

NHS Thames Valley

Risk Management Framework, Strategy and Policy

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Equality Statement

Thames Valley Integrated Care Board (ICB) aims to design and deliver services, policies and measures that meet the diverse needs of our workforce, the people we work with, and our population.

We assess the impacts of our work through Equality and Health Inequalities Assessments. These ensure that groups are not placed at more disadvantage than others. The policies and processes in this document have followed due regard. This means we have carefully considered how we:

- Eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who have a protected characteristic (defined in the Equality Act 2010) and those who do not;
- Reduce inequalities for different protected characteristic groups. This includes how people we work with are able to access health and social care services. It also includes the outcomes they achieve. We do this by providing services in an integrated way.

Any person reading this document may request assistance if they have particular needs.

We embrace the four staff pledges in the NHS Constitution. This policy is consistent with these pledges.

Contents

Equality Statement	2
1. INTRODUCTION	4
2. STRATEGY AND APPETITE	5
3. RISK IDENTIFICATION	8
4. RISK RESPONSE	11
5. REPORTING AND MONITORING	12
6. ASSURANCE	14
7. TOOLS AND TECHNOLOGY	16
Appendix A Risk Management Framework	17
Appendix B Glossary.....	18

1. INTRODUCTION

This document sets out the Risk Management Framework, Strategy and Policy for Thames Valley Integrated Care Board (ICB). 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.

'Managing risk is iterative and assists the organisation in setting its strategy, achieving its objectives and making informed decisions.' ISO 31000: 2018

The aim of the framework is to:

- ensure that risks to the achievement of the ICB's objectives are understood and effectively managed.
- ensure that the risks to the quality of services that the organisation commissions from healthcare providers are understood and effectively managed.
- assure the public, patients, staff, and partner organisations, that the ICB is committed to managing risk appropriately; and
- protect the services, staff, reputation, and finances of the ICB through the process of early identification of risk, risk assessment, risk control and elimination.

This applies to all employees and contractors of the ICB. Managers at every level have an objective to ensure that risk management is a fundamental part of the approach to integrated governance. All staff at every level of the organisation are required to recognise that risk management is their personal responsibility.

Independent contractors are responsible for ensuring compliance with relevant legislation and best practice guidelines and for the development and management of their own procedural documents. Independent contractors are required to demonstrate compliance with risk management processes which are compatible with ICB policy.

The ICB uses the guidance provided by ISO 31000:2018¹ (formerly 2009); Good Governance Institute and the NPSA² in developing its approach to risk management and particularly in carrying out risk assessments.

The Framework covers the following elements as shown in the diagram below.

¹ Risk Management Guidelines

² National Patient Safety Agency now part of NHS Improvement

Thames Valley ICB Risk Management Framework



2. STRATEGY AND APPETITE

Risk Management strategy outlines the vision and objectives of the organisation's risk management system and philosophy. Risk appetite is the amount and type of risk the ICB is willing to undertake to achieve its strategic objectives and is determined by the ICB.

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.

This **strategy** establishes a structure for the effective and systematic management of strategic and operational risks (shown in the diagram). 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. When embedded throughout the organisation, it will make a real contribution to the achievement of the organisation's corporate objectives.

Risk appetite is defined as the amount of risk that we are willing to seek or accept in the pursuit of long-term objectives.

It is key to achieving effective risk management and is agreed by the Board so that the nature and extent of significant risks we are willing to take in achieving our strategic objectives is understood. It represents a balance between the potential benefits of transformation, the challenges we face, and the threats change inevitably brings.

The Board will review its risk appetite and risk thresholds set out within the Board Assurance Framework on an annual basis or more frequently should the environment we operate in change significantly. The risk appetite sets the threshold for risk against key domains and enables the Board, its Committees and Boards and teams to effectively manage risks.

Risk Appetite Statement:

“NHS Thames Valley recognises that long term sustainability of health and care services depends upon managing risks in relation to the delivery of our strategic objectives, and that our relationships with communities, staff and all our partners is key to our success. Our approach to our risk appetite is underpinned by the maturity of our system working.

We believe that no risk exists in isolation and that effective risk management is about finding the right balance between risks and opportunities to deliver our ambitions, to act in the best interests of our communities alongside delivering value for money. Our risk appetite approach recognises the need for risk trade-off conversations, creating a flexible framework within which we can drive transformation, make agile decisions and balance boldness and caution, risk and reward and cost and benefit. It also aims to provide a proportionate approach to risk reducing bureaucracy but ensuring appropriate rigour in our risk management.

We recognise that no health and care is risk free and when balancing risk, we will tolerate some more than others. For example: we will have a cautious approach to risks which impact quality (clinical quality, safety and patient experience) which means we prefer safe delivery options and take decisions that aim to mitigate the level of risk. When driving transformation and innovation we will seek options that have bigger rewards but greater risks to get there, using our risk approach to understand and balance the risk with benefits.

