

TRUST BOARD IN PUBLIC		Date: 25th September 2014 Agenda Item: 1.7
REPORT TITLE:	Board Assurance Framework & Significant Risk Register	
EXECUTIVE SPONSOR:	Gillian Francis-Musanu Director of Corporate Affairs	
REPORT AUTHOR:	Colin Pink Corporate Governance Manager	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)	AAC 16 th September 2014 Executive Team 17 th September 2014	
Action Required:		
Approval (√)	Discussion (√)	Assurance (√)
Summary of Key Issues		
<p>The BAF highlights potential risks to the Trust's strategic objectives and mitigating actions , and the implementation of its programme of objectives for year one of the five year plan.</p> <p>The Board is asked to discuss and approve the report and consider the following:</p> <ul style="list-style-type: none"> • Review the BAF and its alignment to strategic objectives • Does the Board agree with the recorded controls and assurances • Does the Board agree with the revised risk score and target scores. <p>The Significant Risk Register details all risks on the Trust risk register system that are recorded as significant and the links to the Board Assurance Framework.</p>		
Relationship to Trust Strategic Objectives & Assurance Framework:		
SO1: Safe -Deliver safe services and be in the top 20% against our peers SO2: Effective - Deliver effective and sustainable clinical services within the local health economy SO3: Caring – Ensure patients are cared for and feel cared about SO4: Responsive – Become the secondary care provider and employer of choice for the catchment populations of Surrey & Sussex SO5: Well - led		
Corporate Impact Assessment:		
Legal and regulatory implications	The report is a requirement for all NHS organisations.	
Financial implications	As discussed in sections 5 (Income generation linked to activity referred to throughout the document)	
Patient Experience/Engagement	Patient experience and engagement is one of the Trusts strategic objectives. .	
Risk & Performance Management	These are highlighted throughout the report.	
NHS Constitution/Equality & Diversity/Communication	Discussed throughout the report but with the greatest detail in objective 3.	
Attachments:		
September 2014 BAF and the current SRR		

TRUST BOARD REPORT – 25th September 2014 BOARD ASSURANCE FRAMEWORK and SIGNIFICANT RISK REGISTER

1. Board Assurance Framework

The Board Assurance Framework (BAF) describes the principal risks that relate to the organisation's strategic objectives and priorities. It is intended to provide assurances to the Board in relation to the management of risks that threaten the ability of the organisation to achieve these objectives.

The Trust has identified five main strategic objectives for 2014/15:

- 1) Safe: Deliver safe services and be in the top 20% against our peers
- 2) Effective: Deliver effective and sustainable clinical services within the local health economy
- 3) Caring: Ensure patients are cared for and feel cared about
- 4) Responsive to people's needs: Become the secondary care provider and employer of choice for the catchment populations of Surrey & Sussex
- 5) Well led

These objectives are broken down into specific areas and the BAF details the key risks that the Trust faces to the delivery of these priorities as discussed at the Board in June 2014. Each risk details the controls that are in place, the sources and effects of assurance and mitigating actions to reduce the likelihood of the impact of the risk materialising. (Some priorities have more than one associated risk)

The Significant Risk Register (SRR) supports the BAF and details the highest rated operational risks that have been raised by the Executive Team and Divisional Management. The SRR is regularly reviewed and moderated by the Executive Team to ensure alignment with the BAF and other key risks to the Trust.

3. Current status

The AAC reviewed the BAF on the 16th of September and requested updates to the financial risks and assurance sections of the BAF. The Executive Committee reviewed the existing BAF on the 17th August and agreed the changes to the BAF that had been made as part of the Executive team review. The changes made to the financial risks are to reflect conversations at the August public Board and the September AAC.

The Committee noted the comments of the August Board meeting and agreed to consider the strategic information technology risk (5.F) at the September Finance and Workforce Committee. As such the Executive Committee for Quality and Risk discussed the strategic implications of current initiatives and the possible impact on quality.

The 14/15 BAF (attached) details a total of 19 risks to the 5 Trust strategic objectives which are scored as follows:

Objective	Red (15-25)	Amber (8-12)	Green (1-6)
1.Deliver safe services and be in the top 20% against our peers	0	2	0
2.Deliver effective and sustainable clinical services within the local health economy	0	1	1
3.Ensure patients are cared for and feel cared about	0	2	1
4.Become the secondary care provider and employer of choice for the catchment populations of Surrey & Sussex	0	4	0
5. Well Led	4	4	0
Total	5	12	2

One of the purposes of the BAF is to ensure that all risks are mitigated to an appropriate or acceptable level. It is expected that not all risks will be able to have mitigating controls that reduce the risk to green (low impact, low likelihood).The tables below highlight the predicted swing in risk rating.

