

<b>TRUST BOARD IN PUBLIC</b>		<b>Date: 28<sup>th</sup> January 2016</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 (s):</b>		Colin Pink Head of Corporate Governance	
<b>REPORT DISCUSSED PREVIOUSLY:</b> (name of sub-committee/group & date)		AAC 15 <sup>th</sup> January 2016 Executive Team 20 <sup>th</sup> January 2016	
<b>Action Required:</b>			
<b>Approval (√)</b>	<b>Discussion (√)</b>	<b>Assurance (√)</b>	
<b>Purpose of Report:</b>			
<p>The 2015/16 BAF highlights potential risks to the Trust's strategic objectives and mitigating actions and the implementation of its programme of objectives for year two of the five year plan. 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.</p>			
<b>Summary of key issues</b>			
<p>The BAF details 13 risks to the trusts strategic objectives, 6 of which are recorded as key strategic risks and red rated.</p> <p>It is proposed that BAF risk 5.2 be rescored from a 15 to a 12 to reflect ability to achieve forecast end of year budget.</p> <p>There are 10 significant risks recorded on the Trust risk register. One risk has been downgraded since the December Board relating to divisional overspend linked to the BAF risk above.</p>			
<b>Recommendation:</b>			
<p>The Board is asked to discuss and approve the report and consider the following:</p> <ul style="list-style-type: none"> <li>• Consider the proposed reduction in risk 5.2</li> <li>• Does the Board agree with the recorded controls and assurances</li> <li>• Note the updated risks included in the Significant Risk Register</li> </ul>			
<b>Relationship to Trust Strategic Objectives &amp; Assurance Framework:</b>			
<p><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 our catchment population  <b>SO5:</b> Well led: Become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model</p>			

<b>Corporate Impact Assessment:</b>	
<b>Legal and regulatory impact</b>	The report is a requirement for all NHS organisations.
<b>Financial impact</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>Attachment:</b>	
January 2016 BAF and the current SRR	

## TRUST BOARD REPORT – 28<sup>th</sup> January 2016 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 2015/16:

- 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

Following discussions at AAC and the Executive team it is proposed that the strategic risk relating to 'Failure to stop divisional overspending against budget' (5.2 BAF) is reduced to 12. This is based on the Trust's current financial position and end of year focus.

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).

There have been minor amendments throughout regarding controls, actions and assurances.

The 15/16 BAF (attached) details a total of 13 risks to the 6 Trust strategic objectives which are scored as follows (not including proposed reduction):

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	1	0	1
3. Ensure patients are cared for and feel cared about	1	0	0
4. Responsive - Become the secondary care provider and employer of choice for the catchment populations of Surrey & Sussex	1	0	0
5. Well Led - become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model	3	4	0
<b>Total</b>	<b>6</b>	<b>6</b>	<b>1</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).

There have been minor amendments throughout regarding controls, actions and assurances.

## 2.2 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
1.1 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.	S4 x L3 = 12	S4 x L2 = 8	S4 x L1 = 4
1.2 Failure to maintain systems to control rates of HCAI will effect patient safety and quality of care	S3 x L4 = 12	S3 x L4 = 12	S3 x L3 = 9

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
2.1 There is a risk that patient outcomes will not continue to improve if monitoring and benchmarking is not utilized to improve clinical outcomes across divisions and specialties	S3 x L3 = 9	S3 x L2 = 6	S3 x L1 = 3
2.2 There is a risk that if the Trust does not deliver the planned efficiencies it will be unable to create the capacity desired to deliver transformational changes.	S5 x L3 = 15	S5 x L3 = 15	S5 x L2 = 10

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
3.1 The continuing challenge to recruit and retain clinical staff is impacting on the Trust's ability to maximize financial and quality benefits.	S3 x L4 = 12	S3 x L5 = 15	S3 x L2 = 6

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
4.1 Failure to maintain Emergency Department performance because of lack of capacity in health system to manage pressures has a significant impact on the Trust's ability to deliver high quality care	S4 x L4 = 16	S4 x L4 = 16	S4 x L2 = 8

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
5.1 Failure to deliver income plan	S5 x L3 = 15	S5 x L3 = 15	S4 x L2 = 8
5.2 Failure to stop divisional overspending against budget	S5 x L3 = 15	Proposed S4 x L3 = 12	S3 x L2 = 6
5.3 Unable to deliver realistic medium term financial plan	S5 x L3 = 15	S5 x L3 = 15	S4 x L2 = 8
5.4 Liquidity: Inability to pay creditors / staff resulting from insufficient cash due to poor liquid position	S5 x L3 = 15	S5 x L3 = 15	S4 x L3 = 12
5.5 There is a risk we will fail to realize the strategic benefits of having an Achievement Review Process that effectively monitors and influences behaviour and performance.	S3 x L3 = 9	S3 x L3 = 9	S3 x L2 = 6
5.6 The Trust remains within the current FT pipeline and awaits national guidance on potential new organisational forms which could result in changes to the current timescale and associated requirements to the process. Due to the merger of the NHS TDA & Monitor and creation of NHS Improvement there is uncertainty over the longevity of the current FT model.	S4 x L2 = 8	S4 x L2 = 8	S4 x L1 = 4
5.7. There is a risk that the Trust will not fully realise the benefits available from well embedded IT systems	S5 x L3 = 15	S4 x L3 = 12	S3 x L3 = 9

