
Report To: Inverclyde Integration Joint Board **Date:** 18 August 2016

Report By: Brian Moore
Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJB/40/2016/LA

Contact Officer: Lesley Aird **Contact No:** 01475 712744

Subject: RISK MANAGEMENT POLICY AND STRATEGY

1.0 PURPOSE

- 1.1 The purpose of this report is to seek approval of the enclosed risk management policy and strategy and provide an update on the development of the Inverclyde Integration Joint Board (IJB) Strategic Risk Register.

2.0 SUMMARY

- 2.1 The Integration Scheme refers to the model risk management policy which was developed by an NHS Greater Glasgow & Clyde IJB Chief Finance Officer working group named the Technical Finance Working Group (TFWG).
- 2.2 On 10 August 2015, the IJB considered an initial draft of the enclosed Risk Management Policy and Strategy. The policy has now been updated and adapted to reflect the Inverclyde position.
- 2.3 The Integration Scheme stipulates that the first integrated risk register should be presented to the IJB within six months following the delegation of functions to the IJB. It is proposed that this be discussed and developed further at an IJB development session later this year.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Integration Joint Board:
1. Notes the contents of the report;
 2. Approves the enclosed Risk Management Policy and Strategy, and
 3. Agrees to discuss and finalise the IJB Risk Register at a future IJB development session in 2016.

Brian Moore
Corporate Director (Chief Officer)

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

- 4.1 As reported to the IJB in August 2015, a model or 'specimen' Risk Management Policy and Strategy has been developed in collaboration with Health and Local Authority colleagues across the NHS Board area that would be tailored to reflect circumstances in each Partnership.
- 4.2 The work to tailor the risk management arrangements for Inverclyde was completed over the past couple of months, following the appointment of the Chief Financial Officer. The resulting combined Risk Management Policy and Strategy is attached at Appendix 1.

5.0 KEY MESSAGES FROM THE POLICY AND STRATEGY

- 5.1 Good risk management will prevent or mitigate the effects of loss or harm and will increase success in the delivery of better clinical and financial outcomes, objectives, achievement of targets and fewer problems.
- 5.2 The IJB should seek to promote an environment that is risk 'aware' and that strives to place risk management information at the heart of key decisions.
- 5.3 Strategic risks will represent the potential for the IJB to achieve (opportunity) or fail to meet (threat) its desired outcomes and objectives as set out within the Strategic Plan.
- 5.4 Operational risks will represent the potential for impact within or arising from the activities of an individual service area or team operating within the scope of the IJB's activities. Parent bodies will retain responsibility for managing operational risks as operational risks will be more 'front-line' in nature and the development of activities and controls to respond to these risks can be led by local managers and team leaders.
- 5.5 All risks will be analysed and scored consistently in line with the Inverclyde Council approach as being Low, Medium, High or Very High based on the following scoring mechanism:

Risk Impact	Likelihood
1 – Insignificant	1 – Rare
2 – Minor	2 – Unlikely
3 – Moderate	3 – Possible
4 – Major	4 – Probable
5 – Catastrophic	5 – Almost Certain

- 5.6 Risks will be owned by/assigned to whoever is best placed to manage the risk and oversee the development of any new risk controls required.
- 5.7 The risk register will be reported through the Audit Committee every six months (from 2017/18 onwards this will be at the beginning of year and a mid year update).

6.0 RISK REGISTER

- 6.1 A draft Risk Register for the IJB is being developed by officers. This will be formally discussed and refined at a risk management workshop to be arranged as part of an IJB development session later in the year.

7.0 IMPLICATIONS

7.1 Finance

There are no specific financial implications arising from this report..

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

Legal

- 7.2 There are no specific legal implications arising from this report.

Human Resources

- 7.3 There are no specific human resources implications arising from this report.

Equalities

- 7.4 There are no equality issues within this report.

8.0 CONSULTATION

- 8.1 This report has been prepared by the IJB Chief Financial Officer. The Chief Officer and Heads of Service have been consulted.

9.0 BACKGROUND PAPERS

- 9.1 None.



Inverclyde Integration Joint Board

Risk Management Policy and Strategy

Version No.	1.0	Review Date:	00/00/0000
Date Effective:	00/00/0000		

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Policy – the risk management approach

1.1 The **Inverclyde** Integration Joint Board is committed to a culture where its workforce is encouraged to develop new initiatives, improve performance and achieve goals safely, effectively and efficiently by appropriate application of good risk management practice.

1.2 In doing so the Joint Board aims to provide safe and effective care and treatment for patients and clients, and a safe environment for everyone working within the Joint Board and others who interact with the services delivered under the direction of the Joint Board.

