South East London Integrated Care System

NHS South East London

NHS South East London Integrated Care Board

Risk Management Framework 2025/26

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Risk Management Framework

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1. AIMS AND SCOPE OF FRAMEWORK

Planning the delivery of health services involves risk. The aim of our activities in respect of this is not to seek to create a risk-free environment, but rather to create an environment in which risks are considered as a matter of course and appropriately identified and controlled or managed.

NHS South East London Integrated Care Board (ICB) is committed to making risk management a core part of how the organisation runs its activities, making risk an integral part of the ICB's planning, delivery and evaluative activities.

The ICB has established a clear process governing the identification and description of risk and for clearly recording how these risks are to be effectively mitigated. This process is overseen as a core function of the ICB's governance arrangements, with designated postholders, committees, and ultimately the ICB Board supported to oversee risks within the organisation.

This framework describes both the process of risk management, the governance arrangements in place to support the effective oversight of risk in the ICB and outlines the roles and responsibilities of key postholders in the management of organisational risk.

2. RISK FRAMEWORK OBJECTIVES

The key objectives of this framework are to ensure that:

a. All risks relating to ICB business are identified and managed through a robust Board Assurance Framework (BAF) and risk management plan. These include corporate, strategic, operational, clinical, financial, information governance/IT, workforce and reputational risks.

b. The ICB identifies and actively manages all risks identified against the delivery of its main responsibilities and objectives, including those set out in both the 'performance' and 'capability' sections of the NHS Oversight and Assurance Framework, its Joint Forward Plan, Operational Plan, and any significant quality issues arising from its assurance processes as per the expectations set out in *National Guidance on Quality Risk Response and Escalation in Integrated Care Systems (June 2022).*

c. The Planning and Finance Committee, Quality and Performance Committee, ICS People Committee, ICB Executive Committee, ICB Audit and Risk Committee, ICB Board ("the Board") and any other delegated committees are kept suitably informed of significant risks facing SEL ICB and their associated mitigation plans where these risks relate to the scope of their responsibilities.

d. The ICB has arrangements in place to ensure a consistent approach to the identification and management of risks across the organisation.

e. ICB arrangement ensure that the most substantial risks to the key objectives and responsibilities of the broader ICS system are identified, managed, and overseen effectively and collaboratively across NHS system partners.

f. ICB staff are risk aware and have the skills in risk management.

g. Risks are managed in line with the delegation agreements as set by the ICB Board, with risks effectively escalated so that action is taken at the appropriate level and the impact is monitored in the right part of the organisation.

3. RELATED GUIDANCE

The Orange Book (2023) is guidance issued by HM Government which establishes the concept of risk management, the development and implementation of risk management processes in government organisations. It is intended to be used to structure organisational risk management in UK public sector organisations.

This Risk Management Framework uses principles and risk management processes as described in The Orange Book.

4. DEFINITION OF RISK

The Orange Book defines risk as the effect of uncertainty on objectives. Risk is usually expressed in terms of causes, potential events, and their consequences:

- A cause is an element which alone or in combination has the potential to give rise to risk;
- An event is an occurrence or change of a set of circumstances and can be something that is expected which does not happen or something that is not expected which does happen. Events can have multiple causes and consequences and can affect multiple objectives;
- The consequences should the event happen – consequences are the outcome of an event affecting objectives, which can be certain or uncertain, can have positive or negative direct or indirect effects on objectives, can be expressed qualitatively or quantitatively, and can escalate through cascading and cumulative effects.

There are a variety of types of risks that may occur in or be faced by any ICB and this Risk Management Framework and related processes cover all types of risk. Examples of risk categories, as defined in The Orange Book are:

- **Financial risks:** Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.

- **Governance risks:** Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.

- **Reputational risks:** Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.

The ICB will seek to take a differential approach to the management of risk, based on the type of risk identified. This is to be linked to the Board's view on risk appetite for the various types of risk. See section 6 of this framework. See also section 10 on the approach to system risk.

5. ROLES AND RESPONSIBILITIES

SEL ICB Board

The ICB Board is responsible for setting the strategic direction for risk management and overseeing the arrangements for identifying and managing risk across the organisation (including those exercised by joint committees or committees-in-common).

The role of the Board is to agree the scope of delegated activity to be undertaken by the Executive Committee (ExCo) on its behalf in relation to risk.

The Board has delegated the detailed oversight of risks to the ExCo. The ICB's Board will receive regular reports on risk and will receive the BAF document that has been endorsed by the ExCo. Regular reporting will incorporate both ICB and system-wide risks.

The Board will be kept appraised of the risk-related activity undertaken by the ExCo and other relevant committees. The Board's role in this is to ensure that these risk management processes are operating effectively and matters of significant concern are escalated as this is required.

ICB Executive Committee

The committee is responsible for the oversight of all risk and for implementing the strategic direction for risk in relation to the areas within its scope. The scope of the committee will cover the full remit of the ICB's activities.

The ExCo will receive the BAF, which will include the risks with a residual risk score above the agreed risk appetite thresholds for specified categories of risk. These risks will be drawn from both Local Care Partnership (LCP) risk registers and the SEL corporate risk register. The executive team will review and scrutinise the risks, to ensure that the description of the risk is an accurate assessment of the specified risk and the mitigations and planned actions detailed are clearly described and sufficient to address the risks. Risks will relate both to ICB and broader system risks.

