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Agenda Item: 16.

Integration Joint Board

Date of Meeting: 10 February 2021.

Subject: Risk Management Strategy.

1. Summary

1.1. This report presents the refreshed Risk Management Strategy for consideration and approval by the Board.

2. Purpose

2.1. The report supports the governance and scrutiny role of the Members and the effective identification and management of risks.

3. Recommendations

The Integration Joint Board is invited to note:

3.1. Approve the refreshed Risk Management Strategy, attached as Appendix 1 to this report.

4. Background

4.1. As a separate legal entity, the Integration Joint Board is required to have an approved Risk Management Strategy which ensures processes are in place to identify significant risks to its corporate objectives.

4.2. The attached draft strategy has been compiled using both the NHS Orkney and the Orkney Island Council strategies. It aims to build on already established 'best practice', ensuring that a robust and effective framework is in place for the management of risk.

4.3. The strategy is integral to the decision making, planning, performance reporting and delivery processes of the Integration Joint Board.

5. Contribution to quality

Please indicate which of the Orkney Community Plan 2019 to 2022 visions are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	Yes.
Enterprise: To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
Equality: To encourage services to provide equal opportunities for everyone.	Yes.
Fairness: To make sure socio-economic and social factors are balanced.	Yes.
Innovation: To overcome issues more effectively through partnership working.	No.
Leadership: To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
Sustainability: To make sure economic and environmental factors are balanced.	No.

6. Resource implications and identified source of funding

6.1. Risk management as a process must be carried out within existing resources. There may however be cost implications arising from the actions required to mitigate any high risk areas identified by the risk management process. Arrangements to meet these costs need to be considered on a case by case basis.

7. Risk and Equality assessment

7.1. The development of this strategy is part of the process of managing and mitigating risks to the IJB therefore it makes a positive contribution to risk.

8. Direction Required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

9. Escalation Required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

10. Authors

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12. Supporting documents

12.1. Risk Management Strategy.



Risk Management Strategy

Integration Joint Board.

Version.	Risk Management Strategy 2021.
Lead Manager.	Chief Officer.
Approved by.	Integration Joint Board.
Date Approved.	Originally approved October 2018.
Date for Review.	February 2023.

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1. Introduction

As a separate legal entity, the Integration Joint Board is required to have an approved Risk Management Strategy which ensures processes are in place to identify significant risks to its corporate objectives. This strategy has been compiled using both the NHS Orkney and the Orkney Islands Council's strategies, and aims to build on already established best practice, so that a robust and effective framework is in place for the management of risk. The framework will:

- Be proactive in understanding risk through a process of risk identification and assessment.
- Build upon existing good practice.
- Support better decision making through a good understanding of potential risks and their likely impact.
- Be integral to all decision making, planning, performance reporting and delivery processes.

This Risk Management Strategy forms part of the wider framework for corporate governance and internal control within the Integration Joint Board. The Integration Joint Board will broadly face two types of risks: those which relate to its operation as a separate legal entity; and those which relate to the quality of service delivery which are experienced by commissioned services. For the latter risks it will depend to a large extent on these risks being identified, assessed and treated by the parent organisations for commissioned services (Orkney Islands Council and NHS Orkney).

2. Risk Management Objectives

Risk is defined as the combination of the likelihood of an event occurring (or not occurring, as the case may be (CIPFA)). Risk can never be eliminated in its entirety. Managing risk can also identify positive opportunities which, with the appropriate level of control, may lead to service improvements. Therefore, the measures adopted are principles of good management practice which seek to realistically control and balance risk and opportunity.

The Integration Joint Board's risk management objectives are to:

- Anticipate and respond to changing social, environmental and legislative requirements.
- Prevent injury and/or harm, damage and losses:
 - Comply with health and safety and legislative requirements.
 - Safeguard the public, Council and NHS Orkney Board members, employees, service users and all persons to whom the Integration Joint Board has a duty of care.
- Preserve and enhance service delivery.
- Maintain effective control of public funds.
- Maintain and enhance the IJB's reputation.
- Safeguard and enhance the quality of Orkney's environment.

3. Responsibility

The Integration Joint Board is corporately responsible for this Risk Management Strategy and for ensuring that significant risks are adequately controlled. The Audit Committee has a responsibility for overseeing the operation of this risk management strategy (as distinct from the management of specific risks).

The Chief Officer has overall accountability for Risk Management. The Chief Officer has delegated responsibility for reporting on risk to the Chief Financial Officer. The Chief Finance Officer is responsible for formally reporting on a quarterly basis to the Board on the development and progress of Risk Management, and for ensuring that the Risk Management Strategy is implemented and evaluated effectively.