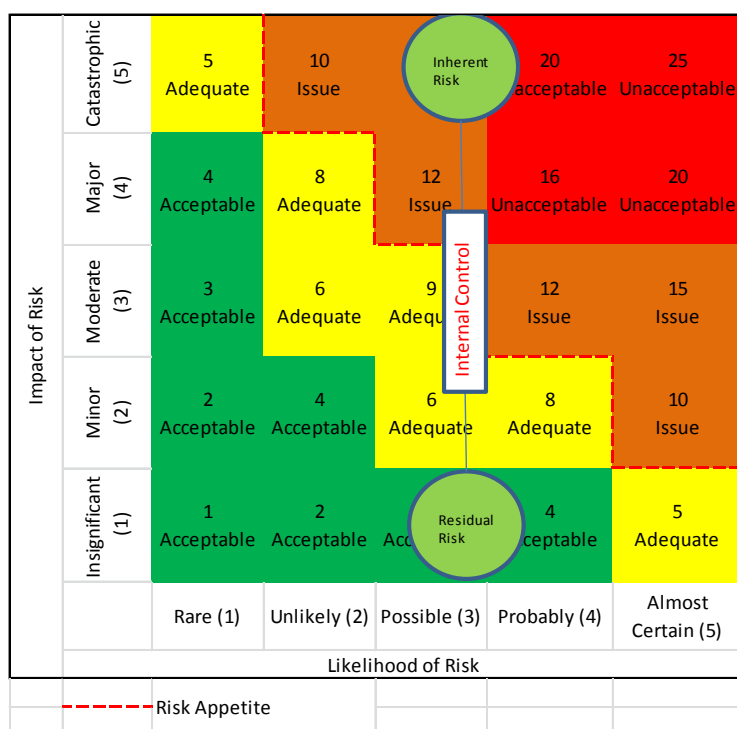
1.3 The Integration Joint Board believes that appropriate application of good risk management will prevent or mitigate the effects of loss or harm and will increase success in the delivery of better clinical and financial outcomes, objectives, achievement of targets and fewer unexpected problems.

1.4 The Joint Board purposefully seeks to promote an environment that is risk 'aware' and strives to place risk management information at the heart of key decisions. This means that the Joint Board can take an effective approach to managing risk in a way that both address significant challenges and enables positive outcomes.

1.5 In normal circumstances the Joint Board's appetite/ tolerance for risk is as follows:

Key benefits of effective risk management:

- appropriate, defensible, timeous and best value decisions are made;
- risk 'aware' not risk 'averse' decisions are based on a balanced appraisal of risk and enable acceptance of certain risks in order to achieve a particular goal or reward;
- high achievement of objectives and targets;
- high levels of morale and productivity;
- better use and prioritisation of resources;
- high levels of user experience/ satisfaction with a consequent reduction in adverse incidents, claims and/ or litigation; and
- a positive reputation established for the Joint Board.



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An explanation of the risk scores and how the risk should be managed is as follows:

Level of Risk (Inherent Risk Score)	Indicated By	How risk should be managed
Very High Risk (16 - 25)	Red	Requires active management. High impact/high likelihood: risk requires active management to manage down and maintain exposure at an acceptable level.
High Risk (10 - 15)	Amber	Contingency plans. A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from plan.
Medium Risk (5 - 9)	Yellow	Good Housekeeping. May require some risk mitigation to reduce likelihood if this can be done cost effectively but good housekeeping to ensure the impact remains low should be adequate. Reassess frequently to ensure conditions remain the same.
Low Risk (1 - 4)	Green	Review periodically. Risks are unlikely to require mitigating actions but status should be reviewed frequently to ensure conditions have not changed.

- 1.6 The Joint Board promotes the pursuit of opportunities that will benefit the delivery of the Strategic Plan. Opportunity-related risk must be carefully evaluated in the context of the anticipated benefits for patients, clients and the Joint Board.
- 1.7 The Joint Board will receive assurance reports (internal and external) not only on the adequacy but also the effectiveness of its risk management arrangements and will consequently value the contribution that risk management makes to the wider governance arrangements of the Joint Board.
- 1.8 The Joint Board, through the following risk management strategy, has established a Risk Management Framework, (which covers risk policy, procedure, process, systems, risk management roles and responsibilities).

Strategy - Implementing the policy

1. Introduction

1.1 The primary objectives of this strategy will be to:

- promote awareness of risk and define responsibility for managing risk within the Integration Joint Board;
- establish communication and sharing of risk information through all areas of the Integration Joint Board;
- initiate measures to reduce the Integration Joint Board's exposure to risk and potential loss; and,
- establish standards and principles for the efficient management of risk, including regular monitoring, reporting and review.