The ExCo is responsible for receiving and monitoring the Board Assurance Framework (BAF). It will provide both routine quarterly and annual reports to the Board.

The ExCo will undertake the following activities:

- identify and proactively manage issues and early warnings of emergent risks, relating both to ICB institutional and significant system risks.
- ensure compliance with relevant regulatory, legal and code of conduct requirements as set out in relevant guidance.

- scrutinise and challenge the risks included within the ICB's BAF
- ensure that the appropriate resource for risk management is identified to the ICB and to support risk management training and education.
- receive a 'significant system issues log' for review alongside the BAF.
- recommend the BAF to the ICB Board for formal approval.
- ensure that risks are considered by the wider organisation in a thorough and systematic way.

Local Care Partnership (LCP) Committee

Each of the six borough's LCP committee will receive a risk register at their meetings in public. The LCP risk register will include those risks which relate to the activities of that LCP only; namely the responsibilities delegated to the LCP in accordance with their delegation agreements from the ICB Board.

Audit and Risk Committee

The role of the committee is to provide assurance to the Board on:

- The effectiveness of the ICB's risk management and internal control systems.
- The work of internal and external audit and any actions arising from their work.
- To ensure the ICB is compliant with its legal and regulatory requirements in respect of risk.

The Audit and Risk Committee will review the findings of other assurance functions such as external regulators and other committees and sub-committees of the Board.

The Audit and Risk Committee will seek assurance on the effectiveness of the ICB's risk management processes on an on-going basis and consider risk at each committee meeting (approximately once quarterly).

The Audit and Risk Committee will also be asked to review and approve the ICB's Risk Management Framework on an annual basis.

The Audit and Risk Committee will have oversight of the work to consider ICS system risks (see section 10) which will form part of the BAF and risk reports presented to the Board.

ICB Risk Forum

The ICB's Risk Forum will receive all risks from the ICB risk register and LCP risk registers. The purpose of the risk forum is to allow risk leaders from across the organisation to collectively take stock of their current risks, to complete benchmarking and cross-challenge to ensure consistency of approach and identification of recurring risks which may impact the ICB's corporate risk profile.

Roles of key ICB post-holders

ICB Chair

The ICB Chair has overall responsibility for governance for the ICB.

Chief Executive Officer

The Chief Executive Officer has overall executive responsibility for risk management.

Non-Executive directors

Non-Executive directors provide a strategic and impartial view of governance ensuring ICBs act with the utmost probity. ICB Non-Executive directors are members of the ICB Board and PFC.

Chief Financial Officer

The Chief Financial Officer (CFO) has the delegated responsibility for all aspects of financial risk regarding financial arrangements and statutory obligations. The CFO manages and oversees internal and external audit processes for the ICB.

Chief of Staff

The Chief of Staff retains operational responsibility for the management of the ICB's risk management processes.

Risk SROs (ICB executive directors)

These post-holders are responsible for ensuring that there are appropriate risk management systems in place in their areas of responsibility. The designated individuals will take on responsibility for the preparation and review of risks and mitigations as described in the SEL BAF and ensure that these are kept up to date.

Their responsibility is to ensure that robust, integrated and coherent risk management arrangements which comply with legal requirements and good practice are in place and adhered to.

Nominated SROs for each risk will review risks 4 – 6 weekly for updates provided by their teams as well as to reflect observations from committee reviews of the BAF.

Local Care Partnership Place Executive Leads

Place Executive Leads have executive responsibility for ensuring the effective identification and management of risk within their local care partnership.

SEL ICB Risk and Assurance team

Team members are responsible for overseeing the smooth-running of the risk management framework and BAF. It is beholden on the team to act as a point of coordination between SROs and other colleagues to support the effective identification and management of risk. The risk team will also play a pro-active role supporting the organisation and risk owners to identify emergent risks.

The Risk and Assurance Team will:

- Coordinate the completion of the quarterly BAF document with risk owners ahead of the ExCo.
- Manage the promotion or demotion of risks to and from the BAF, based on information provided from risk owners.
- Support LCP executive teams and local governance leads in the completion of LCP risk registers.
- Run the ICB Risk Forum.
- Coordinate the consideration of risks that affect NHS partners across the ICS and lead developmental work on system risk in coordination with ICB colleagues across the region.
- Pro-actively 'horizon-scan' reviewing data, information sources and through qualitative intelligence to highlight potential areas of risk to the organisation.
- Train ICB colleagues in the management of risk.
- Provide specialist risk-management knowledge and advice as required.

LCP risk leads will:

- Manage the LCP risk registers.
- Ensure all risks are identified and added to the ICB risk register or BAF as appropriate.
- Work with risk senior responsible officers (SROs) to identify risks in their areas of responsibility that should escalate to the BAF and escalate to the risk and assurance team as appropriate.
- Ensure all risks are presented for monthly review.
- Support colleagues in the identification and management of risk.
- Ensure all risks are adequately reported to the PFC and subsequently to the ICB Board and any other relevant committees.

