

Risk Management and Assurance Policy

Version 6.1

1st April 2022 – 30th June 2022

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Any changes to this policy should be outlined and recorded in the version control table below. In the event of any changes to relevant legislation or statutory procedures or duty this policy will be automatically updated to ensure compliance without approvals being necessary.

Version no.	Type of change	Date	Description of change
4.1	Policy update	29/11/2019	Updated strategy objectives and reflective of revised CCG management structure. Version 4.0 expired on 1 st Sept 2019, amendments made to meet audit recommendations.
4.1	Revisions to updated policy	12/12/2019	Minor amendments made based on feedback from Audit, Risk & Scrutiny Committee meeting held on 10/12/2019
4.1	Revisions to updated policy	12/12/2019	Addition of specific organisational responsibility for Director of Planning, Performance and Delivery
5	Policy update	22/06/2020	Updated policy to reflect new CCG committee structure and management responsibilities.
6	Policy Update	18/05/2021	Policy revision as Version 5 expired May 2021.
6	Policy Update	18/05/2021	Revision to specific management responsibilities following changes in structure
7.	Policy Update	04/04/2022	Revision to account for expiry (March 2022) and extension of CCG closedown to 30 th June 2022

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1. INTRODUCTION

NHS Liverpool Clinical Commissioning Group (CCG) has a statutory responsibility to ensure effective systems of control are in place to minimise the impact of any risks that could destabilise the proper functioning of the organisation (and wider system). Every activity that the CCG undertakes, or commissions others to undertake on its behalf, brings with it some element of risk that has the potential to undermine, threaten or prevent the organisations from achieving its vision and corporate objectives.

Liverpool CCG's Governing Body fully recognises that good risk management is good governance and is committed to maintaining and encouraging an organisational culture that actively promotes and demonstrates principles of good governance.

This Risk Management and Assurance Strategy is representative of Liverpool CCG's philosophy towards risk and provides the Governing Body with the necessary assurance that risks against the CCG's corporate and strategic objectives are consistently being identified, managed and mitigated.

The strategy has been updated from Version 6 (March 2021) and aims to ensure continuity of arrangements and policy on the approach to risk management up to and including the date of the abolishment of CCGs (30th June 2022 at the time of writing) with transition to Integrated Care Boards / place-based arrangements scheduled to commence from 1st July 2022.

Risk Policy will continue to be underpinned by a clear accountability structure within Liverpool CCG. The purpose of this document is to set out the overall aims, objectives and process for risk management within our organisation.

2. RISK MANAGEMENT POLICY STATEMENT (STATEMENT OF INTENT)

The CCG attaches the highest importance to the effective management of risk. When properly managed, however, risk can bring with it positive advantages, benefits and opportunities. The CCG does not therefore aim to create a 'risk-free' environment, but rather one in which risk is considered as a matter of course, appropriately identified, and controlled.

The CCG is committed to making risk management a core organisational process and ensuring that it forms an integral part of its philosophy, practices and business planning at all levels of the organisation. It is imperative that a culture of transparency and honest reporting is promoted and upheld throughout the CCG to ensure risks are properly identified, evaluated, documented and managed. Where possible, the CCG will involve stakeholders in its risk management processes and will work in partnership to identify, prioritise and control shared risks.

To support the development of a proactive risk management approach and robust assurance framework across the organisation, the CCG commits to the following:

- a. Embed effective organisational governance arrangements that respond to strategic change, hold providers to account for ensuring appropriate patient safeguards regarding quality safety and patient experience are in place, support high quality and effective service delivery and receive assurances in these respects;
- b. Ensure that all lead and support staff are accountable and responsible for the proper identification, evaluation, documentation and management of risk;
- c. Have in place a robust Risk Management Framework that delivers compliance with regulatory standards; and
- d. Ensure that all staff are provided with appropriate guidance and training on the principles of risk management (and their individual responsibilities) within this Strategy to manage risk effectively.

The CCG has set itself clear commitments as part of the strategic plan, and the Governing Body intends to use the risk management process outlined in this strategy as a means to help in achieving these commitments. Risk assessments will therefore be conducted on all new ventures, activities, programmes, processes and systems to achieve alignment with our objectives and goals.

3. AIMS AND OBJECTIVES

The specific aim of this strategy is to ensure that all risks associated with the business and commissioning of health and care services are effectively managed. To achieve this, risks will be systematically identified and controlled to minimise any threats to the achievement of organisational objectives, whilst also ensuring that the CCG maximises any opportunities to innovate and / or improve. To this end, the objectives of this strategy are:

- To ensure a systematic, consistent and co-ordinated approach for the management of risk across all its activities;
- Awareness of risk and its management through the promotion of a programme of communication, education and training;
- To integrate risk management into all key business processes of the CCG including: -
 - its financial sustainability;
 - performance (both system and provider level) and delivery of targets;
 - business continuity, health and safety and information governance;
 - service quality, patient safety and safeguarding;
 - governance and probity;
 - statutory duties;
 - strategy and planning;
 - collaborative/joint commissioning;
 - reputation and leadership.

This strategy outlines the management structure, accountabilities and responsibilities in relation to risk management. It also details the processes involved and specifies the maintenance of the assurance framework, risk registers and associated action plans.

4. SCOPE

This strategy applies to all employees, contractors and Governing Body members (including elected and non-elected members) of Liverpool CCG. The roles covered by this strategy will hereafter be referred to as 'CCG representatives'. The strategy is also relevant to all matters affecting the CCG, including transformation programmes with other organisations and hosted arrangements.

5. DEFINITIONS

Definitions about the terminology used in risk management, and throughout this document, can be found in Appendix 1.

