

CÙRAM IS SLÀINTE NAN EILEAN SIAR



Meeting: Integration Joint Board Audit Committee
Meeting date: 10 August 2022
Item: 8.1
Title: IJB Risk Register and Risk Management
Responsible Officer: Nick Fayers, Chief Officer Health and Social Care
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1 Purpose

This is presented to IJB Audit Committee for a decision:

- To redefine the IJB Risk Register
- To highlight the interdependent nature of the key risks
- To propose a methodology for Risk Appetite
- To inform the Integrated Joint Board of the Risk Management process going forward.

This Report relates to local policy

Competence

- There are no immediate legal or other constraints to the recommendations being implemented.
- Those given responsibility for completing risk assessments have the requisite skill, knowledge and experience to make certain that appropriate risk assessments are completed.

2 Report Summary

2.1 Situation

Ahead of the development of the 3-year Strategy for the Integration Joint Board (2022-25) the Chief Officer, at the request of the IJB Audit Committee, has agreed to revisit and amalgamate the existing risks in order that the Board and the wider partnership are sighted of the risk profile.

A risk is commonly described as an uncertain future event that could affect the Board's ability to meet its goals, strategic objectives and the directions issued to the parent bodies.

It is intended that once complete this will inform a development session in which the Board will explore and develop both its Risk Appetite and a Risk Management Strategy.

The latter is key to help inform the shaping of future Strategy for the Integration Joint Board and in turn a delivery plan for the Health and Social Care Partnership.

At the time of writing the Chief Officer is sighted of the development of a National Care Service (NCS) and the intention of Scottish Government to have primary legislation in place by the summer of 2022. However, given the lack of detail around possible structures and the governance arrangements surrounding these, the formation of the NCS does not feature as one of the moderated down risks across the activities of the Integration Joint Board.

The current risk register is appended to this Report at Appendix 1 by way of background information. The Chief Officer has reviewed the current risks and the proposed risk register outlined below is predicated on a summary of the current risks in order to build a robust Risk Management Strategy going forward.

As outlined earlier in the Report, the Board utilises the 5*5 risk matrix. In arriving at the amalgamated risks, the following risk scoring matrix has been applied:

Severity					
Catastrophic (5)	Low	Moderate	High	High	High
Major (4)	Low	Low	Moderate	High	High
Moderate (3)	Very Low	Low	Moderate	Moderate	High
Minor (2)	Very Low	Low	Low	Low	Medium
Negligible (1)	Very Low	Low	Low	Low	Low
Likelihood	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)

When considering the scoring matrix, good practice indicates that the likelihood and severity scores should be supported with a richer descriptor which helps inform the risk rating. Therefore, it is recommended that the following descriptors will help inform the total risk score:

Likelihood	Rare	Unlikely	Possible	Likely	Almost Certain
Probability	0-15%	16-35%	36-60%	61-80%	81-100%
Chance of occurrence	Hard to imagine	Unlikely to happen	Reasonable chance of occurring	More likely to occur than not	Hard to imagine not happening
Timeframe	Greater than 5 years	Between 3-4 years	Likely between 2-3 years	Likely between 1-2 years	Likely within 6-12 months

Impact	Negligible	Minor	Moderate	Major	Catastrophic
Effect on outcomes	Minimal Impact	Minor short-term effect	Part failure to achieve outcomes	Significant failure to achieve outcomes	Unable to meet delegated service delivery
Reputational damage	None	Minor	Moderate loss of confidence locally	Major loss of confidence nationally/ adverse publicity	Severe loss of confidence. Significant damaging/ adverse public outcry
Regulatory Impact	Verbal guidance /advice	Formal recommendation from regulator(s)	Improvement notice/ Findings Audit Scotland	Failure in duty of care/ Remedial order	Corporate Homicide (Scotland 2007)

In addition to the risk matrix, it is helpful to understand the most common treatment options when reviewing individual risks. The summary is outlined below:

- **Decrease the risk** – this option is the most common, and it includes implementation of safeguards (controls).
- **Avoid the risk** – stop performing certain tasks or processes if they incur such risks that are simply too big to mitigate with any other options. This may be an option in certain circumstances, however given the statutory obligations of the IJB this may not be possible.
- **Share the risk** – this means transfer of the risk to another party. For certain of the delegated services, it may be possible to adopt a risk sharing approach.
- **Retain the risk** – this is the least desirable option, and it means that the board accepts the risk without doing anything about it. This option should be used only if the mitigation cost would be higher than the damage an incident would incur.

2.2 Background

The IJB Risk Register is the mechanism to identify and manage the high-level strategic risks facing the Board and the wider Health and Social Care Partnership. The function of the risk register is to identify and define the overarching risks as the parent organisations have their own individual Corporate Risk Registers.

