

TRUST BOARD

31st October 2019

AGENDA ITEM NUMBER	15.4	
TITLE OF PAPER	Board Assurance Framework	
Confidential	NO	
Suitable for public access	YES	
PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN VIEWED		
Each sub-board committee has considered the risks to the strategic objective for which it has oversight. The Audit and Risk Committee considered the BAF at the meeting held on 24 th October 2019.		
<u>STRATEGIC OBJECTIVE(S):</u>		
Quality of Care	Y	
People	Y	
Modern Healthcare	Y	
Digital	Y	
Collaborate	Y	
EXECUTIVE SUMMARY		
<p>This report sets out the strategic risks which comprise the Board Assurance Framework. Each Board sub-committee has reviewed the strategic risks to the achievement of the strategic objectives for which the committee has oversight.</p> <p>The full Board Assurance Framework, comprising the detailed strategic risks was reviewed by the Audit and Risk Committee on 24th October 2019, in order to provide assurance to the Board that these risks are being effectively managed. The Audit & Risk Committee noted the progress made by each of the sub-committees in review of the risks and that the risks and risk scoring was a dynamic process.</p>		
SPECIFIC ISSUES CHECKLIST:		
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Quality and safety		

Patient impact	
Employee	
Other stakeholder	
Equality & diversity	
Finance	
Legal	
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DATE	21 October 2019
ACTION	For Assurance

1. Introduction

This paper presents the Board Assurance Framework (BAF), comprised of the key strategic risks to each strategic objective for which each Board Sub-Committee has oversight. The full detailed strategic risks are reviewed as a standing agenda item at each Board Sub-committee meeting and quarterly in full by the Audit and Risk Committee, in order to provide assurance to the Board that the risks are being managed effectively. This summary report is intended to provide an overview of the current risk profile.

2. Board Assurance Framework (Strategic Risks)

2.1 Overview

The BAF comprises the strategic risks described by each Board sub-committee - see Appendix 1. The following matrix¹ is used for grading risk scores:

	Likelihood				
Likelihood score	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost certain
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

There are currently 14 strategic risks on the BAF of which, 12 are high risks with two extreme risks:

2.1.1. Extreme Risks

There are two extreme risks:

Modern Healthcare Risk 2.3 - *A failure to deliver constitutional and operational targets leading to increased patient delay, poor patient experience, increased patient safety risks, increased outsourcing or activity and corresponding loss in productivity / efficiency*

Modern Healthcare Risk 2.1: *Non-delivery of the annual operating plan may lead to loss in productivity / efficiency and financial standing.*

¹ National Patient Safety Agency (NPSA) Risk Matrix

2.1.2. Range of risk scores

The current scores for the strategic risks are summarised in the following heat map:

	Likelihood				
Likelihood score	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost Certain
5 Catastrophic					
4 Major			3.1, 3.2, 4.3, 5.1, 5.2	2.1, 2.3	
3 Moderate			1.1, 1.2, 2.2, 4.1, 4.2, 5.3	4.1,	
2 Minor				5.4	
1 Negligible					

3. Risk Appetite Statement

The current Trust Risk appetite statement was agreed at Board in March 2019 (Appendix 2). It will be subject to annual review at the end of Quarter four, and there have been no triggers to prompt a review of the risk appetite by exception, during the reporting period (Q1 – Q2 2019/20).

4. Risk Management Plan

The Trust has in place a Risk Management Action Plan which represents the next stage of developing the organisation's risk management processes following development of the Board Assurance Framework and Trust Risk Appetite Statement.

The plan is designed to cohesively and comprehensively address the issues identified through external and internal review and audit alongside the need to ensure mandatory and statutory requirements upon FT's (FT licence and CQC Registration) are met in relation to risk and internal control mechanisms.