6. RISK MANAGEMENT OBJECTIVES 2022

For risk management to be embedded in the organisation it has to drive the agenda and discussion at a strategic level. This strategy has been developed to support that commitment. Specific key risk management objectives for Liverpool CCG are summarised below:

Objective	Delivered by:
<p>1 To continue to embed the Governing Body Assurance Framework (GBAF) as a standard annual process, and provide the emerging ICB with key operational and strategic risks relating to the Liverpool Health Economy.</p>	<p>Establishing strategic objectives and high-level operational objectives (linked to the strategic objectives) for delivery in the final months of the CCG's existence from 1st April 2022 to 30th June 2022.</p> <p>Establishing a process for determining which risks to the achievement of strategic objectives require management by the Governing Body or the newly established Joint Committee of the 9 CCGs of Cheshire & Merseyside.</p>
<p>2 Maintain clearly defined responsibilities for risk management and lines of accountability throughout the organisation;</p>	<p>Clearly identified risk owners on the corporate risk register and GBAF. Each risk owner will be held to account by the Governing Body for the continued management and mitigation of operational and/or strategic risks within their area of responsibility</p>
<p>3 Provide evidential assurance to the Governing Body of the CCG's capacity to handle risk</p>	<p>Taking corrective actions in light of internal/external audit recommendations and review processes;</p>

	and strength of internal systems of control;	
4	Continued maintenance and oversight of the CCG Corporate Risk Register (CRR) and Committee Risk Registers	Reviewed at each remaining Governing Body meeting in 2022.
5	Satisfy all mandatory and statutory duties and undertakings;	Ensure risk management training is available for all staff and Governing Body members (i.e. e-learning and group based); <i>Appropriate action is taken when CCG staff fail to attend training;</i>
6	Utilising a systematic and consistent approach to learning lessons and promoting continuous improvement, and;	Ensuring all risks and gaps in controls are clearly documented. All managers are responsible for supporting and encouraging staff to report adverse incidents and near misses.

7. RISK MANAGEMENT FRAMEWORK

Integrated risk management is a process through which the CCG will identify, analyse, assess and manage all risks for every level of the organisation and, where possible, aggregating results at a corporate level. In practice, this means:

- Integrating all risk management functions including (but not limited to) complaints, statutory compliance, audit, incident reporting, information risk and business continuity;
- Aligning risk management functions and principles with service development, transformation programmes and financial planning;
- Integrating all sources of information, both reactive (e.g. incidents) and proactive (e.g. risk assessments);
- Implementing a consistent approach to training, management analysis and investigation;
- Incorporating all risks into the processes for the development of risk registers and assurance frameworks; and
- Integrating processes and decisions about risk into future business and strategic planning.

The risk management process will be used to:

- Improve the ability of the CCG to meet its strategic aims, objectives, priorities and vision;
- Provide information to the Governing Body through the Committee structure so that it can make informed decisions;
- Manage the treatment of risk in a systematic way so that the CCG can determine the acceptability/tolerance of residual risks;
- Initiate and monitor actions to reduce (or prevent) the impact of risk to within the defined risk appetite of the CCG; and
- Provide a comprehensive approach to improving patient and staff safety.

7.1 Risks in commissioned services

The CCG has well established systems and processes for the reporting and analysis of incidents in commissioned services which compromise the safety and welfare of patients, children and vulnerable adults. The CCG will ensure that all commissioned providers have in place their own internal processes for capturing learning from incidents, events and Serious Incidents and (where possible) claims and litigation.

Quality risks in commissioned services will be identified through established Clinical Quality / Performance and Contract Review meetings and monitored through these channels. Extreme or severe risks identified through this process should be reported via the CCG's Performance & Quality Committee, who will also agree the actions to be taken to mitigate the risk. Specific responsibilities for this committee can be found in 8.3.

7.2 Emergency Planning, Resilience & Response (EPRR)

The Emergency Preparedness, Resilience and Response (EPRR) agenda is an integral component of the CCG's business. The CCG will meet its 'duty to assess risk' by drawing from various sources such as community risk registers, city events planning and participation in multi-agency exercises. Any high/extreme risks to CCG objectives arising from EPRR related activities will be added to the Corporate Risk Register (CRR) as appropriate.

7.3 Fraud Risk / Anti-Fraud

The CCG takes a risk-based approach to tackling fraud, bribery and corruption, and the Anti-Fraud Specialist, on behalf of the CCG, conducts risks assessments to identify, fraud, bribery and corruption risks, which are recorded and managed in line with the CCG's Risk Management Strategy and included on appropriate risk registers. Measures to mitigate identified fraud, bribery and corruption risks are included in an anti-fraud, bribery and corruption work plan, which is monitored by the Chief Finance Officer and the Audit & Risk Committee.

The CCG also carries out comprehensive local risk assessments to identify fraud, bribery and corruption risks with proportionate measures put in place to mitigate the level of risk identified. Fraud-specific risk registers (including HR related risks) are maintained by the CCG in line with Government Counter Fraud Profession (GCFP) fraud risk assessment methodology and with this Risk Management Strategy. Oversight is maintained by the Audit & Risk Committee whilst the process, management and content review is managed by the Corporate Services & Governance Team.

8. GOVERNANCE STRUCTURE

The CCG has a governance structure within which risk is addressed and managed. The governance structure ensures that internal controls are in place to support the organisation to achieve its policies, aims and objectives and safeguard public funds

and assets. The CCG's risk reporting structure is detailed in our Governance Handbook available on the CCG's website here:

<https://www.liverpoolccg.nhs.uk/media/5039/governance-handbook-aug-2021-version-2-final.pdf>

All Committees of the CCG Governing Body are responsible for reporting and monitoring risks that arise from the remit of that committee or the delivery of its work plan. The CCG's Audit and Risk Committee has an additional 'oversight and assurance' responsibility for the operational processes used in the management of risk.

The CCG Governing Body is responsible and accountable for ensuring delivery of the organisation's aims and objectives and the structures in place to reflect the organisation's roles and responsibilities. The structure (including Governing Body Committees and sub-committees) considers each individual aspect of governance at an adequate level of detail, but also brings them all together to give the organisation appropriate assurance.

8.1 The CCG Governing Body

The Governing Body is committed to providing the resources and support systems necessary to support the Risk Management and Assurance Strategy. It has a duty to assure itself that the organisation has properly identified the risks it faces and that it has processes in place to mitigate those risks and the impact they have on the organisation and its stakeholders.

The Governing Body is responsible for:

- Having overall accountability for the management of risk and assurance, determining the strategic approach to risk management and setting the 'risk appetite' for the CCG;
- Identifying risks to the achievement of its strategic goals;
- Ensuring that there is a structure in place for the effective management of risk throughout the CCG;
- Ensuring that assurances demonstrate that risk has been identified, assessed and all reasonable steps taken to manage it effectively and appropriately;
- Ownership of the GBAF and CRR (including review and development);
- Demonstrates leadership, active involvement and support for risk management.

All individual Governing Body members are responsible for compliance with this Risk Management and Assurance Strategy and ensuring that they undertake mandatory and statutory training as appropriate.

8.2 The Audit and Risk Committee

The Audit and Risk Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the CCG's activities by:

- Providing assurance to the Governing Body that the CCG's overall internal systems of control are effective;
- Challenging the way in which risk is managed, particularly where there is uncertainty or concerns over the effectiveness of existing arrangements;
- Ensuring that arrangements for risk management are appropriately and regularly included in the cycle of independent/internal audits;
- Receiving and reviewing the GBAF and CRR at each meeting in order to ensure that the processes applied to manage these risks are adequate and effective.