The voting members have a collective responsibility as a Board of Governance to ensure that the Risk Management processes are providing them with adequate and appropriate information and assurances relating to risks against the Board's approved corporate objectives. In addition, voting members are responsible for ensuring that they are adequately equipped with the knowledge and skills to fulfil this role. The Board should receive training on risk management so that it can develop its own approach, and through workshop discussion, it can identify its strategic risk profile.

NHS Orkney and Orkney Islands Council are responsible for making sure that all staff are conversant with the Risk Management Strategy and have a working knowledge of all related risk policies. All staff must ensure that risk management is integral to their working practice.

4. Approach to Managing Risk

The Integration Joint Board's risk management approach will:

- Ensure risk management is clearly integrated and evidenced in the organisational culture.
- Inform all strategic and operational decisions using a risk identification process that assesses risk likelihood and impact.

Risk Management is a continuous and critical process that enables the Integration Joint Board to manage uncertainty (positive or negative) i.e. its exposure to risk. Its approach to managing exposure to risk involves 4 key stages:

1. Identification – what are the risks/?
2. Risk Analysis Assessment/Evaluation –what is the likelihood of the risk occurring and how severe will the risk impact?
3. Prioritisation - what are the likelihood and impact?
4. Risk management – Action Planning, Controls, Training, Procedures
5. Monitoring – Reviewing Actions, Planning, Reporting, Strategy, Review

The Integration Joint Board will assess all risks using the classification matrix, attached at Appendix 1, which will be applied consistently for corporate risks and for commissioned services.

Options for managing each risk are as follows: Transfer, Treat, Terminate, Tolerate.

Responses to risks should be proportionate to the level of risk exposure.

Level of Risk.	Response to risk.
Low.	No additional controls are required but any existing risk controls or contingency plans should be documented. The line manager should at least annually review whether controls are effective.
Medium.	Further action shall be taken to reduce the risk but the cost of control will probably be modest. The line manager will document that the risk controls or contingency plans are effective. The service manager will twice annually seek assurance that these continue to be effective.
High.	Further action must be taken to reduce risk, possibly urgently and possibly requiring significant resources. The line manager must document that the risk controls or contingency plans are effective. The relevant Manager or Director will seek assurance at least quarterly that these continue to be effective and confirm that it is not reasonably practicable to do more.
Very High.	Given the gravity of the risk, the Chief Officer and relevant stakeholders must be explicitly informed. The Chief Officer must either urgently divert all possible resources to reduce the risk; suspend the situation presenting the risk until the risk can be reduced; abandon or significantly revise the threatened objective; or explicitly authorise that the risk is worth taking.

All high or very high risks identified will require a supporting action plan that describes the activities being taken to mitigate the risk (or prevent the risk) to an acceptable tolerance level. It is acknowledged that some risks may not be able to be mitigated down.

The Integration Joint Board will also wish to be assured that Business Continuity Arrangements are in place and effective, for all commissioned services.

5. Risk Appetite

Risk appetite is the amount of risk that the Board is prepared to accept, tolerate or be exposed to at any point in time. The Board may have different appetites for different categories of risk. As part of the Board's annual performance review, the Board will consider its risk appetite for each of the categories of risk as set out below:

- Hungry (eager to be innovative and to choose options offering potentially bigger rewards despite greater inherent risk).

- Open (willing to consider all options and choose the one that is most likely to result in success, while also providing an acceptable level of reward).
- Cautious (preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward).
- Minimalist (preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward).
- Averse (avoidance of risk and uncertainty is a key organisational objective).

Risk registers should be reviewed at least six monthly and the risk appetite should be determined for the next 12 month period.

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Appendix 1 – Classification Matrix

Risk Quantification Criteria

Descriptor.	Rare (1).	Unlikely (2).	Possible (3).	Likely (4).	Almost Certain (5).
Likelihood.	Can't believe this event would happen – will only happen in exceptional circumstances (likely to occur every 5 to 10 years).	Not expected to happen, but definite potential exists – unlikely to occur (likely to occur every 2 to 5 years).	May occur occasionally, has happened on occasions – reasonable chance of occurring (likely to occur annually).	Strong possibility that this could occur – likely to occur (likely to occur quarterly).	This is expected to occur frequently / in most circumstances – more likely to occur than not (likely to occur daily/weekly/monthly).

See next page for Severity Impact consequence definitions.

