

<b>TRUST BOARD IN PUBLIC</b>		<b>Date: 18<sup>th</sup> December 2014</b>  <b>Agenda Item: 1.7</b>	
<b>REPORT TITLE:</b>		Board Assurance Framework & Significant Risk Register	
<b>EXECUTIVE SPONSOR:</b>		Gillian Francis-Musanu Director of Corporate Affairs	
<b>REPORT AUTHOR:</b>		Colin Pink Corporate Governance Manager	
<b>REPORT DISCUSSED PREVIOUSLY:</b> (name of sub-committee/group & date)		Executive Team 10 <sup>th</sup> December 2014	
<b>Action Required:</b>			
<b>Approval (√)</b>	<b>Discussion (√)</b>	<b>Assurance (√)</b>	
<b>Summary of Key Issues</b>			
<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 BAF details 19 risks to the trusts strategic objectives, 5 of which are recorded as key strategic risks and red rated (Section 4). It is proposed that the current rating for Failure to deliver income plan (5.A.1) and Failure to stop divisional overspending against budget (5.A.2) are increased to 16 to reflect the current financial position.</p> <p>The Significant Risk Register (SRR) details all risks on the Trust risk register system that are recorded as significant and the links to the Board Assurance Framework. There are 10 significant risks recorded on the Trust risk register, including one new risk relating to potential for outbreak of viral gastroenteritis (1401)</p> <p>The Board is asked to discuss and approve the report and consider the following:</p> <ul style="list-style-type: none"> <li>• Review the BAF and its alignment to strategic objectives</li> <li>• Does the Board agree with the recorded controls and assurances</li> <li>• Approve the proposed revised scores to two financial risks</li> <li>• Approve the new risk added to the SRR</li> </ul>			
<b>Relationship to Trust Strategic Objectives &amp; Assurance Framework:</b>			
<b>SO1:</b> Safe -Deliver safe services and be in the top 20% against our peers <b>SO2:</b> Effective - Deliver effective and sustainable clinical services within the local health economy <b>SO3:</b> Caring – Ensure patients are cared for and feel cared about <b>SO4:</b> Responsive – Become the secondary care provider and employer of choice for the catchment populations of Surrey & Sussex <b>SO5:</b> Well - led			
<b>Corporate Impact Assessment:</b>			
<b>Legal and regulatory implications</b>		The report is a requirement for all NHS organisations.	
<b>Financial implications</b>		As discussed in sections 5 (Income generation linked to activity referred to throughout the document)	

<b>Patient Experience/Engagement</b>	Patient experience and engagement is one of the Trusts strategic objectives. .
<b>Risk &amp; Performance Management</b>	These are highlighted throughout the report.
<b>NHS Constitution/Equality &amp; Diversity/Communication</b>	Discussed throughout the report but with the greatest detail in objective 3.
<b>Attachments:</b>	
December 2014 BAF and the current SRR	

## TRUST BOARD REPORT – 18<sup>th</sup> December 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 population
- 5) Well led: become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model

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. 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.

### 2. Current status

The Executive Committee reviewed the existing BAF on the 10<sup>th</sup> December and agreed the changes to the BAF that had been made as part of the Executive team review. The changes made reflect conversations at the November public Board, November Audit and Assurance Committee and changes identified through reports to the Executive Committee.

It is proposed that the current ratings for "Failure to deliver income plan" (5.A.1) and "Failure to stop divisional overspending against budget" (5.A.2) are both increased from 15 to 16 to reflect the current financial position.

The narrative in BAF 1A has been updated to include specific falls management controls.

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.Responsive - Become the secondary care provider and employer of choice for the catchment populations of Surrey & Sussex	1	3	0
5. Well Led - become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model	4	4	0
<b>Total</b>	<b>5</b>	<b>12</b>	<b>2</b>

