
Integrated Joint Board
14th February 2022
Agenda Item No.

Subject: **Risk Appetite Statement**

Purpose: To outline the Partnership Risk Appetite Statement

Recommendation: To approve the Partnership Risk Appetite Statement

Glossary of Terms	
IJB	Integrated Joint Board
NHS	National Health Service
PSMT	Partnership Senior Management Team

1.	EXECUTIVE SUMMARY
1.1	This report provides an overview of the first risk appetite statement for the partnership. The purpose of the report is to present to the Integration Joint Board (IJB) the output of the risk appetite session with the PSMT and allow the IJB members to either suggest any amendments or endorse the draft Risk Appetite Statement emerging therefrom.
2.	BACKGROUND
2.1	The risk strategy was approved by PAC in June 2019.
2.2	The risk strategy requires a formal risk appetite statement to be agreed annually by the IJB. The preparation of this has been delayed due to the focus on responding to the pandemic.
2.3	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.
2.5	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 have the confidence to work with uncertainty.
2.6	The Risk Appetite Statement also reflects the 'normal' risk appetite but it is recognised that risk appetite accepted in responding to delivering services during the pandemic may be higher.

2.7	In considering the development of the risk appetite statement the PSMT focused 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.
2.8	As this is the first risk appetite statement the assessed risk appetite is based on the view of the senior management team as a starting point. The IJB are invited to amend or approve the assessed level of risk appetite for each element.
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 risk appetite statement will be reviewed annually or more frequently if changes in the environment we operate merit this. This will allow any new members to the IJB during 2022 (resulting from the forthcoming local government election and changes to the Ayrshire and Arran NHS Board membership) to input into future iterations of the risk appetite statement.
4.	IMPLICATIONS

Financial :	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
Human Resources :	None
Legal :	None
Equality :	None
Environmental & Sustainability :	None
Key Priorities :	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.
Risk Implications :	Failure to approve the report would result in a gap in the governance structure of the partnership.
Community Benefits :	None

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

5.	CONSULTATION
5.1	The risk appetite statement has been reviewed and agreed by the PSMT.
6.	CONCLUSION
6.1	That the IJB approve the risk appetite statement.

For more information please contact: Paul Doak, Head of Finance and Transformation at pdoak@north-ayrshire.gov.uk or Eleanor Currie, Principal Manager - Finance at Eleanorcurrie@north-ayrshire.gov.uk



North Ayrshire Integration Joint Board

Risk Appetite Statement

Version	1.0
Prepared by	Principal Manager - Finance
Effective from	10 th February 2022 (<i>assumes approval at the February 2022 IJB</i>)
Review Date	January 2023
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 PSMT focused 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
- Improving mental health and wellbeing
- Prevention and early intervention
- Bringing services together
- Engaging communities

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** risk appetite 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 and to attract a younger workforce.

Finance

We have a **low**-risk appetite in respect to 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 a small number of 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.