



## CÙRAM IS SLÀINTE NAN EILEAN SIAR

## SHADOW INTEGRATION JOINT BOARD

### RISK MANAGEMENT STRATEGY AND POLICY

Report by Chief Officer, Health and Social Care

#### PURPOSE OF REPORT

1. This report requests approval of the Risk Management Strategy and Policy for the Integration Joint Board.

#### BACKGROUND

2. The Integration Scheme indicates that a risk management strategy and policy will be adopted by the Integration Joint Board (IJB). The draft Risk Management Strategy and Policy is appended to this Report.
3. The IJB is required to maintain a risk register, reflecting its strategic activities and taking cognisance of both significant issues from each partner's own risk registers, and also emerging risks.
4. The Integration Scheme states that the Chief Officer will have overall accountability for risk management, ensuring that suitable and effective arrangements are in place to manage the risks relating to the functions within the scope of the Integration Joint Board. The Comhairle and NHS Western Isles will support the Chief Officer and the Integration Joint Board with relevant specialist advice.

#### SUMMARY

5. Risk management increases the probability of success, and reduces both the probability of failure and the uncertainty of achieving the partnership's Strategic Plan. Integrating services is an opportunity for change and successful risk management can assist with this by identifying, assessing and maximising opportunities whilst managing threats.
6. The attached Risk Management Strategy and Policy has been prepared in line with the international standard for risk management ISO 31000. There are a number of risk management tools/ statements which are to be approved by the IJB in the attached strategy document, and a short explanation of each can be found in paragraphs 7 to 10 of this report: the risk matrix at paragraph 1.5; the reporting frequency at paragraph 3.1.8; the risk management vision statement at section 4; and the risk appetite statement at Appendix 1.

#### Risk Matrix

7. A 5x5 matrix has been proposed and is in line with the matrix that is adopted nationally by the National Health Service.

#### Reporting Frequency And Structure

8. The Strategic Risk Register will be reported from Senior Management Team to Integrated Corporate Management Team and ultimately to the Board on a quarterly basis. The frequency and responsibility of reporting will be considered by the Chief Officer.

### Risk Management Vision

9. States what the IJB's vision is in relation to risk management and how it will help the partnership succeed.

### Risk Appetite Statement

10. The risk appetite statement sets the tone for risk management within the IJB. It indicates how much risk the partnership is willing to accept.

## **NEXT STEPS**

11. This strategy is based on best practice and provides the overarching risk management framework which will assist the IJB's adopted risk management process. However, there are elements of the strategy which will require to be developed further once the IJB is formed, i.e. reporting requirements and performance monitoring.
12. The Directors of the Health Board and CNES participated in a workshop in October 2015 to consider the strategic risks for the Integration Joint Board. This workshop was supported by the Comhairle and Health Board's officers with responsibility for supporting risk management and facilitated by the Comhairle's insurance provider.
13. At the workshop, the following threats and opportunities were observed:

### Threats

- Adequate care is not provided during the transition to integrated services
- Ineffective Governance
- The Strategic Plan is not delivered, or key targets are missed
- There is insufficient funding provided to deliver against the strategic plan
- In-year pressures contribute to the IJB overspending
- Workforce Planning: key posts not filled
- Capital Investment from the parent bodies does not follow the strategic needs of the service
- Ineffective change management

### Opportunities

- Integration is a powerful instrument for change
- Economies of scale should be achieved

14. On the basis of this output, it is recommended that we track risk in relation to the following themes:

- Finance
  - IJB Budget settlement
  - Management of in-year budget pressures
- Governance
  - Audit and scrutiny
  - Participation and Engagement
  - Integrated Clinical and Care Governance
  - Effective Risk Management
- Strategic Aims
  - Implementation of Strategic Plan
  - Support provided to Locality Planning
- Change Management
  - Development of Integrated Management Structure
  - Workforce planning
  - Organisational Development

15. It is recommended that a further workshop be held with the Senior Management Team to update the identified risks and to populate the IJB's Strategic Risk Register.

## **CONCLUSION**

16. A draft risk management policy and strategy has been developed for use by the Integration Joint Board. A Strategic Risk Register will be formed by the Senior Management Team. Operational risk will continue to be the responsibility of the parent bodies.

## **RECOMMENDATIONS**

17. It is recommended that the Integration Joint Board approve the IJB Risk Management Strategy and Policy and, in particular:
- (1) the risk matrix at paragraph 1.5 of the IJB Risk Management Strategy and Policy;
  - (2) the risk management vision statement, as follows;
  - (3) the Risk Appetite Statement detailed at Appendix 1 to the Report;
  - (4) the Risk Matrix detailed at Appendix 2 to the Report;
  - (5) that the Senior Management Team populate the Strategic Risk Register; and
  - (6) that strategic and key operational risks be reported to the IJB on a bi-monthly basis.

