

## West Lothian Integration Joint Board

Date: 29 November 2016

Agenda Item: 12

### RISK MANAGEMENT

#### REPORT BY DIRECTOR

#### **A PURPOSE OF REPORT**

To update the Board on progress in relation to risk management.

#### **B RECOMMENDATION**

1. To note progress on risk management as set out in this report.
2. To consider the risks identified, and the control measures in place to mitigate their impact.

#### **C TERMS OF REPORT**

As the Board will be aware, risk may be defined as the effect of uncertainty on the ability of an organisation to achieve its objectives.

The objective of risk management is to ensure that risks are properly identified, assessed and managed. Risks may fall into a number of different categories, for example environmental (e.g. severe weather), financial (e.g. funding arrangements) or social (e.g. changes in demographics).

The Integration Scheme requires that the IJB maintains a risk register and that the Director produces and agrees a list of the risks to be reported and monitored. As reported in May, a risk register has been set up using West Lothian Council's Covalent system, and the risks to be reported and monitored are attached as appendix 1.

All of the risks have been scored for likelihood (i.e. an estimate of how likely they are to happen) and impact (i.e. an estimate of the harm arising should they occur) using a five by five risk matrix. These two ratings are multiplied together to provide a risk score. As will be apparent, the scores range between 1 and 25. The higher the score, the higher the assessed risk and therefore the greater potential impact on IJB objectives.

It is important to note that the risks identified represent high level, or strategic, risks to the IJB's objectives. Operational risks are separately recorded in the risk registers of both West Lothian Council and NHS Lothian.

In relation to appendix 1:

- The original risk score represents the uncontrolled risk, that is to say the potential impact if controls are absent or fail;
- The traffic light icon represents the risk ranking based on the score (i.e. high, medium high, medium or low);
- The risk matrices represent the risk score (a combination of likelihood and impact);
- The current risk score represents the current risk, i.e. assuming that current controls are in place and effective;
- The assigned to column identifies the officer assigned to manage the risk;
- The internal controls are those processes in place to reduce the risk from original risk score to current risk score.

In terms of impact on objectives, the IJB risks have been mapped to the nine national health and wellbeing outcomes. Appendix 2 sets out the results of that exercise.

The risks were identified by the IJB Senior Management Team during a risk management session facilitated by West Lothian Council's risk manager. The methodology used is attached as appendix 3.

## **D CONSULTATION**

IJB Senior Management Team.

## **E REFERENCES/BACKGROUND**

Report to West Lothian Integration Joint Board 31 May 2016: Risk Management

## **F APPENDICES**

1. West Lothian Integration Joint Board Risks
2. West Lothian Integration Joint Board Risks and Objectives
3. Risk Management Methodology

## **G SUMMARY OF IMPLICATIONS**

<b>Equality/Health</b>	The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, equality impact assessment has not been conducted. The relevance assessment can be viewed via the background references to this report.
<b>National health and Well-Being Outcomes</b>	Effective risk management is a pre-requisite for effective performance.
<b>Strategic Plan outcomes</b>	Effective risk management is a pre-requisite for effective performance.
<b>Single Outcome Agreement</b>	Effective risk management is a pre-requisite for effective performance.
<b>Impact on other Lothian IJBs</b>	None.
<b>Resource/finance</b>	None.
<b>Policy/Legal</b>	None.
<b>Risk</b>	This report sets out progress in relation to management of the IJB's risks.

## **H CONTACT**

Kenneth Ribbons, Audit, Risk and Counter Fraud Manager, West Lothian Council

[Kenneth.ribbons@westlothian.gov.uk](mailto:Kenneth.ribbons@westlothian.gov.uk) tel 01506 281573

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