In particular, the committee will review the adequacy and effectiveness of:

- All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any appropriate independent or external assurances, prior to endorsement by the CCG;
- The underlying assurance processes that indicate the degree of achievement of CCG objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification, and;
- The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the NHS Counter Fraud Authority (NHS CFA).

8.3 Performance and Quality Committee

The risk responsibilities of the Committee are to gain assurances that the risks to delivery of contractual and quality requirements are identified and mitigated. The Committee is assigned other risks within its scope, including:

- Performance
- Quality
- Patient Experience
- Safety
- Contracting & procurement
- Delivery of relevant statutory duties and annual work plan
- Information Governance
- Financial expenditure and budgetary control

The Committee is responsible for reviewing the risks included on the CCG's Corporate Risk Register and Governing Body Assurance Framework, ensuring that appropriate and effective mitigations are in place. The Committee will maintain, monitor and review its own risk register and shall present it for review to the Audit and Risk Committee on a bi-annual basis.

8.4 Primary Care Commissioning Committee

The Primary Care Commissioning Committee oversees and seeks assurance on issues relating to the commissioning of primary care medical services under delegated authority from NHS England & NHS Improvement.

The Committee is responsible for reviewing those risks on the CCG's Corporate Risk Register and Governing Body Assurance Framework that have been assigned to the Committee, ensuring effective and appropriate mitigation and actions and monitoring/review arrangements are in place. The Committee will maintain, monitor and review its own risk register and shall present it for review to the Audit and Risk Committee on a bi-annual basis.

9. RISK MANAGEMENT RESPONSIBILITIES

For risk management to be embedded throughout the CCG, it is important that individual accountability is clearly defined and that this is reflected in objective setting and performance reviews for staff. All those working within the CCG have a responsibility to contribute, directly or indirectly, to the achievement of the CCG's objectives through the effective management of risk. This collective responsibility is also aligned to the CCG's Values and Behaviours Framework and Workplace Charter. Specific accountabilities, roles and responsibilities for risk management are set out below and provide a structure that supports the integrated approach to risk and governance. Where appropriate these are reflected in individual job descriptions and roles and are aligned to departmental objectives.

9.1 Chief Officer

The Chief Officer has responsibility for having an effective risk management system in place within the CCG, for meeting all statutory requirements and adhering to guidance issued by the Department of Health in respect of Governance.

The Chief Officer is also responsible for signing the Annual Governance Statement on behalf of the CCG, which outlines that appropriate strategies and internal controls have been in place, as part of the year-end accounting and annual reporting process.

9.2 Chief Finance and Contracting Officer

The Chief Finance and Contracting Officer (CFCO) has responsibility for the system of internal financial controls and ensuring that the CCG conducts its business with sound financial governance through robust accounting mechanisms. The CFCO will seek the opinion of Chief Internal Auditors on the effectiveness of internal financial control measures and is ultimately responsible for any financial implications of mitigation plans (and the method by which they will be incorporated into business planning. The CFCO acts as the executive lead for:

- Anti-Fraud;
- Information risk and information governance issues as the Senior Information Risk Owner (SIRO);
- Local Security Management Standards as responsible Security Management Director (SMD)

9.3 Lay Member for Audit

The Lay Member for Audit acts in the capacity of Chair of the Audit and Risk Committee and is accountable to the CCG Governing Body for the work of the Committee. Through the Audit and Risk Committee, the Lay Member for Audit will provide continual assurance to the Governing Body that appropriate monitoring and scrutiny of risk management systems and processes takes place and ensuring that any risks to internal systems of control (including those highlighted by internal/external audit reviews) are acted upon.

9.4 Lay Member for Governance

The lay member for governance plays a lead role in the continued oversight and strengthening of the CCG's internal governance systems and arrangements; ensuring that the organisation behaves with the utmost probity at all times. The lay member for governance has specific responsibility for ensuring that appropriate and effective whistle blowing arrangements are in place and is the designated 'Conflicts of Interest Guardian' for the CCG.

9.5 Head of Corporate Services and Governance

The Head of Corporate Services and Governance has responsibility for the development of the CRR and GBAF and for ensuring continued oversight and overview by the CCG's Governing Body, Audit & Risk Committee and Senior Leadership Team to ensure sufficient scrutiny of the key risks to the CCG's corporate and strategic objectives. The Head of Corporate Services and Governance is responsible for the development of relevant policy, procedures and guidelines to support the delivery of the CCG's Risk Management and Assurance Strategy and provides key support to the lay member for governance and the lay member for audit in relation to their individual responsibilities for corporate governance and risk management.

9.6 The Senior Leadership Team (SLT)

All members of the CCG's SLT are accountable for the management of risk - both within their individual area of responsibility and collectively as the CCG's 'executive' function. The SLT will have an overarching responsibility to review, validate and quality assure the entries in the GBAF, CRR and Issues Log prior to submission / presentation to the Audit and Risk Committee and Governing Body. Other specific responsibilities will include:

- Ensuring that this strategy and associated policies, procedures and guidelines are implemented within their areas of responsibility;
- Involving staff in the risk management process to promote ownership of the risks identified;
- Reviewing, validating and quality assuring the GBAF and CRR entries relating to their directorate / team;
- Ensuring all risks are identified, robustly assessed and included on the risk register (where appropriate);
- Providing assurance of mitigating actions to the individual committees overseeing each risk (as appropriate);
- Ensuring action plans for risks (including those arising from internal/external audit recommendations) are prepared, maintained and reviewed on a regular basis;
- Ensuring risks are escalated where they are of a strategic nature, or threaten achievement of operational objectives and/or achievement against the CCG Improvement and Assessment Framework indicators.

9.7 The Director of Quality, Improvement & Outcomes

The Director of Quality, Improvement and Outcomes has delegated responsibility for risk management as the professional lead responsible for safeguarding adults and children, Clinical Governance, Health & Safety and Infection, Prevention and Control (IPC). The Director of Quality, Improvement and Outcomes also has responsibility for the performance management of (and assurance of learning from) Serious Incidents reported by the providers of health services commissioned by the CCG *and* for ensuring that assurance processes are in place with regard to clinical risk management within commissioned services (including patient safety).

9.8 The Director of Transformation, Planning and Performance

The Director of Transformation, Planning and Performance has delegated responsibility for the identification, escalation and effective management of risks associated with the delivery of the organisation's Operational Plan/ Integrated Business Plan, its associated investment schemes, provider performance and improvement trajectories.