Overall NHS Thames Valley has an open appetite to take well-considered balanced risks to pursue innovation and opportunities where positive gains can be expected, whilst being confident that through good risk management the threats can be averted”.

3. References: Good Governance Institute: Board guidance on risk appetite: 2020; NHSE/I Risk Appetite 2021

The ICB has agreed the following Risk Appetite Descriptions.

Risk Appetite	Description
None	We have no appetite for decisions or actions that will impact in any way - avoid risk at all costs and all decisions taken to remove the risk.
Minimal	We are only willing to accept the possibility of very limited risk and will avoid any decisions or actions that may result in heightened risk unless absolutely essential.
Cautious	We are prepared to accept the possibility of limited risk. Our preference is for safe delivery options, but we are able to tolerate low level risk and uncertainty. Every decision will be with the aim of mitigating the level of risk.
Open	We are willing to consider all potential delivery options and choose while providing an acceptable level of reward. Take a greater degree of risk and tolerate higher uncertainty to achieve a bigger reward.
Seek	We are eager to be innovative and to choose options offering greater rewards but have greater inherent risk. Eager to take on risk to achieve strategic objectives.
Significant	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust. Will chose the option with greater reward and will accept any loss as the price for the reward.

3. RISK IDENTIFICATION

Strategic, corporate, and operational risks can be identified by anybody, anywhere, and risk identification and management should be an integral part of 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

The achievement of the ICB's objectives ultimately depends on the identification and successful management of risks.

All risks will be linked to one of ICB'S 26/27 Strategic Objectives (draft Strategic Objectives set out below):

- **We will improve outcomes** by prioritising prevention and proactive care, using data to effectively manage risk and prevent worsening health.
- **We will drive equity** for communities experiencing the worst outcomes by improving our understanding of need and investing to drive improvement.
- **We will reduce unwarranted variation** in quality (experience, safety and effectiveness), service provision, cost, productivity, using our commissioning levers to address risk, drive improvement and maximise value.

The 4Risk database contains **risk areas** and **sub-risk areas** which are listed below - they provide staff with categories under which to record the risk. The **risk areas** are designed to assist reporting and give staff a framework to identify risks. The **risk areas** describe which Committee or Board is responsible for the management of risk. **Sub risk areas** are aligned with the risk appetite and risk thresholds in the Board Assurance Framework.

Risk Areas – Committees or Boards responsible for the management of risks	Sub Risk Areas – aligned to the Board Assurance Framework
<ul style="list-style-type: none"> ➤ Organisational <ul style="list-style-type: none"> • Executive Team • Finance and Performance Committee • Quality Oversight Committee • System Delivery Committee • Commissioning & Population Health Committee ➤ Portfolio <ul style="list-style-type: none"> • Primary Care • UEC and OOH inc. LTC • Elective and Cancer Diagnostics • Medicines Optimisation Board • Infection Prevention and Control • CYP, Maternity, MH, and LD • Living Well Partnership • OPIC Development Board • Strategic Safeguarding 	<ul style="list-style-type: none"> ➤ Quality ➤ People ➤ Performance ➤ Transformation ➤ Financial ➤ Regulatory ➤ Reputational

Assessment – original, current and target scores

Risk Management is about the steps you take in a systematic way that will enable you to identify, assess and control risk. This part of the section covers the assessment of risks.

Once a risk is identified, it is important to establish the likelihood of a risk happening and the potential impact if it did occur. This is described as the **original** or **inherent** risk and refers to a score before any action has been taken to mitigate the risk.

Impact Scoring Criteria

To assist the assessment and scoring of risks and ensure consistency in approach – once the **likelihood of occurrence** and the **severity of impact** scores have been established, a total risk score can be determined in line with the scoring matrix in the Risk Management Framework):

Risk Score Matrix

	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
Likelihood					
					Impact

Low Risk	Medium Risk	High Risk	Significant Risk
1-3	4-8	9-12	15+

Likelihood Score

Likelihood Score Descriptor	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Frequency How often does it/ might 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 persistent issue	Will undoubtedly happen/ recur, possibly frequently
Probability Will it happen or not? % chance of not meeting objective	<0.1 per cent	0.1-1 per cent	1 -10 per cent	10-50 per cent	>50 per cent

Once the **original** risk score has been established then the next step is to assess the controls and actions that have already been undertaken and whether the risk likelihood or impact has changed as a result. This may change and possibly reduce the risk score. This is now recorded as the **current** or **residual** risk score.

Risks may require further actions to be developed where current controls do not mitigate the risk to an acceptable risk level.

Target scores are important to establish as the third step in the risk scoring process. It is the score at which we would 'accept' the risk. It is the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks.

Risks are graded, green, yellow amber or red.

