



INTEGRATION JOINT BOARD

Report Title	Risks covered by CNORIS
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Date of Report	8 th April 2016
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1:	Purpose of the Report
To outline to the IJB the potential risks of not signing up to CNORIS.	

2:	Summary of Key Information
<p>2.1 Background</p> <p>The objective of CNORIS is to provide cost-effective risk pooling and claims management arrangements for those providing health and social care services across Scotland. The Scottish Government Health and Social Care Directorate (SGHSCD) fund all large losses (i.e. those which breach CNORIS scheme deductibles) during each financial year. At the end of the financial year, funds are collected from Members to pay back the deficit accrued in-year by SGHSCD. In order to share the cost fairly between Members, clinical and non-clinical risk profiles are created which determine relative risks for each Member organisation. The total annual deficit is then shared between Members according to their proportion of the overall risk. However, contributions from Integration Joint Boards (IJBs) are fixed at £3,000 per annum (for Directors and Officers (Members and Officials) cover and there is no additional contribution payable regarding any annual deficit. In eliminating the need to forecast losses, or to reserve funds within the scheme, Members contribute to losses only during the period in which they have settled, enabling the service to retain funds for investment in health and social care for the longest possible period.</p> <p>The level of indemnity cover provided by CNORIS to Member organisations relates to Employer’s Liability, Public / Product Liability and Professional Indemnity type risks (inter alia). The level of cover provided is at least £5m Public Liability, £10m Employers Liability, and £1m Professional Indemnity; “Indemnity to Principal” will also been provided where required. CNORIS also provides cover in relation to Clinical Negligence. However, there are a number of exclusions, where CNORIS does not provide cover, such as for travel, property insurance, personal accidents</p>	



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and income generating activities.

The risks associated with Integration Joint Boards (IJBs) membership of CNORIS is considered low and therefore an annual contribution of £3,000, payable , in arrears, each financial year has been set, with notification of the contribution being confirmed in December. The contribution level has been assessed at this level due to the limited risks anticipated in relation to the statutory status of IJBs and CNORIS cover being provided in relation to indemnity for IJB Board members and officials only. However, if an IJB subsequently expands their status to include for operational activities¹, which may require the inclusion of clinical indemnity cover, then this contribution level would need to be adjusted to reflect the associate risks of any increased cover.

For full background, refer to the Clinical Negligence and others risks indemnity scheme (CNORIS) report presented to the IJB on 29th March 2016 (Appendix 1).

2.2 Risks covered by CNORIS – Directors and Officers (Members and Officials) cover

Directors and Officers cover is designed to assist in the event of conflicts of interest. In becoming Members of the IJB, Board members remain employees or elected representatives of the partner organisations (NHS Grampian and Aberdeen City Council), and as such they may at any point be asked to do something or make a decision that goes against their partner organisations normal business. The cover would step in at that point to cover any decisions of this nature that they have made.

Although not mandatory to join CNORIS, the statutory guidance from the Scottish Government is that IJBs should have some sort of coverage in place. Shared Insurance Services for Aberdeen City and Aberdeenshire Councils have also recommended CNORIS as they have assessed that CNORIS is the most cost effective method of providing coverage.

So far, twenty three (23) Integrated Joint Boards have signed up to CNORIS, including Aberdeenshire Council and Moray Council.

2.3 Risks of not joining CNORIS – Directors and Officers cover

The claims that would come to the IJB would be as a direct or indirect result of its decision making. It is possible that any decision or direction made by the IJB, as it has the potential to significantly impact on people's lives, may result in a claim

¹ CNORIS current contribution based on IJBs making strategic decisions directing partner organisations in operational delivery of services.



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against the IJB. Although the likelihood of such a claim is perceived to be relatively small (compared with other organisations covered by CNORIS), it should be noted that the potential consequence, the amount of the claim, could be significant. At present, CNORIS is unable to accurately predict the amount and size of claims against the IJB's, so it is difficult to anticipate the levels of potential compensation.

If there is no insurance cover, the cost of any claim would need to be met by the IJB itself, as Board members would not be acting on behalf of the NHS or Council when the decision was made, and NHS and Council Insurance would not apply.

If the IJB were to cover the cost of a claim itself due to not having appropriate insurance in place, not only could this be a significant expenditure for the IJB, but it could cause reputational damage to the IJB in addition to the damage caused by the claim itself.

2.4 Strategic Operational Risk Register

Purchasing CNORIS will mitigate some of the risks identified on the AHSCP Operational Risk Register

2.4.1 Workforce

If there is a claim against the IJB connected to inadequate resourcing, CNORIS will provide cover.

2.4.2 External Provision

As above, if there is a claim against the IJB connected to inadequate resourcing or lack of services, CNORIS will provide the IJB with some level of protection.

2.4.3 Infrastructure

Likewise, CNORIS will provide protection against claims that arise as a result of infrastructure failure or inadequacy.

2.4.4 Governance

Purchase of CNORIS will ensure that the IJB has adequate assurances in place in the event of a claim against the Board due to inadequate governance systems.

2.4.5 Protection of People



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CNORIS would provide cover in the event of a substantial claim for compensation from person or persons affected by a decision of the IJB.

2.4.6 Health and Safety

CNORIS would provide cover for the IJB if it fails in its health and safety responsibilities leading to claims for compensation.

2.4.7 Environmental Factors

Although largely external, Environmental factors could still be covered by CNORIS in the event that a claim is brought due to the IJB's failure to respond adequately.

2.4.8 Business Processes

If a claim is brought against the IJB due to decisions leading to poor business processes, CNORIS would provide protection to the IJB.

2.4.9 Financial

CNORIS will settle claims for compensation, which will protect the IJB from paying out large sums from its annual budget.

3: Recommendations for Action

The Integration Joint Board is asked to:

- i) Note the contents of this report
- ii) Note the contents of the report at Appendix 1
- iii) Direct the Chief Officer to apply to Scottish Ministers to join CNORIS for Directors and Officers cover.
- iv) Agree the expenditure to purchase membership of CNORIS at the amount set out at 2.3.1 of Appendix 1.

4: Opportunities and Risks

4.1 Opportunities

CNORIS would mitigate some of the risks identified in the Operational Risk



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Register.

IJB members and officials would be provided with cover in the event they are not covered by their Partner organisations insurance policy, bringing 'peace of mind' when making difficult decisions.

Shared Insurance Services have advised that CNORIS provides the widest cover for the lowest annual contribution compared to other similar insurance products.

4.2 Risks

As CNORIS is unable to predict what claims will be made against IJB's, it is difficult for it to forecast the risks associated. Therefore, there is a chance that the annual contribution could increase (or alternatively, it could decrease). As there is a minimum three year term for CNORIS with 1 year notice period, the IJB could be committed to unknown potential increased contributions.

As the IJB develops and evolves to take on more responsibilities, the contribution payable may increase.