Once implemented successfully, the plan is intended to deliver:

- Robust assurance to the Audit and Risk Committee and Trust Board that risks are being identified, recorded and managed at all levels within the organisation
- A mechanism for effective oversight, scrutiny and challenge around the appropriateness and timeliness of actions in place to manage risks
- Clear linkage and escalation between departmental, divisional and corporate risk registers and the Board Assurance Framework
- Enhanced risk management capability within the organisation through comprehensive training and support
- An effective Risk Management Policy operationalised via a newly designed and implemented risk management system (Datix-Web)

5. Recommendations

The Board is asked to note the report for assurance.

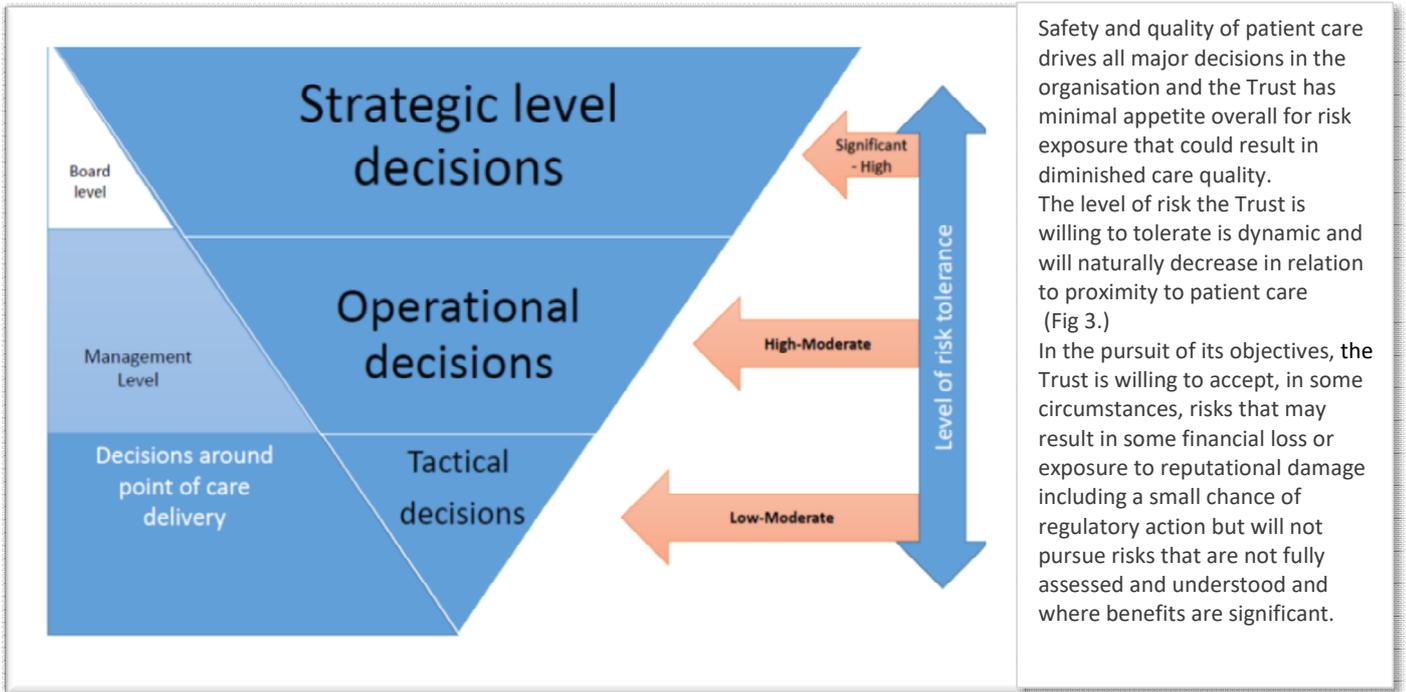
Appendix 1 – BAF Overview

Risk	Initial Rating	Direction	Post mitigation				
			Likelihood	Proximity	Impact	Current Rating	
1. Quality of Care							
1.1	Failure to achieve avoidable mortality and safer more efficient patient care through an inability to deliver: The priority quality improvement and transformation programmes (Learning from Deaths, medication and infection control strategic improvement programmes) due to insufficient capacity and capability.		↔	3	Medium	3	
1.2	Failure to improve and achieve outstanding patient experience through an inability to harness and optimise learning from patient and family feedback due to insufficient capacity and capability.		↔	3	Medium	3	
2. Modern Healthcare							
2.1	Non-delivery of the annual operating plan may lead to loss in productivity / efficiency and financial standing.		↑	4	Medium	4	
2.2	A failure to maintain the Trust's physical environment and clinical infrastructure, may lead to clinical pathway difficulties, deteriorating patient and staff experience, patient safety, and health and safety risks.		↔	3	Long	3	
2.3	A failure to deliver constitutional and operational targets leading to increased patient delay, poor patient experience, increased patient safety risks, increased outsourcing or activity and corresponding loss in productivity / efficiency.		↔	4	Imminent	4	
3. Digital							
3.1	The Trust's service delivery may be compromised if the current strategy to exploit the electronic patient record fails.		↔	3	Medium	4	
3.2	Failure of key IT systems leads to patient safety, experience or quality risks, data security breaches or process delays.		↔	4	Imminent	3	
4. People							
