

Midlothian Integration Joint Board



Thursday 3 May 2018 at 2.00pm

Risk Management and Risk Appetite

Item number: 5.2

Executive summary

The IJB agreed a risk policy at its meeting in February 2016. However over the last year there has been a considerable amount of discussion with NHS Lothian and Midlothian Council about which risks should be recognised in which register and what assurance the IJB would require over the risk management processes of the partners.

This paper is therefore a reflection on the strategy that the IJB has adopted around the risks it has recognised and what assurance it will seek elsewhere.

In summary, the IJB's risk register (and risk management process) recognises the risk to the IJB's own business – that is the preparation and delivery of the Strategic Plan. The IJB's does not consider 'operational' risks, being the risks managed by the partners unless these risks are so significant that they would impact on the IJB's Strategic plan.

That said, it should be remembered that IJB is not in a position to manage such operational risks and would, in any event, depend on the management actions of the partners.

The IJB's Audit and Risk committee has considered this matter and wishes to make the following recommendation to the IJB

IJB members are asked to:

- 1. Support the above approach*
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Risk Management and Risk Appetite

1. Purpose

This paper lays out for consideration the approach to the recognition of risks to support the successful operation of the IJB, this paper is supported by the IJB's Audit and Risk committee

2. Recommendations

The IJB is asked to:-

- 2.1 Support the approach discussed below

3. Background and main report

- 3.1 At its February 2016 meeting the IJB had agreed its risk management policy and there is no requirement to change this extant policy.
- 3.2 Over the previous year, as part of an on-going dialogue with the partners and a further consideration of the governance around the IJB there has been a discussion about what risks should be recognised by the IJB and, more importantly, where the management of risks should most appropriately sit.
- 3.3 Its important to recognise that the IJB is not an operational delivery unit. The delivery of the functions delegated to the IJB is carried out under the auspices of one or other of the partners (NHS Lothian and Midlothian Council) and each of these partners has its own governance process, statutory responsibilities for service delivery, audit and risk committees and risk registers.
- 3.4 The IJB will therefore limit its own risk management strategy to those risks that are wholly IJB risks and not operational risks that are more correctly managed elsewhere. Therefore the IJB will take assurance on risk management for operational service delivery risks from the risk management processes of Midlothian Council and NHS Lothian.
- 3.5 This then raises the issue of what is considered to be a wholly IJB risk? In general, wholly IJB risks relate to the ability of the IJB to prepare and deliver its strategic plan. The risks the IJB must manage are therefore the risks in delivering the IJB's own business. The operational and delivery risk of delivering the functions delegated to the IJB will remain to be managed by the partners. However, if the risks in the delivery of the partners business become so significant as to impact upon the delivery of the IJB's functions then the IJB will require to be appraised of these risks and the actions being taken to manage them.

- 3.6 This raises the second key issue – when does an operational risk become a strategic one? There are significant operational issues that might impact on the IJB - around the recruitment of GPs and around the recruitment of homecare staff for example. The IJB therefore, requires to be appraised of ‘significant’ operational risks and might wish also to add such risks onto the IJB’s risk register. It has to be remembered that the management of such risks will remain with the operational partner and therefore the IJB are simply noting the position.
- 3.7 The IJB’s Risk management principle is therefore that those risk that are wholly IJB risks (as above) will be managed through the IJB’s risk register which will be regularly scrutinised by the Audit and Risk Committee. The IJB’s Chief Officer, Chief Financial Officer and Chief Internal Audit supported by other IJB members and the partnership management team will inform the Audit and Risk committee of operational risks that may be so significant that they will impact on the IJB’s business. Operational risks within the partners will continue to be managed by the Partners and the IJB will take assurance from these processes.
- 3.8 As a general principle, any governance process has to be commensurate with the resources that a body has available to support it. Hence the proposition that the IJB concentrates its risk management on its own business and takes assurance from the risk management processes of its partners.
- 3.9 This matter has been considered in detail by the IJB’s Audit and Risk committee who support the approach laid out above and commend this approach to the IJB

4. Policy Implications

- 4.1 There are no further policy implications arising from any decisions made on this report.

5. Equalities Implications

- 5.1 There are no implications for health inequalities or general equality and diversity issues arising directly from the issues and recommendations in this paper.

6. Resource Implications

- 6.1 There are no further resource implications arising from this paper.

7 Risks

- 7.1 The issue raised by this report are already identified in the IJB’s risk register

8 Involving People

- 8.1 The IJB holds its meetings in public and its papers will be published on the IJB’s website.

9 Background Papers

9.1 Paper to the IJB's Audit and Risk committee, December 2017

AUTHOR'S NAME	David King
DESIGNATION	Chief Finance officer
CONTACT INFO	David.king@nhslothian.scot.nhs.uk
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