



**REPORT TO:** HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD – 4 MAY 2016  
**REPORT ON:** RISK MANAGEMENT POLICY AND STRATEGY  
**REPORT BY:** CHIEF FINANCE OFFICER  
**REPORT NO:** DIJB22-2016

**1.0 PURPOSE OF REPORT**

The purpose of this report is to recommend an overarching shared Risk Management Policy and Strategy for adoption by the Integration Joint Board and to ask the Integration Joint Board to note the work that is continuing to prepare a register of risks with accompanying reporting arrangements.

**2.0 RECOMMENDATIONS**

It is recommended that the Integration Joint Board (IJB):

- 2.1 Adopts the Risk Management Policy and Strategy included as Appendix 1 to this report subject to the approval of the proposed amendments as outlined in paragraph 4.5 of this report.
- 2.2 Remits to the Chief Finance Officer responsibility for bringing forward for approval:
  - 2.2.1 the risk register for the IJB;
  - 2.2.2 the proposed frequency and format for reporting arrangements;
  - 2.2.3 the proposed arrangements for approving amendments to the risk register.

**3.0 FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

**4.0 MAIN TEXT**

- 4.1 The Dundee Health and Social Care Integration Scheme (Dundee Health and Social Care Partnership, October 2015) (the Integration Scheme) contains a commitment between the Integration Joint Board, Dundee City Council and NHS Tayside to develop a shared risk management strategy.
- 4.2 The purpose of the strategy is to ensure the:

“Identification, assessment and prioritisation of risk related to the delivery of services, particularly those which are likely to affect the Integration Joint Board’s delivery of the Strategic Plan;

Identification and description of processes for mitigating these risks; and

Agreed reporting standards.”
- 4.3 In preparation for meeting this commitment representatives of the three Tayside Health and Social Care Partnerships, NHS Tayside and the three Local Authorities worked together to prepare a proposed Risk Management Policy and Strategy.
- 4.4 The draft Risk Management Policy and Strategy is attached as Appendix 1 to this report. It comprises of four parts:

- i) the Policy which outlines the approach and vision;
- ii) the Strategy which explains how the implementation of the strategy should be undertaken in relation to; the promotion of awareness; the establishment of communication and risk sharing information throughout the IJB's areas of responsibility; the reduction of exposure to risk and potential loss, and the establishment of standards; and principles for the efficient management including monitoring, reporting and review;
- iii) the risk matrix which explains how risks will be measured;
- iv) the risk framework for recording the risks including necessary actions against and responsible person and timeframe.

4.5 It is proposed that the IJB adopts the Risk Management Policy and Strategy as included in Appendix 1 (with two proposed amendments) since it provides an overarching framework which is consistent with the terms outlined in the Dundee Integration Scheme. The proposed amendments would be to paragraphs 1.4 and 3.1.3 of the Risk Management Policy and Strategy. It is proposed that paragraph 1.4 be amended to read:

“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 IJBs activities. Parent bodies and the IJB will share responsibility for managing operational risks and the development of activities and controls to respond to these. Where a number of operational risks impact across multiple services areas or, because of interdependencies, require more strategic leadership, then these can be proposed for escalation to ‘strategic risk’ status as above.”

The reason for this proposed amendment is to ensure that the shared nature of the risk between the IJB, NHS Tayside and Dundee City Council is explicit and the terms of the strategy are consistent with the Dundee Integration Scheme in this respect.

It is proposed that paragraph 3.1.3 be amended to read:

“3.1.3 **Appropriate ownership of risk:** Specific risks will be owned by/assigned to and managed by those individual/s who are best placed to oversee the risk and manage the development of any new risk controls required by the Chief Officer of the relevant IJB in conjunction with the NHS Chief Executive and the Chief Executive of Dundee City Council.”

The reason for this amendment is to ensure the shared nature of the risk management process reflects the respective responsibilities of all the partners.

