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# South Lanarkshire Integration Joint Board

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## **Risk Management Policy and Strategy**

**Revised and Updated July 2024**

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# Risk Management Glossary

## Key Definitions

<b>Control</b>	Any action, process, policy, practice or operation undertaken to mitigate a risk, or increase the probability of a positive outcome.
<b>Exposure</b>	The susceptibility to loss.
<b>Governance</b>	The framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and lead and control their functions to achieve their objectives.
<b>Impact</b>	Effect or consequences of a risk should the risk materialise
<b>Inherent risk</b>	The exposure arising from a specific risk if no risk controls were in place.
<b>Likelihood</b>	A qualitative description of a probability or frequency of the risk event actually occurring.
<b>Mitigating action</b>	Action taken to reduce the likelihood or impact of a risk event.
<b>Operational risk</b>	Risks associated with the day to day issues facing the organisation in its service delivery.
<b>Opportunity</b>	An uncertain event with a positive probable impact.
<b>Residual risk</b>	The level of risk remaining taking existing control measures into account.
<b>Risk</b>	The chance of something happening that will have an impact on business objectives. It is defined as “the probability (likelihood) of an event happening and its consequences (impact) when it occurs”.
<b>Risk appetite</b>	The organisation’s attitude towards risk taking, which in turn dictates the amount of risk it considers tolerable or acceptable.
<b>Risk evaluation</b>	The process of understanding the net effect of the identified threats and opportunities on an activity when aggregated together.
<b>Risk identification</b>	The process by which risk events are identified, described and recorded.
<b>Risk management</b>	The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.
<b>Risk management Policy Statement</b>	A high-level statement showing how risk management will be handled throughout the IJB
<b>Risk management Strategy</b>	Describes the goals of applying risk management, a description of the process that will be adopted, the roles and responsibilities, risk thresholds, the timing of risk management interventions, the deliverables and the reporting requirements.
<b>Risk matrix</b>	A model that visually displays the relationship between the likelihood and impact of specific risks. Visually it is a 5 x 5 box that plots likelihood and impact as low, medium, high or very high (see page 5).

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<b><i>Risk profile</i></b>	The overall picture of the organisation's risks including number of risks and their scores.
<b><i>Risk register</i></b>	A formal listing of identified risks, together with the results of the risk analysis and risk evaluation procedures, as well as details of any risk treatments
<b><i>Risk tolerance</i></b>	The delineation on the risk matrix, risks above which cannot be accepted without referring them to a higher authority.
<b><i>Strategic risk</i></b>	High level risks which could impact on the organisation's strategic goals
<b><i>Tolerate/Tolerable</i></b>	An informed decision to accept the likelihood and impact of a particular risk rather than trying to mitigate it usually because there are certain benefits to be gained, or further control measures may be disproportionate to the risk.

# Policy Statement – the risk management approach

- 1.1 The South Lanarkshire 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 South Lanarkshire University Health and Social Care Partnership and others who interact with the services delivered under the direction of the IJB.
- 1.3 The services provided under the IJB's direction through South Lanarkshire University Health and Social Care Partnership (HSCP) are delivered in a highly complex governance environment. This includes the necessity for the HSCP to embed and contribute to the risk governance arrangements set out by NHS Lanarkshire and South Lanarkshire Council, as partner organisations, in addition to the IJB's own approach. Each partner organisation has its own, separate, risk governance approaches and differing levels of risk tolerance. Consequently, it is essential that these linkages and dependencies are robustly managed and that the IJB's risk framework appropriately blends aspects of these arrangements as it is appropriate to do so.
- 1.4 The IJB 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 lead to fewer unexpected problems.
- 1.5 The IJB 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 addresses significant challenges and enables positive outcomes.
- 1.6 The IJB, similar to other organisations needs to take cognisance of risk appetite and risk tolerance. Whilst both concepts are different, they are interlinked as observed by the definitions set out below:

## Key benefits of effective risk management:

- appropriate, defensible, timeous and best value decisions are made;
- risk aware decisions are based on a balanced appraisal of risk and allow acceptance of certain risks in order to achieve a particular goal;
- 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 IJB.