### 2.3. Key risks Strategic risks Identified

The BAF highlights the following 6 key red risks to the Trust objectives that have been identified at time of updating the framework (not including the proposed reduction). These are:

Risk description	Current rating	Target risk score
2.2 There is a risk that if the Trust does not deliver the planned efficiencies it will be unable to create the capacity to deliver the activity income that underpins the LTFM.	S5 x L3 = 15	S5 x L2 =10
3.1 The continuing challenge to recruit and retain clinical staff is impacting on the Trust's ability to maximize financial and quality benefits.	S3 x L5 = 15	S3 x L2 = 6
4.1 Failure to maintain Emergency Department performance because of lack of capacity in health system to manage pressures has a significant impact on the Trust's ability to deliver high quality care	S4 x L4 = 16	S4 x L2 = 8
5.1 Failure to deliver income plan	S5 x L3 = 15	S4 x L2 = 8
5. 3 Unable to deliver medium term financial plan	S5 x L3 = 15	S4 x L2 = 8
5. 4 Liquidity: Inability to pay creditors / staff resulting from insufficient cash due to poor liquid position	S5 x L3 = 15	S4 x L3 =12

### 3. Significant Risk Register

The Executive Committee has reviewed and agreed the content of the significant risk register. There are 10 risks on the Trust significant risk register.

Risk 1688, Risk of potential overspending from operational pressures, has been downgraded to reflect the reduction in risk.

Each risk is in date and has mitigating actions to reduce the level of risk to an acceptable level.

#### 3.1 SRR Breakdown

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1401	Risk of outbreak of viral gastroenteritis	16	15	9	31/03/2016
1491	Failure to maintain Emergency Department performance	20	16	6	31/01/2016
1501	Patient admitted to the right bed first time	9	15	6	31/03/2016
1603	Unable to provide realistic medium term financial plan	15	15	8	31/01/2016
1604	Liquidity: Inability to pay creditors/staff resulting from insufficient cash due to poor liquid position	15	15	12	31/01/2016

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1663	Risk of not achieving Cost Improvement Plan	9	15	6	31/01/2016
1672	Increasing Sickness Absence Levels with impact on day to day management and expenditure	15	15	9	31/01/2016
1678	RTT Access Standards	15	15	6	11/02/2016
1689	Risk of Contract income below plan	15	15	12	31/01/2016
1697	Financial risks linked to National Quality Board Paper, 7 day working and Carter productivity report	15	15	9	31/01/2016

#### 4. 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 approve the report and consider the following:

- Consider the proposed reduction in risk 5.2
- Does the Board agree with the recorded controls and assurances
- Note the updated risks included in the Significant Risk Register

**Gillian Francis-Musanu**  
Director of Corporate Affairs  
January 2016

**Colin Pink**  
Head of Corporate Governance

## Appendix 1: Risk Appetite – 2015/16

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 both internally and across the wider health economy. **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 meet those expectations within a framework of prudent controls, balancing the prospect of risk reduction and elimination against pragmatic operational imperatives. The Board will seek to innovate and take risks where there is potential to develop inspirational leadership as it recognises that this is key to both becoming the local employer of choice and developing strategic partnerships with new bodies. **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. The Board recognises the complications attached to recruitment and retention that are caused by geographical and national position and takes this into account when reviewing workforce related risks. **Target: Amber**



Appendix 2: SASH risk quantification matrix

**RISK QUANTIFICATION MATRIX**

Likelihood	Consequence				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Extreme 5
Almost certain - 5	5	10	15	20	25
Likely - 4	4	8	12	16	20
Possible - 3	3	6	9	12	15
Unlikely - 2	2	4	6	8	10
Remote - 1	1	2	3	4	5

**RISK**  Low (1-6)  Medium (8-12)  High (15-25)

	LIKELIHOOD		
	Actual frequency	Will occur:	Probability
<b>Almost certain</b>	Will occur given existing controls	Daily	> 90%
<b>Likely</b>	Will probably occur given existing controls	Weekly	50% - 90%
<b>Possible</b>	Could occur given existing controls	Monthly	10% - 50%
<b>Unlikely</b>	Not expected to occur, except for in exceptional circumstances, given existing controls	Once a year	1% - 10%
<b>Remote</b>	Not expected to occur given existing controls	Once in >2 years	> 1%

