London Borough of Hammersmith & Fulham **AUDIT, PENSIONS AND STANDARDS COMMITTEE** **14 December 2015**	

London Borough of Hammersmith & Fulham

AUDIT, PENSIONS AND STANDARDS COMMITTEE

14 December 2015

RISK MANAGEMENT IN ADULT SOCIAL CARE

Report of the Executive Director for Adult Social Care

Open Report

Classification: For review and comment

Key Decision: No

Wards Affected: All

Accountable Director: Liz Bruce, Executive Director, Adult Social Care & Health

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1.   EXECUTIVE SUMMARY

1.1.   The Audit Pensions and Standards Committee has responsibility for reviewing the scrutinising arrangements in place for identifying and managing key risks across the Council.

1.2.   At its meeting on 11 February 2015, the Committee requested that a forward plan be put in place to enable each department to attend and present, one department per Committee meeting, their risk management arrangements and high-level risk register to the Committee.

1.3.   In accordance with that forward plan, this risk management report is a joint report covering both Adult Social Care and the Public Health services within the Shared Services Adults Social Care and Health department. It is presented to the Committee for their information and review.

2.   RECOMMENDATIONS

2.1.   The Committee is requested to review the risk management arrangements that have been put in place by both the Adult Social Care and Public Health services

and to endorse the mitigating actions for each key high-level strategic risk identified in Section 4 below and note the respective Strategic Risk Registers attached as Appendices. (**Public Health - <u>Appendix 1</u>**; Adults **Social Care - <u>Appendix 2.)</u>**

3.   RISK MANAGEMENT ARRANGEMENTS

3.1.   Background

3.1.1   The Public Health (PH) service transferred into local government from the NHS on 1 April 2013 and is a shared service across the three authorities (RBKC, LBHF and WCC). Initially a standalone service area, hosted by WCC, it has formed part of the overall Adult Social Care & Health department in the portfolio of the Executive Director, Adult Social Care, since mid-2014. The Director of Public Health has a solid reporting line to the Executive Director, Adult Social Care following the WCC corporate re-organisation at that time.

As a WCC-hosted service, the Public Health service initially adopted the WCC corporate Risk Management Strategy as the basis of its risk management arrangements, and over the intervening period has adapted this as necessary to fit its particular situation as a shared service area across three boroughs.

3.1.2   Adult Social Care (ASC) services came together across Hammersmith & Fulham, Kensington & Chelsea and Westminster in April 2012, as one of the first three borough, shared services. At the time there were three different corporate, borough based business planning and risk management policies and processes in place. An internal audit of ASC risk management arrangements was carried in 2013. This identified the need for a more robust and consistent approach to risk identification, ownership, management and mitigation across all service areas and embedding this within the business and programme planning processes of the service. With the assistance of Corporate risk colleagues in February 2013 a new risk management policy and process was implemented across ASC, This was followed by an extensive programme of awareness raising and support to management boards and teams to embed the new approach.

3.1.3   In essence both the Public Health and Adult Social Care directorate's approach to risk management is a pragmatic one, based on and complying with the principles of the internationally-recognised AS/NZS 4360:2004 Risk Management standard. This Standard is principally concerned with ensuring that health and social care organisations have the basic building blocks in place for managing risk through development and implementation of a robust risk management system. Both services approach to risk management fully conforms to Shared Services corporate risk management standards, including in respect of managing hazards, incidents, complaints and claims.

3.2.   Outline of Adult Social Care & Health Risk Management processes

Within Adult Social Care & Health, there is a clearly-defined structure and process in place for capturing and managing risks. This is structured as follows:

3.2.1 Senior Accountable Officers
The Executive Director of ASC and Director of Public Health, are the relevant senior accountable officers, who have the responsibility for ensuring the risks identified by the ASC and Public Health directorates respectively, are managed effectively. The accountable officers champion and have overall ownership of the risk management process. They ensure that appropriate commitment and compliance to the process occurs throughout the services.