**Risk Appetite** - The level of risk with which an organisation aims to operate. Risk appetite levels help to further define or confirm the organisation's stance to particular risk or strategies. Good practice identifies 5 levels of risk appetite run on a scale from low to high and includes Averse; Minimal; Cautious; Open; and Eager. The IJB understands that risk appetite is a dynamic process, which requires to be considered, depending on the subject matter or strategy at a point in time. The strategic direction set out in the IJB's Strategic Commissioning Plan and formal 'Directions' provide a steer to the IJBs risk appetite.

**Risk Tolerance** – is defined by the level of risk through which an organisation is willing to operate.

- 1.7 In normal circumstances risk appetite should be agreed/set by the IJB and such appetite/ tolerance for risk is as follows:
- any low risk is acceptable without any further action to prevent or mitigate the risk;
  - any moderate risk is tolerable - control measures implemented or introduced must be cost effective;
  - any high risk may be tolerable - providing the Integration Joint Board is assured regarding the adequacy and effectiveness of the control measures in place. Any further control measures implemented or introduced must be cost effective in relation to the high risk;
  - any very high risk is deemed to be unacceptable and measures should be taken to terminate, transfer or treat a very high risk to a more tolerable position.
- 1.8 A combination of factors may converge to produce a very high risk for which the IJB may have limited control (such as demographic change and financial pressures). Recognising this scenario and taking on board the inherent level of risk experienced in some service areas, the IJB would expect that while it may have the capacity to deal with some very high risk, it would wish to limit these as far reasonably possible. The number of very high risks that the IJB wishes to tolerate may change over time, either increasing or reducing. This will depend on the IJB's ongoing assessment of identified risks.
- 1.9 However, experience (such as the Covid-19 pandemic) has shown that in exceptional circumstances or periods of crisis it is necessary to flex the above approach for risk management and for the IJB to increase its risk tolerance to manage a range of very high risks over a period of time. Any such requirements will be supported by the implementation of additional risk management processes to increase the regularity and nature of reporting received by the IJB. These additional processes will reflect and link with any further governance implemented by the IJB's partner organisations.
- 1.10 In addition to the management of risk set out above, the IJB also promotes the pursuit of opportunities that will benefit delivery of the Strategic Commissioning Plan and associated Financial Plans. Opportunity-related risk must be carefully evaluated in the context of the anticipated benefits for patients, service users, staff and the IJB.
- 1.11 The responsibility for monitoring risk management arrangements for the IJB are within the remit of the IJB Performance and Audit Sub Committee. The Sub Committee will receive assurance reports 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 IJB. As part of these monitoring arrangements, updates on identified risks and mitigating actions will be brought to the Sub Committee and the full IJB on an agreed basis. This approach is set out in the Risk Management Strategy below.
- 1.12 The IJB, through the following risk management strategy, has established a Risk Management Framework (which covers risk policy, procedure, systems, risk management roles and responsibilities). This framework seeks to provide a robust approach for managing the complex risk environment in which the IJB operates (as set out above).
- 1.13 The IJB purposely 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 addresses significant challenges and enables positive outcomes. This approach considers how risks will be responded to, enabling flexibility dependent on the nature of the risk to (i) avoid or terminate a risk by changing strategies or plans; (ii) treat the risk by taking action to reduce it; (iii) transfer the risk to a partner or third party; or (iv) accept the risk.

- 1.14 Risks are assessed on the basis of the likelihood that they will occur, and the expected scale of impact they would have should they materialise. This assessment is shown in the diagram below.

