



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD – 22 FEBRUARY 2023
RISK APPETITE
REPORT BY GAIL SMITH, CHIEF OFFICER

ABSTRACT

The purpose of this report is to present to the Integration Joint Board (IJB) the output of the Risk Appetite Workshops (August and October 2022) and to seek endorsement for the final draft Risk Appetite Statement.

1. RECOMMENDATION

It is recommended that the Integration Joint Board:-

(i) Approves the draft Risk Appetite Statement (Appendix 1).

2. BACKGROUND

Risk appetite is critically linked to the strategic priorities of the IJB and delivery through the Health and Social Care Partnership. Risk appetite provides a framework which enables an organisation to make informed management decisions. By defining a risk appetite the IJB will clearly set out thresholds around which risks can be tolerated, where the IJB is willing to operate, the extent to which risks need to be managed and at which point they should be escalated.

Risk Appetite is defined as “the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives”.

The 2019/20 Annual Internal Audit Plan included a review to evaluate and report on the risk maturity of the organisation. The scope of this audit was to review the controls and mechanisms in place to implement risk management processes. It was highlighted during the audit that there is ‘no reference to the IJB’s risk appetite within the IJB Risk Strategy’. The audit recommended that the IJB ‘should formally agree a risk appetite using an agreed methodology and this should be incorporated in to the IJB Risk Management Strategy’.

A Risk Appetite Development Event was held on 25 August 2021; the Chief Internal Auditor delivered a presentation to the IJB.

A second IJB Risk Appetite Development Event was held on 26 October 2022 where the IJB undertook an in-depth assessment of risk appetite using a tailored matrix focused on the agreed five categories of risk;

- Reputational
- Quality (of care)
- Compliance/Legislative/Regulatory
- Financial
- Workforce

A risk appetite level was agreed and applied to each Risk Category.

3. CURRENT POSITION

The draft Risk Appetite Statement detailing the risk appetite level was developed following these sessions. This was endorsed by Angus HSCP Clinical, Care and Professional Governance group on Monday 6 February 2023. The setting of the IJB risk appetite is an adaptive process that will be reviewed and updated on an annual basis with recognition that any appetite for risk will vary according to the issue. Therefore different appetites will apply to different categories of risk, although there may be inter relationships between these.

4. PROPOSALS

The IJB are asked to approve the IJB Risk Appetite Statement (Appendix 1)

5. FINANCIAL IMPLICATIONS

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.

6. RISK

There are direct implications from this Risk Appetite Report as the statement articulates the overall organisational attitude to the type and amount of risk to be tolerated in meeting the agreed strategic objectives. The Risk Appetite Statement is an integral part of financial and strategic planning and of the wider partnership approach to risk identification, assessment and management. The report encourages a risk awareness and management approach rather than risk aversion.

7. OTHER IMPLICATIONS (IF APPLICABLE)

Workforce recruitment, retention and development are key elements within the Risk Appetite Statement.

8. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

9. DIRECTIONS

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in Section 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Angus Council and NHS Tayside.

Direction Required to Angus Council, NHS Tayside or Both	Direction to:	
	No Direction Required	X
	Angus Council	
	NHS Tayside	
	Angus Council and NHS Tayside	

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List of Appendices:

Appendix 1 – Draft Risk Appetite Statement

Angus Integration Joint Board Risk Appetite Statement

Risk Appetite was the focus of an Integrated Joint Board (IJB) Development Session held on Wednesday 26 October 2022.

Risk appetite provides a framework which enables an organisation to make informed management decisions. By defining a risk appetite the IJB will clearly set out thresholds around which risks can be tolerated, where the IJB is willing to operate, the extent to which risks need to be managed and at which point they should be escalated.

Risk Appetite was agreed as being **“the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives”**.

The Risk Appetite was applied to the 5 Categories used in the assessment of risk.

Risk Category	Definition
Reputational	Risks which would have an impact on the reputation of Angus Integrated Joint Board which may lead to a loss of confidence from the public and/or partner organisations.
Quality(of care)	Those risks that have a cause or effect that is primarily clinical, medical or practice related.
Compliance/Legislative/Regulatory	Risks that could result in legal penalties; sanctions to Angus Integrated Joint Board or its parent organisations when it fails to act in accordance with the law or regulations.
Financial	Those risks whose principal impact/consequence would be financial loss or a lost opportunity to deliver financial gain.
Workforce	Risks related to workforce requirements e.g. recruitment; retention; industrial action, succession planning etc.

A risk appetite level was applied to each Risk Category. The Risk Appetite Levels are described below:

Risk Appetite Level	Definition
Avoid	Very little/no appetite for this type of risk. Avoidance of risk and loss and uncertainty are key objectives. Exceptional circumstances are required for any acceptance of risk.
Minimal	Minimal appetite for this type of risk. Preference for very safe delivery options which have a low degree of risk and only reward limited benefits.
Cautious	Limited tolerance for this type of risk. Preference for safe delivery options which have a low degree of risk and may only offer limited reward.
Open	Willing to consider all potential delivery options and

	choose the one most likely to result in successful delivery while also providing an acceptable level of reward (and Value for Money). Acceptance that a level of risk will be required to pursue objectives, or that a greater level of risk must be tolerated in this area.
Willing	Acceptance that risk must be more actively taken in the pursuit of transformation or that a high level of risk must be tolerated.

Each Risk Appetite Level correlates with the risk score levels on the Risk Assessment Matrix as shown below:

Appetite Level, Descriptor & Risk Score	Avoid/ None	Minimal/ Low	Cautious/ Moderate	Open/ High	Willing/ Significant
Category of Risk	0-5	6-10	11-15	16-20	21-25
Reputational				Open	
Quality of Care			Cautious		
Compliance/ Legislative/ Regulatory			Cautious		
Financial				Open	
Workforce				Open	

The setting of the IJB risk appetite is an adaptive process that will be reviewed and updated on an annual basis with recognition that any appetite for risk will vary according to the issue. Therefore different appetites will apply to different categories of risk, although there may be inter relationships between these.

Risk Category	Risk Appetite
Reputational	The IJB is OPEN to risk relating to reputation, if the decision being proposed has significant benefits for the organisation's strategic priorities and there is potential for improved outcomes for stakeholders. Such decisions will be explained clearly and transparently to the public.
Quality(of care)	The provision of high quality care is of the utmost importance to the IJB, therefore there is a CAUTIOUS appetite to risks that impact adversely on quality of care.
Compliance/Legislative/ Regulatory	The IJB recognises the need to place high importance on regulation and compliance and has a CAUTIOUS appetite to risk in this area. The IJB are prepared to accept the possibility of limited regulatory challenge.

Financial	The IJB have an OPEN appetite for some financial risk where this is required to mitigate risks to patient safety or quality of care. The IJB will ensure that all such financial responses deliver optimal value for money. The IJB will have a holistic understanding of value for money with price not being the overriding factor.
Workforce	The IJB value their workforce and strive to equip them with the skills to provide the right care, in the right place and at the right time. However, they recognise that to achieve the necessary workforce objectives in terms of recruitment, training and culture, there needs to be an OPEN appetite towards risk. They recognise the need for an innovative workforce model to maximise the resources available to ensure the delivery of services without compromising safety.