Table 1: Current BAF Risk Profile

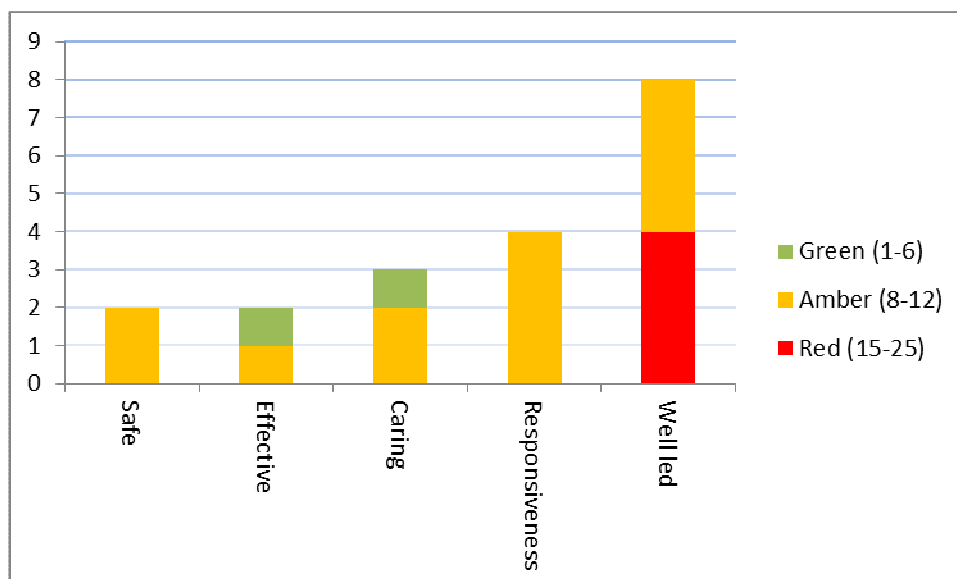
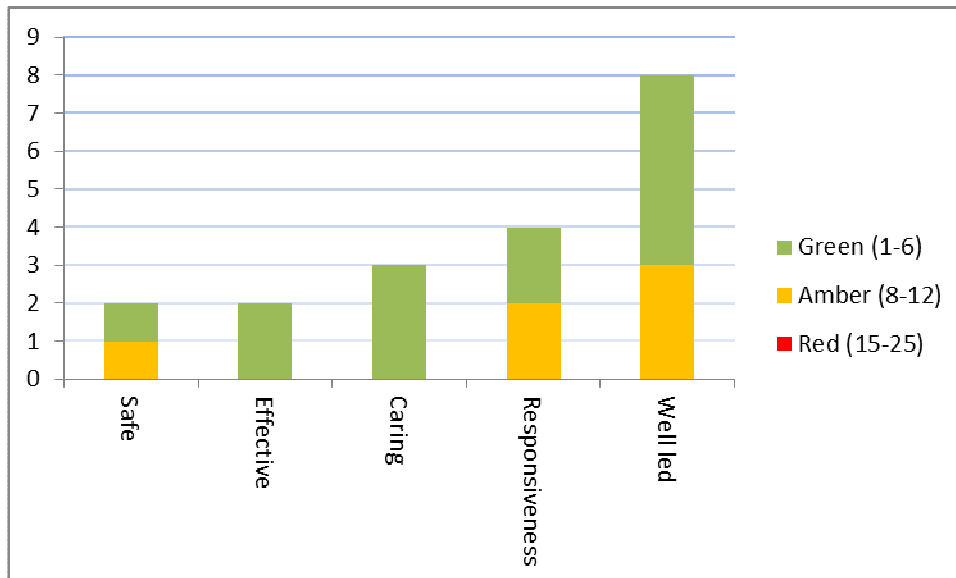