Risk Matrix

Likelihood.	Severity of Consequences.				
	Negligible (1).	Minor (2).	Moderate (3).	Major (4).	Extreme (5).
Almost Certain (5).	Medium (5).	High (10).	High (15).	Very High (20).	Very High (25).
Likely (4).	Medium (4).	Medium (8).	High (12).	High (16).	Very High (20).
Possible (3).	Low (3).	Medium (6).	Medium (9).	High (12).	High (15).
Unlikely (2).	Low (2).	Medium (4).	Medium (6).	Medium (8).	High (10).
Rare (1).	Low (1).	Low (2).	Low (3).	Medium (4).	Medium (5).

	Very High: Senior manager action to confirm the level of risk identified and produce an action plan to eliminate/reduce or transfer the risk.
	High: Service manager action to confirm the level of risk identified and produce an action plan to eliminate/reduce or transfer the risk.
	Medium: Department action to confirm the level of risk identified and produce an action plan to eliminate/reduce or transfer the risk.
	Low: Department action to confirm the level of risk identified and manage using routine procedures.

Severity of Consequent Definitions

Descriptor.	Negligible (1).	Minor (2).	Moderate (3).	Major (4).	Extreme (5).
Patient / Service User Experience.	Reduced quality patient / service user experience / outcome not directly related to delivery of care.	Unsatisfactory patient / service user experience / outcome directly related to care provision – readily resolvable.	Unsatisfactory patient / service user experience / outcome, short term effects – expect recovery less than 1 week.	Significant impact on Patient / Service User Experience. Medium term effects – expected recovery less than 4 weeks.	Reduced quality patient / service user experience / outcome not directly related to delivery of care.
Objectives / Project.	Barely noticeable reduction in scope / quality / schedule.	Minor reduction in scope / quality / schedule.	Noticeable reduction in scope / quality / project objectives or schedule.	Significant project over-run.	Inability to meet project / corporate objectives, reputation of the organisation seriously damaged.
Injury / Illness (physical and psychological) to	Adverse event leading to minor	Injury / illness (physical and psychological) to	Adverse event leading to minor	Injury / illness (physical and psychological) to	Adverse event leading to minor

Descriptor.	Negligible (1).	Minor (2).	Moderate (3).	Major (4).	Extreme (5).
patient / visitor / staff.	injury not requiring first aid.	patient / visitor / staff.	injury not requiring first aid.	patient / visitor / staff.	injury not requiring first aid.
Complaints / Claims.	Locally resolved verbal complaint.	Justified written complaint peripheral to care.	Below excess claim.	Complaint / Claims resulting in reduction in reputation.	Serious violation of law which results in a fine or serious loss of reputation.
Service / Business Interruption.	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service.	Short term disruption to service with minor impact on patient care / service provision.	Some disruption in service with unacceptable impact on care.	Service / Business Interruption.	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service.
Staffing and Competence.	Short term low staffing level temporarily reduces service quality (less than 1 day).	Short term low staffing level temporarily reduces service quality (less than 7 days).	Medium term low staffing level reduces service quality (less than 21 days).	Severe low staffing level reduces service quality (less than 28 days).	Catastrophic low staffing level reduces service quality (more than 28 days).
Financial (including Damage / Loss / Theft / Fraud).	Negligible organisational / personal financial loss up to £100k.	Minor organisational / personal financial loss of £100k - £250K.	Significant organisational / personal financial loss of £250k - £500k.	Major organisational / personal financial loss of £500k - £1m.	Severe organisational financial loss of more than £1m.
Inspection / Audit.	Small number of recommendations which focus on minor quality	Recommendations made which can be addressed by low level of	Challenging recommendations that can be addressed with	Enforcement / prohibition action. Low Rating. Critical report.	Prosecution. Zero rating. Severely critical report.

Descriptor.	Negligible (1).	Minor (2).	Moderate (3).	Major (4).	Extreme (5).
	improvement issues.	management action.	appropriate action plan.	Improvement Notice from the Care Inspectorate.	Enforcement or Cancellation notice from the Care Inspectorate.
Adverse Publicity / Reputation.	Rumours, no media coverage. - Little effect on staff morale.	Local media coverage – short term. Some public embarrassment. Minor effect on staff morale / public attitudes.	Local media - long-term adverse publicity. Significant effect on staff morale / public perception of the organisation. Local MSP / SEHD interest.	National media adverse publicity less than 3 days. Public confidence in the organisation undermined. Use of services affected.	National / International media / adverse publicity, > 3 days. MSP / MP / SEHD concern (Questions in Parliament). Court Enforcement / Public Enquiry / FAI.