Green Low Risk – the mitigation tasks are on schedule and the risk owner considers that the target score is achievable by the target date.

Yellow Medium Risk - one or more of the mitigation tasks are falling behind and there are some concerns that the target score may not be achievable by the target date unless the shortcomings are addressed.

Amber High Risk – several mitigation tasks are falling behind and there are concerns that the target score will not be achieved by the target date unless the shortcomings are addressed / new task are introduced.

Red Significant Risk – significant mitigation tasks are falling behind and there are serious concerns that the target score will not be achieved by the target date and the shortcomings must be addresses and/or new tasks are introduced.

Note that the risk scores are not intended to be a precise mathematical measure of risk. Any concerns must be escalated as part of the normal management process.

4. RISK RESPONSE

Once a risk has been identified and assessed there needs to be a plan in place to reduce or eliminate the risk.

The following are the basic types of risk response.

- **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 impact 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.

The choices of response strategies for OPPORTUNITIES include:

- EXPLOIT: Add work or change the project to make sure the opportunity occurs
- ENHANCE: Increase the probability and positive impact of risk events
- SHARE: Allocate ownership of opportunity to a third-party

All risks are recorded and managed via the 4Risk database.

Once a risk has been identified and scored the following approach should be undertaken to keep the risk response under review.

	Low Risk	Moderate Risk	High Risk	Significant Risk
Action	Add to risk register if unable to mitigate.	Add to risk register and alert head of department through normal team reports.	Inform head of department and add to risk register. Report to Chief Officers or Director through normal team reports	Add to risk register and escalate to Chief Officers or Director
Timescale	Minimal action required.	Mitigation within 6 months	Risks in this category shall have actions defined on the risk register with an action plan for risk treatment. Mitigation within 3 months	Immediate action with action/treatment plan defined on the risk register.

5. REPORTING AND MONITORING

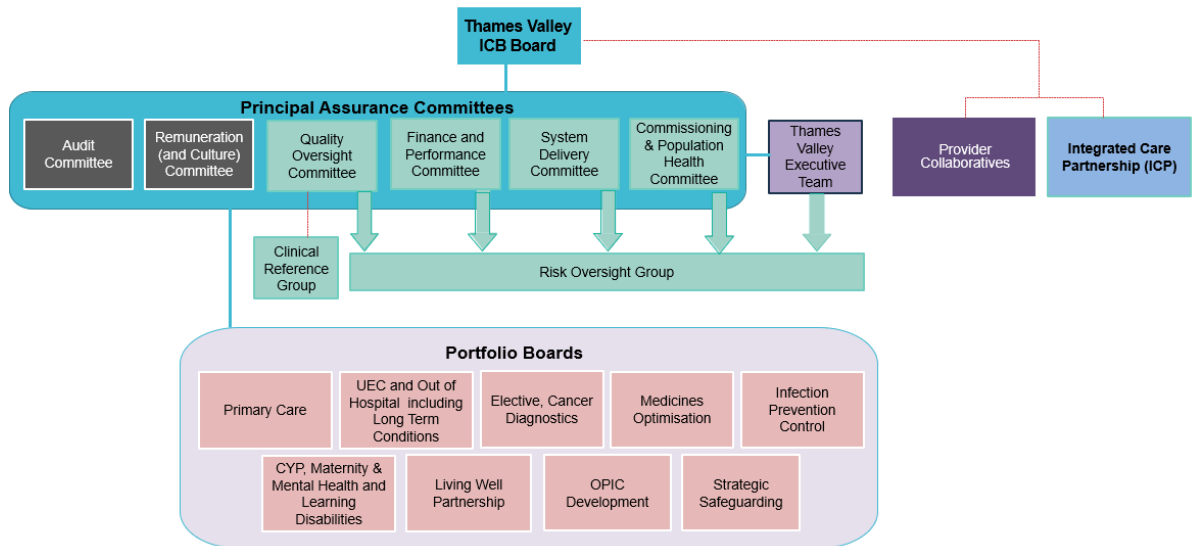
Reporting risk is the process of communicating real-time risk and performance data. Monitoring risk is a continuous activity that results in the awareness of what is happening across different parts of the organisation. Reports should help the ICB to:

- Monitor agreed risk response plans/ actions.
- Track key milestones.

- Evaluate the impact of controls and actions on the risk; and
- Identify new or unexpected risks.

Reports should focus on what has changed, so executives and other decision-makers can make informed decisions on where to go from here.

The ICB has created a hierarchy to help prioritise reporting - Portfolio Boards report to one of the ICB board sub-committees.



Portfolio Boards are responsible for managing risks in line with the Escalation Framework and 15 ↑ risks are automatically escalated to the Corporate Risk Register for regular review by the four Principal Assurance Committees of the Board (QOC; FPC; SDC; CPH), and on a quarterly basis by the Risk Oversight Group.