Table 2: Target BAF Risk Profile



3.1 Headline information by objective (BAF)

Objective 1 - Safe Deliver safe services and be in the top 20% against our peers	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
1.A.1 There is a risk that the Trust will not meet its objective to deliver continuous improvement in reducing avoidable harm, if all national and local standards are not embedded within divisions and specialties, supported by robust monitoring mechanisms (Page 2)	S4 x L3 = 12	S4 x L3 = 12	S3 x L2 = 6
1.A.1 Failure to maintain systems to control rates of HCAI will effect patient safety and quality of care (Page 3)	S4 x L3 = 12	S4 x L3 = 12	S5 x L2 = 10
Objective 2 - Effective –Deliver effective and sustainable clinical services within the local health economy	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
2.A.1 There is a risk that patient outcomes will not continue to improve if monitoring and benchmarking outcomes are not utilised and implemented appropriately across divisions and specialties (Page 4)	S3 x L3 = 9	S3 x L2 = 6	S2 x L2 = 4
2.B.1 There is a risk of a loss of elective business to outside provider if we do not align our activity to local commissioning priorities (Page 5)	S4 x L3 = 12	S4 x L3 = 12	S4 x L1 = 4

Objective 3 - Caring – Ensure patients are cared for and feel cared about	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
3.B.1 Failure to recruit and retain clinical staff may result in excessive usage of agency and may impact negatively on Trust's quality of care provided to patients (Page 6)	S3 x L3 = 9	S3 x L4 = 12	S3 x L2 = 6
3.B.2 If the Trust does not put into place systems to assess, monitor and evaluate nursing staffing levels there may be negative impact on Trust's quality of care provided to patients (Page 7)	S3 x L4 = 12	S3 x L3 = 9	S3 x L1 = 3
3.D.1 There is a Risk that the Trust may not deliver continuous improvement to patient experience if the wider care and compassion strategy, vision and values are not embedded and sustained with all members of staff (Page 9)	S2 x L4 = 8	S2 x L3 = 6	S2 x L1 = 2

Objective 4 – Responsiveness – Become the secondary care provider and employer of choice for the catchment populations of Surrey & Sussex	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
4.A Failure to maintain Emergency Department performance because of lack of capacity in health system to manage winter pressures has a significant impact on the Trust's ability to deliver high quality care (Page 10)	S3 x L4 = 12	S3 x L4 = 12	S3 x L3 = 9
4.A.2 As readmission rates are an indicator of high quality care, failure to improve the Trust's rate poses a risk to this objective (Page 11)	S3 x L3 = 9	S3 x L3 = 9	S3 x L2 = 6
4.D There is a risk that the Trust may not realise the benefits of service development opportunities which are fully appropriate for the local community unless partnership working and links between strategic partners are improved (Page 12)	S4 x L3 = 12	S4 x L3 = 12	S4 x L2 = 8
4.E There is a risk that if That recruitment and retention strategies are not effective in attracting and retaining staff which will impact on our ability to develop and maintain services (Page 13)	S3 x L4 = 12	S3 x L4 = 12	S3 x L2 = 6

Objective 5 – Well Led	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
5.A.1 Failure to deliver income plan (Page 14)	S5 x L3 = 15	S5 x L3 = 15	S4 x L2 = 8
5.A.2 Failure to stop divisional overspending against budget (Page 15)	S5 x L3 = 15	S5 x L3 = 15	S3 x L2 = 6
5.A.3 Unable to provide realistic medium term financial plan (Page 16)	S5 x L3 = 15	S4 x L3 = 12	S4 x L2 = 8
5.A.4 Liquidity: Inability to pay creditors / staff resulting from insufficient cash due to poor liquid position (Page 17)	S5 x L3 = 15	S5 x L3 = 15	S4 x L3 = 12

5.B There is a risk that Clinical leadership efforts will not be embedded if staff do not feel empowered and supported in order to make positive changes regarding care pathways within specialties and directorates (Page 18)	S4 x L2 = 8	S4 x L2 = 8	S4 x L1 = 4
5.E.1 There is a risk that staff do not take up opportunities to participate in developmental programmes which could further impact upon staff development and missed opportunities to improve quality of care (Page 19)	S3 x L3 = 9	S3 x L3 = 9	S3 x L2 = 6
5.G.2 If the Trust does not progress and deliver its Foundation Trust plans it is unlikely to be able to successfully authorised. This could leave the Trust without local autonomy and could lead to an alternative organisational form being imposed on the Trust. Which could reduce choice and focus on local health provision (Page 20)	S4 x L2 = 8	S4 x L2 = 8	S4 x L1 = 4
5.F. There is a risk that the Trust will not fully realise the benefits available from well embedded IT systems (Page 21)	S5 x L3 = 15	S5 x L3 = 15	S5 x L2 = 10