9.9 Heads of Service / Senior Managers

All Heads of Service and Senior Managers are responsible for ensuring all areas under their area of accountability are contributing to the operational, corporate and project/programme risk registers as appropriate.

9.10 Risk Owners

Risk owners will be assigned for each identified risk on the CRR and GBAF. Risk Owners will have lead responsibility for the management of a risk; ensuring actions are implemented and updates contain sufficient narrative to establish assurance levels. For principal risks in the GBAF this will be a member of the SLT.

9.11 Action Owners

Owners will be assigned to each action identified to support the treatment of risk, and will be responsible for ensuring actions are completed in a timely manner and that updates are incorporated into the risk register as necessary.

9.12 All CCG Representatives

All CCG representatives are responsible for the day-to-day management of risks of all types within their areas of responsibility and control. They are responsible for their own working practice and behaviour in accordance with contracts of employment and individual job descriptions. All staff will be required to participate in activities which are proportionate with the CCG's risk management arrangements and statutory requirements.

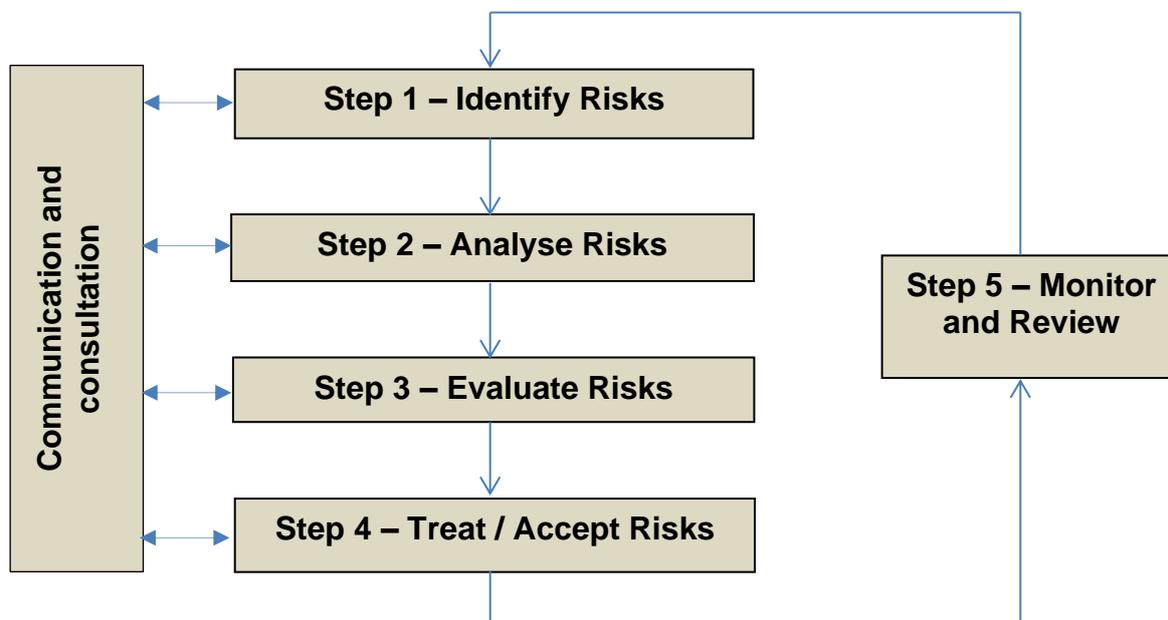
All CCG employees have a duty to comply with the CCG's strategies, policies and procedures. CCG representatives who are required to register with a professional body must, at all times, act in accordance with that body's code of conduct and standards.

9.13 Internal Audit

Internal Audit supports the risk management and assurance process by evaluating its effectiveness and recommending improvements. Specifically, the internal audit process supports and facilitates the identification of risks *and* the development of the required processes and procedures to respond to risks. It also plays a key role in encouraging best practice and benchmarking the CCG's systems and processes against its peers.

10. RISK MANAGEMENT PROCESS

The CCG's risk management process is illustrated in the following chart:



10.1 Identifying Risk

Identification of risk is the first part of an effective risk management and assurance strategy. Risk identification establishes the organisation's exposure to risk and uncertainty. There is no one 'correct' way to identify risks and therefore, the use of different methods by different staff groups is generally more successful. The identification of risks is the responsibility of all CCG staff and will be done both proactively (for example, via regular planning and management activities) and reactively (for example, in response to inspections, alerts, incidents and complaints).

The types of risk that the CCG might encounter and need to mitigate against include, but are not limited to the following examples:

Strategic	A significant risk that will impact on the delivery of the strategic objectives.
Corporate	Risks associated with the fulfilling of statutory duties and associated accountabilities.
Operational	A key risk which impacts on the delivery of team objectives and associated operational delivery.

Financial	Associated with the achievement of planned surpluses, reduction in costs and revenue growth.
Reputational	Associated with the quality of services, communication with customers, CCG representatives and stakeholders.
Environmental	Risks associated with the well-being of CCG representatives and visitors whilst using CCG premises.

Additional factors to be considered when identifying risk include:

- The nature and complexity of the activity undertaken;
- The adequacy of internal control systems;
- The CCG's vulnerability to external factors outside of its control; and
- The adequacy of business continuity plans.

10.2 Risk Analysis

Once risks have been identified and categorised they are assessed in terms of their likelihood and their potential impact on the CCG at a departmental, directorate and corporate level using the method shown above. The outcome of the risk analysis is used to rate the significance of the risk and prioritise risk treatment. Where the analysis indicates that there is a risk to the strategic goals of the CCG then these should be brought to the attention of a member of SLT and consideration given to adding it to the CRR or GBAF as appropriate.

10.3 Risk Evaluation and Scoring

The risk assessment will reflect both the likelihood and any consequences of the risk and its potential to:

- Cause death, injury or ill health to individuals or groups;
- Result in civil claims / litigation against the CCG, a Governing Body Member, or member of staff;
- Result in enforcement action to the CCG;
- Cause damage to the environment;
- Cause property damage / loss;
- Impact on the day to day operational issues of the CCG;
- Result in reputational damage for the CCG.
-

Risks will be graded using the CCG's risk matrix (Appendix 2).

The level of risk is assessed by judging the **likelihood** of the residual risk occurring and **consequences** for the CCG should the event occur. This assessment results in an overall score ranging from 1 to 25 and a risk level of low, moderate, high or extreme.