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1.2 This strategy takes a positive and holistic approach to risk management. The scope applies to all risks, whether relating to the clinical and care environment, employee safety and wellbeing, financial risk, business risk, opportunities or threats.

1.3 **Strategic risks** represent the potential for the Integration Joint Board (IJB) to achieve (opportunity) or fail to meet (threat) its desired outcomes and objectives as set out within the Strategic Plan, and typically these risks require strategic leadership in the development of activities and application of controls to manage the risk.

1.4 **Operational risks** represent the potential for impact (opportunity or threat) within or arising from the activities of an individual service area or team operating within the scope of the Joint Board's activities. Parent bodies will retain responsibility for managing operational risks as operational risks will be more 'front-line' in nature and the development of activities and controls to respond to these risks can be led by local managers and team leaders. Where a number of operational risks impact across multiple service areas or, because of interdependencies, require more strategic leadership, then these can be proposed for escalation to 'strategic risk' status for the IJB.

1.5 All risks will be analysed consistently with an evaluation of risk based Risk Impact scored 1 to 5 multiplied by likelihood (scored 1 to 5) as follows:

Risk Impact	Likelihood
1 – Insignificant	1 – Rare
2 – Minor	2 – Unlikely
3 – Moderate	3 – Possible
4 – Major	4 – Probable
5 – Catastrophic	5 – Almost Certain

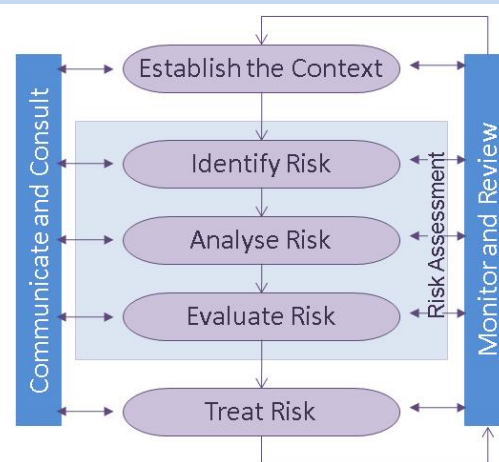
1.6 All risks assessed as scoring 10 or above on the following matrix will be monitored and extreme risk scoring 16 or above will be viewed as significant and therefore subject to closer scrutiny by the IJB Audit Committee.

1.7 This document represents the risk management framework to be implemented across the Joint Board and will contribute to the Joint Board's wider governance arrangements.

2. Risk management process

2.1 Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects¹. It is proactive in understanding risk and uncertainty, it learns and builds upon existing good practice and is a continually evolving process that has an important role in ensuring that defensible and beneficial decisions are made.

2.2 The IJB embeds risk management practice by consistent application of the risk management process shown in the diagram on the right, across all areas of service delivery and business activities.



¹ Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004

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3. Application of good risk management across the IJB activities

- 3.1 Standard procedures (3.1.1 – 3.1.9) will be implemented across all areas of activity that are under the direction of the IJB in order to achieve consistent and effective implementation of good risk management.
- 3.1.1 Full implementation of the risk management process. This means that risk management information should (wherever possible) be used to guide major decisions in the same way that cost and benefit analysis is used.
- 3.1.2 Identification of risk using standard methodologies, and involving subject experts who have knowledge and experience of the activity or process under consideration.
- 3.1.3 Categorisation of risk under the headings below:
- Strategic Risks: such as risks that may arise from Political, Economical, Social, Technological, Legislative and Environmental factors that impact on the delivery of the Strategic Plan outcomes.
 - Operational Risks: such as risks that may arise from or impact on Clinical Care and Treatment, Social Care and Treatment, Customer Service, Employee Health, Safety & Well-being, Business Continuity/ Supply Chain, Information Security and Asset Management.
- 3.1.4 Appropriate ownership of risk. Specific risks will be owned by/ assigned to whoever is best placed to manage the risk and oversee the development of any new risk controls required.
- 3.1.5 Consistent application of the agreed risk matrix to analyse risk in terms of likelihood of occurrence and potential impact, taking into account the effectiveness of risk control measures in place. The risk matrix to be used is attached in Appendix 1.
- 3.1.6 Consistent response to risk that is proportionate to the level of risk. This means that risk may be terminated; transferred elsewhere (ie to another partner or third party); tolerated as it is; or, treated with cost effective measures to bring it to a level where it is acceptable or tolerable for the Joint Board in keeping with its appetite/ tolerance for risk. In the case of opportunities, the Joint Board may take an informed risk in terms of tolerating it if the opportunity is judged to be (1) worthwhile pursuing and (2) the Joint Board is confident in its ability to achieve the benefits and manage/ contain the associated risk.
- 3.1.7 Implementation and maintenance of risk registers as a means of collating risk information in a consistent format allowing comparison of risk evaluations, informed decision-making in relation to prioritising resources and ease of access to information for risk reporting.
- 3.1.8 Reporting of strategic risks and key operational risks to the IJB Audit Committee on a six monthly basis.
- 3.1.9 Routine reporting of risk information within and across teams and a commitment to a 'lessons learned' culture that seeks to learn from both good and poor experience in order to replicate good practice and reduce adverse events and associated complaints and claims.