4.6 Following on from the process of developing the proposed Risk Management Policy and Strategy work is continuing to develop and consult on the key risks in the form of a risk register for the IJB. This will be accompanied by the proposals about the frequency of reporting on and amendments to the agreed risks identified in the risk register.

## 5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. There are no major issues.

## 6.0 CONSULTATION

The Chief Officer and the Clerk were consulted in the preparation of this report.

## 7.0 BACKGROUND PAPERS

None.



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## Integrated Joint Boards

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### Risk Management Policy and Strategy

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## Policy – The Risk Management Approach and Vision

- 1.1 The Integrated Joint Boards (IJBs) are committed to a culture where the 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 aim is to provide safe and effective care and treatment for patients and clients, and a safe environment for everyone working within the IJBs and others who interact with the services delivered under their direction.
- 1.3 The IJBs believe 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 objectives, better clinical and financial outcomes, achievement of targets and fewer unexpected problems.
- 1.4 They purposefully seek to promote an environment that is risk 'aware' and strive to place risk management information at the heart of key decisions. This means that the IJBs can take an effective approach to managing risk in a way that both address significant challenges and enable positive outcomes.
- 1.5 The IJBs promote 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 IJBs.
- 1.6 The IJBs 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 their wider governance arrangements.
- 1.7 The IJBs, through the following risk management strategy, has established a Risk Management Framework, (which covers risk policy, procedure, process, systems, risk management roles and responsibilities).

### 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 events, claims and/ or litigation; and
- a positive reputation established for the

# 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 IJBs;
- establish communication and sharing of risk information through all areas of the IJBs
- initiate measures to reduce the IJBs exposure to risk and potential loss; and,
- establish standards and principles for the efficient management of risk, including regular monitoring, reporting and review.

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, business risk, opportunities or threats.

1.3 **Strategic risks** represent the potential for the IJBs to achieve (opportunity) or fail to meet (threat) its desired outcomes and objectives as set out within their Strategic Plans, 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 IJBs activities. Parent bodies will retain responsibility for managing operational risks as operational or service risks which 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.

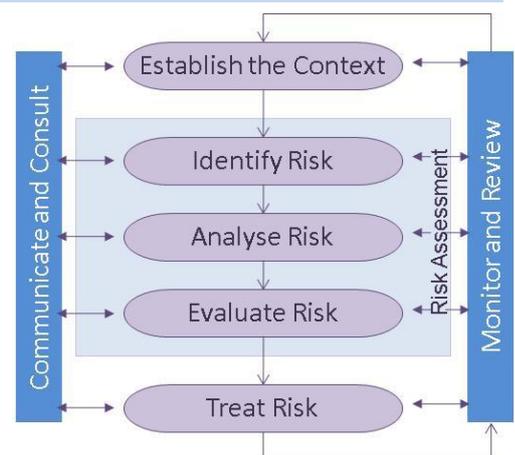
1.5 All risks will be analysed consistently with an evaluation of risk as being probability/likelihood x consequence/impact. Please refer to Appendix 1.

1.6 This document represents the risk management framework to be implemented across the Joint Boards and will contribute to their 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 effects<sup>1</sup> It is pro-active 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 IJBs embed 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.



## 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 IJBs in order to achieve consistent and effective implementation of good risk management.

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

- 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 Appropriate ownership of risk: Specific risks will be owned by/assigned to and managed by those individual/s who are best placed to oversee the risk and manage the development of any new risk controls required by the Chief Officer of the relevant IJB in conjunction with the Chief Executive from Health.
- 3.1.4 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.
- 3.1.5 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 IJBs. In the case of opportunities, the IJB may 'take' an informed risk in terms of tolerating it if the opportunity is judged to be (1) worthwhile pursuing and (2) the IJB is confident in its ability to achieve the benefits and manage/ contain the associated risk.
- 3.1.6 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.
- 3.1.7 Reporting of strategic risks and key operational risks to the IJB on a quarterly basis.
- 3.1.8 Operation of a procedure for movement of risks between strategic and operational risk registers that will be facilitated by the IJB.
- 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.