3.2.2 Senior Management Teams (Senior Management Team (SMT) in Public Health, Adults Leadership Team (ALT) in Adult Social Care)

A key responsibility of the senior management teams is to:

- o monitor, manage and report on risks to the business

The senior management teams have primary responsibility for ensuring that appropriate systems and processes are in place to deliver effective risk management, across all the services for which they are responsible. The senior teams review the strategic risk registers on at least a quarterly basis; this is more frequent with significant strategic risks which are subject to change.

In addition to their key role in reviewing and mitigating current risks, the ASC ALT and PH SMT also ensure that:

- o there is full consideration of risk in the directorates annual business planning processes and that actions from identified risks are fully factored into developing targets and objectives as part of business planning activities;

- o there is regular horizon-scanning by all boards and teams for emerging risks, both strategic and operational. All intelligence on such potential new risks are fed into the risk management and business planning processes.

3.2.3 Directors, Deputy Directors & Heads of Service
Each ASC Director, PH Deputy Director & Heads of Service are responsible for ensuring that risk management processes are adopted within their service area and that risks are appropriately and timely managed, i.e. included directorate, programme, project or team Risk Registers and escalated/de-escalated as appropriate.

3.2.4 Line managers and staff
All line managers and staff are expected to:

- o Be aware of and comply with each directorate's risk management policy and processes.

- o Participate fully in regular risk review processes.

- o Assume responsibility for risks and mitigating controls within their own areas of work.

3.2.5 Public Health Strategic Risk Register

The PH strategic risk register holds a record of all identified high-level and strategic risks likely to impact on the service area as a whole. This Risk Register is maintained by the directorate's nominated Risk Officer, with each risk being subject to review on at least a monthly basis.

For ease of reference, all risks in the PH directorate Risk Register are categorised under one of the following four headings:

- o **Public Health Risks**

- o **Contracts/Finance/Performance Risks**

- o **Governance Risks**

- o **Public Health Team Risks**

The PH strategic risk register is presented quarterly to SMT for their review and recommendation on mitigating actions. PH SMT takes the view that management of these risks will be most effective and efficient when undertaken in common, collective and portfolio terms, rather than on an individual risk by risk basis or appetite by appetite basis varying across different PH teams.

A number of the current strategically significant risks in the Public Health strategic risk register are outlined in section 4 below and a summary is attached as Appendix 1. The full PH risk register can be made available to members on request.

3.2.6 Adult Social Care Strategic Risk Register

The whole business of adult social care is associated with the management of risk at an individual customer and carer, case level, to strategically meeting the care needs of adult residents.

The Adult Social Care Strategic Risk Register holds a record of all identified high-level and strategic risks likely to impact on the service area as a whole. This Risk Register is maintained by the directorate's nominated Risk Officer, with each risk being subject to ongoing review.

On occasion risks can arise form an individual case which could have strategic significance to the service and Council. All risks are assessed by using the corporate rating for impact and likelihood. Strategic risks are those rated with significant potential impact. These are included in the strategic risk register and reported to ASC ALT Team on a quarterly basis as part of routine performance management arrangements.

A number of the current strategically significant risks in the Adult Social Care risk register are outlined in section 4 below and a summary is attached as Appendix 2. The full ASC risk register can be made available to members on request.

3.2.7 Assessing and Rating risks

All identified risks are assessed by using the corporate scales for rating both impact and likelihood. Impact is assessed across a number of domains:

- **Financial**
- **Reputational**
- **Service Delivery**
- **Impact on Life**
- **Environmental**

Likelihood is evaluated by use of a scale ranging from *Likely to Extremely Unlikely.* A risk score is then derived by multiplying the two resultant values together.

At any time, a risk which is assessed as having a high impact rating, (irrespective of likelihood) is considered a strategic risk. These are included on the strategic risk register and reported to Public Health SMT and/or ASC ALT at least on a quarterly basis as a key part of performance management arrangements.