Abridged consequence chart

Risk Type	Insignificant	Minor	Moderate	Major	Extreme
<b>Patient Safety</b>	<ul style="list-style-type: none"> <li>No obvious injury / harm</li> </ul>	<ul style="list-style-type: none"> <li>Non-permanent avoidable injury / harm requiring only first aid / minor treatment</li> </ul>	<ul style="list-style-type: none"> <li>Short-term avoidable injury / harm with recovery / treatment up to 1 month</li> <li>Injury / illness requiring more complex treatment, e.g. stitching, plaster, medication course, minor theatre operation etc.</li> <li>Minor harm event involving &gt;5 patients</li> </ul>	<ul style="list-style-type: none"> <li>Long-term (&gt;1 month) / permanent avoidable injury / harm / illness or any of the following: <ul style="list-style-type: none"> <li>Infant abduction</li> <li>Infant discharged to wrong family</li> <li>Rape or serious assault</li> </ul> </li> <li>Moderate harm event involving &gt;5 patients</li> </ul>	<ul style="list-style-type: none"> <li>Avoidable death</li> <li>Major harm incident involving &gt;5 patients</li> </ul>
<b>Patient 'Experience' &amp; Care Pathways and Involvement of Service Users</b>	<ul style="list-style-type: none"> <li>No significant impact on patient experience</li> <li>No complaints / concerns raised</li> <li>Care pathway problems resulting in short-term treatment / care delay &lt;3 hours</li> </ul>	<ul style="list-style-type: none"> <li>Minor unsatisfactory patient experience related to treatment / care given</li> <li>Informal complaints raised / PALS contacted</li> <li>Care pathway problems resulting in short-term treatment / care delays (3 hours – 1 day)</li> </ul>	<ul style="list-style-type: none"> <li>Unacceptable patient experience related to poor treatment / care</li> <li>Formal complaints raised and/or MP / independent advice / advocacy contacted</li> <li>Care pathway problems resulting in medium term delays (up to 1 month) or 5-10 patients affected</li> </ul>	<ul style="list-style-type: none"> <li>Major unsatisfactory patient experience related to poor treatment / care</li> <li>Legal action against the Trust initiated / local media involvement</li> <li>Care pathway problems resulting in medium term delays (1-6 months) or 10-20 patients affected</li> </ul>	<ul style="list-style-type: none"> <li>Upheld complaints regarding death in the Trust</li> <li>National media coverage / political action against the Trust</li> <li>Care pathway problems resulting in long term delays (&gt;6 months) or &gt;20 patients affected</li> </ul>
<b>Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>No harm injury</li> </ul>	<ul style="list-style-type: none"> <li>Short term / non-permanent injury / ill health.</li> <li>Injury / ill health resulting in 0-7 days absence from work.</li> </ul>	<ul style="list-style-type: none"> <li>Medical treatment required</li> <li>Injury / ill health resulting in &gt;7 days absence from work or restricted duties for &gt;7 days (RIDDOR reportable)</li> </ul>	<ul style="list-style-type: none"> <li>Permanent or extensive injury / ill health / permanent disability or loss of limb (RIDDOR reportable)</li> </ul>	<ul style="list-style-type: none"> <li>Death (RIDDOR reportable)</li> </ul>
<b>Financial Management</b>	<ul style="list-style-type: none"> <li>Small loss &lt;£1K</li> </ul>	<ul style="list-style-type: none"> <li>Minor loss £2K to £100k</li> </ul>	<ul style="list-style-type: none"> <li>Moderate loss, £100k - £1M</li> </ul>	<ul style="list-style-type: none"> <li>Major loss, £1M-£10M</li> </ul>	<ul style="list-style-type: none"> <li>Loss &gt; £10M</li> </ul>
<b>Governance Arrangements</b>	<ul style="list-style-type: none"> <li>Concern raised by internal or external systems that can be resolved through normal governance processes in &lt; 3 months (e.g. one financial quarter)</li> </ul>	<ul style="list-style-type: none"> <li>Concern raised by internal or external systems that will take &gt; 3 months to resolve but does not fulfil the criteria of moderate consequence</li> </ul>	<ul style="list-style-type: none"> <li>Concern raised in external inspection report or raised in single performance conversation with commissioners / TDA (or equivalent) due to a failure to provide "well led" services as described by the CQC</li> <li>Adverse Monitor continuity of service rating &lt;1 month</li> </ul>	<ul style="list-style-type: none"> <li>Suspension of services provided due to a failure to provide "well led" services as described by the CQC</li> <li>Any issue that would have to be recorded in annual governance statement or annual report (e.g. significant issue "red risk" audit produced by Internal Audit)</li> <li>Adverse Monitor continuity of service rating &gt; 1 month</li> </ul>	<ul style="list-style-type: none"> <li>Permanent removal of services and / or prosecution due to a failure to provide "well led" services as described by the CQC</li> <li>Act or omission that could led to removal of the Board</li> <li>A breach of Monitor Terms of authorisation</li> </ul>
<b>Quality of Service</b>	<ul style="list-style-type: none"> <li>Insignificant interruption of service(s) which does not impact on the delivery of patient care or the ability to continue to provide service</li> </ul>	<ul style="list-style-type: none"> <li>Short term disruption to service(s) with minor impact on patient care</li> </ul>	<ul style="list-style-type: none"> <li>Some disruption to service(s) provision with unacceptable short-term impact on patient care. Temporary loss of ability to provide service(s)</li> </ul>	<ul style="list-style-type: none"> <li>Sustained loss of service which has serious impact on patient care resulting in major contingency plans being involved</li> </ul>	<ul style="list-style-type: none"> <li>Permanent loss of core service or facility</li> </ul>