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

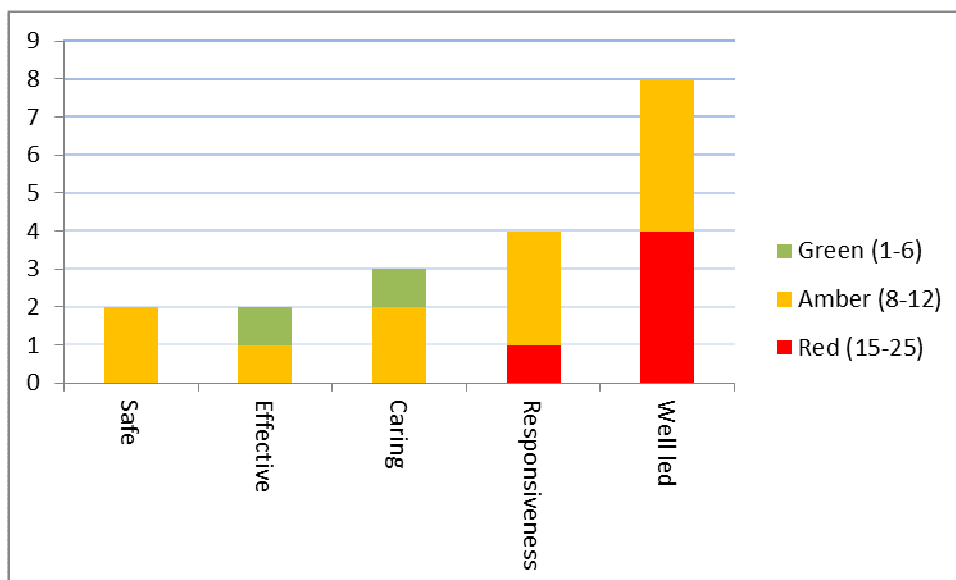
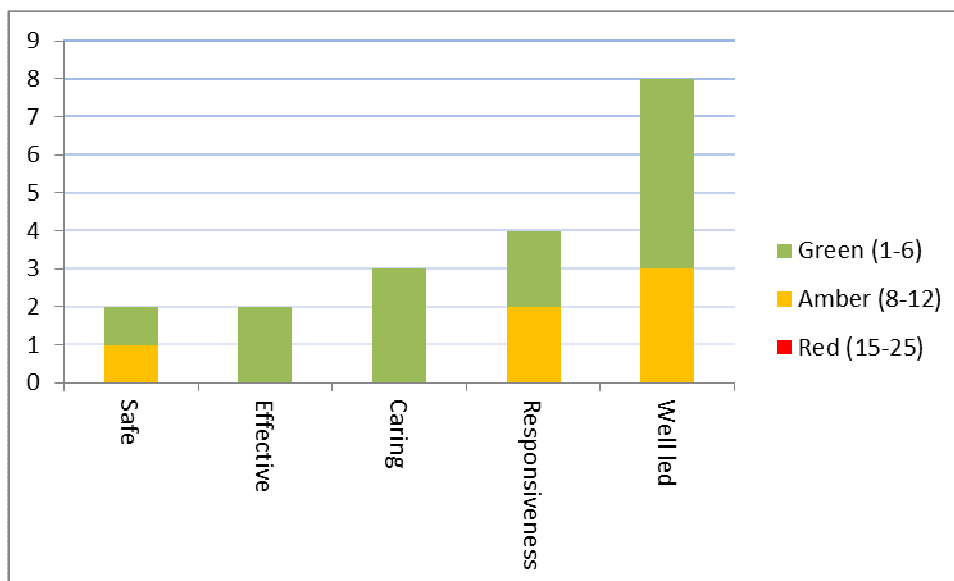


Table 2: Target BAF Risk Profile



### 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 4)	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 5)	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 6)	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 8)	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 9)	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 11)	S2 x L4 = 8	S2 x L3 = 6	S2 x L1 = 2

Objective 4 – Responsiveness – Become the secondary care provider for the catchment population	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 12)	S3 x L4 = 12	S4 x L4 = 16	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 13)	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 14)	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 15)	S3 x L4 = 12	S3 x L4 = 12	S3 x L2 = 6

Objective 5 – Well Led - become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
5.A.1 Failure to deliver income plan (Page 16)	S5 x L3 = 15	Proposed score S4 x L4 = 16	S4 x L2 = 8
5.A.2 Failure to stop divisional overspending against budget (Page 17)	S5 x L3 = 15	Proposed score S4 x L4 = 16	S3 x L2 = 6
5.A.3 Unable to provide realistic medium term financial plan (Page 18)	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 19)	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 20)	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 21)	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 22)	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 23)	S5 x L3 = 15	S5 x L3 = 15	S5 x L2 = 10

#### 4. Key risks Strategic risks Identified

The BAF highlights the following 5 key red risks (including proposed increase) to the Trust objectives that have been identified at time of updating the framework. These are:

Risk description	Current rating	Target risk score	Page
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	S4 x L4 = 16	S3 x L3 = 9	P12.
5.A.1 Failure to deliver income plan	Proposed score S4 x L4 = 16	S4 x L2 = 8	P16
5.A.2 Failure to stop divisional overspending against budget	Proposed score S4 x L4 = 16	S3 x L2 = 6	P17
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	P19
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	P23

#### 5. Significant Risk Register

Following the conversations at Board level and Executive Committee (supported by the 5 quality sub-committee) there are 10 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.

On the 10<sup>th</sup> December the Executive Committee reviewed and agreed the proposal to include one escalated risk to the significant risk register. Specifically the risk of outbreak of viral gastroenteritis (1601) which is a year round risk but its likelihood and consequences fluctuate with the seasons.

## 5.1 SRR Breakdown

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1401	Risk of outbreak of viral gastroenteritis	16	15	8	01/02/2015
1480	Risk that non elective activity does not reduce and no payment in respect of marginal tariff	16	16	6	31/12/2014
1491	Failure to maintain Emergency Department performance	12	16	6	31/12/2014
1501	If the Trust does not maintain and improve ability to allocate the right bed first time there is an increased risk of receiving poor quality of our care (effectiveness, experience and safety)	9	15	6	31/12/2014
1601	Risk that demand growth activity does not deliver the plan and elective income reduces	16	16	8	31/12/2014
1602	Failure to stop divisional overspending against budget	16	16	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
1645	Loss of income and unnecessary expenditure as a result of the complexities associate with the maternity pathway	16	16	6	28/11/2014
1652	The current local availability of qualified nurses and pressures on temporary staffing costs is effecting the Trust's ability to achieve optimum workforce management	16	16	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

Approve the increased risk rating to two financial risks.

Approve the new risk added to the Significant Risk Register.

**Colin Pink**  
**Corporate Governance Manager**  
**December 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**