10.4 Risk Treatment

Risk treatment involves developing a range of options for mitigating the risk, assessing those options, and then preparing and implementing action plans. In treating risks, the CCG may take one of the following approaches:

Transfer -	Implementing a strategy that shares or transfers the risk to another party or parties (e.g. outsourcing the management of physical assets, developing contracts with service providers or insuring against the risk). The third-party accepting the risk should be aware of and agree to accept this obligation.
Terminate -	Deciding not to proceed with the activity that introduced the unacceptable risk, choosing an alternative more acceptable activity that meets business objectives, or choosing an alternative less risky approach or process.
Treat -	Implementing a strategy designed to reduce the likelihood or consequence of the risk to an acceptable level (where elimination is considered to be excessive in terms of time or expense).
Tolerate -	Making an informed decision that the risk rating is at an acceptable level or that the cost of the treatment outweighs the benefit. This option may also be relevant in situations where a residual risk remains after other treatment options have been put in place. No further action is taken to treat the risk, however, ongoing monitoring is recommended.
Accept -	Making an informed decision, that despite all of the controls in place to mitigate the risk, and despite the completion of all planned actions, a risk will still remain but will be mitigated to a level that the organisation can accept.

Controls should be sufficient to ensure that risks to the delivery of strategic or operational objectives of the organisation are not compromised. Where controls are insufficient and could affect the ability to deliver key objectives, then escalation of the risk should take place.

10.5 Risk Review and Management Responsibility

The treatment of risks and responsibility for their management will depend upon the risk level assessed. As already established in this strategy, each risk will be assigned an 'owner' at the point of entering onto the risk register.

Actions to mitigate and further control the risk should be added to the risk assessment. Action owners (who may be different to the risk owner) will be responsible for ensuring actions are completed in accordance with the agreed timescales. All updates, including progress against mitigating actions and changes to the risk score will be recorded on the risk register.

The minimum frequency of risk review will be determined by the risk rating, as illustrated in the table below:

Level of Risk	Managed / Reviewed By	Review Frequency
1-3 (Low)	Team / individual	Annually
4-6 (Moderate)	Line managers	Bi-annually
8-12 (High)	Relevant Senior Manager	Quarterly
15-25 (Extreme)	Relevant SLT member	Monthly

Extreme risks will require immediate intervention. Risks identified as ‘Extreme’ will be recorded on the CCG’s CRR and should be escalated immediately by the relevant member of the SLT, who will be accountable for the appropriate response / action. This could potentially include suspending the risk-related activities (unless the suspension could trigger an even higher risk to the CCG).

Any risk which is assessed as having a consequence score of ‘5’ should be reviewed on a monthly basis (as a minimum), either at committee level or SLT level to ensure adequate oversight, monitoring and escalation planning. Results of these reviews will be reported to the Audit and Risk Committee to provide additional assurance of consistent practice and process.

Programme risks will be considered at all levels and detailed on all ‘Form 1s’ used to approve the implementation of a project. Risks associated with the project that score ‘9’ or above (or have an impact score of ‘4’ or above) will undergo a full risk assessment and consideration given as to its inclusion on an operational risk register (or escalated further if necessary).

‘High’ and ‘Extreme Risks’ which have remained ‘static’ (i.e. no progression) over a period of three reporting periods will be subjected to a more stringent review by the Governing Body. In these circumstances ‘risk owners’ will be required to provide an extensive narrative (to be included in the CRR management report) which describes why the risk score has remained static and provides assurance in terms of mitigation and target dates. In these circumstances, risk owners may be asked to present their findings at a subsequent meeting of the Governing Body.

11.0 Risk Appetite and Tolerance

Risk appetite is the level, amount or degree of risk that an organisation is willing to tolerate in order to meet their objectives. The CCG applies four dimensions in relation to ‘risk appetite’.

High Tolerance, Low Confidence	Do not expend significant effort developing mitigations
Low Tolerance, Low Confidence	Take the earliest possible action to prevent risk rising
High Tolerance, High Confidence	Take a balanced and proportionate approach to the amount of effort required for developing mitigations
Low Tolerance, High Confidence	Take all available actions to mitigate the risk at all times

11.1 Risk Appetite Statement

The CCG has no appetite for fraud and zero tolerance for regulatory breaches. This also includes safeguarding and information governance risks.

Whilst the CCG is committed to reducing all risks to levels as low as reasonably practicable, it will tolerate overall levels of risk where action is not cost effective or reasonably practicable.

The CCG may take considered risks where the long-term benefits outweigh the short-term losses. In these cases there must be sufficient evidence of the skills, ability and knowledge in place to support and manage the risk *if* by doing so supports innovation and maximises opportunities for overall improvement. The GBAF will measure each risk against its appetite and will be used to drive the Governing Body meetings and remind members of the risk tolerance that has been set.

12. RISK REGISTERS AND ASSURANCE FRAMEWORKS

The CCG will hold and maintain risk registers to effectively capture, manage and escalate those risks that have been identified as affecting the delivery of the Group's strategic objectives and associated delivery plans.

The CCG holds the following key documents for the management of risk:

- **Governing Body Assurance Framework (GBAF):** contains the significant principal risks that could impact on the CCG achieving its strategic objectives;
- **Corporate Risk Register (CRR):** contains all risks which could impact on the CCG's delivery of the operational plan or statutory targets;
- **Committee Risk Registers:** contains risks which are specific to the delivery of the relevant committee's work plan or its effectiveness;
- **Fraud Risk Register:** contains all fraud related risks to the organisation as identified by the CCG's Anti-Fraud Fraud Specialist (AFS) under standard 1.4 of the NHS Counter Fraud Authority's Standards for Commissioners.

The Audit & Risk Committee has authority to, at any time, request another Committee's Risk Register for review and scrutiny with the aim of seeking assurances that the CCG's processes and systems of internal control continue to meet both organisational and NHS requirements.

The CCG will use the GBAF as the primary tool for demonstrating that the principal risks to the strategic objectives are being managed effectively. The GBAF is treated as a 'live' document and is updated to reflect changes in the risks as they occur. In this respect, risks will be reviewed by the SLT prior to the GBAF submission to the Governing Body.

12.1 Risk Monitoring and Reporting

Risk Registers will be reviewed, monitored, challenged and reported at the appropriate level (as set out in section 10.5). Monitoring will be undertaken by the Corporate Services and Governance team to ensure that all risks are managed in accordance with their review date.

The risk rating should gradually decrease towards the target risk score as the planned actions start to be completed. Where this is not reducing, the actions to mitigate the risk will need to be reviewed to ensure they are appropriate. Where review and challenge indicates that the score is likely to increase or decrease, this should be managed in accordance with the responsibilities set out in section 10.5.