The Risk Oversight Group (i) provides an integrated assessment of complex, significant or recurrent risks (ii) monitors progress against plans and oversee the mitigations of any significant risks (iii) provides assurance on the completeness and accuracy of the Board Assurance Framework and (iv) escalates any serious concerns to the ICB board.

Other groups / committees may also be responsible for the operational management of certain risk areas that do not fall within the remit of an individual Portfolio Board. This includes, for example, the management of risks relating to Governance being delegated to the Thames Valley Executive Team, or the management of Financial risks by the Finance and Performance Committee.

Escalation Framework - diagram and descriptors



6. ASSURANCE

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.

The Board discharges this duty as follows:

- Identifies risks to the achievement of its strategic objectives.
- Monitors these on an ongoing basis via the Board Assurance Framework (BAF).
- Ensures that there is a structure in place for the effective management of risk throughout the ICB; and
- Demonstrates leadership, active involvement, and support for risk management.

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.'*

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.

The Audit Committee Handbook identifies the assurance framework *'the key source of evidence that links strategic objectives to risks and assurances, and*

the main tool that the board should use in discharging its overall responsibility for internal control.'

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.

The assurance framework in the Good Governance Institute's is *'the original invest-to-save scheme for boards. Time spent on getting the various elements of the BAF right will help boards streamline assurance, locate where and how assurance is tested and develop proportionality in board reporting.'*

The Board is therefore responsible for identifying its 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.

The greater the risk appetite, the more controls should be put in place by management to avoid or mitigate the risk.

The Audit Committee

The Audit Committee, in line with the NHS Audit Committee Handbook and its Terms of Reference, ensures that the ICB has an effective process in place for risk management.

The role of the Audit Committee is to review the adequacy and effectiveness of the system of integrated governance, risk management and internal control across the whole of the ICB's activities that support the achievement of its objectives, and to highlight any areas of weakness to the board including:

- To review the adequacy and effectiveness of the assurance processes that indicate the degree of achievement of the ICB's objectives, the effectiveness of the management of principal risks.
- To have oversight of system risks where they relate to the achievement of the ICB's objectives.
- To receive assurance from the Risk Oversight Group on its strategic oversight of identified risks and mitigations which have been escalated through the Corporate Risk Register to the Board Assurance Framework.

Statement of Assurance

Each year the Accountable Officer is required to provide to the ICB stakeholders and public an *Annual Governance Statement* which forms part of the ICB's Annual Report. This is a statement of assurance that appropriate policies and processes are in place and that internal control systems are functional and effective to manage key risks to the organisation. The Audit Committee recommends the Annual Governance Statement for approval by the Board before inclusion in the Annual Report.

7. TOOLS AND TECHNOLOGY

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.

Guidance and further details can be obtained by contacting the Governance Team.

Appendix A

Definitions and Glossary

For the purposes of this document, the following terms and definitions apply.

Main definitions

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 severity (impact or magnitude of the effect of the risk occurring).

Risk Management is 'the culture, process and structures that are directed towards the effective management of potential opportunities and adverse effects'.

The **risk management process** is 'the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communication risk'.

Additional definitions

Acceptance	Informed decision to take a particular risk subject to monitoring and review.
Aggregation	Combination of several risks into one risk to develop a more complete understanding of the overall risk.
Appetite	The amount and type of risk an organisation is willing to pursue or retain.
Avoidance	Informed decision not to be involved in or to withdraw from an activity in order not to be exposed to a particular risk.
Consequence	Outcome of an event affecting objectives.
Control	Measure that maintains and/or modifies risk. Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk. Controls may not always exert the intended or assumed modifying effect.
Event	Occurrence or change of a particular set of circumstances. An event can be a risk source.
Issue	An issue is essentially a risk that has happened. In other words, risks are potential future problems and issues are current problems.

Likelihood	Chance of something happening.
Managing risk	See treatment
Retention	Acceptances of potential gain, burden, or loss from a particular risk. Risk retention includes the acceptance of residual risks.
Residual Risk	Risk remaining after risk treatment (mitigation). Also known as retained risk.
Risk Sharing	Form of risk treatment involving the agreed distribution of risk with other parties. Legal or regulatory requirements can limit, prohibit, or mandate risk sharing.
Source	Element which alone or in combination has the potential to give rise to risk.
Treatment	<p>Process used to modify the risk. Risk treatment can involve:</p> <ul style="list-style-type: none"> - avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk. - taking or increasing risk to pursue an opportunity. - removing the risk source. - changing the likelihood. - changing the consequences. - sharing the risk with another party or parties [including contracts and risk financing]; and retaining the risk by informed decision. <p>Risk treatments that deal with negative consequences are sometimes referred to as “risk mitigation”, “risk elimination”, “risk prevention” and “risk reduction”.</p>
Tolerance	The readiness to bear the risk after treatment (mitigation)