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# Western Isles Integration Joint Board

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## Risk Management Strategy and Policy

Version	1_draft
Date of approval	
Authors	Finance & Risk Management Officer (CnES) Risk Manager (NHSWI)
Next Review Date	(after 1 year)

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# Policy – the risk management approach

- 1.1 Western Isles Integration Joint Board (IJB) 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 IJB aims to provide safe and effective care and treatment for patients and clients, and a safe environment for everyone working within the IJB and others who interact with the services delivered under the direction of the IJB.
- 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 IJB 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 IJB can take an effective approach to managing risk in a way that both address significant challenges and enable positive outcomes.
- 1.5 In normal circumstances the Joint Board’s appetite / tolerance for risk is low, as defined by the green areas in the risk matrix below. However, the Joint Board will also tolerate medium risks in certain circumstances. The WIIB Risk Appetite Statement can be found at Appendix 1.

**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
- a positive reputation established for the Joint Board

Likelihood	Severity of Consequences				
	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Almost Certain (5)	Medium	High	High	V High	V High
Likely (4)	Medium	Medium	High	High	V High
Possible (3)	Low	Medium	Medium	High	High
Unlikely (2)	Low	Medium	Medium	Medium	High
Rare (1)	Low	Low	Low	Medium	Medium

- 1.6 The IJB 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

## 2. Introduction

2.1 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.

2.2 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, business risk, opportunities or threats.

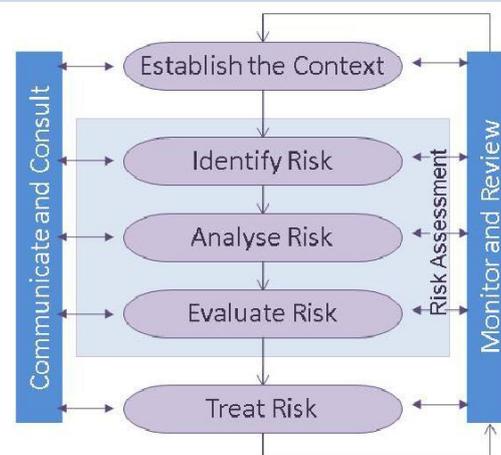
2.3 **Strategic risks** represent the potential for the Integration Joint Board (IJB) to achieve (opportunity) or fail to meet (threat) its desired outcomes and objectives as set out within the Strategic Plan. Typically these risks require strategic leadership in the development of activities and application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

2.4 **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 are '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.

2.5 All risks will be analysed consistently. Where evaluations of risk are red or amber, these will be subject to closer scrutiny by the Joint Board and may be escalated if necessary.

2.6 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.

2.7 Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects. 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. 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.<sup>1</sup>



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

### 3. Application of good risk management across the IJB activities

- 3.1 Standard procedures (3.1.1 – 3.1.10) 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 (contained in the WIIJB risk guidance documents), 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, Economic, 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 Asset/ Infrastructure, Clinical/ Clients, Compliance/ Legal, Financial, Human Resources, Population/ Social, Reputational and Technological.
- 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. (See paragraph 1.5 for the risk matrix to be used.)
- 3.1.6 Consistent response to risk that is proportionate to the level of risk. This means that risk may be terminated; transferred elsewhere (i.e. 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 on a quarterly basis.
- 3.1.9 Operation of a procedure for movement of risks between strategic and operational risk registers that will be facilitated by the Senior Management Team. Guidelines on escalation and de-escalation will be contained in the WIIJB risk guidance documents.
- 3.1.10 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.

## Realising the risk management vision

### 4. Risk management vision and measures of success

*Appropriate and effective risk management practice will be embraced throughout the Integration Joint Board as an enabler of success, whether delivering better outcomes for the people of the Western Isles, protecting the health, safety and well-being of everyone who engages with the IJB or for maximising opportunity, delivering innovation and best value, and increasing performance.*

4.1 In working towards this risk management vision, the Joint Board aims to demonstrate a level of maturity where risk management is embedded and integrated in the decision making and operations of the IJB.

4.2 The measures of success for this vision will be:

- good financial outcomes for the Joint Board
- successful delivery of the strategic plan, objectives and targets
- successful outcomes from external scrutiny
- fewer unexpected/ unanticipated problems
- fewer incidents/ accidents/ complaints
- fewer claims/ less litigation

## Risk leadership and accountability

### 5. Governance, roles and responsibilities

#### 5.1 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 recommendations from the Chief Officer concerning new priorities/ policies and will be facilitated by a 'risk implications' section on relevant board papers.