Risk Sponsor

Every risk on the BAF or Risk Register will be assigned a Risk Sponsor, which will typically be a director-level SRO. The Risk Sponsor is responsible for the operational management of the risk. They must:

- Plan and implement actions to manage mitigations of their risks.

- Ensure sufficient assurances are available to assess the effectiveness of the risk mitigations.
- Ensure that their risk(s) are updated on the BAF at least monthly and at regular intervals in the operational risk registers.
- Discuss major challenges and significant changes with the ICB executive leadership team.

Risk Owner

Every risk on the BAF or Risk Register will be assigned at least one Risk Owner, with some risks having more than one. The Risk Owner is responsible for the updating and management of the risk on the ICB risk reporting system. They must:

- Conduct a monthly review of the risk, ensuring that any updates are clearly annotated within the recording system.
- Ensure that the Risk Sponsor is updated and consulted regarding significant changes to the risk.
- Ensure that risks are appropriately escalated if needed with oversight by the Risk Sponsor.

All SEL ICB employees

All SEL ICB staff must be familiar with and comply with the Risk Management Framework, and be able to identify, record and manage risks relevant to their areas of work. From May 2024, all ICB staff are required to complete a mandatory training module on risk management on commencement of employment and one every three years following that.

6. RISK APPETITE

The Orange Book defines risk appetite as the amount and type of risk that an organisation is exposed to and is willing to take in order to meet its objectives. This is determined by continuous assessment of the principal risks by the Board.

The ICB risk register will include an overarching risk appetite statement, as well as risk appetite statements for the various types of risks. This will be developed and agreed by the ICB Board.

The ICB's risk appetite statement provides a flexible framework for the organisation to manage different types of risk. The Orange Book makes clear that public sector organisations cannot be risk averse and be successful, therefore effective and meaningful risk management remains more important than ever in taking balanced risk and opportunity in delivering public services. The Board's risk appetite allows a quantitative risk tolerance score to be defined, which essentially provides the range for within target risk scores should be achieved.

Example appetite levels defined by risk categories have been taken from The Orange Book and can be found in the Risk Appetite Guidance Note.

7. RISK MANAGEMENT PRINCIPLES

The ICB will adopt the principles and concepts from *The Orange Book* for the identification, analysis, prioritisation, treatment, communication and monitoring of risks.

The early identification of risks and potential issues is important so that they are recognised, acknowledged and mitigated where possible. All staff are encouraged to flag any perceived risk to their line manager and director early and it is the director's responsibility to assess and propose risk for inclusion on the ICB risk register or the BAF.

For risk management to be considered effective, the following principles should be applied:

a. Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.

b. Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.

c. Risk management shall be collaborative and informed by the best available information and expertise.

d. Risk management processes should be structured to include:
    - risk identification and assessment to determine and prioritise how the risks should be managed.
    - the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level.
    - the design and operation of integrated, insightful and informative risk monitoring.
    - timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

e. Risk management shall be continually improved through learning and experience.

8. RISK MANAGEMENT PROCESS

This risk management process will apply to all risk across the full range of the ICB's responsibilities and ambitions. This includes the ICB's commitments to delivery of its statutory obligations, integrated care partnership strategy and Joint Forward Plan. The process applies to both risks to the delivery of the ICB's organisational aims and responsibilities as well as risks to the achievements of the integrated care systems major objectives.

Each stage of the risk management process should be documented to:

- demonstrate the process is conducted properly.
- provide evidence of systematic approach.
- provide a record of risk and to develop organisational knowledge of risk.
- provide relevant decision-makers with a risk management plan for approval.
- provide an accountability mechanism and tool.

- facilitate review and monitoring.
- provide an audit trail, share, and communicate information.

Step 1: Identify the risk

A risk is identified by an individual, team, or committee/meeting group. This can be a risk related to the delivery of the ICB's corporate objectives, strategic ambitions, operational commitments, legal obligations and any other core operational process, dependencies, or stakeholder expectations. The ICB uses the objectives and expectations set out in the NHS Oversight and Assurance Framework to consider possible delivery risks. Risk is also considered against the criteria set out in the 'capability' component of the NHS Oversight and Assurance Framework.

Risk articulation: Establishing a clear context and cause-and-effect basis for each risk is key in understanding what is needed to mitigate the risk. Having an appropriate risk title for each risk is fundamental in management of risk registers.

The ICB Risk and Assurance team will work with risk owners and others involved in all stages to ensure this recommendation is adhered to consistently.

Step 2: Analyse the risk

Once the risk has been identified, the likelihood and impact of the risk is determined. The impact score should be based on an assessment of how the risk will impact on the ICB as the statutory organisation, rather than on a specified part of it (e.g. an LCP committee). The magnitude of the risk is determined by multiplying an individual likelihood (probability) score with an individual severity (impact) score: **likelihood x impact = risk score.**
The initial risk score against the risk, without any mitigations in place is known as the inherent risk score. The risk score following the implementation of mitigating actions is the residual risk score. The target risk score is the desired level of risk that the organisation believes is optimal to meet its objectives (see appendix 1 for risk definitions).