Likelihood	Impact				
	1 -Negligible	2 -Minor	3 -Moderate	4 -Major	5 -Extreme
5 - Almost certain	5 Medium	10 High	15 High	20 Very high	25 Very high
4 - Likely	4 Medium	8 Medium	12 High	16 Very high	20 Very high
3 - Possible	3 Low	6 Medium	9 Medium	12 High	15 High
2 - Unlikely	2 Low	4 Medium	6 Medium	8 Medium	10 High
1 - Rare	1 Low	2 Low	3 Low	4 Medium	5 Medium

- 1.15 The IJB promotes the pursuit of opportunities that will benefit the delivery of the Strategic Commissioning Plan (SCP). Opportunity-related risk must be carefully evaluated in the context of the anticipated benefits for patients, clients and the IJB.
- 1.16 The IJB will receive assurance reports on the adequacy and effectiveness of its risk management arrangements and will consequently value the contribution that risk management makes to the wider governance arrangements of the IJB. The Performance and Audit Sub Committee will have a key role in overseeing the detail of the risk registers and overall approach to risk management, thus providing the necessary assurance to the IJB.
- 1.17 The IJB will implement risk management arrangements in line with the risk management strategy which covers procedures, the risk management process, systems and risk management roles and responsibilities. This will contribute to the IJB's wider governance arrangements.

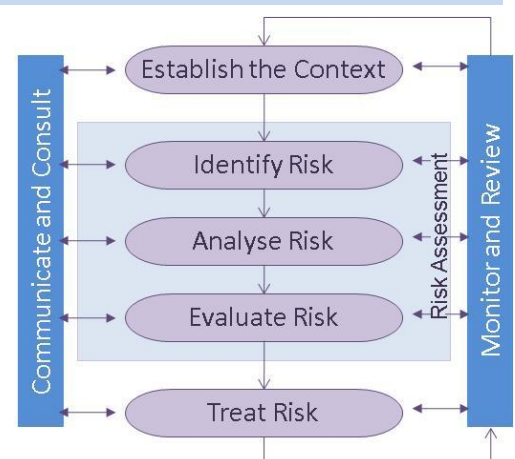
# Strategy - Implementing the policy

## 1. Introduction

- 1.1 The primary objectives of this strategy will be to:
- continue to promote awareness of risk and define responsibility for managing risk within the IJB;
  - maintain communication and sharing of risk information through all areas of the IJB;
  - ensure measures continue to reduce the IJB's exposure to risk and potential loss; and,
  - continue to establish standards and principles for the efficient management of risk, including regular monitoring, reporting and review.
- 1.2 The strategy takes a positive 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 IJB to achieve (opportunity) or fail to meet (threat) its desired outcomes and objectives as set out within the SCP, 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 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. 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. 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 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.



<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 – 3.1.12) 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 risk management.
- 3.1.1 Full implementation of the risk management process. This means that risk management information should be used wherever possible 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 Risks should be described in 3 parts, covering:
- The root cause (weakness)
  - The trigger (initiating event or action) and
  - The impact (consequence)
- 3.1.4 Categorisation of risk under the headings below:
- Strategic Risks: such as risks that may arise from Political, Economical, Workforce, Governance, Technological, Communications, Strategic Planning, Locality Planning, Leadership, Statutory/Legal and Financial on the delivery of the Strategic Commissioning 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. These risks are picked up through the risk management controls of partner bodies.
- 3.1.5 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.
- 3.1.6 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 shown at 1.14.
- 3.1.7 Risks will be scored initially without consideration of controls to provide an inherent risk score. Thereafter risks will be scored taking account of controls measures in place to mitigate the risk, giving a residual risk score.
- 3.1.8 Consistent response to risk that is proportionate to the level of risk. This means that risk may be transferred elsewhere (that is, to another partner or third party); rejected; accepted as it is; or, mitigated with cost effective measures to bring it to a level where it is acceptable or tolerable for the IJB in keeping with its appetite/ tolerance for risk. 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.
- 3.1.9 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.

