



Date	17 June 2021
Agenda Item	10

Report to Audit Risk and Governance Committee

Report Title: High Risks

Report By: IJB Risk Manager

Summary of Report and Implications	
Purpose	This report:
	- seeks a decision <input type="checkbox"/>
	- is to provide assurance <input type="checkbox"/>
	- is for information <input checked="" type="checkbox"/>
	- is for discussion <input checked="" type="checkbox"/>
	The purpose of this report is to inform the committee of the IJB's high risks.
Recommendations	It is recommended that the Audit, Risk and Governance Committee considers the risks identified, the control measures in place, and the risk actions in progress to mitigate their impact.
Directions to NHS Lothian and/or West Lothian Council	A direction is not required.
Resource/ Finance/ Staffing	None.
Policy/Legal	The IJB's Policy is to effectively mitigate risks to the achievement of its objectives by implementing robust risk management strategies, policies and procedures, which enable managers to effectively identify, assess, and mitigate risk.
Risk	Directly relevant. This report sets out the IJB's high risks.
Equality, Health Inequalities, Environmental and Sustainability Issues	The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted.

Strategic Planning and Commissioning	Effective risk management is a pre-requisite for effective performance and outcomes.
Locality Planning	None.
Engagement	IJB Senior Management Team.

Terms of Report	
1. High Risks	
1.1	At its meeting on 28 March 2018 the Audit, Risk and Governance Committee asked that the IJB's high risks be reported to all of its meetings. This report fulfils that obligation.
1.2	Risks are assessed on the basis of a five by five grid of likelihood and impact, and therefore the lowest possible score is one and the highest is 25. The IJB's high risks are defined as those risks which have a current risk score of 12 or more.
1.3	Appendix one to this report sets out the IJB's high risks. There are two high risks, as follows: <ul style="list-style-type: none"> • IJB002 Failure to effectively implement the Strategic Plan (score 12); • IJB004 Inadequate Funding to Deliver Strategic Plan (score 12).
1.4	In relation to appendix one: <ul style="list-style-type: none"> • The traffic light icon represents the risk ranking based on the score; these are explained further in the table at the start of Appendix 1; • There is a code, title and description for each risk; • The original risk score represents the uncontrolled risk, that is to say the risk without controls in place, and provides an appreciation of the potential impact if controls are absent or fail; • The current risk score represents the current risk, i.e. assuming that current controls are in place and effective; • The internal controls are those processes in place to reduce the risk from original risk score to current risk score; • The risk actions are those measures which are intended to further reduce the current risk. The report only includes those which are in progress. Once marked as complete, risk actions should be included as internal controls and taken account of when assessing the current risk score.
1.5	The standard risk assessment methodology is attached as Appendix 2.

Appendices	1. IJB High Risks 2. Risk Assessment Methodology
References	None.
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Appendix 1 IJB High Risks

Report Author: Kenneth Ribbons




Generated on: 03 June 2021 11:08


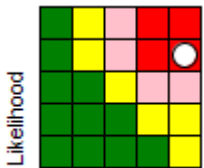
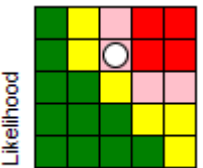




Report Layout: .. 12 (previously R09d) Original Score, Current Score, Target Score, Internal Controls with linked actions (outstanding only)






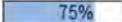
Key to Risk Scores


Icon	Score	Meaning
	16-25	High
	12-15	Medium High

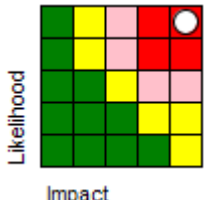
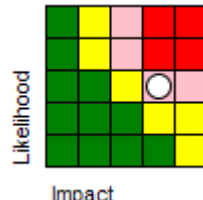




