

Integration Joint Board
16th November 2023

Subject :	Risk Appetite Statement
Purpose :	To approve the Risk Appetite Statement
Recommendation :	That the IJB approve the Risk Appetite Statement

Direction Required to Council, Health Board or Both	Direction to :-	
	1. No Direction Required	x
	2. North Ayrshire Council	
	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership

1.	EXECUTIVE SUMMARY
1.1	This report provides an overview of the second risk appetite statement for the partnership. The purpose of the report is to allow IJB members to approve the Risk Appetite Statement.
2.	BACKGROUND
2.1	Risk appetite is the amount of risk which is judged tolerable and justifiable. It is the amount of risk that any organisation is prepared to tolerate or be exposed to at any one point in time.
2.2	The Risk Appetite Statement has been developed to recognise that the planning and delivery of health and social care services involves having to manage risk and that staff must have the confidence to work with uncertainty.
2.3	The Statement reflects the 'normal' risk appetite, but it is recognised that risk appetite accepted in responding to delivering services during exceptional circumstances e.g. a pandemic, may be higher.
2.4	The Statement focuses on the key elements of service, quality, people and finance. Appendix A details the assessed risk appetite for each of these key elements of service.

2.5	The Statement was first approved in February 2022. It has been reviewed and no changes have been found necessary. On this basis, future reviews of the risk appetite statement will routinely be conducted alongside the triennial review of the risk management strategy, with the next one due in early 2025. It may be reviewed in the interim in the event of an urgent need.
3.	PROPOSALS
3.1	It is proposed to approve the risk appetite statement as detailed in Appendix A.
3.2	<u>Anticipated Outcomes</u>
	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 North Ayrshire, protecting the health, safety and wellbeing of everyone who engages with the IJB or for maximising opportunity, delivering innovation and best value, and increasing performance.
3.3	<u>Measuring Impact</u>
	The IJB aims to provide safe and effective care and treatment for patients and clients, and a safe working environment within the IJB and for others who interact with the services delivered under the direction of the IJB. Effective risk management practice will support this.
4.	IMPLICATIONS
4.1	<u>Financial</u> The Risk Appetite Statement is relevant to finance in framing the approach to value for money, the balance of risk and reward from alternative courses of action.
4.2	<u>Human Resources</u> None
4.3	<u>Legal</u> None
4.4	<u>Equality/Socio-Economic</u> None
4.5	<u>Risk</u> Failure to approve the report would result in a gap in the governance structure of the partnership.

4.6	<u>Community Wealth Building</u> None
4.7	<u>Key Priorities</u> Appropriate and effective risk management practice will deliver better outcomes for the people of North Ayrshire, protecting the health, safety and wellbeing of everyone who engages with the IJB or for maximising opportunity, delivering innovation and best value, and increasing performance.
5.	CONSULTATION
	The risk appetite statement has been reviewed and agreed by the Partnership Senior Management Team and circulated to IJB members for comment before submission to the meeting for approval.

Caroline Cameron, Director
Author – Paul Doak, Head of Finance and Transformation
Eleanor Currie, Principal Manager Finance
 [pdoak@north-ayrshire.gov.uk/eleanorcurrie@north-ayrshire.gov.uk]

Appendices

- Appendix A – Risk Appetite Statement



North Ayrshire Integration Joint Board

Risk Appetite Statement

Version	2.0
Prepared by	Principal Manager - Finance
Effective from	16 th November 2023
Review Date	June 2025
Lead Reviewer	Head of Finance and Transformation

Introduction

The Integration Joint Board (IJB) is 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.

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 North Ayrshire, protecting the health, safety and wellbeing of everyone who engages with the IJB or for maximising opportunity, delivering innovation and best value, and increasing performance.

In doing so the IJB aims to provide safe and effective care and treatment for patients and clients, and a safe working environment within the IJB and for others who interact with the services delivered under the direction of the IJB.

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.

Risk appetite is the amount of risk which is judged tolerable and justifiable. It is the amount of risk that any organisation is prepared to tolerate or be exposed to at any one point in time.

The approved risk strategy requires a formal risk appetite statement to be agreed annually by the IJB.

The Risk Appetite Statement has been developed to recognise that the planning and delivery of health and social care services involves having to manage risk. The IJB is responsible for the oversight of services and through the Chief Officer is responsible for the operational management and delivery of these services. Caring for people, managing staff, facilities and finances are all, by their nature, activities that involve risk. These risks cannot be avoided completely but can be managed to an acceptable level.