#### 5.2 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.

#### 5.3 Chief Financial Officer

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



#### 5.4 Senior Management Team

Members of the Senior Management Team are responsible (either collectively, or by nominating a specific member of the team) for:

- supporting the Chief Officer and Chief Financial Officer in fulfilling their risk management responsibilities;
- integrating risk management into the culture of the IJB by way of leading with an effective policy and programme;
- arranging professional risk management support, guidance and training from partner bodies;
- 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 section three of this strategy are actively promoted across their teams and within their areas of responsibility.

#### 5.5 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; and
- controls that are in place to manage the risk are proportionate to the context and level of risk.

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

- understand the risks that relate to their roles and activities;
- understand how their actions relate to their own, their patient's, their services user's/ client's and public safety;
- understand their accountability for particular risks and how they can manage them;
- understand 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;
- understand that good risk management is a key part of the IJB's culture; and
- request training on risk managements where necessary.

As parent bodies are currently retaining responsibility for the management of operational risk (see 2.4), operational staff should continue to refer to their parent bodies risk management arrangements.

#### 5.7 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.



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## Resourcing risk management

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### 6. Resourcing the risk management framework

- 6.1 Much of the work on developing and leading the ongoing implementation of the risk management framework for the Joint Board will be resourced through the Senior Management Team's arrangements (referred to in 5.4).
- 6.2 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 (i.e. the parent bodies' risk managers / risk management specialists).

### 7. Resourcing those responsible for managing specific risks

- 7.1 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.
- 7.2 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

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### 8. Risk management training and development opportunities

- 8.1 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.
- 8.2 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 (referred to in 5.4).

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## Monitoring activity and performance

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### 9. Monitoring risk management activity

- 9.1 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.
- 9.2 Monthly monitoring will include review of the IJB's risk profile at Senior Management Team level.
- 9.3 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

## 10. Monitoring risk management performance

- 10.1 Measuring, managing and monitoring risk management performance is key to the effective delivery of key objectives.
- 10.2 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.
- 10.3 The performance data linked to the Strategic Plan will also inform the identification of new risks or highlight where existing risks require more attention.
- 10.4 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.

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## Communicating risk management

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### 11. Communicating, consulting on and reviewing the risk management framework

- 11.1 Effective communication of risk management information across the Joint Board is essential to developing a consistent and effective approach to risk management.
- 11.2 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.
- 11.3 This policy and strategy will be reviewed annually 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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## Next steps

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### 12. Risk management priorities for the coming year

- 12.1 Development of benchmarking and performance indicators to increase risk maturity. In the first instance, consideration will be given to Audit Scotland's Best Value toolkit for risk management performance.
- 12.2 Consider whether the management of operational risk by the parent bodies is working, or whether the IJB requires separate operational risk management arrangements.



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## Appendix 1 Risk Appetite Statement\_draft

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### Western Isles Integration Joint Board Risk Appetite Statement 2016

Western Isles Integration Joint Board (WIIJB), as a commissioner of health and social care services, operates within a low overall risk range. As a partnership body we place patient and client safety as our highest priority, and will not accept known, unmanaged risks that materially impact negatively on patient or client safety.

Our lowest risk appetite relates to patient, client and staff safety, and compliance requirements. This means that the staff members of our parent bodies and partners are expected to reduce to reasonably practicable levels, identified risks that originate from or are present within care and treatment systems, equipment, and environment.

We have a marginally higher risk appetite towards delivery of *corporate objectives, including the change required by the strategic plan, and all subsidiary clinical workforce, and finance strategies.*

Our highest risk appetite relates to the pursuit of innovation and new models of integrated care delivery, where significant positive gains in terms of patient and client experience and outcome can be anticipated, within the constraints of the regulatory environment and authorised limits.

The WIIJB and all employees are required to work within our established risk management, reporting and escalation systems, and are expected at all levels, to proactively identify, assess, *manage, mitigate and/or remove* risk on an ongoing basis.

March 2016\_draft



Risk Ref:		Risk Owner:				
<b>Risk Event</b>						
Strategic Priority:						
Key Deliverable:						
Risk Cause	Risk Effect	Existing Controls	Initial risk assessment		Current risk rating	
			Likelihood	Impact		
			Proximity:			
			Risk treatment category:			
Revised risk assessment		Target risk rating				
Likelihood	Impact					
Risk treatment action:			Responsible Officer:			
Early Warning Indicators:						
Last reviewed:			Next review due:			