3.2.8 Public Health Team Risk Registers

In addition to the Public Health strategic risk register, each of the PH Teams manages and maintains its own team risk register. These are intended to identify and hold risks which are more operational in nature, and specific to that team's work. These team risk registers are reviewed at least monthly as a standing item by each team at their scheduled monthly team meeting.

However, both strategic and team risk registers are considered holistically within the Public Health service area. If considered appropriate, risks can be escalated from a team risk register to the corporate risk register or alternatively de-escalated from the corporate risk register to a team risk register in line with monthly reviews of actions taken to address risks and mitigating measures put in place.

3.2.9 Adult Social Care - Board Risk Registers

To ensure effective risk management across the whole of ASC business there are a number of key governance boards which have responsibility for maintaining risk registers. These cover risks related to, transformation, key projects, operations, commissioning, financial, safeguarding and other strategic, operational and service related areas:

- **Portfolio Delivery Steering Group** – covers the whole of the ASC transformation programme, including 'whole systems' with health, the Better Care Fund and delivery of the medium term financial strategy. Also reviews implementation, delivery and monitoring of impact of new duties as a result of the Care Act.
- **Contracts and Commissioning Board** – covers all procurement and

commissioning activities, including the development of new commissioning strategies.

- o **Workforce Development Board** – covers the internal workforce issues including, learning and organizational development, staff recruitment and retention.
- o **Operations Board** – covers the operational activities of the social work services for older people and adults with a physical or learning disability.
- o **Mental Health Management Board** – covers the operational social work services and partnership arrangements with West London Mental Health Trust.
- o **Safeguarding Adults Board** – oversees safeguarding strategy and processes across agencies.
- o **Home Care Board** – this is a project board, but has strategic significance as it oversees the implementation of the new home care framework contracts and monitors demand for and take up of home care services.
- o **Customer Journey Board** – this is a project board, but has strategic significance as it oversees the redesign of social work and community independence services.
- o **IT Programme Board** – oversees the implementation of the ASC IT strategy and related systems.
- o **Information Governance Board** – shared with Children's Services, oversees information governance and information sharing issues.
- o **Provided Services Board** – covers the management and operation of in house provided services for all care groups.

3.2.10 Internal Audit support

Although risk management and internal controls are management's responsibility, Internal Audit has a significant role to play in supporting the maintenance of effective internal control through its annual programme of audit work and reports.

Internal Audit adopts a risk-based approach to planning its work, and is likely to reference the various PH and ASC risk registers when identifying areas for undertaking audit work.

The PH and ASC corporate risk review process also includes an annual self-assessment of the Risk Management Controls Assurance Standard. Substantive compliance (i.e. 75% or above) is required, This standard is one of three core standards identified by the National Audit Office and is also therefore subject to independent verification by Internal Audit each year.

4. MANAGING CURRENT STRATEGIC RISKS

4.1. A summarised version of the Risk Registers for both Public Health and Adult Social Care, are provided at Appendix 1 and 2. These include a record of all current key strategic which impact on the business and activities of both service areas. These are subject to quarterly management review by the senior management teams of both services

with associated mitigating actions escalated or de-escalated as necessary. Key strategic risks for the information of the committee are described in more detail below:

4.2. **Public Health strategic risks**

4.2.1 Public Health grant reductions and removal of the ring-fence (Appx. 1 Risk ref 1)

In October 2015 the Department of Health (DH) announced that Public Health budgets would be reduced nationally by 6.2% after a national consultation exercise. The government had initially proposed substantial cuts to each of the three councils' agreed public heath budgets. The most generous of the consultation options would see the Public Health directorate's budgets cut by 6.2%.

Autumn Statement for Public Health Finance saw the government announce that the Public Health grant spending will be maintained for 2016/17 and 2017/18.

The statement also announced that Councils had to deliver annual average real terms savings of 3.9% over the next 5 years.

To mitigate the risks outcomes being impaired through the reduction to the grant and the potential removal of the ring-fence after 2017-18, Public Health:

Finance managers are currently modelling various savings scenarios to mitigate the impact of the proposed budget cuts.