Key to Action Status

Icon	Status
	Overdue
	Approaching Due Date
	In progress

	IJB002 Failure to effectively implement the Strategic Plan	The Strategic Plan sets out how the IJB intends to deliver the nine national health and well- being outcomes through our strategic priorities and transformational change programmes. Failure to effectively develop and implement strategic commissioning plans for specific care groups within the medium term financial planning framework may lead to key objectives not being achieved. The Covid-19 pandemic is likely to impact on full delivery of the plan and is likely to delay the timeframe of some actions outlined in supporting strategic commissioning plans.						
Internal Controls:		Extensive consultation on the strategic plan Strategic plan based on national and local policy Review of the strategic plan by IJB SMT Revised strategic plan approved by the IJB on 23/4/19 Associated strategic directions Revised strategic planning structure Strategic Planning group Health Care Governance group Revised monthly management performance report Covid reflections SPG workshops Commissioning plans reviewed and revised to reflect impact of Covid-19						
Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
20  Likelihood Impact		12  Likelihood Impact		 IJB19010_Ar Strategic Commissioning Plan Mental Health	31-Mar-2023	31-Mar-2023		Ensure implementation of 3 year Strategic Commissioning Plans for Mental Health as approved by IJB on 21 January 2020
				 IJB19011_Ar Strategic Commissioning Plan Older People	31-Mar-2023	31-Mar-2023		Further develop and implement the Strategic Commissioning Plan for Older People as approved by IJB on 21 January 2020

			IJB19012_Ar Strategic Commissioning Plan Physical Disability	31-Mar- 2023	31-Mar- 2023		Implement Strategic Commissioning Plan for Physical Disability as approved by IJB on 21 January 2020
			IJB19013_Ar Strategic Commissioning Plan Learning Disability	31-Mar- 2023	31-Mar- 2023		Develop and implement Strategic Commissioning Plan for Learning Disability as approved by IJB on 21 January 2020
			IJB19014_Ari Strategic Plan Progress Reporting	30-Jun- 2020	30-Dec- 2021		<p>Review of arrangement for reporting on progress of the Strategic Plan 2019-2023:</p> <ul style="list-style-type: none"> - cycle of reports for the IJB to be reviewed and will include a commitment to formally updating the IJB on progress in relation to strategic commissioning plans twice per year. Strategic commissioning plans are the mechanism through which the strategic objectives of the IJB will be delivered. Revised cycle of reports to be submitted to IJB in January 2020. - a performance management framework will be developed to underpin commissioning plans and to provide a mechanism for monitoring impact and progress in relation to strategic objectives. The performance framework will be submitted to the IJB along with progress reports. Framework to be in place by June 2020.

	IJB004 Inadequate Funding to Deliver the Strategic Plan	<p>Financial implications of Covid-19 are not met by additional funding provided by the Scottish Government. Core funding provided by partner bodies is inadequate, or is not effectively prioritised, including through the development of financial recovery plans, leading to failure to achieve a sustainable budget position and meet strategic objectives.</p>
Internal Controls:		<p>Covid-19 Pandemic Lothian Covid-19 Finance Group set up and meeting regularly to ensure there is a joined up approach to identifying the financial implications arising from the pandemic. Regular updates to Scottish Government and IJB on Local Mobilisation Plan costs associated with the pandemic and additional funding received</p> <p>Failure to effectively manage the financial plan Chief Finance Officer (S95 officer) Due diligence by S95 officer on budget contributions from partner bodies each year as part of annual budget process Approval of resource allocations by IJB Monitoring / reporting of progress regarding outturn and delivery of savings reported regularly to IJB Financial reports to IJB include updates to key risks and uncertainties Scrutiny by Audit, Risk and Governance Committee Internal audit and external audit oversight. Financial Regulations in place WL Integration Scheme – agreed financial and budgetary responsibilities including for overspends against delegated IJB functions Ongoing development of medium term financial plan 2019/20 to 2022/23 submitted to the IJB on 23 April 2019 and further update provided to the IJB board on 30 June 2020 Reserves policy in place Regular updates to IJB Chief Officer group on key financial and budget matters relating to delivery of health and social care services Adoption of CIPFA Financial Management Code by IJB</p> <p>Unbudgeted and emergency budgeted pressures Financial reports to IJB include updates to key risks and uncertainties WL Integration Scheme – agreed financial and budgetary responsibilities including for overspends against delegated IJB functions Reserves policy in place Regular updates to IJB Chief Officer group on key financial and budget matters relating to delivery of health and social care services</p>

Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
25		12		 IJB19002_Ar Development of Updated Medium Term Financial Plan	30-Jun-2020	30-Jun-2021	 90%	Assessment of 2021 Scottish Budget and work collaboratively with LG and NHS partners to develop updated IJB medium term financial plan taking account of Covid-19 and other key issues impacting on the wider economy and public sector.
				 IJB19021_Are MTFP savings gap	31-Mar-2020	30-Jun-2021	 90%	Further development of IJB Medium Term Financial Strategy and savings proposals will be undertaken during 2020/21. This will involve close partnership working with partner bodies and finance and will take account of Covid-19 impacts. As well as existing arrangements in place, this will be supported through joint Lothian Finance Group established comprising of NHS Lothian Director of Finance, Lothian Local Authority Section 95 officers and Lothian IJB Chief Finance Officers. A key area being progressed by the group is developing a more joined up approach to financial planning. EY annual audit report action plan item 2 refers.

RISK ASSESSMENT METHODOLOGY

RISK MATRIX

LIKELIHOOD	Almost Certain 5	5 Low	10 Medium	15 High	20 High	25 High
	Very Likely 4	4 Low	8 Medium	12 High	16 High	20 High
	Likely 3	3 Low	6 Low	9 Medium	12 High	15 High
	Possible 2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Unlikely 1	1 Low	2 Low	3 Low	4 Low	5 Medium
		Insignificant 1	Minor 2	Significant 3	Major 4	Catastrophic 5
		IMPACT				

LIKELIHOOD TABLE

Score	Description	Estimated Percentage Chance
1	Unlikely	0-10
2	Possible	10-50
3	Likely	50-70
4	Very Likely	70-90
5	Almost Certain	90-100

Each risk is scored 1-5 for likelihood.

In assessing likelihood consider a three year time horizon and use your knowledge and experience of previous issues, both within the council and elsewhere.

IMPACT TABLE

Each risk is scored 1-5 for impact. In assessing impact each column is independent. Use the highest score.

<u>Hazard / Impact of Risk</u>	Personal safety	Property loss or damage	Regulatory / statutory / contractual	Financial loss or increased cost of working	Impact on service delivery	Personal privacy infringement	Community / environmental	Impact on Reputation
Insignificant 1	Minor injury or discomfort to an individual	Negligible property damage	None	<£10k	No noticeable impact	None	Inconvenience to an individual or small group	Contained within service unit
Minor 2	Minor injury or discomfort to several people	Minor damage to one property	Litigation, claim or fine up to £50k	£10k to £100k	Minor disruption to services	Non sensitive personal information for one individual revealed / lost	Impact on an individual or small group	Contained within service
Significant 3	Major injury to an individual	Significant damage to small building or minor damage to several properties from one source	Litigation, claim or fine £50k to £250k.	>£100k to £500k	Noticeable impact on service performance.	Non sensitive personal information for several individuals revealed / lost	Impact on a local community	Local public or press interested
Major 4	Major injury to several people	Major damage to critical building or serious damage to several properties from one source	Litigation, claim or fines £250k to £1m	>£500k to £2m	Serious disruption to service performance	Sensitive personal information for one individual revealed / lost	Impact on several communities	National public or press interest
Catastrophic 5	Death of an individual or several people	Total loss of critical building	Litigation, claim or fines above £1m or custodial sentence imposed	>£2m	Non achievement of key corporate objectives	Sensitive personal information for several individuals revealed / lost	Impact on the whole of West Lothian or permanent damage to site of special scientific interest	Officer(s) and/or members dismissed or forced to resign