A risk can best be defined as an uncertain future event that could affect the Board's ability to deliver its strategy and obligations.

Risks are evaluated in terms of both likelihood and impact utilising a 5*5 matrix (originally defined by Garvey, P.R. and Lansdowne, Z.F. (1998)).

Using this matrix risks are evaluated on a score of 1 to 5 where 1 represents very low likelihood or very low impact and 5 represents very high likelihood or significant impact. A simple matrix is used to classify risks as very low, low, moderate or high. It is important to note that a risk register should contain a narrative that enables the Board to understand what gives rise to the particular strategic risks and how the scoring is derived.

1 - 4	Very Low Risk
5 - 8	Low Risk
9 - 12	Moderate Risk
15 - 25	High Risk

2.3 Assessment

The proposal outlined below seeks to amalgamate the Board's current risk register into a ratified set of risks that accurately describes the current risk profile facing the board. In turn, this will inform the Board's risk appetite and the development of a risk management framework and strategy going forward.

Good practice indicates that there are positive advantages to developing a risk management framework. One possible approach is to adopt Enterprise Risk Management (ERM) which is a framework implemented to embed the Board's appetite towards risk. ERM allows the Board to respond to issues as they arise.

Given the dynamic operating environment in which the Health and Social Care Partnership delivers service, this approach is recommended.

The IJB currently adopts this approach through management oversight, internal audit and external audit i.e. Audit Scotland. This approach can be described as lines of defence with the first line of defence being operational activity through management controls, the 2nd management oversight, 3rd internal audit and 4th external audit.

Alongside the above it is important to allocate ownership of the identified risks and determine the 'inherent' risk score for each of the risks using the matrix outlined earlier.

2.3.1 Quality/ Patient Care

Without the presence of a formal Risk Register, the Partnership would have a limited understanding of the impact of current risks on both the individual's care and that of services.

2.3.2 Workforce

The inability to attract and retain the workforce to deliver delegated services has profound consequences for the Health and Social Care Partnership.

2.3.3 Financial

Risk of insufficient financial resources in order for the Partnership to deliver its statutory obligations.

2.3.4 Risk Assessment/Management

No partnership/organisation can achieve its strategic objectives without a degree of risk, however it is of fundamental importance to consciously manage the risks.

The Board's risk appetite is about determining:

- what risks are acceptable/desirable
- what risks the Board is not prepared to take.

2.3.5 Revised Risk Register Overview

The current risk register has 11 risks (see Appendix 2). The Chief Officer has reviewed the current risks in light of the emerging landscape both locally and nationally (notwithstanding the ongoing challenges and impact of COVID-19) in addition to consulting external expert in the field of risk management.

The previous risks have been reviewed and amalgamated into 5 new key risks that face the Board and the Health and Social Care Partnership:

Strategic Risk	Description	Risk Score
SR1	Failure to plan for strategic change. There are 4 key drivers which impact this risk, namely: capacity, capability, expertise and resource within the H&SCP.	20
SR2	Workforce. Inability to attract and retain the workforce to deliver delegated services. Key reference to underpinning requirements as determined in the Health and Care Act and 5 Care Standards.	20
SR3	Increase in demand for services. This is driven by increasing in the aging demographic of the island population and the increase in wider community health debt as a result of COVID-19.	12
SR4	Insufficient financial resources in order for the Partnership to deliver its statutory obligations, given the different funding mechanisms of the two parent bodies set alongside the National Spending Review and the previous reliance on reserves to deliver financial balance.	16
SR5	Organisational, professional and cultural barriers inhibit the ability of the H&SCP and in turn the Board to develop services and deliver on strategic ambition.	9

2.3.5 Equality and Diversity, including Health Inequalities

An impact assessment has not been completed because a risk register in itself would take account of issues pertaining to equality and diversity.

2.3.6 Other Impacts

It is of significant importance not to consider the risks in isolation of each other. Notably, the interdependent nature of strategic risks 2, 3 and 4 are considerable. Risk treatment actions require to be carefully defined in light of this relationship.

Further information of the individual risks can be found in Appendix 1 to the Report.

2.3.7 Communication, Involvement, Engagement and Consultation

The Board, subject to approval, intends to share a copy of the Risk Register with all relevant stakeholders.

2.3.8 Route to the Meeting

This has been previously considered by the following groups as part of its development. The groups have either supported the content or their feedback has informed the development of the content presented in this Report.

- IJB Audit Committee, 9 February 2022

2.4 Recommendation

The IJB Audit Committee is asked to:

- 1 note the current position and revised risks;
- 2 support the establishment of the proposed new risk register.

3 List of Appendices

- Appendix 1 - Current Risk Register