When scoring risks, LCPs should consider the impact of the risk on the organisation (i.e. the ICB as the statutory body), rather than assessing the impact on the LCP in isolation. In this, risk owners should follow the guidance set out in the risk scoring matrix included in this framework. The matrix includes thresholds for each level of risk and is shown in appendix 2.

Risk grading: Once a risk has been scored using the above-referenced system, it should be 'graded' (i.e. RAG-rated). It is vital to have a qualitative method of defining risk that enables prioritisation and appropriate action. Prioritisation can be achieved by applying the risk grading matrix below. A summary of the potential 'grades' of risk issues, based on a risk score, are noted below, where:

Grade	Definition	Risk Score
Red	Extreme Risk	15-25
Amber	High Risk	8-12
Yellow	Moderate Risk	4-6
Green	Low Risk	1-3

Target Risk: The target risk for different risk categories can be found in the ICB's risk appetite statement. This provides the risk tolerance score for each of the different types of risks and therefore, the target risk score, which should sit below the tolerance score determined by the Board for the stated category of risk. The risk owner should consult the ICB's risk appetite statement to ensure the target score is appropriate and within the tolerance values of what the Board is willing to take.

Step 3: Evaluate the risk

The risk owner evaluates the risk by determining the risk magnitude as above, and all risks not at their target score will be treated.

As part of the evaluation process, new risk additions will be discussed at the bi-monthly Risk Forum, which will provide benchmarking, to ensure only risks that have significant effect on the organisation are included on the risk register.

Step 4: Examine the solutions / mitigations

The risk owner considers potential ways in which the risks can be treated – there are four options:

- **Accepted:** risks that fall within the Board's risk appetite can be accepted and require no further action other than ongoing monitoring. Risks are only expected to remain on the register for a limited time period. Generally, this would be 6 months, but will be dependent on the type of risk.

- **Mitigated:** controls are applied to reduce the risk to an acceptable level, which is agreed as the target risk score and which fall within the Board's risk appetite. Controls can be applied to reduce the likelihood of the risk occurring or to reduce the impact of the risk should it be realised. Part of the risk mitigation is the development of contingency plans which are implemented after the risk has occurred. These actions are developed as far as possible in advance to help the ICB recover after a risk event has occurred.

- **Transferred:** risks that are outside of the ICB's appetite can be transferred or shared via insurance through joint ventures, third party suppliers or contractual agreements.

- **Avoided:** where the Board has no appetite for risks in a particular area of business, activity giving rise to that risk should be ceased.

Step 5: Monitor and review the risk

All elements of the risk should be reviewed 4 – 6 weekly (maximum 6 weekly for risks at target or that have low scores) with particular attention to:

Risk scores:

- Current: ensuring they reflect the present situation

- Target: The target risk score is the level of risk the organisation is aiming to get to as a minimum via the application of mitigating actions. The target score is used as a way of indicating the acceptable risk threshold relating to a risk in recognition that the organisation will not be able to eliminate all risks entirely and is linked to the Board's risk appetite.

Mitigating actions: ensuring the these are SMART (specific, measurable, attainable, realistic, timely).

Recording risks: Once the risk has been approved by the risk sponsor, the risk should be recorded on Datix by the risk owner. Datix is the web-based risk management software used by the organisation for recording risks.

Issues

Risks that materialise are known as issues. At a point where a risk becomes an 'issue', risk owners should consider whether they may need to re-assess the situation to consider whether the risk included in the register may be respecified. A respecified risk would focus on those things that relate to the matter being described but have yet to materialise and therefore are amenable to control and mitigation. This may be done, by closing the risk that has become an issue, and creating a new risk related to those things that have not yet happened.

System, risks that have materialised will be maintained on a separate significant system issues log on Datix. This issues log will be reported regularly to the ICB Executive Committee.

9. REPORTING ARRANGEMENTS

Board Assurance Framework (BAF)

The Board Assurance Framework is designed to provide the ICB Board, Audit Committee and other ICB committees with the risks that fall outside of the Board's risk appetite levels for the different categories of risk. The threshold or tolerance for the different types of risks is determined by the Board's risk appetite and will vary depending on risk category. The risk appetite statement can be found here.

The Board Assurance Framework consists of all risks that fall outside of the Board's risk appetite statement, which have been escalated from the ICB's risk register and the LCP risk registers through regular review of all the risk registers, or which arise at the recommendation of ICB or borough committees' assurance work.

It also provides a structure for documenting evidence to support signing of the ICB's annual governance statements and forms part of the annual audit reviews.

BAF risks are differentiated into two categories: 'system' and 'ICB / institutional' risks. See section 10 for further information on the ICB's system risk approach.

ICB Risk Register

The ICB's Risk Register represents a complete and definitive record of all operational, quality, clinical, primary care, commissioning, financial and business risks faced by the ICB during the year.

The risk register sets out the controls which the risk sponsor/risk owner has or will put in place to effectively mitigate each risk, together with sources of assurance to inform the executive leadership team of the ICB as to the effectiveness of the controls.

The risk register also identifies any areas in which the controls or sources of assurance require improvement to be as effective as possible and sets out actions necessary to secure improvement.

The ICB risk register which will be managed by the ICB's Risk and Assurance Team.