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Risk leadership and accountability

4. Governance, roles and responsibilities

4.1 Integration Joint Board

Members of the Integration Joint Board are responsible for:

- oversight of the IJB's risk management arrangements;
- receipt and review of reports on strategic risks and any key operational risks that require to be brought to the IJB's attention; and,
- ensuring they are aware of any risks linked to formal reports and recommendations from the Chief Officer and other senior officers of the Health and Social Care Partnership concerning new priorities/ policies and the like.
- Strategic risk registers will be presented to the IJB Audit Committee for scrutiny and the IJB for approval on an annual basis.

4.2 Chief Officer

The Chief Officer has overall accountability for the IJB's risk management framework, ensuring that suitable and effective arrangements are in place to manage the risks relating to the functions within the scope of the IJB. The Chief Officer will keep the Chief Executives of the IJB's partner bodies informed of any significant existing or emerging risks that could seriously impact the IJB's ability to deliver the outcomes of the Strategic Plan or the reputation of the IJB.

4.3 Chief Financial Officer

The Chief Financial Officer will be responsible for promoting arrangements to identify and manage key business risks, risk mitigation and insurance.

4.4 Partnership Senior Management Team

Members of the Senior Management Team are responsible for:

- supporting the Chief Officer and Chief Financial Officer in fulfilling their risk management responsibilities;
- receipt and review of regular risk reports on strategic, shared and key operational risks and escalating any matters of concern to the IJB; and,
- ensuring that the standard procedures set out in this strategy are actively promoted across their teams and within their areas of responsibility.

4.5 Individual Risk Owners

It is the responsibility of each risk owner to ensure that:

- risks assigned to them are analysed in keeping with the agreed risk matrix;
- data on which risk evaluations are based are robust and reliable so far as possible;
- risks are defined clearly to make explicit the scope of the challenge, opportunity or hazard and the consequences that may arise;
- risk is reviewed not only in terms of likelihood and impact of occurrence, but takes account of any changes in context that may affect the risk;
- controls that are in place to manage the risk are proportionate to the context and level of risk.

4.6 All persons working under the direction of the IJB

Risk management should be integrated into daily activities with everyone involved in identifying current and potential risks where they work. Individuals have a responsibility to make every effort to be aware of situations which place them or others at risk, report identified hazards and implement

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safe working practices developed within their service areas. This approach requires everyone to understand:

- the risks that relate to their roles and activities;
- how their actions relate to their own, their patient's, their services user's/ client's and public safety;
- their accountability for particular risks and how they can manage them;
- the importance of flagging up incidents and/ or near misses to allow lessons to be learned and contribute to ongoing improvement of risk management arrangements; and,
- that good risk management is a key part of the IJB's culture.

These operational risks are controlled and monitored by the Council and Health Board rather than the IJB.

4.7 Partner Bodies

It is the responsibility of relevant specialists from the partner bodies, (such as internal audit, external audit, clinical and non clinical risk managers and health and safety advisers) to attend meetings as necessary to consider the implications of risks and provide relevant advice. It is the responsibility of the partner bodies to ensure they routinely seek to identify any residual risks and liabilities they retain in relation to the activities under the direction of the IJB.

4.8 Senior Information Risk Owner

Responsibility for this specific role will remain with the Council and the Health Board.

Resourcing risk management

5. Resourcing the risk management framework

- 5.1 The Health Board's Director of Finance and Council's Section 95 Officer will ensure that the IJB and its Audit Committee is provided with the necessary technical and corporate support to develop, maintain and scrutinise strategic risk registers.
- 5.2 Much of the work on developing and leading the ongoing implementation of the risk management framework will be undertaken as part of routine activity within the IJB.
- 5.3 Wherever possible the IJB will ensure that any related risk management training and education costs will be kept to a minimum, with the majority of risk-related courses/ training being delivered through resources already available to the IJB (the partner body risk managers/ risk management specialists).