Commissioners are reviewing service specifications, contracts and new ways of working to establish whether contracts can be commissioned differently, more collaboratively to release efficiencies.

The directorate continues to explore how councils continue to meet its public health outcomes and the council's medium-term plans.

4.2.2 Clinical governance (APPX 1, Risk ref 3)

Clinical governance is a system through which NHS organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish

Adequate assurances are required of our providers and their clinical governance processes.

Without these, we are not fully assured that services fully meet clinical governance requirements.

To mitigate these risks, contracts have clinical governance clauses placed within

them; placing a duty on providers to comply.

A review of current monitoring mechanisms will be undertaken, to ensure that these are up to date and provide sufficient assurances.

Clinical governance policies are to be developed,

Staff to be provided with clinical governance guidelines

4.2.3 Consequences of reprocurement and the untoward consequences of the procurement process. (Appx 1 Risk Ref 2)

Could destabilise service delivery. This has wider implications to across the councils and could affect wider, unrelated services.

To mitigate this risk, Public Health commissioning and procurement managers have taken steps to stimulate competition in the market-place by developing stakeholder interest. At the same time it has developed and put in place appropriate service continuity and contingency arrangements designed to help mitigate these risks.

4.3. **Adult Social Care strategic risks**

4.3.1 Reducing resources to support people with care needs and increasing demand due to demographic pressures (Appx 2, Risk ref 1)
In the financial year there is a funding hole nationally in ASC of £3bn. Through the MTFS LBH&F have already made efficiencies and savings in recent years as the resources available for social care have significantly reduced. There is a risk that savings required the likelihood of this risk occurring remains very high. As a result of demographic changes the Council is already supporting greater numbers of people with care needs and increasing numbers with complex needs who would previously been supported more through health services.

4.3.2 Responding to changing legislation (Appx 2 Risk ref 2)
The Care Act began to be implemented from April 2015. There was a comprehensive programme in place in LBH&F to ensure that ASC was compliant with the new requirements. Although implementation of some parts of the Act (e.g. the 'care cap') have been delayed until 2020 by the Government; ASC are left with delivering new responsibilities such as for self funders, carers and the wider health and wellbeing, without additional resources. There continues to be a lack of clarity from Government about available funding to support additional demands for services,

To mitigate these risks we are continuing to:
- *Further change our service model to put a greater focus on short term, re-abling, interventions to help people regain skills and look after themselves for longer delaying the need for social and health care; through both the Customer Journey programme where we are refining our approach to*

reablement as part of the integrated Community Independence Service and also in the new home care model.
- *Pursue opportunities to develop more integrated and closer working with health colleagues, through initiatives such as the Better Care Fund and 'whole systems' programme.*
- *Develop a new Commissioning Strategy which is exploring different mechanisms to resource and commission services in the future using 'care pathways', and different procurement models.*
- *Develop an approach to prevention which focuses on reducing demand for social care and utilises some Public Health and wider Council resources to help achieve this.*
- *Manage resource planning through the Department of Health, ADASS network and LGA in relation to the Care Act.*

4.3.3 Reducing customer satisfaction (Appx 2, Risk ref 3)

There is increasing risk that customer and carer satisfaction and outcomes will reduce. The scale of change around frontline social work and provider services and the greater emphasis on individuals finding their own care solutions, time limited interventions and reablement, may lead to reduced satisfaction of some customers especially those who have been supported for some time.

To mitigate this risk we are:
- *Developing a communications strategy and plan which informs residents of changes in the approach to health and social care services locally.*
- *Closely analysing all customer and carer feedback, including that through complaints and the statutory user and carer surveys and using this to help inform our planning.*
- *Redesigning frontline social work services in the Customer Journey project, based on the 'customer voice' research which identified what was important to people who use our services.*
- *Exploring more, new opportunities for co-production and design of new services with customers and carers to ensure their needs and ideas are central to our approach.*

4.3.4 Workforce risks (Appx2 Risk ref 4)

The recent Adult Social Care Peer Review highlighted a recruitment and retention risk across London for social care staff. There is a risk that this is exacerbated locally as terms and conditions are not as competitive as some authorities elsewhere. Additionally there is significant change fatigue across the ASC shared service and added complexity of working across three boroughs, which together create a significant recruitment and retention risk. The whole commissioning service is currently in the middle of a restructure with 39 of the 63 posts in the new service requiring external recruitment.

