



## **PERTH AND KINROSS INTEGRATION JOINT BOARD**

### **AUDIT & PERFORMANCE COMMITTEE**

**24 JUNE 2024**

### **STRATEGIC RISK MANAGEMENT UPDATE**

**Report by Chief Finance Officer  
(Report No. G/24/92)**

#### **PURPOSE OF REPORT**

The purpose of this report is to:

- Provide an update on the Integration Joint Board (IJB) Strategic Risk Register
- Provide an update on the progress of the improvement actions being taken to improve the overall control environment and further mitigate risks
- Update on new or emerging risks and material changes to existing risks.

#### **1. RECOMMENDATION(S)**

The Audit and Performance Committee (A&PC) is asked to:

- Note the decrease in risk exposure for SR01 Financial Resources.
- Note the decrease in risk exposure for SR06 Viability of Commissioned providers.
- Approve the IJB's Strategic Risk Register and Strategic Risk Improvement Plan.

#### **2. BACKGROUND**

- 2.1 The Audit and Performance Committee has delegated responsibility from the IJB for reviewing the adequacy and effectiveness of the systems and processes in place to manage strategic risks.
- 2.2 The Strategic Risk Register (SRR) is used to record identified risks which may impact on the IJBs ability to deliver its strategic objectives. The SRR is supported by a Strategic Risk Improvement Plan which has been developed to improve either the range of controls in place or to improve the effectiveness of existing controls.

2.3 Perth and Kinross Health & Social Care Partnership's (PKHSCP) Executive Management Team (EMT) routinely considers and reviews the IJB's strategic risks to make a collective and balanced assessment of the nature, and extent, of the key risks to which the IJB is exposed and is willing to take in pursuit of its objectives. This includes a review of operational and clinical care risks to determine the extent to which they may have a strategic impact on the IJB.

### **3. ASSESSMENT**

3.1 The EMT's recent review of strategic risk resulted in two amendments. These are detailed below:

- The probability of risk SR01 (Financial Resources) occurring has been reduced to 4. The risk exposure has decreased from the maximum value of 25 to 20. This remains a very high red risk.
- The probability of risk SR06 (Viability of Commissioned Providers) occurring, and the impact should it occur have both been reduced to 3 meaning the new risk score is 9. This would mean the risk exposure now decreases to a yellow strategic risk from red and is now within the IJB's risk appetite.

3.2 The full strategic risk register is attached at Appendix 1 including an overview section within each individual risk page reflecting the current position and justification for the risk scores.

#### **3.3 Escalation of Operational Risks**

3.3.1 Operational risks are managed by NHS Tayside and Perth & Kinross Council as the employing bodies delivering health and social care services. However, a robust process is in place for systematic review and appropriate escalation of such risks insofar as they may impact on delivery of Perth and Kinross IJB's strategic objectives.

3.3.2 This process is achieved through the regular review of PKHSCP's Clinical and Care Governance assurance reports which are submitted to PKIJB's partner bodies. These reports identify significant operational risks and any mitigating actions being taken by partner bodies.

3.3.3 Since the last Audit and Performance Committee meeting held on 11 March 2023, NHS Tayside's Care Governance Committee and Perth and Kinross Council's Scrutiny and Performance Committee have each received an assurance report from PKHSCP. Having reviewed the contents of these no further escalation of operational risks to a strategic level is required.

3.4 Table 1 below shows the movement in Strategic Risk Exposure since the last time strategic risk was reported to the A&PC.

**Table 1**



**4. STRATEGIC RISK IMPROVEMENT ACTION PLAN**

- 4.1 The Strategic Risk Improvement Plan (Appendix 2) sets out the actions being taken to improve the overall control environment and where possible reduce current levels of risk exposure. Given the risk environment has changed over time it remains our intention to review the action plan as we move forward so as to ensure that all actions are appropriately aligned and that they are effective in seeking to control exposure.
- 4.2 The strategic risk relating to SR06 Viability of Commissioned Providers is now within the risk appetite. Existing controls are now deemed to be effective and will continue to operate mitigating the risk. The risk will be reviewed as necessary to ensure that any change in the environment is reflected within the risk and that the score remains within appetite.
- 4.3 Table 2 below sets out the status of the improvement plan actions since March 2024 with 15 actions now deemed to be at Green status.

**Table 2**

## 5. RISK APPETITE

- 5.1 A further risk appetite development session was held with IJB Members on 24 May 2024.
- 5.2 A paper seeking formal approval of the IJB's risk appetite statement will now come forward to the IJB meeting being held in August 2024.

## 6. EMT STRATEGIC RISK SESSION

- 6.1 The IJB approved a new Strategic Plan for 2024-2027 at their meeting on 5 June 2024. EMT will now undertake a review of risk register to ensure that identified risks remain contemporary and relevant.
- 6.2 This EMT review will inform the full description and evaluation of the Whole System Mental Health & Learning Disabilities Change Programme Strategic Risk (SR15).
- 6.3 It was agreed initially that the strategic risk related to the delivery of the change programme would be replicated in the risk registers for all partners, including the Perth and Kinross IJB as this is a whole system programme of change requiring collective leadership, ownership and management of risk and mitigations. The programme has its own risk log, reporting to the Programme Board and the Executive Leadership Group.
- 6.4 The approach to identifying the strategic risks associated with the programme will now be undertaken by each of the partners individually in recognition of the variation in impact and mitigations in each context. This will allow the P&K IJB to have bespoke risks that reflect their areas of responsibility and risk exposure.

6.5 Following the EMT risk review, a new risk register will be produced, along with a revised risk improvement action plan, which will then be accommodated into the new performance and risk platform, PK Performs. This will assist in the management and reporting of our strategic risks as we move forward.

6.6 The new risk register will be brought forward to the Audit and Performance Committee before the end of the calendar year.

## 7. CONCLUSION

7.1 Since last reported to the Audit and Performance Committee in March 2024 there has been a reduction in the scoring of 2 risk indicating an improvement in the risk environment.

7.2 The Executive Management Team continues to work towards reducing risk exposure with improvement actions identified within the action plan.

7.3 A refreshed risk register is anticipated to be brought forward for approval by the end of the calendar year.

7.4 Risk management continues to be an integral part of our governance procedures which assist the IJB to deliver on its strategic objectives.

### Author(s)

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### Appendices

Appendix 1 – Perth & Kinross IJB Strategic Risk Register

Appendix 2 – Strategic Risk Improvement Action Plan