In considering the development of the risk appetite statement the focus was on the key elements of service, quality, people and finance. The IJB's appetite for risk in each of these elements has been assessed as either none, low, moderate or high.

Risk Appetite Statement

North Ayrshire Health and Social Care Partnership's Vision is 'All people who live in North Ayrshire are able to have a safe, healthy and active life'.

This vision is supported by five strategic priorities:

- Tackling inequalities
- Engaging communities
- Improving mental and physical health and wellbeing
- Provide early and effective support
- Develop and support our workforce

Service

We acknowledge that health and social care operates within a regulated environment and we have to meet compliance expectations from various regulatory sources. We will endeavour to meet those expectations whilst being creative and operating within regulation. We therefore have a **low** appetite for taking risk in relation to compliance and regulatory requirements but a **high** appetite for risk in relation to service innovation and transformation. This high-risk

appetite reflects those innovative developments are needed to present real change to the way services are being delivered, with a realism that continuing to deliver services in the same way is no longer sustainable and changes need to be made in the way services are accessed and provided.

Quality

We are committed to a culture of quality improvement and learning ensuring that quality of care is above all else. Safe delivery of integrated services is the highest priority for the partnership. There is a **low** appetite for risk related to the safety of service users or the workforce.

At the same time the partnership sees a need to enable calculated risk-taking in relation to achieving positive individual outcomes and improving service quality in terms of person-centred support. The IJB aims to commission services of the highest quality and the partnership needs to reinforce that exercising creativity is to be welcomed. There is a need to enable calculated risk-taking for both supported people and the workforce and to share and learn from positive practice and for this area we have a **high**-risk appetite.

People

We want to attract, recruit and retain the right people with the right skills in the right place. We have a **high** appetite for addressing workforce challenges in relation to delivering on our Workforce Plan. There is a recognition that support is required across the workforce to foster creativity and new ways of working. This is coupled with a full commitment to partnership with trade unions, ethical standards and staff governance standards and minimal appetite for risks to these principles. In doing so challenges are recognised in relation to workforce demography and the cultural change required to have a more flexible innovative workforce and to attract a younger workforce.

Finance

We have a **low** appetite for taking risk in respect of adherence to standing financial instructions, financial controls, and financial statutory duties.

We have a **high**-risk appetite in relation to the financial and value for money element. There is a requirement to set a balanced budget and that supports caution in budgetary management terms, particularly where decisions on required spend can constitute a sizeable proportion of the budget (for example secure care for children and young people or complex care packages). The IJB has robust, proactive budget management arrangements in place. There is a need for greater risk appetite with an open attitude to shifting towards earlier stage intervention and towards maturity in a context of the need to think differently in the context of transformation and sustainability.

We need to work proactively to address the financial challenges, while at the same time, providing high-quality and sustainable health and social care services for the communities in North Ayrshire.

Overall Risk Appetite

The partnership is **open** in terms of risk appetite. The partnership encourages innovation and creativity and creates the permission, trust and support required to meet its vision. At the same time this needs to be balanced against the risk related to the safety of service users or the workforce.

Appendix A

Risk Appetite Matrix

		RISK APPETITE		
		Low	Moderate	High
Service	Compliance	Want to adhere to all regulations with no deviation.	Adhering to all regulations but being creative in doing so.	Not adhering to regulations.
	Innovation & Transformation	Tendency to stick to the status quo, innovation is generally avoided	Innovation supported only with evidence of improvement.	Innovation pursued - desire to challenge current practice. Empower staff to be innovative.
Quality	Safety	No risk related to the safety of supported people or the workforce.	Limited risk related to the safety of supported people or the workforce.	Unlimited risk related to the safety of supported people or the workforce.
	Positive Practice	No sharing of positive practice.	Limited local sharing but not partnership wide.	Networks/ forum / procedures in place to share and learn from positive practice on partnership wide basis. Respond well and learn from critical incidents.
People	Workforce Challenges	No workforce plan or recognition of future challenges.	Future changes known but no plan in place to address them.	Aware of future challenges and a robust workforce plan in place. High ambition to be innovative, testing new ways of working and recruiting alongside calculated risk taking supporting people and workforce. Look to be innovative in recruiting and have a robust workforce plan.
Finance	Compliance	Want to adhere to all regulation with no deviation.	Adhering to all regulations but being creative in doing so.	Not adhering to regulations.
	VFM and financial Planning	Budgets focus is on recovery and renewal.	Balanced budget with strong financial management in place despite challenge of annual budget setting processes.	Investment in new approaches to improve service and to increase efficiency and effectiveness.