Reporting and review

All risks will be reviewed by risk owners and sponsors as they are identified and updated at least on a monthly basis, as a minimum or as significant change arises. Risks that are on the BAF will be presented to the ICB executive committee as a standing item of business for assurance once every quarter.

The BAF will be reviewed by the ICB Executive Committee and note its assurance on the risk rating; planned actions; and assurances for each risk included. The ICB Executive Committee will review and scrutinise the risks, mitigations, and scores. New risks will be presented to the committee, who will take a view on the appropriateness of its inclusion and review and approve the indicative risk rating. This process will be recorded in the meeting minutes.

Other committees and subcommittees of the Board will review the risks related to their areas as standing items of business.

Local Care Partnership risks

In addition to the ICB risk register, a risk register will be maintained and managed locally for each Local Care Partnership (LCP) within SEL ICB. These registers will record any risks which are specific to a single LCP only or relate to the LCP impact of a corporate risk evident across several LCPs (for example, an LCP risk may be recorded for failure to meet a delegated financial target, and an SEL corporate risk recorded for a risk impacting on budgets that are not delegated – e.g. acute hospital costs).

LCP risk registers will be reviewed at each meeting in public of the LCP.

The ICB Risk Forum will play a role to ensure consistency in the identification, assessment and ownership of risks which may impact the corporate risk profile.

10. MANAGING RISK ACROSS THE INTEGRATED CARE SYSTEM (ICS) PARTNERSHIP AND THE DEVELOPMENT OF THE ICB'S SYSTEM RISK APPROACH

It is often at the interface between organisations that the highest risks exist, and clarity about responsibilities and accountabilities for them most difficult to ascertain. Only by working closely and collaboratively with partner organisations can these be identified, managed, and afforded an appropriate priority.

However, in the management of risk it is important that we are mindful of the distinct scope and responsibilities of system partners, so that risk identified are appropriately addressed by the responsible organisations or combination of organisations.

Our ambition is to develop an aligned approach to the identification and oversight of risk across the ICS system for the main risks impacting on the achievement of the ICS's and NHS partners' agreed set of strategic objectives.

In 2023/24 the ICB established an approach to considering system risk in two stages, with the first stage focused on embedding the enhanced ICB's risk processes as outlined in this framework (completed in 2023/24), and the second stage, achieved in 2024/25, was to develop and implement system risk processes together with our NHS ICS partners. The ICB has sought to do this in a way that synchronises with peer-led national development work on system risk.

To develop the ICB's system risk approach, an internal system risk working group, constituted of members from the ICB Assurance and Risk and the Executive Team, was established in April 2024.

The working group developed a set of principles to support the embedding of system risk across the partnership. As such it had agreed clear definitions of system and organisational risks:

- ***System risks:*** *risk that relate to the successful delivery of the aims and objectives of the ICS as are defined in the ICB's strategic, operational, financial plans, corporate objectives, and which impact on and are impacted by multiple partners in the integrated care system. Controls for these risks require a contribution from both the ICB and other ICS system partners to be able to resolve.*

- ***ICB's organisational / institutional risks:*** *risks that have the potential to impact on the legal and statutory obligations of the ICB and / or primarily relate to the operational running of the organisation. Controls for these risks are primarily within the ICB's scope to be able to resolve.*

The ICB working group additionally endorsed an agreed set of resolutions to help govern the ICB's approach with system partners to the further development of an approach to system risk. Consequently, it has been agreed that in the initial phase of the approach:

- System risks recorded by the ICB are limited to risks against the achievement of the major objectives of the ICS system. This will include risks relating to the delivery of commitments in the ICS's strategic plan, operational plans and LCP health and wellbeing plans.

- The ICB's risk register will include system risks which are material and are assessed as having some likelihood of impacting system objectives or the ability of the system to delivery business continuity.

- The ICB will not seek to duplicate the internal governance and oversight arrangements of partners and, as such, should not at this point seek formal assurances from system partners (i.e. their audit reports) about their system risk processes. Provider Boards are responsible for their own governance arrangements.

- The ICB will not seek to capture all risks identified by local authorities. Instead, via LCPs, the ICB should seek to record risks to the objectives and / or the successful delivery of partnership plans that may arise because of a risk arising in a local authority. Any risk arising at the local authority and representing a threat to delivery of plans should be limited to the areas of children's and adults social care, public health, and the social care aspects of the VCSE landscape in the LCP area.

- The ICB collaborated with partners to establish a ICS Risk Leaders Group. The medium-term objectives of this collaboration is to improve pan-system awareness of joint commitments / objectives (e.g. delivery of the ICS strategic plan), and to ensure that risks against these are considered collectively rather than by each partner in isolation.

The ICB Risk and Assurance Team will continue to work with ICS partners in 2025/26 to identify risks to delivery of ICS objectives for the, and also to incorporate a view on risks identified by other ICS system partners. Risk to the quality and safety of care are expected to be a main area of focus, as per *National Guidance on Quality Risk Response and Escalation in Integrated Care Systems (June 2022).*

As part of their 'horizon scanning' role, the ICB Risk and Assurance Team will work in partnership with ICS partner risk leads to maintain an overview of the risks held in each organisation and consider the impact on these risks on ICB's assessment of its own risks.