# Risk Leadership and Accountability

## 4. Governance, roles and responsibilities

### 4.1 Integrated Joint Boards

Members of the Integrated Joint Boards are responsible for:

- oversight of the IJBs risk management arrangements;
- receipt, review and scrutiny of reports on strategic risks and any key operational risks that require to be brought to the IJBs attention; and,
- ensuring they are aware of any risks linked to recommendations from the Chief Officer concerning new priorities/ policies and the like (*A 'risk implications' section on relevant board papers could facilitate this*).

### 4.2 Chief Officer

The Chief Officers have overall accountability for the IJBs 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 Officers will keep the Chief Executives of the IJBs partner bodies (Council and Health) informed of any significant existing or emerging risks that could seriously impact the IJB's ability to deliver the outcomes of their Strategic Plans or the reputation of the IJB.

### 4.3 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 in fulfilling their risk management responsibilities;
- arranging professional risk management support, guidance and training from partner bodies;
- receipt and review of regular risk reports on strategic, shared 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.

### 4.4 Individual Risk Owners/Risk Managers

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

- risks assigned to them are analysed in keeping with the agreed risk matrix both for probability / likelihood and consequence / impact taking into account existing controls and the potential likelihood and consequences after treatment of the risk
- data on which risk evaluations are based are robust and reliable;
- risks are defined clearly to make explicit the scope of the challenge, opportunity or hazard and the consequences that may arise;
- the whole 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 or which are proposed are proportionate to the context and level of risk and are effective in practice
- risks are recorded using the framework in Appendix 2.

### 4.5 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; and,

- understand that good risk management is a key part of the IJB's culture.

#### 4.6 Partner Bodies

It is the responsibility of relevant specialists from the partner bodies, (such as internal audit, external audit, 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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### 5. Resourcing the risk management framework

- 5.1 Much of the work on developing and leading the ongoing implementation of the risk management framework for the Joint Boards will be resourced through the Senior Management Team's arrangements (referred to in 4.3).
- 5.2 Wherever possible the IJBs 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 this will be taken forward by the partner organisation, within current resource where possible.
- 6.2 Financial decisions in respect of the IJBs risk management arrangements will rest with the Chief Financial Officer.

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## Training, Learning and Development

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### 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 IJBs and in developing risk management maturity. The Senior Management Teams will regularly review risk management training and development needs and source the relevant training and development opportunities required (referred to in 4.3).

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## Monitoring Activity and Performance

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### 8. Monitoring risk management activity

- 8.1 The IJBs operate 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 IJBs risk profile at Senior Management Team level on a quarterly basis when all strategic, operational and shared risks will be considered.
- 8.3 It is expected that partner bodies will use IJBs risk reports to keep their own organisations updated on the management of the risks, highlighting any IJBs 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 The performance data linked to the Strategic Plans will also inform the identification of new risks or highlight where existing risks require more attention.
- 9.3 Reviewing the IJBs 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 IJB, inform subsequent revisions of this policy and strategy and drive continuous improvement in risk management across the IJB.

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# **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 IJBs 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 Teams and will form the basis of any risk management training arranged by the IJBs.
- 10.3 The Policy and Strategy (version 1.0) was approved by the Integrated Joint Boards at its meeting of **[00/00/0000]**.
- 10.4 This policy and strategy will be reviewed annually by the Risk Managers from NHS Tayside and the Local Authorities to ensure that it reflects current standards and best practice in risk management and fully reflects the Integrated Joint Boards business environment.