12.2 Escalation and De-escalation / Removal of Risks

The Corporate Services and Governance Team should be notified of any decisions to escalate risks from Committee/Directorate level to the CRR. Committees and Directorates will be expected to maintain a documented audit trail of any risks which are escalated to the CRR, along with the rationale for escalation. Similarly, Committees and Directorates will be expected to maintain a documented audit trail for any risks which are removed from risk registers at this level.

12.3 Closing Risks

Risks will only be closed if the risk has been eliminated. Most commonly, risks will not be eliminated entirely but the potential impact of the risk will be managed to an 'acceptable' level. Risk owners will remain responsible and accountable for any 'accepted' risks and must follow the steps outlined in 12.2 above and in consideration of the risk appetite and tolerance principles set out in section 11.

Where actions have reduced the risk but the 'residual risk' remains at a corporate level and it is agreed that no further action can be taken to reduce the risk, the recommendation to close it (whilst accepting the risk) must be approved by SLT.

13. MANAGING RISKS ACROSS ORGANISATIONAL BOUNDARIES

The CCG recognises that risk is increased when working in partnership or across organisational boundaries. The CCG is committed to working closely and

collaboratively with its partner organisations to ensure that clarity of role, responsibility and accountability exists where risks occur.

The CCG will endeavour to involve organisations in all aspects of risk management as appropriate. Where partnership agreements are developed, risk management will be specifically addressed and the statement will be explicit in detailing how the risk management structures and systems link to the organisation, including how decisions will be made and which partner will lead on all or specific risks.

14. COMMUNICATION PLAN

The Risk Management and Assurance Strategy will be published on the CCGs intranet and external facing website. Promotion of this strategy document will be conducted through established communication channels including, but not limited to:

- CCG staff events and forums;
- Formal CCG Communication Bulletins;
- Staff Induction Packs;
- CCG Governance Handbook;
- Team briefings/meetings

15. TRAINING

Training to ensure competency at all levels of an organisation is recognised as one of the most cost effective controls for good risk management. All staff will receive basic risk management training as part of the induction process. Ongoing training will be mandated as part of the Electronic Staff Record (ESR) compliance requirement and on the need of individual roles (as appropriate) thereafter. The Corporate Services and Governance Team will provide support to all staff in the management of risk and will retain any records of training delivered. Bespoke training in risk management is available to all CCG Directorates on request from the Corporate Services and Governance Team.

16. MONITORING THE EFFECTIVENESS OF THE POLICY

Through the Governance Handbook (link detailed in Appendix 3) the CCG Governing Body will monitor the effectiveness of the Risk Management and Assurance Strategy through the following mechanisms:

- CCG Annual Report;
- Annual Governance Statement;
- Governing Body Assurance Framework (GBAF)
- Corporate Risk Register (CRR);
- Risk Management Reports;
- Internal and External Audit Reports (including 'Benchmarking Reviews')
- Minutes from related committees and groups;
- Performance/exception reports.

The Audit and Risk Committee will monitor compliance with the Risk Management & Assurance Strategy through Committee papers received throughout the financial year.

The Committee may commission internal audits or seek further assurance and action from officers in areas where there may be a lack of compliance and/or assurance.

17. POLICY REVIEW ARRANGEMENTS

This document is scheduled to expire on 30th June 2022 (pending Royal Assent and implementation of the Health & Social Care Bill). Should the time frame for CCGs' Closedown and Transfer to ICBs extend beyond 1st July 2022 this policy will be reviewed in light of those developments.

18. PUBLIC SECTOR EQUALITY DUTY

NHS Liverpool CCG aims to design, commission, procure and implement services, policies and measures that meet the diverse needs of our population and workforce, ensuring that none are placed at a disadvantage over others. All policies and procedures should be developed in line with the Single Public Sector Equality Duty to eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations.

Appendix 1 - Definitions

Risk	An event or circumstance, which could cause harm or loss, or affect the ability of the organisation to achieve its objectives. A risk is measured in terms of likelihood and impact.
Risk Management	The culture, framework, processes and structures that are directed towards effective management of potential opportunities and adverse effects faced by the organisation.
Risk Assessment	A systematic process of evaluating and analysing the potential likelihood and impact of risks (or hazards).
Risk Appetite	The level, amount or degree of risk that an organisation is willing to take in order to meet their strategic objectives. It represents the balance between the potential benefits of innovation and the threats that change inevitably brings. This is also reflective of the
Risk Register	A central repository, which captures information such as risk likelihood, consequence, actions to mitigate and manage the risk.
Corporate Risk Register	A record of the organisation's identified 'active' risks, with details of their assessment (risk score) and how the risk is being managed. Risks may not be necessarily linked to the CCG's strategic objectives but could affect their achievement in other and less obvious ways.
Governing Body Assurance Framework (GBAF)	Document, which acts as the key source of evidence that links the CCG's strategic objectives to risks and assurances, and is the primary method by which the Governing Body demonstrates it is discharging its overall responsibility for internal control.
Assurance	Confidence, evidence or guarantee that a risk is being managed appropriately.
Control	Measures, which prevent or reduce the risk. Once actions on risk mitigation / addressing gaps are completed these will become controls.
Risk Score	An overall measurement of the severity level of a risk.
Inherent Risk	The 'untreated' risk score (i.e. if no controls were in place).
Residual Risk	The risk score remaining after the implementation of controls.
Extreme Risk	Risks which, if they occur, will have a serious impact on the CCG and threaten the achievement of its objectives.

Appendix 2 - Risk Matrices

Table 1 – Likelihood Score (L)
What is the likelihood of the risk occurring

Likelihood score	1	2	3	4	5
Descriptor	Rare	Unlikely	Possible	Likely	Almost Certain
Frequency	This will probably never happen / occur	Do not expect it to happen 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