4. Key risks Strategic risks Identified

The BAF highlights the following 4 key red risks to the Trust objectives that have been identified at time of updating the framework. These are:

Risk description	Current rating	Target risk score	Page
5.A.1 Failure to deliver income plan	S5 x L3 = 15	S4 x L2 = 8	P13
5.A.2 Failure to stop divisional overspending against budget	S5 x L3 = 15	S3 x L2 = 6	P14
5.A.4 Liquidity: Inability to pay creditors / staff resulting from insufficient cash due to poor liquid position	S5 x L3 = 15	S4 x L3 = 12	P17
5.F. There is a risk that the Trust will not fully realise the benefits available from well embedded IT systems	S5 x L3 = 15	S5 x L2 = 10	P21

5. Significant Risk Register

Following the conversations at Board level and Executive Committee (supported by the 5 quality sub-committee) there are 5 risks on the Trust significant risk register. Each is in date and has mitigating actions to reduce the level of risk to an acceptable level.

As the Executive Committee and its subcommittees are reviewing the risk register and the SRR once a month it is believed that this will improve the quality of the SRR and the Board will be able to draw greater assurance that the SRR is both effective and accurate.

5.1 SRR Breakdown

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1055	Inpatients are at risk of moderate to major harm injury following a fall	20	16	4	30/09/2014
1601	Failure to deliver income plan	15	15	8	31/12/2014
1602	Failure to stop divisional overspending against budget	15	15	12	31/12/2014
1604	Liquidity: inability to pay creditors/staff resulting from insufficient cash due to poor liquid position	15	15	12	31/12/2014
1605	There is a risk that the Trust will not fully realise the benefits available from well embedded IT systems	15	15	10	31/12/2014

5.2 SRR De-escalated risks

The following risk has been de-escalated from the SRR to reflect current position

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1603	Unable to provide realistic medium term financial plan	15	12	8	31/12/2014

6. Discussion/Action

This report brings together the BAF for the Trusts strategic objectives and the Significant Risk Register into one report.

The Board is asked to discuss and form an opinion on whether the risks to the strategic objectives are being appropriately managed and approve the report.

Colin Pink
Corporate Governance Manager
September 2014

Appendix 1: Risk Appetite for 2014/15

The Board of Directors has developed and agreed the principles of risk that the Trust is prepared to accept, seek and tolerate whilst in the pursuit of its objectives.

The Board actively encourages well-managed and defined risk management, acknowledging that service development, innovation and improvements in quality requires risk taking. This position is based on the expectation that there is a demonstrated capability to anticipate and manage the associated risks as well.

The key following principles further define this stance with an opinion from the Board:

Quality: The quality of our services, measured by clinical effectiveness, safety, experience and responsiveness is our core business. We will only put the quality of our services at risk only if, upon consideration, the benefits of the risk improve quality are justifiable and the management controls in place are well defined and practicable. **Target: Green**

Innovation: The Trust is highly supportive of service development and innovation and will seek to encourage and support it at all levels with a high degree of earned autonomy. We recognise that innovation is a key enabler of service improvement and drives challenge to current practice. **Target: Amber**

Well Led: The Board acknowledges that healthcare and the NHS operates within a highly regulated environment, and that it has to meet high levels of compliance expectations from a large number of regulatory sources. It will endeavour to meet those expectations within a framework of prudent controls, balancing the prospect of risk reduction and elimination against pragmatic operational imperatives. **Target: Green**

Financial: The Trust is prepared to invest for return and minimise the possibility of financial loss by managing risk to a tolerable level. The Board will take decisions that may result in an adverse financial performance rating in the face of opportunities that balance safety and quality and are of compelling value and benefit to the organisation. There will be an expectation of aggressive risk reduction strategies and increased scrutiny of mitigating actions. **Target: Amber**

Reputation: The board is prepared to take decisions that have the potential to bring scrutiny of the organisation, provided that potential benefits outweigh the risks and by prospectively managing any reputational consequences. **Target: Green**

Workforce: The good will of our staff is important to the Trust. Any decision that places at risk staff morale and has the potential to adversely affect any aspect of the working life of our employees will be balanced very carefully against any potential consequent benefits and will only be considered if the inherent risk is low. **Target: Amber/Green**