## Appendix 1 Risk Matrix

<b>Impact/Consequences</b>	<b>Critical/Extreme (5)</b>	5	10	15	20	25
	<b>Major (4)</b>	4	8	12	16	20
	<b>Significant/Moderate (3)</b>	3	6	9	12	15
	<b>Marginal/Minor (2)</b>	2	4	6	8	10
	<b>Negligible (1)</b>	1	2	3	4	5
		<b>Very Low/Rare  (1)</b>	<b>Low/ Unlikely  (2)</b>	<b>Low to High/ Possible  (3)</b>	<b>High/ Likely  (4)</b>	<b>Very High/ Almost Certain  (5)</b>
<b>Likelihood/Probability</b>						

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# Appendix 2 Risk Framework

## RISK FRAMEWORK

<p><b>Risk Description:</b> Set out which events could impact on the achievement of the objective and their potential consequences</p> <p><i>This should be structured which separates cause, risk and effect e.g. "As a result of (1 – Existing Condition), (2 – Something Uncertain) may occur, which would lead to (3 – effect on objectives).</i></p>	<b>Risk Owner:</b>		
	<b>Risk Manager:</b>		
	<b>IJB:</b> Insert the name of the Integrated Joint Board to which this risk is reported into		
<p><b>Objective:</b> Identify which relevant objective this risk relates/links to.</p>	<b>Date last reviewed:</b> Insert the date the risk was last reviewed and updated even if no changes are made		
	<b>Date of next review:</b> Insert the date when the risk is next due for review		
<p><b>Risk Rating:</b> (Likelihood x consequence):</p> <p>Current (risk grade at time of risk review): (IXC)</p> <p>Planned (anticipated risk grading after all mitigating actions have been implemented): (IXC)</p>	<p><b>Rationale for current score:</b> <i>This should explain the nature of the risk in more detail but also set out why the score is currently as it is; wherever possibly using the descriptors from the risk management matrix</i></p> <p><b>Rationale for planned score:</b> <i>This should set out why the planned score is both desirable and achievable.</i></p>		
<p><b>Current Controls (what are we currently doing about the risk?)</b> <i>Ongoing actions designed to mitigate the risk that are already in place and working effectively:</i></p> <p><i>Whilst difficult to judge with precision, the key controls are those that mitigate the risk from its inherent level to its current level. If a control does not have that level of impact then it should be recorded on an operational risk (below) but not necessarily included here.</i></p>	<p><b>Mitigating actions (What more should we do?)</b> <i>These are the future actions which will bring the risk down from its current to its planned level. If an action is not likely to have this impact, then it may not be necessary to include it so that attention can be focused on the most important controls.</i></p> <p><i>If the list of actions will not in themselves bring the risk down to the required level then this should be identified, with a clear statement of what future work will be done to identify the actions required. If conversely, there are no actions which will take the risk down to its planned level then the planned risk is unachievable and should be amended with explanation.</i></p>	<b>Responsible Person</b>	<b>Timescale</b>

<p><b>Assurances (How do we know controls are in place and functioning as expected?)</b>  Please provide details of Reports to Committee which provide information on how the key controls above are operating in practice or direct data on the status of the risk e.g. performance data.  A review of the reports which do go to the Committee will identify assurances. However, there must be consideration of whether the reports as they are currently constituted actually provide direct assurance on the operation of the key controls and whether they are constructed in such a way as to ensure that this is highlighted.  Where a control is being operated within a sub-group, it is not enough for minutes to be presented. The areas where assurance on key controls is being provided should be overt and unequivocal</p>	<p><b>Independent Assurances</b>  Please provide details of independent scrutiny e.g. Internal and External Reports etc.</p> <p><b>Gaps in assurance (what additional assurances should we seek?)</b></p>		
<p><b>Current performance (with these actions taken, how serious is the problem?)</b>  Set out an assessment of how well the risk is currently being mitigated and controls being applied effectively. If possible, very high level performance and other data which outline current status and provide a judgement on whether this is in line with expectations would reinforce the conclusion.</p>	<p><b>Additional Comments:</b>  Any other information that might provide a useful insight or without which the picture presented by the risk framework is incomplete</p>		

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