objectives. This shared understanding should provide the context for enhancing equality and diversity across the ICS, noting a deviation from them could increase the risk of negatively impacting on equality and diversity.

8. Consultation and Communication including Public Involvement

There has been no patient or public involvement in the development of these Risk Appetite statements. Healthwatch were participants at the ICB Board on 06 July 2023 when they were initially proposed and contributed to the discussion.

See recommendations under [section 2.1](#) of this paper for a proposal for the cascading and sharing of these proposed Risk Appetite statements.