

<b>TRUST BOARD IN PUBLIC</b>		<b>Date: 26<sup>th</sup> January 2017</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)		Executive Team 18/01/2017 and AAC 18/01/2017	
<b>Action Required:</b>			
<b>Approval (√)</b>	<b>Discussion (√)</b>	<b>Assurance (√)</b>	
<b>Purpose of Report:</b>			
<p>The 2016/17 Board Assurance Framework (BAF) highlights potential risks to the Trust's strategic objectives, mitigating actions and the implementation of its programme of objectives for year two of the five year plan. The Significant Risk Register (SRR) details risks on the Trust risk register system that are recorded as significant which have been considered by the Executive Team 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 There are 10 significant risks recorded on the Trust risk register. The significant risk register is being reviewed on the 25/01/17 and therefore remains as reported at the December Public Board meeting.</p> <p>The BAF has been reviewed by the Executive Committee as part of the regular monthly review. There have been revisions throughout with proposed changes to risk scoring for risk 5.1 and 5.2 relating to income plan and divisional overspend.</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>• Does the Board agree with the recorded controls and assurances listed in the BAF.</li> <li>• Agree the proposals to reduce the risk scoring for the financial risks.</li> </ul> <p>The Board is asked to note the risks as recorded on the SRR.</p>			
<b>Relationship to Trust Strategic Objectives &amp; Assurance Framework:</b>			
<p><b>SO1:</b> Safe – Deliver safe high quality and improving services which pursue perfection and be in the top 20% against our peers</p> <p><b>SO2:</b> Effective – As a teaching hospital deliver effective, improving and sustainable clinical services within the local health economy</p> <p><b>SO3:</b> Caring – Working in partnership with staff, families and carers</p> <p><b>SO4:</b> Responsive – Become the secondary care provider of choice our catchment</p>			

population	
<b>SO5:</b> Well led - Become an employer of choice and deliver financial and clinical sustainability around a patient focused clinical model	
<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 2017 BAF and the current SRR	

**TRUST BOARD REPORT – 26<sup>th</sup> January 2017**  
**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 strategic 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.

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 BAF was reviewed by the Executive team throughout January and updated to reflect current position.

The Audit and Assurance Committee discussed and agreed how best to record the financial risks relating to the delivery of income plan and divisional spend. As the risks attached to these issues have been realised and forecast changed it is proposed that the overall risk is reduced as a results the narrative of all four of the financial risks have been updated.

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 16/17 BAF (attached) details a total of 13 risks to the 5 Trust strategic objectives which are scored as follows:

Objective	Red (15-25)	Amber (8-12)	Green (1-6)
1. Safe – Deliver safe high quality and improving services which pursue perfection and be in the top 20% against our peers	0	1	0
2. Effective – As a teaching hospital deliver effective, improving and sustainable clinical services within the local health economy	0	1	0
3. Caring – Working in partnership with staff, families and carers	0	1	0
4. Responsive – Become the secondary care provider of choice for our catchment population	2	0	0
5. Well led – Become an employer of choice and deliver financial and clinical sustainability around a patient focused clinical model	3	5	0
Total	5	8	0

## 2.2 Headline information by objective (BAF)

Objective 1 - Safe – Deliver safe high quality and improving services which pursue perfection 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 be in the top 20% for safety and continue to improve beyond this benchmark if opportunities to innovate and learn from benchmarked outcome data/peer review are not adopted and implemented	S4 x L3 = 12	S4 x L2 = 8	S4 x L1 = 4

Objective 2 – Effective - As a teaching hospital deliver effective, improving 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 the Trust will not meet its objective of delivering effective and sustainable care if it does not embed relevant research and education programmes that support the development of local services with the best outcomes.	S4 x L3 = 12	S3 x L3 = 9	S3 x L2 = 6

Objective 3 – Caring – Working in partnership with staff, families and carers	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
3.1 The Trust will not meet its priority of delivering high quality care which is wrapped around the individual needs of each patient if the organisation does not seek to shape patient centered clinical services and learn from all sources of patient feedback.	S3 x L3 = 9	S3 x L3 = 9	S3 x L2 = 6