Table 2 - Consequence Score

Consequence Score for the CCG if the event happens		
Level	Descriptor	Impact Description
1	Negligible	<ul style="list-style-type: none"> None or very minor injury. No financial loss or very minor loss up to £100,000. Minimal or no service disruption. No impact but current systems could be improved. Close to achieving target with no impact on external reputation. Decision affecting contracts, finance, contracts, quality or governance has no impact on CCG's statutory responsibilities. No Impact on the CCG's reputation or influence as a 'system leader'.
2	Minor	<ul style="list-style-type: none"> Minor injury or illness requiring first aid treatment e.g. cuts & bruises where liability would rest with CCG. A financial pressure of £100,001 to £500,000. Some delay in provision of services or delivery of programme/corporate objectives. Possibility of complaint or litigation. CCG criticised, but with minimum impact on organisation's reputation Minimum impact on the CCG's reputation or influence as a 'system leader' Decision affecting contracts, finance, contracts, quality or governance may have some impact on the CCG's transformation towards a strategic commissioner.
3	Moderate	<ul style="list-style-type: none"> Moderate injury or illness, requiring medical treatment (e.g. fractures) where liability would rest with CCG. Moderate financial pressure of £500,001 to £1m. Moderate delay in provision of services or delivery of programme/corporate objectives. Could result in legal action or prosecution. Event leads to adverse local external attention e.g. HSE, media & potential regulator enquiry. Decision affecting contracts, finance, contracts, quality or governance may impact upon the CCG's reputation and / or influence as a system leader.
4	Major	<ul style="list-style-type: none"> Serious harm to patients due to poor commissioning decisions of CCG. Major financial pressure of £1m to £2m. Major service disruption/closure of commissioned healthcare services which CCG is accountable for. Potential litigation or negligence costs over £100,000 not covered by NHSLA. Damage to CCG reputation in the short term with key stakeholders, public & media. Decision affecting contracts, finance, contracts, quality or governance may significantly impact upon or impede the reputation and / or influence as a system leader.
5	Catastrophic	<ul style="list-style-type: none"> One or more fatalities due to poor commissioning decisions or actions of CCG. Significant financial pressure of above £2m. Extended service disruption/closure in commissioned healthcare services CCG is accountable for. Potential litigation or negligence costs over £1,000,000 not covered by NHSLA. Long term & severe risk to CCG's reputation with key stakeholders, public & media Non-achievement of key target(s) or non-delivery of statutory functions which would place CCG sustainability/continued authorisation at risk. Decision affecting contracts, finance, contracts, quality or governance majorly impedes and/or delays the CCG's reputation and / or influence as a system leader.

Table 3 – Event Grading Matrix

Risk scoring = likelihood x consequence (L x C)

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

For grading risk, the scores obtained from the risk matrix are assigned grades as follows:

* As part of the CCG's commitment to managing risks which carry a 'catastrophic' impact, all risks with a consequence score of '5' will be regarded as 'extreme risks' and managed / reported accordingly.

1 – 3	Low risk
4 – 6	Moderate Risk
8 – 12	High Risk
15 – 25	Extreme Risk

Document	Found at
Liverpool CCG Constitution (public website)	https://www.liverpoolccg.nhs.uk/media/4285/lccg-constitution-2019.pdf
Liverpool CCG Constitution (intranet)	http://nww.liverpoolccg.nhs.uk/media/2991/lccg-constitution-2019.pdf
Liverpool CCG Governance Handbook (includes all committee terms of reference and Scheme of Reservation and Delegation (SoRD) (public website)	https://www.liverpoolccg.nhs.uk/media/4292/governance-handbook-2019.pdf
Liverpool CCG Governance Handbook (intranet)	http://nww.liverpoolccg.nhs.uk/media/3043/governance-handbook-2019.pdf
Risk Assessment Form Template	Link to be added

Appendix 4 – Risk Assessment & Scoring Guidance

1. Introduction

It is essential to ensure that the effort and resources spent on managing risk is proportionate to the risk itself. Identifying risk and the most cost effective means of minimising or removing it requires a consistent, systematic risk analysis and evaluation which estimates the consequence and likelihood in the context of existing control measures. The rating of any given risk is calculated using a two-dimensional assessment grid or matrix. The risk matrices adopted by NHS Liverpool CCG are based on recognised NHS best practice and nationally used by NHS organisations. The main benefits of using this model are:

- Simple to use;
- Provides consistent results when used by staff from a variety of roles or professions, and;
- Capable of assessing a broad range of risks including commissioning risk, clinical risk, health & safety, financial and/or reputational risk.

This guidance can be used for improving the consistency and scope of risk assessments already in place or for training purposes.

2. Describing the Risk

This is invariably the most difficult part of the risk assessment process – actually describing the risk in a way that captures what is being assessed ('of what, from what and to whom?') The scope of any risk assessment should be clearly defined at the outset. All those involved in the assessment should agree on what is being assessed; it may also help to take into account things that have gone wrong in the past (such as any near-miss incidents). As a rule of thumb, try to avoid (where possible) starting a risk description with "*Failure to...*" or "*Failure of...*" Describing a risk as a 'failure to...' often only serves to provide the converse of an objective. The risk could actually be multi-faceted and driven by a lack of resource, lack of contingencies, reserves or capacity (or all of these combined).

3. Consequence Scoring

For any risk assessment it is necessary to measure how severe the impact of the risk will be on the organisation should it occur. In this context the 'consequence' is generally the outcome, or the potential outcome of the event. There may be any number of consequences linked to a single event and their assessment should therefore be matched to specific operational and strategic objectives where possible to maintain a level of consistency in the risk assessment process. More often than not, the scoring of risk consequences will involve a certain degree of subjectivity; even where there is ample qualitative and/or quantitative data available to define the organisational 'impact' more clearly. The use of relevant, realistic and recent examples of the types and severity of consequences should therefore form part of the assessment, which should in turn improve the consistency of scoring across the CCG.

4. Key Controls

These should be the factors, systems or processes that are in place to mitigate the principal risk(s) and assist in securing delivery. Key controls should be robust and specific and properly match the associated key objective(s). For example; a sub-committee or committee of the Governing Body which is tasked with monitoring the specific risk or a specific policy document.

5. Risk Scores

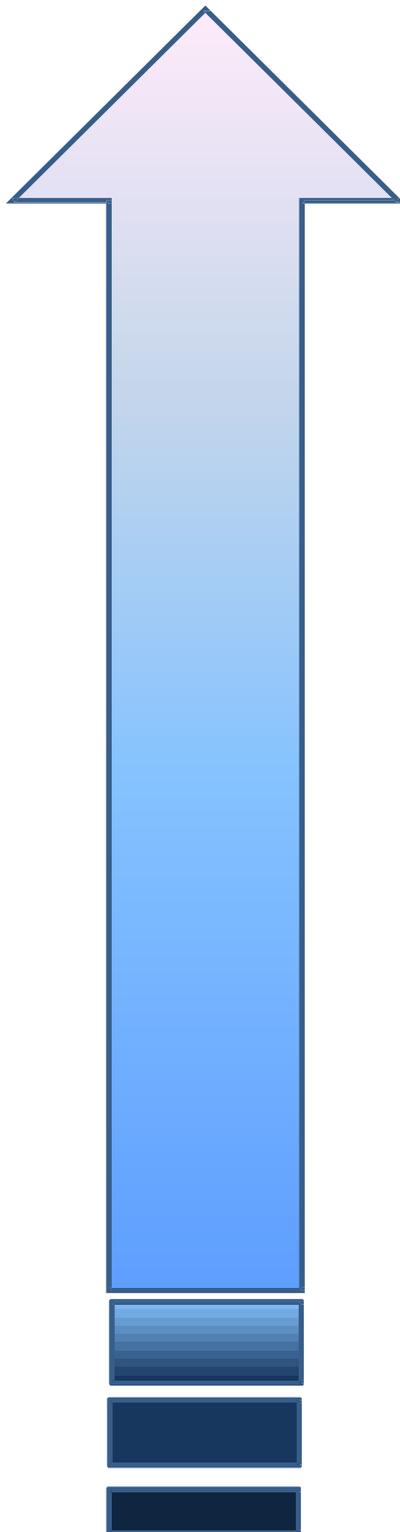
Risk scores are not intended to be precise mathematical measures of risk, but they are crucial when prioritising the mitigating actions. The guidance below is by no means prescriptive and it should be noted that the Governing Body is ultimately responsible for defining the level of acceptable risk:

Low Risk (Green)	Quick, easy measures which can be implemented immediately and further action planned for when resources permit.
Moderate Risk (Yellow)	Actions should be implemented as soon as possible, and no later than the next financial year.
High Risk (Orange)	Actions implemented as soon as possible with immediate escalation to the Corporate Risk Register. Mitigating actions & risk treatment should be reviewed monthly until de-escalation to acceptable level or when risk is 'closed'.
Extreme Risk (Red)	Requires urgent action. Governing Body is made aware by immediate escalation to Corporate Risk Register. Governing Body implements immediate corrective action. Continued assurance on actions and control measures reported to Governing Body via Corporate Risk Register & Assurance reporting structure.

6. Reducing Risks to an Acceptable Level

When risks are balanced against the benefits and whether there is a more suitable alternative to acceptance, it is often difficult to judge the level of risk that can be tolerated. For example, it is reasonable to accept a level of risk if the risk from all other alternatives (including doing nothing) is even greater. In general terms, a risk is not acceptable if there is a reasonable alternative that offers the same benefits but avoids the risk. Inevitably, a risk may become unacceptable over time or because circumstances change.

7. Risk Maturity Definitions



Level 5 - Risk enabled

Driven by the Governing Body, staff at all levels actively consider issues of risk in all areas of activity and develop control and assurance processes to manage those risks/ Risk management and internal controls fully embedded into the operations.

Level 4 – Risk managed

Staff throughout the CCG are aware of the importance and the organisation's response to risk/Enterprise approach to risk management developed and communicated.

Level 3 – Risk defined

The CCG has considered risk management, and put in place strategies led from a risk management team/ Strategy and policies in place and communicated. Risk appetite defined.

Level 2 – Risk aware

The CCG is aware of risk management responsibilities, and needs to embed systems/ Scattered silo based approach to risk management.

Level 1 – Risk naïve

The organisation has little or no awareness of the importance of risk management/ No formal approach developed for risk management.

Appendix 5 – Risk Tolerance & Impact Dimensions

Risk Levels	Avoid (0)	Minimal (1)	Cautious (2)	Open (3)	Seek (4)	Mature (5)
	Avoidance of risk is a key CCG objective	Preference for ultra-safe delivery options with low degree of inherent risk and only for limited reward potential	Preference for safe delivery options with low degree of inherent risk and may only have a limited potential for reward	Willing to consider all potential delivery options while providing an acceptable level of reward and VFM	Eager to innovate and to choose options offering potentially higher rewards (despite greater inherent risk)	Confident in setting high levels of risk appetite because controls, forward scanning and system responses are robust
Financial Risk/VFM	Avoidance of financial loss is a key CCG objective. Only willing to accept the low cost option. VFM is of primary concern as is statutory compliance.	Only prepared to accept the possibility of very limited financial loss if essential. VFM is of primary concern.	Prepared to accept possibility of some financial loss (providing no breach of statutory financial duty) but willing to consider benefits or constraints.	Prepared to invest for return an minimise the possibility of financial loss by managing risk to 'tolerable' level. Resources allocated in order to capitalise on opportunities	Investing for the best possible return and accept the possibility of financial loss (with controls in place). Resources allocated without firm guarantee of return.	Consistently focussed on the best possible return for stake holders. Resources allocated in 'social capital' with confidence that process is a return in itself.
Compliance & Regulatory Requirements	Avoid anything which could be challenged, even unsuccessfully (play safe)	Would have to be certain that any challenge would be successfully won by CCG. Similar situations elsewhere did not lead to a breach of compliance/regulatory requirements	Limited tolerance for 'putting head above the trench' and would need to be reasonably sure that CCG would win any challenge.	Challenge would be problematic but CCG would be likely to win - the gain would outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be considered as a coup.	Consistently pushing back on regulatory burden. Belief that 'front foot' approach informs better regulation.
Quality, patient safety, innovation, outcomes	Very defensive approach to objectives - aim to 'maintain and protect' rather than to create or innovate. Priority is for robust controls and management with avoidance of risks which compromise patient safety/quality despite opportunities for innovation.	Innovation always avoided unless essential or commonplace elsewhere, and only if impact on quality & safety is known. Decision making authority is held by SMT. Acceptance only of essential systems and technology developments to protect status quo.	Tendency to stick with status quo; innovations in practice avoided unless absolutely necessary. Decision making generally rests with SMT.	Innovation supported, with demonstrative improvements in management and control. Responsibility for non-critical decisions may be devolved.	Innovation pursued - desire to 'break the mould' and challenge current thinking and practices. New technologies viewed as a key enabler of operational delivery. Management by trust rather than tight control.	Innovation is the priority - consistently 'breaking the mould' and challenging current working practices. Investment in new technologies acts as a catalyst for operational delivery. Management by trust rather than tight control.
Reputation	No tolerance for any decisions which could lead to external scrutiny of or attention to the CCG.	Tolerance for risk taking limited to those events where there is no chance of significant repercussion for the CCG.	Tolerance for taking risks limited to events where there is little chance of any repercussion for the CCG should there be a failure. Mitigation plans in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of CCG's reputation.	Willingness to take decisions which are likely to bring scrutiny of the CCG but where potential benefits outweigh the risk. New ideas seen as potentially enhancing CCG's reputation.	Track record and investment in communications has built confidence by public, media and politicians that CCG will take difficult decisions for the right reasons with benefits outweighing the risk.
RISK APPETITE	ZERO TOLERANCE	LOW	MODERATE	HIGH	SIGNIFICANT	