11. APPROVAL OF RISK FRAMEWORK

The ExCo is responsible for the review and recommendation of this framework for approval by the Audit and Risk Committee. The ICB Board will note approval of the framework.

The Audit and Risk Committee will monitor implementation of this policy and will receive assurances on this via annual internal and external auditor reports.

Appendix 1: Risk definitions

Risk

Risk is the chance of something happening that will have an impact on the achievement of the organisation's objectives and the delivery of high quality patient care. It can be any type of risk including corporate, clinical, financial, operational or reputational.

Inherent risk score

The initial risk and risk scores relate to an assessment of the risk prior to the mitigations being considered.

Residual risk and risk score

Residual risks and risk scores are the assessment of the risk post-mitigation (i.e. the score that factors-in the impact of the mitigating actions planned).

Target risk score

The target risk score is the level of risk the organisation is aiming to get to as a minimum via the application of mitigating actions. The target score is used as a way of indicating the acceptable risk threshold relating to a risk in recognition that the organisation will not be able to eliminate all risks entirely.

Hazard

Situations with the potential to cause harm.

Risk Management

Risk management supports the consistent and robust identification and management of opportunities and risks within desired levels across an organisation, supporting openness, challenge, innovation and excellence in the achievement of objectives (The Orange Book).

Significant or Extreme Risks are those risks which, when measured according to the appended risk grading tool are assessed to be high. The ICB Board, supported by the Planning & Finance Committee, will take an active interest in the management of significant and extreme risks.

Acceptable risks are those risks which have been identified and measured according to the risk grading tool and for which risk mitigation action plans have been developed. Such risks are deemed to be acceptable depending on the nature and grade of the risk. Acceptable risks should be monitored, reviewed and entered onto the appropriate risk register.

Controls

These are mitigating mechanisms that are **currently** in place.

Examples of controls include signed contracts, committees in place, monthly/ quarterly reports to committees, approved business or project plans or business cases, approved HR/ Finance resource, budget, approved contingency plans/ budgets.

Sources of assurance

These provide evidence that controls are in place and/or provide information regarding the effectiveness of those controls. External systematic reviews are the strongest type of assurance. Examples include meeting minutes where controls have been agreed and scrutinised for efficiency, plans that have been submitted or approved, policies, commissioning intentions or strategy. A full table is provided overleaf.

Commonly used sources of assurance from Assurance Frameworks	
Internal sources of assurance	**External sources of assurance**
Internal audit Key performance indicators Performance reports Sub-committee reports Compliance audit reports Local counter fraud work Staff satisfaction surveys Staff appraisals Training records Training evaluation reports Results of internal investigations Serious incident reports Complaints records Infection control reports Declarations to Care Quality Commission Information governance toolkit self-assessment Patient advice and liaison services reports Human resource reports Internal benchmarking	External audit Audit Commission NHS Litigation Authority NHS England reports/reviews Monitor reports/ reviews Care Quality Commission hygiene code reports Care Quality Commission reviews Care Quality Commission registration reviews Royal College visits External benchmarking Patient environment action team reports Accreditation schemes National and regional audits Peer reviews Feedback from service users Feedback from commissioners External advisors Local networks (for example, cancer networks)

Source: adapted from the Audit Commission Report *Taking it on Trust*

Gaps in controls and assurances

Gap in control is a mitigation required to bring the risk down further but not currently in place. Gaps in assurance reflect insufficient evidence that the control is in place or in effect.

SMART Actions

SMART (Specific, Measurable, Appropriate, Reliable, Timely) actions will be determined by gaps in controls and assurances, i.e. mitigation that is further required to bring the risk to a tolerable level.

Appendix 2: Risk Assessment Matrices

The matrix below represents the possible combined risk scores based on a measurment of both the likelihood (probability) and severity (impact) of risk issues. A combination of likelihood and severit score provides the combine **risk score**.

Likelihood x Severity = Risk Score

An example risk score calculaiton has been provided below, where:

Likelihood = Possible (3);
Severity = Major (4); therefore:

(Likelihood) **3 x 4** (Severity) **= 12**

The risk score can then be compared to the risk matrix below and a 'colour' or 'grade' can be determined. In the example above, a risk score of 12 would be graded as 'amber' (moderate). The ICB can then prioritise mitigation actions based on an understanding of the nature of the risk presented.

Risk Scoring Matrix

			Consequence				
			1	**2**	**3**	**4**	**5**
			Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Likelihood	**5**	**Almost Certain**	5	10	15	20	25
	4	**Likely**	4	8	12	16	20
	3	**Possible**	3	6	9	12	15
	2	**Unlikely**	2	4	6	8	10
	1	**Rare**	1	2	3	4	5

Individual Risk Scoring Matrices

Two risk matrices are available which, when combined, provide an overall risk score. These matrices include a likelihood matrix and a severity matrix:

Likelihood Matrix

Likelihood (Probability) Score	**1**	**2**	**3**	**4**	**5**
Descriptor	**Rare**	**Unlikely**	**Possible**	**Likely**	**Almost certain**
Frequency How often might it/does it happen	This will probably never happen/recur	Do not expect it to happen/recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue	Will undoubtedly happen/recur, possibly frequently
Frequency Time-frame	Not expected to occur for years	Expected to occur at least annually	Expected to occur at least monthly	Expected to occur at least weekly	Expected to occur at least daily
Frequency Will it happen or not?	<0.1%	0.1 to 1%	1 to 10%	10 to 50%	>50%

Several different descriptors of likelihood (probability) are available for use, some permitting flexibility in the application of likelihood scoring to particular risk scenarios.

