

**Integration Joint Board**

**Date of Meeting: 27 September 2023**

**Title of Report: Strategic Risk Register Review**

**Presented by: James Gow, Head of Finance and Transformation**

**The Integration Joint Board is asked to:**

- Note that the Strategic Risk Register has been reviewed by the Audit & Risk Committee in June 2023 and the Contingency, Risk and Resilience Committee in May 2023.
- Review and approve the Strategic Risk Register.
- Note that a Board Development session is planned for the 25 October to facilitate a more detailed review of the Risk Register and Risk Appetite.

**1. EXECUTIVE SUMMARY**

- 1.1 An important aspect of the HSCP approach to Risk Management is to regularly review the Strategic Risk Register. This report summarises the outcome of the recent reviews of the Strategic Risk Register undertaken by the Contingency Risk and Resilience Committee and the Audit and Risk Committee. The report highlights the current perceived risk environment and recommends changes to the Strategic Risk Register.
- 1.2 Overall there are number of environmental factors which are continuing to result in relatively high levels of risk. High demand faced by NHS and social care services remain a concern along with on-going staffing shortages. This is resulting in increased waiting times across the Health and Social Care sector. Additionally the current socio-economic situation is now impacting directly upon funding and budgets with high inflation and the cost of living crisis continuing to be of concern. This situation has multiple strands, many of which are not within the control or influence of the HSCP. However, there is some perceived reduction in risk around resilience and contingency planning, covid 19 and the vaccination programme. Additionally the positive financial performance of the HSCP during 2022/23 has reduced short term financial risk.
- 1.3 It is intended that a Board Development Session in October will provide an opportunity for a further review of the register and the Risk Appetite Statement. This will be delivered in partnership with the Internal Audit service who have recently undertaken an audit of Risk Management processes within the HSCP.

## 2. INTRODUCTION

- 2.1 The purpose of this report is to provide members of the Integration Joint Board with the opportunity to review the Strategic Risk Register and endorse changes agreed by the Contingency Risk and Resilience Committee and the Audit and Risk Committee. The regular consideration of Risk and how risks are mitigated is an important aspect of risk management and governance arrangements. The Strategic Risk Register is scheduled to be reviewed by the IJB twice per year.

## 3. DETAIL OF REPORT

- 3.1 The Strategic Risk Register is used to identify risks and assess their perceived likelihood and impact. It is a dynamic document and is reviewed regularly. The current Strategic Risk Register is attached as appendix 1 and describes 24 strategic risks facing the HSCP and the table below summarises the perceived level of residual risk relating to these:

Residual Risks	Very High	High	Medium	Total
May 2021	2	9	9	20
December 2021	4	13	6	23
June 2022	4	14	6	24
December 2022	6	13	4	23
September 2023	4	13	7	24

- 3.2 In respect of those risks that are rated as 'Very High':

### **Financial Sustainability (SSR01)**

The budget gap for next year is substantial and the most recent financial plan outlines a series of risks relating to funding, cost pressures and severe challenges relating to public funding more widely. A separate risk has been added to reflect the more favourable shorter term assessment, although this is now looking less positive as NHS Highland seek to address their financial challenges with reference to IJB resourcing. Recent work on the funding model and demographics also suggests that the Argyll and Bute IJB will face relative funding reductions due to population decline. The Financial Sustainability risk therefore remains very high despite the HSCP being in an improved financial position.

### **Sustainability of Commissioned Service Providers (SSR7)**

This risk remains very high as a number of service providers continue to struggle to recruit staff and provide the services they are being commissioned to deliver. There are a number of service providers who have indicated that services are at risk in the relatively near term. Management are considering the implications and mitigations where there are specific issues. The national Care Home Contract has now been agreed which provides some assurance that there is a commitment to maintain the national approach to negotiating key contracts.