Objective 4 – Responsive – Become the secondary care provider of choice for our catchment population	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
4.1 There is a risk that the Trust will not meet its objective of becoming the secondary provider of choice for our catchment area if it does not deliver all national standards including seven day working.	S4 x L4 = 16	S4 x L4 = 16	S4 x L2 = 8
4.2 There is a risk that if the Trust does not deliver the planned efficiencies it will be unable to create the necessary capacity, which will have an adverse impact on income, expenditure and ultimately quality objectives.	S5 x L3 = 15	S5 x L3 = 15	S5 x L2 = 10

5. Well led – 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. There is a chance that the Trust may not meet its priority to benefit from the opportunities of strengthening partnerships, collaboration and developing high quality safe and sustainable systems that emerge from the solutions within the STP.	S4 x L3 = 12	S4 x L3 = 12	S3 x L3 = 9
5.1 Failure to deliver income plan.	S5 x L3 = 15	Proposed S4 x L3 = 12	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 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 that the Trust will not meet its objective of becoming an 'employer of choice' if it does not deliver a workforce strategy that drives the recruitment and retention of talent and ensures a positive staff experience for all groups of staff through on-going education, development, engagement, inclusion and well-being.	S3 x L3 = 9	S3 x L3 = 9	S3 x L2 = 6
5.6 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
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 5 key red risks to the Trust objectives that have been identified at time of updating the framework (not including the proposed reduction). As follows:

Risk description	Current rating	Target risk score
4.1 There is a risk that the Trust will not meet its objective of becoming the secondary provider of choice for our catchment area if it does not deliver all national standards including seven day working.	S4 x L4 = 16	S4 x L2 = 8
4.2 There is a risk that if the Trust does not deliver the planned efficiencies it will be unable to create the necessary capacity, which will have an adverse impact on income, expenditure and ultimately quality objectives.	S5 x L3 = 15	S5 x L2 = 10
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	S5 x L3 = 15	S4 x L3 = 12

insufficient cash due to poor liquid position.		
5.6 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

### 3. Significant Risk Register

There are 10 risks on the Trust significant risk register. Each risk is in date and has mitigating actions to reduce the level of risk to an acceptable level.

The Executive considered and agreed to add a new risk (1778) relating to the achievement of financial plan has been added to the SRR contextually linked to the result of reduced clinical income from non-agreement of the MRET baseline and penalty for readmission.

#### 3.1 SRR Breakdown

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1401	Risk of outbreak of viral gastroenteritis	16	15	9	31/01/2017
1491	Failure to maintain Emergency Department performance	20	16	6	31/01/2017
1603	Unable to deliver realistic medium term financial plan	15	15	8	31/03/2017
1604	Liquidity: Inability to pay creditors/staff resulting from insufficient cash due to poor liquid position	15	15	12	31/03/2017
1663	Risk of not achieving Cost Improvement Plan	9	15	6	31/01/2017
1678	RTT Access Standards	15	15	6	31/01/2017
1688	Risk of potential overspending from operational pressures	12	15	6	31/01/2017
1689	Risk of Contract income below plan	16	15	8	31/01/2017
1779	Failure to delivery productivity gain from income growth	16	15	8	31/01/2017
1778	Non agreement of MRET baseline & no readmission penalty	12	15	8	31/01/2017

### 4. Discussion/Action

The Board is asked to discuss and approve the report and consider the following:

- Does the Board agree with the recorded controls and assurances listed in the BAF.
- Agree the proposals to reduce the risk scoring for the financial risks.

The Board is asked to note the risks recorded on the Significant Risk Register.

**Gillian Francis-Musanu**  
Director of Corporate Affairs  
January 2017

**Colin Pink**  
Head of Corporate Governance

## Appendix 1: Risk Appetite – 2016/17

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. The Board acknowledges that financial challenges throughout 2016/17 will be significant and 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>