Severity Matrix

Severity (Impact) Score	1	2	3	4	5
Descriptor	**Negligible**	**Minor**	**Moderate**	**Major**	**Catastrophic**
Impact on the safety of patients, staff or public (physical / psychological harm)	Minimal injury requiring no/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/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long-term incapacity/disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Adverse publicity/ reputation	Rumours 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 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) Total loss of public confidence
Business objectives/ projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met

Service Business Interruption	Loss interruption of 1-8 hours Minimal or no impact on the environment /ability to continue to provide service	Loss interruption of 8-24 hours Minor impact on environment / ability to continue to provide service	Loss of interruption 1-7 days Moderate impact on the environment / some disruption in service provision	Loss interruption of >1 week (not permanent) Major impact on environment / sustained loss of service which has serious impact on delivery of patient care resulting in major contingency plans being invoked	Permanent loss of service or facility Catastrophic impact on environment / disruption to service / facility leading to significant "knock on effect"
Personal Identifiable Data [Information Management Risks]	Damage to an individual's reputation. Possible media interest e.g. celebrity involved Potentially serious breach Less than 5 people affected or risk assessed as low e.g. files were encrypted	Damage to a team's reputation. Some local media interest that may not go public. Serious potential breach and risk assessed high e.g. unencrypted clinical records lost. Up to 20 people affected.	Damage to a service reputation. Low key local media coverage. Serious breach of confidentiality e.g. up to 100 people affected.	Damage to an organisations reputation. Local media coverage. Serious breach with either particular sensitivity e.g. sexual health details or up to 1000 people affected.	Damage to NHS reputation. National media coverage. Serious breach with potential for ID theft or over 1000 people affected.
Complaints / Claims	Locally resolved complaint Risk of claim remote	Justified complaint peripheral to clinical care e.g. civil action with or without defence. Claim(s) less than £10k	Below excess claim. Justified complaint involving lack of appropriate care. Claim(s) between £10k and £100k	Claim above excess level. Claim(s) between £100k and £1 million. Multiple justified complaints	Multiple claims or single major claim >£1 million. Significant financial loss >£1 million
HR / Organisational Development **Staffing and Competence**	Short term low staffing level temporarily reduces service quality (< 1 day)	Ongoing low staffing level that reduces service quality.	Late delivery of key objectives/service due to lack of staff. Unsafe staffing level or competence (>1 day) Low staff morale Poor staff attendance for mandatory / key 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 No staff attending mandatory / key training	Non-delivery of key objectives / service due to lack of staff Ongoing unsafe staffing levels or incompetence Loss of several key staff No staff attending mandatory training / key training on an ongoing basis

Financial (damage / loss / fraud) [Financial Risks]	Negligible organisational / financial loss (£< 1000	Negligible organisational / financial loss (£1000-£10000)	Organisational / financial loss (£10000 -100000)	Organisational / financial loss (£100000 - £1m)	Organisational / financial loss (£>1million)
Inspection / Audit	Minor recommendations Minor non-compliance with standards	Recommendations given Non-compliance with standards Reduced performance rating if unresolved	Reduced rating Challenging recommendations Non-compliance with core standards Prohibition notice served.	Enforcement action Low rating Critical report. Major non-compliance with core standards. Improvement notice	Prosecution. Zero rating. Severely critical report. Complete systems change required.

South East London Integrated Care System

NHS South East London

NHS SEL ICB
Risk Appetite Statement 2025/26

SEL ICB Risk Appetite Statement 2025/26

The statement

1. *Risk management is about finding the right balance between risks and opportunities in order that the Integrated Care Board – as a key partner in the South East London Integrated Care System – might act in the best interests of patients, residents, and our staff.*

2. *The ICB's stated appetite for risk provides a framework within which decisions can be made in a way that balances risks and rewards; costs and benefits.*

3. *The ICB risk appetite framework is designed to allow NHS SEL ICB to tolerate more risk in some areas than others as it seeks to deliver its responsibilities and achieve the ambitious aims for the local health and care system. Risk appetite is not about the extent to which the ICB will seek to make change or maintain the status quo. It is about the extent to which the organisation is willing to take risks in the process of securing the change we know is needed.*

4. *This risk statement is issued by the ICB and relates to the risk management processes in place to support the organisation's Board to manage risks faced by the organisation. However, as an integral part of the SEL Integrated Care System – working to shared operational and strategic objectives – a significant proportion of ICB risks will also affect ICS partner organisations, and vice versa. The ICB's risk approach aims to respect individual institutional responsibilities and processes, whilst seeking a better coordinated response to risks that exist across the partnership. This approach is a particular priority given that risks exist at provider interfaces and as part of patients' interactions across system partners.*