- 3.1.10 Reporting of strategic risks and key operational risks to the IJB and its Performance and Audit Sub-Committee on regular basis.
- 3.1.11 Operation of a procedure for movement of risks between strategic and operational risk registers that will be facilitated by the Senior Management Team.
- 3.1.12 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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## Realising the risk management vision

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

- 4.1 Appropriate and effective risk management practice will be embraced throughout the IJB as an enabler of success, whether delivering better outcomes for the people of South Lanarkshire, 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.
- 4.2 In working towards this risk management vision the IJB aims to demonstrate a level of maturity where risk management is embedded and integrated in the decision making and operations of the IJB.

The measures of success for this vision will be:

- good financial outcomes for the IJB
- successful delivery of the Strategic Commissioning Plan priorities and intentions
- successful outcomes from external scrutiny
- fewer unexpected/ unanticipated problems
- fewer incidents/ accidents/ complaints
- fewer claims/ less litigation

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## Risk leadership and accountability

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### 5. Governance, roles and responsibilities

- 5.1 IJB  
Members of the IJB are responsible for:
- oversight of the IJB's risk management arrangements. The Performance and Audit Sub Committee will also provide further and more detailed scrutiny on behalf of the IJB and escalate anything to the IJB which requires a decision.
  - 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. Risks associated with such proposals should be recorded in the 'other implications' section of the relevant IJB report.
- 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 SCP 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 South Lanarkshire University Health and Social Care 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;
- 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;
- 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; and,
- understand that good risk management is a key part of the IJB's culture.

### 5.7 Partner Bodies

The partner bodies shall provide appropriate Risk Management support to the IJB in line with the requirements of the Integration Scheme. They shall provide appropriate assurance to the IJB on the adequacy and effectiveness of their Risk Management arrangements as they apply to delegated functions.

### 5.8 Senior Information Risk Owner

Responsibility for this specific role will remain with the individual partner bodies.

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## Resourcing risk management

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### 6. Resourcing the risk management framework

- 6.1 The parties will make relevant resources available to support the IJB in its risk management arrangements.
- 6.2 Much of the work on developing and leading the ongoing implementation of the risk management strategy for the IJB will be resourced through the South Lanarkshire University Health and Social Care Senior Management Team's arrangements (referred to in 5.4).
- 6.3 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).

### 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 South Lanarkshire University Health and Social Care 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).
- 8.3 Annual risk workshop with the IJBs Performance and Audit sub Committee members which include risk professional officers from NHS Lanarkshire, South Lanarkshire Council and the Internal Audit Consortium will be undertaken.

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## Monitoring activity and performance

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### 9. Monitoring risk management activity

- 9.1 The IJB 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 the appropriate response is made.

- 9.2 Monitoring will include the reviewing of the IJB's risk profile at South Lanarkshire University Health and Social Care Senior Management Team on a quarterly basis. New and emerging risks should be highlighted and discussed by the IJB and Performance and Audit Sub Committee as they arise.
- 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 partner organisation.

## **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, the IJBs KPIs as outlined in the standard Performance Report should be aligned to the IJB risks to ensure read across with performance. A good example of this is the connection between the IJB risk with regards to 'shifting the balance of care' and performance metric relating to Accident and Emergency attendances and emergency admissions. This linkage can help to provide assurance that risks associated with shifting the balance of care are controlled.
- 10.3 The performance data linked to the Strategic Commissioning Plan will also inform the identification of new risks or highlight where existing risks require more attention.
- 10.4 Reviewing the IJB'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 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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### **11. Communicating, consulting on and reviewing the risk management framework**

- 11.1 Effective communication of risk management information across the IJB 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 South Lanarkshire University Health and Social Care Senior Management Team and will form the basis of any risk management training arranged by the IJB.
- 11.3 The Policy and Strategy (version 1) was approved by the IJB at its meeting of 01/12/2015. It has since been reviewed by a small group of officers and approved at the Performance and Audit Sub Committee on 27 August 2019. Further refinements of the Policy and Strategy were approved by Performance and Audit Sub Committee at its meeting of 14<sup>th</sup> September, 2021.
- 11.4 This policy and strategy will be reviewed regularly to ensure that it reflects current standards and best practice in risk management and fully reflects the IJB's business environment.