To mitigate this risk
- *Established a Workforce Board which is overseeing an ASC Workforce Plan*
- *Exploring alternative ways to reward staff, for example through tailored development programmes.*
- *Improved internal staff communications from the senior management team by the use of blogs, team meetings and through the TriAngles staff newsletter.*

- *Used the results of the Your Voice survey to address service, team and staff concerns.*
- *Key change programmes have dedicated learning and development plans attached to them, i.e. Customer Journey, Commissioning Review and home care implementation.*
- *The Commissioning Review includes detailed transition planning including, knowledge and skills transfer; prioritisation of business over transitional period.*

4.3.5 Market unable to provide services required (Appx 2 Risk Ref 5)
The ASC market is fragile and there is a risk that it is not able to develop in the ways we will require in the future to meet local need; there is significant risk of market failure.

To mitigate this risk commissioners have:
- *Developed an updated Market Position Statement setting out our future commissioning intentions and direction of travel.*
- *EY are supporting the development of our new Commissioning Strategy and procurement forward plan.*
- *Engaged with providers and undertaking more market warming exercises in particular through LCAS and other forums.*
- *Helped providers to plan better by publishing forward plans for tenders etc.*
- *Developed a Provider Failure and Service Interruption Policy*

4.4. **Common strategic risk**

4.4.1 Managed Services Programme (including Agresso System implementation). (Appx 1 Risk ref 10, Appx 2 Risk ref 5)

Both services are continuing to experience risks arising from a difficult implementation of the Managed Services Programme. In addition to some problems around payment to suppliers, there are also significant issues around the accuracy of staff information which have resulted in some staff getting incorrectly paid and lack of clarity about leave arrangements. This situation if not resolved could have a significant impact on the end of year accounts and financial controls.

To mitigate these risks,
- *the Adult Social Care, Public Health finance and commissioning managers have been where necessary arranging for ad-hoc emergency payments to be made to the smaller and more vulnerable providers and suppliers.*
- *Some legacy systems have been retained (e.g. Abacus) to minimise the impact on customers and charging.*
- *Working with HR to improve staffing information on Agresso.*
- *Continue to lobby Corporate for more training and technical solutions.*

5. CONSULTATION

5.1 Not applicable to this Report

6.   EQUALITY IMPLICATIONS

6.1   Not applicable to this Report

7.   LEGAL IMPLICATIONS

7.1   Failure to manage risk effectively may give risk to increased exposure to litigation, claims and complaints. As such the report contributes to the effective Corporate Governance of the council.

8.   FINANCIAL AND RESOURCES IMPLICATIONS

8.1   Exposure to unplanned risk could be detrimental to the ongoing financial and reputational standing of the Council. Failure to innovate and take positive risks may result in loss of opportunity, reduced value for money and less positive customer and system outcomes. There are no direct financial implications with the report

9.   RISK MANAGEMENT

9.1   It is the responsibility of management to mitigate risk to an acceptable level. Appropriate and proportionate mitigating actions to known risks are expressed in the Shared Services Risk and Assurance Register and subject to review as part of planned audit work and the Annual Governance Statement.

10.   PROCUREMENT AND IT STRATEGY IMPLICATIONS

10.1   Failure to address risk in procurement may lead to a reduction in the expected benefits (Value for Money, Efficiency, Resilience, Quality of Service) and leave the council exposed to potential fraud and collusion as identified in the Bribery Act.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

Appendix 1 - Public Health Strategic Risk Register
Appendix 2 - Adult Social Care Strategic Risk Register
Appendix 3 - Adult Social Care & Health – Risk Assessment & Scoring