6. Resourcing those responsible for managing specific risks

- 6.1 Where risks impact on a specific partner body and new risk control measures require to be developed and funded, it is expected that the costs will be borne by that partner organisation.
- 6.2 Financial decisions in respect of the IJB's risk management arrangements will rest with the Chief Financial Officer.

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Training, learning and development

7. Risk management training and development opportunities

- 7.1 To implement effectively this policy and strategy, it is essential for people to have the competence and capacity for managing risk and handling risk judgements with confidence, to focus on learning from events and past experience in relation to what has worked well or could have been managed better, and to focus on identifying malfunctioning 'systems' rather than people.
- 7.2 Training is important and is essential in embedding a positive risk management culture across all activities under the direction of the IJB and in developing risk management maturity. The Senior Management Team will regularly review risk management training and development needs and source the relevant training and development opportunities required .

Monitoring activity and performance

8. Monitoring risk management activity

- 8.1 The Joint Board operates in a dynamic and challenging environment. A suitable system is required to ensure risks are monitored for change in context and scoring so that appropriate response is made.
- 8.2 Monitoring will include review of the IJB's risk profile at Senior Management Team level every six months.
- 8.3 It is expected that partner bodies will use IJB risk reports to keep their own organisations updated on the management of the risks, highlighting any IJB risks that might impact on the partner organisation.

9. Monitoring risk management performance

- 9.1 Measuring, managing and monitoring risk management performance is key to the effective delivery of key objectives.
- 9.2 Key risk indicators (KRIs) will be linked where appropriate to specific risks to provide assurance on the performance of certain control measures. For example, specific clinical incident data can provide assurance that risks associated with the delivery of clinical care are controlled, or, budget monitoring PIs (Performance Indicators) can provide assurance that key financial risks are under control.
- 9.3 The performance data linked to the Strategic Plan will also inform the identification of new risks or highlight where existing risks require more attention.
- 9.4 Reviewing the Joint Board's risk management arrangements on a regular basis will also constitute a 'Plan/ Do/ Study/ Act' review cycle that will shape future risk management priorities and activities of the Joint Board, inform subsequent revisions of this policy and strategy and drive continuous improvement in risk management across the Joint Board.

Communicating risk management

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10. Communicating, consulting on and reviewing the risk management framework

- 10.1 Effective communication of risk management information across the Joint Board is essential to developing a consistent and effective approach to risk management.
- 10.2 Copies of this policy and strategy will be widely circulated via the Senior Management Team and will form the basis of any risk management training arranged by the IJB.
- 10.3 The Policy and Strategy (version 1.0) was approved by the Integration Joint Board at its meeting of **TBC**.
- 10.4 This policy and strategy will be reviewed every three years to ensure that it reflects current standards and best practice in risk management and fully reflects the Integration Joint Board's business environment.

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Appendix 1 Risk Matrix

Impact of Risk	Catastrophic (5)	5 Adequate	10 Issue	15 Issue	20 Unacceptable	25 Unacceptable
	Major (4)	4 Acceptable	8 Adequate	12 Issue	16 Unacceptable	20 Unacceptable
	Moderate (3)	3 Acceptable	6 Adequate	9 Adequate	12 Issue	15 Issue
	Minor (2)	2 Acceptable	4 Acceptable	6 Adequate	8 Adequate	10 Issue
	Insignificant (1)	1 Acceptable	2 Acceptable	3 Acceptable	4 Acceptable	5 Adequate
		Rare (1)	Unlikely (2)	Possible (3)	Probably (4)	Almost Certain (5)
Likelihood of Risk						
----- Risk Appetite						

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Risk Impact	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
Financial	<£100k	£100k-£250k	£250k-£500k	£500k-£1,000k	£1,000k>
Reputation	Individual negative perception	Local negative perception	Intra industry or regional negative perception	National negative perception	Sustained national negative perception
Legal and Regulatory	Minor regulatory or contractual breach resulting in no compensation or loss	Breach of legislation or code resulting in a compensation award	Regulatory censure or action, significant contractual breach	Breach of regulation or legislation with severe costs/fine	Public fines and censure, regulatory veto on projects/ withdrawal of funding. Major adverse corporate litigation
Operational/ Continuity	An individual service or process failure	Minor problems in specific areas of service delivery	Impact on specific customer group or process	Widespread problems in business operations	Major service of process failure impacting majority or major customer groups
Likelihood					
	1	2	3	4	5
	Rare	Unlikely	Possible	Probable	Almost Certain
Definition	Not likely to happen in the next 3 years	Unlikely to happen in the next 3 years	Possible to occur in the next 3 years	Likely to occur in the next year	Very likely to occur in the next 6 months

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