5. *The ICB has a dual role. It functions as a highly regulated organisation with responsibilities for ensuring statutory compliance, overseeing provision and ensuring financial sustainability. It additionally functions as an engine of change, with responsibilities to promote joined-up care, innovation, and to deliver improved population health outcomes.*

6. *To achieve our ambitious objectives for the health and care system in south east London, the ICB, as a leading voice in the wider ICS partnership, will need to be an increasingly innovative and change-driven organisation. The ICB has consequently adopted an **OPEN** or **EAGER** appetite in most areas of risk. However, the ICB will in pursuit of its wider objectives, operate with a **CAUTIOUS** posture to risks relating to the quality and safety of clinical care and to data and information management*

7. *Where a risk related to the ICB's activities is recorded with a residual risk score in excess of the defined risk tolerance level for the stated category of risk, that risk will be escalated within the SEL governance structure and ultimately be included in the Board Assurance Framework (BAF) for consideration by the ICB Board.*

South East London Integrated Care System

NHS South East London

ICB risk appetite level descriptions by type of risk

South East London Integrated Care System

Proposed risk appetite levels by risk category (1 of 3)

NHS South East London

Risk appetite level description (and residual risk score)					
Risk Category	**Averse (1 – 3)**	**Minimal (4 – 6)**	**Cautious (7 – 9)**	**Open (10 – 12)**	**Eager (13 – 15)**
Financial	Avoidance of any financial impact or loss is the key objective.	Only prepared to accept the possibility of very limited financial impact if essential to delivery.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place).
Clinical, Quality and Safety	Prioritise minimising the likelihood of negative outcomes or harm to patients. Strong focus on securing compliance with existing protocols, processes and care standards for the current range of treatments.	Prioritise patient safety and seeks to minimise the likelihood of patient harm. Is focussed on securing compliance with existing protocols, but is open to taking some calculated risks on new treatments / approaches where projected benefits to patients are very likely to outweigh new risks.	Is led by the evidence base and research, but in addition to a commitment to prioritising patient safety, is open to taking calculated risks on new treatments / approaches where projected benefits to patients are likely to outweigh new risks.	Strong willingness to support and enable the adoption of new treatments / processes / procedures in order to achieve better outcomes for patients where this is supported by research / evidence. Willing to take on some uncertainty on the basis of learning from doing.	Prioritises the adoption of cutting edge treatments / processes / procedures in order to achieve better outcomes for patients where this is supported by research / evidence. Willing to take on reasonable but significant uncertainty on the basis of learning from doing.
Operations	Defensive approach to operational delivery – aim to maintain/protect current operational activities. A focus on tight management controls and oversight with limited devolved authority.	Largely follow existing ways-of-working, with decision-making authority largely held by senior management team.	Will seek to develop working practices but with decision-making authority generally held by senior management. Use of leading indicators to support change processes.	Willingness for continuous improvement of operational processes and procedures. Responsibility for non-critical decisions may be devolved.	Desire to “break the mould” and challenge current working practices. High levels of devolved authority – management by trust / use of lagging indicators rather than close control.

Selected ICB risk appetite level

South East London Integrated Care System

Proposed risk appetite levels by risk category (2 of 3)

NHS South East London

Risk appetite level description (and residual risk score)					
Risk Category	**Averse (1 – 3)**	**Minimal (4 – 6)**	**Cautious (7 – 9)**	**Open (10 – 12)**	**Eager (13 – 15)**
Governance	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk with significant levels of resource focussed on detection and prevention.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximised through robust controls and sanctions.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking.	Receptive to taking difficult decisions when benefits outweigh risks. Processes and oversight / monitoring arrangements enable considered risk taking.	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking.
Strategic	Guiding principles or rules in place that largely maintain the status quo and seek to limit risk in organisational actions and the pursuit of priorities. Organisational strategy is rarely refreshed.	Guiding principles or rules in place that typically minimise risk in organisational actions and the pursuit of priorities..	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities.	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities.	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is reviewed and refreshed dynamically.

Selected ICB risk appetite level

South East London Integrated Care System

Proposed risk appetite levels by risk category (3 of 3)

NHS South East London

Risk appetite level description (and residual risk score)					
Risk Category	**Averse (1 – 3)**	**Minimal (4 – 6)**	**Cautious (7 – 9)**	**Open (10 – 12)**	**Eager (13 – 15)**
Data and Information Management	Lock down data & information. Access tightly controlled, high levels of monitoring.	Minimise level of risk due to potential damage from disclosure.	Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Accept need for operational effectiveness in distribution and information sharing.	Level of controls minimised with data and information openly shared.
Workforce	Priority to maintain close management control and oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only.	Decision making authority held by senior management. Development investment generally in standard practices.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Prepared to invest in our people to create innovative mix of skills environment. Responsibility for non-critical decisions may be devolved.	Innovation pursued desire to “break the mould” and do things differently. High levels of devolved authority and a strong willingness for workforce to act with autonomy to improve its impact.
Reputational	Zero appetite for any decisions with high chance of repercussion for organisations’ reputation.	Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation.	Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation	Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Appetit to take decisions which are likely to bring additional Governmental / organisational scrutiny only where potential benefits outweigh risks.

Selected ICB risk appetite level