4.1	Inability to align workforce supply, to meet current and future acuity and demand, resulting in a misalignment with both the service and financial plan		↔	3	Medium	3	

4.2	Inability to recruit and retain leading to a poor staff and patient experience		↔	3	Medium	3	
4.3	Individuals and teams do not feel listened to, empowered and valued resulting in a negative impact on staff and patient experience		↔	3	Long	4	
5.Collaborate							
5.1	Insufficient capability and capacity to deliver the strategy programme (i.e. the strategic objectives) in accordance with the operating plan so that effect is diminished and/or service sustainability is significantly challenged.		↔	3	Long	4	
5.2	External factors such as decisions taken by national, ICS, ICP impact our delivery or attempt to counter our objectives or undermine our service sustainability		↔	3	Long	4	
5.3	Desired effect of the strategy does not realise the intended benefits to quality and sustainability of patient care		↔	3	Medium	3	
5.4	Effective external relationships established do not sustain.		↔	2	Long	4	

Appendix 2

Risk Appetite Statement



Safety and quality of patient care drives all major decisions in the organisation and the Trust has minimal appetite overall for risk exposure that could result in diminished care quality. The level of risk the Trust is willing to tolerate is dynamic and will naturally decrease in relation to proximity to patient care (Fig 3.) In the pursuit of its objectives, the Trust is willing to accept, in some circumstances, risks that may result in some financial loss or exposure to reputational damage including a small chance of regulatory action but will not pursue risks that are not fully assessed and understood and where benefits are significant.

Risk Appetite by strategic objective (sub-board committee level)

RISK APPETITE						
RISK CATEGORY	STRATEGIC OBJECTIVES					Overall
	Collaborate (Strategic Change)	Modern Hospital	Integrated Digital	People	Quality of Care	
Quality (patient safety, experience & clinical outcomes)	SIGNIFICANT	MODERATE	MODERATE	LOW	LOW	MODERATE
Finance	SIGNIFICANT	HIGH	HIGH	MODERATE	HIGH	HIGH
Workforce	SIGNIFICANT	SIGNIFICANT	SIGNIFICANT	MODERATE	HIGH	HIGH
Operational Performance	SIGNIFICANT	SIGNIFICANT	HIGH	MODERATE	MODERATE	HIGH
Strategic Change & Innovation	SIGNIFICANT		SIGNIFICANT	SIGNIFICANT	SIGNIFICANT	SIGNIFICANT
Regulation & Compliance	HIGH		MODERATE	MODERATE	LOW	MODERATE
Reputational	MODERATE		LOW	MODERATE	LOW	MODERATE

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