

BNSSG ICB Board Meeting

Date: Thursday 6th March 2025

Time: 12:15 – 15:30

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

Agenda Number :	6.7	
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) which increase the level of risk that can be taken across the 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). ICB Directorates reflect the revised risk appetite statements in their management of risk identified through the directorate risk register review process. 	
Previously Considered By and feedback :	<ul style="list-style-type: none"> ICB Board Seminar February 2025 	
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'.
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 that an increase in risk appetite 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 that an increase in risk appetite could increase the risk of affecting equality and diversity matters.
Patient and Public Involvement:	There has been no patient or public involvement in the development of these Risk Appetite statements.
Communications and Engagement:	It is expected that these risk appetite statements will be communicated across
Author(s):	Rob Hayday, Chief of Staff
Sponsoring Director / Clinical Lead / Lay Member:	Shane Devlin, CEO

Agenda item: 6.7

Report title: BNSSG ICS Risk Appetite Statements

1. Background

In September 2023, the ICB Board agreed a set of risk appetite statements for the BNSSG Integrated Care System (ICS).

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. Therefore this review of risk appetite is required.

Setting 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. Our existing risk appetite is indicated by the red boxes below.

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 or 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 change.

2. Context for Change

The 25/26 Planning Guidance for the NHS issued by NHS England in January 2025 reminds organisations of the direction of travel:

The investigation by Lord Darzi makes clear that, despite the efforts of our dedicated staff, the NHS is facing major challenges in meeting the growing needs of an ageing population. Individuals are spending an increasing proportion of their lives in ill-health and too many patients cannot access timely care. To address these challenges and make the NHS sustainable now and for future generations, systems need to agree and deliver plans within the resources allocated that maximise productivity and start to implement the reforms needed to improve services for patients, shifting the system from hospital to community, analogue to digital, and sickness to prevention. At the same time, we will work with government to create the 10 Year Health Plan to transform the model of care.

Innovation is required to meet the demands on services, the allocation of limited resources, and to ensure that quality care and experiences are provided to all in the most appropriate ways and settings.

The Planning Guidance notes the contribution that staff have made to delivering continued improvements in the services patients most value. It also indicates that in 2025/26 ICS's are being given greater financial flexibility to manage constrained budgets. Yet it also notes the challenging environment in which we operate:

Difficult decisions will be needed, and we must meet this collective challenge together. To balance operational priorities with the funding available, while continuing to lay foundations for future reforms, the NHS will need to reduce or stop spending on some services and functions and achieve unprecedented productivity growth in others. Open and ongoing conversations will be needed with staff, the public and stakeholders at organisation, place and system level about what it's going to take to improve productivity, reduce waste and tackle unwarranted variation. We will back local leaders to take tough decisions, where they are clearly rooted in the needs of their populations and best use of available staff, and where all reasonable steps have been taken to maximise resources available for clinical services. Equally, we will challenge organisations who are not able to demonstrate a robust approach to prioritising patient care by bearing down on duplication and waste.

Risk appetite contributes to setting the right conditions for innovation and change in the following ways:

- A. Embracing a higher risk appetite encourages innovation and growth as organisations can explore new technologies, products, and delivery models, which can lead to significant advancements and performance advantages.
- B. Higher risk often correlates with higher potential returns. By taking calculated risks, organizations can achieve greater financial gains and improve their overall performance.
- C. A greater willingness to take risks can make organizations more adaptable and resilient. They can better respond to changes and uncertainties in the market, ensuring long-term sustainability.
- D. Increasing risk appetite allows organizations to pursue strategic opportunities that might otherwise be overlooked. This can include mergers and other ventures that align with long-term goals.
- E. A higher risk appetite fosters a culture of informed decision-making. Organisations are encouraged to thoroughly evaluate potential risks and rewards.
- F. By being open to higher risks, organisations can optimise resource allocation. This means investing in projects with higher potential returns, even if they come with higher risks, leading to better financial management.
- G. Staff working in organisations that have a higher appetite for risk can feel more motivated and less constrained in their approach to delivering for the end users of services.

Balancing risks with careful planning and management can lead to significant benefits while maintaining stability and growth.

3. Proposed Risk Appetite Statements for 2025/26

The table below sets out the previous risk appetite statement and that proposed for 2025/26

Domain	Current Risk Appetite Statement and Level (shown in capitals)	Risk Appetite Statement 2025/26	Risk Appetite Level 2025/26
Finance How will we use our resources? Value for money	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. OPEN	We will invest for the best possible return and accept the possibility of increased financial risk.	SEEK
Regulatory How will we be perceived by our regulators? Compliance	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. OPEN	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	SEEK
Quality How will we deliver safe services? Quality of services Outcomes	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. CAUTIOUS	We are prepared to accept the possibility of a short-term impact on quality outcomes with potential for longer-term rewards. We support innovation	OPEN
Reputational How will we be perceived by the public and our partners?	We are prepared to accept the possibility of some reputational risk as long as there is a potential for improved outcomes for our stakeholders. OPEN	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.	SEEK
People How will we be perceived by our workforce?	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. OPEN	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.	SEEK

Recording risks will continue to happen. Risks scoring 15 and above will continue to be reported to the ICB Board on the Corporate Risk Register. Increasing risk appetite will mean that the ICB expects there to be less mitigations put in place for the management of risks.

4. Recommendation:

The ICB Board is asked to:

- Agree the proposed ICS Risk Appetites for 2025/26 presented in this paper and consider a review after a period of use.
- Require ICB Board members to cascade these agreed ICS Risk Appetite statements for 2025/26 across BNSSG ICS partner organisations.
- Require ICB Board members to cascade these agreed ICS Risk Appetite statements for 2025/26 across all ICS Groups (Health & Care Improvement Groups and all other ICS operational or oversight groups).
- Require ICB Directorates to reflect the revised risk appetite statements in their management of risk identified through the directorate risk register review process

5. 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

6. 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.

7. 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.

8. 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 that an increase in risk appetite could increase the risk of widening health inequalities.

9. 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 that an increase in risk appetite could increase the risk of affecting equality and diversity matters.

10. Consultation and Communication including Public Involvement

. There has been no patient or public involvement in the development of these Risk Appetite statements. It is expected that these risk appetite statements will be communicated across