### **Workforce Recruitment and Retention (SSR10)**

The HSCP continues to experience difficulty in recruiting staff to a wide variety of roles. Staffing resource is the main constraint on service delivery in many

areas. This risk is considered to be both a local and a national issue and continuing industrial relations difficulties are likely to increase this risk further. Longer term demographic analysis also indicates that the working age population is set to reduce which is likely to exacerbate this risk in coming years. The Health & Care Staffing act presents an additional new challenge in respect of managing the impact of new legislative requirements but is part of a national prioritisation of longer term workforce planning and sustainability.

### **Socio-Economic Situation (SSR23)**

It is suggested that this risk remains 'Very High'. It has multiple strands and is largely outwith the control or influence of the HSCP. It is expected that high inflation and the potential for recession will result in increased poverty and increased service demand pressures from within our communities. The Scottish Government do not appear to be in a position to fully fund inflation and cost pressures.

- 3.3 The table above also indicates that 2 risks that were previously considered to be 'very high' are downgraded in the risk register:

**Business Continuity (SSR17)** – this risk was increased last winter as there were a number of potential resilience and service continuity challenges. Several of these have eased slightly at present, including the risks of energy shortages and widespread industrial action.

**Covid-19 (SSR18)** – this risk is also perceived to have reduced, the HSCP will consider whether to recommend its removal from the Strategic Risk Register over the coming months and in consultation with NHS Highland.

- 3.4 Trend arrows have been added to the residual risk scoring to indicate the management perception in respect the risks on the register, these do not necessarily mean the overall risk categorisation has changed.
- 3.5 In respect of the National Care Service, there has not yet been any formal update which would enable detailed consideration of the risk implications of the creation of the NCS. The Verity House agreement perhaps indicates that the likelihood of very significant structural change is reducing. Argyll & Bute Council are currently considering how different models for Council and HSCP service provision Argyll and Bute may be governed going forward.
- 3.6 Risk management within the HSCP relies heavily upon processes and procedures within the partner organisations, particularly in respect of cyber security, data protection and financial processes and systems. It is recognised that further work is required to ensure that the Strategic Risk Register is integrated effectively with service owned risk registers. There are processes in place to ensure that the HSCP Risk Register aligns to those of Argyll and Bute Council and NHS Highland.
- 3.7 A report on the recent internal audit review of risk management processes has been provided to the audit and risk committee. This report was largely positive but did highlight the need to improve the management of operational risk registers, this was highlighted as a medium grade recommendation in the audit report and action is now underway to address it.

#### **4. RELEVANT DATA AND INDICATORS**

- 4.1 The identification and rating of risk is based on internal and external data and indicators as well as a wider environmental scan.

#### **5 CONTRIBUTION TO STRATEGIC PRIORITIES**

- 5.1 Robust risk management is an important aspect of the overall strategic management of the HSCP.

#### **6. GOVERNANCE IMPLICATIONS**

- 6.1 Financial Impact – None
- 6.2 Staff Governance – None
- 6.3 Clinical Governance – None

#### **7. EQUALITY & DIVERSITY IMPLICATIONS**

- 7.1 None arising directly from the contents of this report.

#### **8. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE**

- 8.1 None.

#### **9. RISK ASSESSMENT**

- 9.1 This report provides a detailed review of the perceived strategic risks facing the HSCP.

#### **10. PUBLIC & USER INVOLVEMENT & ENGAGEMENT**

- 10.1 None arising directly from this report.

#### **11. CONCLUSIONS**

- 11.1 Overall the risk environment facing the HSCP continues to be perceived as being relatively high. On-going difficulties in recruiting staff to a number of roles and the service demand pressure within the NHS in total are contributing to this perception of persistently high levels of risk. Wider environmental factors including financial challenges and the potential impact of the cost of living crisis and inflation are contributing further to strategic risks facing the Health and Social Care sector both locally and nationally.

## 12. DIRECTIONS

Directions required to Council, NHS Board or both.	<b>Directions to:</b>	tick
	No Directions required	√
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

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APPENDICES:

Appendix 1: Strategic Risk Register