

<b>TRUST BOARD IN PUBLIC</b>		<b>Date: 26<sup>th</sup> October 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 18/10/2017	
<b>Action Required:</b>			
<b>Approval (√)</b>	<b>Discussion (√)</b>	<b>Assurance (√)</b>	
<b>Purpose of Report:</b>			
<p>The 2017/18 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.</p> <p>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 14 risks to the Trust's strategic objectives, six of which are recorded as significant risks to delivery of strategy.</p> <p>There are eight significant risks recorded on the Trust risk register. The Paediatric Ophthalmology Capacity risk has been reviewed and downgraded from the SRR.</p> <p>The BAF and SRR have been reviewed throughout October.</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>• Delivery of Trust strategy and annual priorities, assurance, risk, mitigation and action.</li> <li>• Does the Board agree with the recorded controls and assurances listed in the BAF?</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>SO1: Safe – Deliver safe, high quality care <i>and improving</i> services which pursue perfection and be in the top 25% of our peers</p> <p>SO2: Effective – As a teaching hospital, deliver effective and improving sustainable clinical services within the local health economy</p>			

<p>SO3: Caring – <i>Work with compassion</i> in partnership with patients, staff, families, carers and community partners</p> <p>SO4: Responsive – <i>To continue to be</i> the secondary care provider of choice for the people of our community</p> <p>SO5: Well led - <i>To be a high quality</i> employer of choice and deliver financial and clinical sustainability around a patient centred, clinically led 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>	
October 2017 BAF and Public Board SRR	

**TRUST BOARD REPORT – 26<sup>th</sup> October 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 October and updated to reflect current position. The Executive Team has reviewed and agreed to downgrade the risk relating to paediatric ophthalmology capacity from the significant risk register.

**2.1 Overview**

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 17/18 BAF (attached) details a total of 14 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 care and improving services which pursue perfection and be in the top 25% of our peers	0	1	0
2. Effective – As a teaching hospital, deliver effective and improving sustainable clinical services within the local health economy	0	2	0
3. Caring – Work with compassion in partnership with patients, staff, families, carers and community partners	0	1	0
4. Responsive – To continue to be the secondary care provider of choice for the people of our community	1	1	0
5. Well led - To be a high quality employer of choice and deliver financial and clinical sustainability around a patient centred, clinically led leadership model	5	3	0
<b>Total</b>	<b>6</b>	<b>8</b>	<b>0</b>

## 2.2 Headline information by objective (BAF)

SO1: Safe – Deliver safe, high quality care and improving services which pursue perfection and be in the top 25% of 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 quartile 25% 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

SO2: Effective – As a teaching hospital, deliver effective and improving 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
2.2 There is a risk that the Trust will not meet its annual priority to improve discharge planning if suitable plans are not developed and delivered within year.	S3 x L3 = 9	S3 x L3 = 9	S3 x L1 = 3

SO3: Caring – Work with compassion in partnership with patients, staff, families, carers and community partners	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
3.1 There is a risk that the Trust will not meet its annual priority to promote the conditions that create the best environment for patients if it 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

SO4: Responsive – To continue to be the secondary care provider of choice for the people of our community	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 L3 = 12	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	S5 x L3 = 15	S5 x L3 = 15	S5 x L2 = 10

SO4: Responsive – To continue to be the secondary care provider of choice for the people of our community	Initial Risk Rating: Severity x Likelihood	Current Risk Rating: Severity x Likelihood	Target Risk Score
the necessary capacity, which will have an adverse impact on elective care, income, expenditure and ultimately quality objectives.			

SO5: Well led - To be a high quality employer of choice and deliver financial and clinical sustainability around a patient centred, clinically led 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 There is a risk to the Trust's short term financial stability if the annual income plan is not delivered.	S5 x L3 = 15	S5 x L3 = 15	S4 x L2 = 8
5. 2 There is a risk to the Trust's short term financial stability if in-year divisional spending exceeds budget	S5 x L3 = 15	S5 x L3 = 15	S3 x L2 = 6
5. 3 There is a risk to the Trust's longer term financial stability if it is unable to deliver its medium term financial plan.	S5 x L3 = 15	S5 x L3 = 15	S4 x L2 = 8
5. 4 There is a risk to the Trust's ability to operate if its historic liquidity position restricts its ability to physically pay for expenditure.	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, provides the relevant skill-mix for operational delivery and supports on-going professional education, training and development across all staff groups.	S5 x L3 = 15	S5 x L3 = 15	S3 x L2 = 6
5.6 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 seeks to prioritise staff health, safety, well-being, engagement and inclusion.	S3 x L3 = 9	S3 x L3 = 9	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 six key red risks to the Trust objectives that have been identified at time of updating the framework. As follows:

Risk description	Initial rating	Current rating	Target risk
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 elective care, income, expenditure and ultimately quality objectives.	S5 x L3 = 15	S5 x L3 = 15	S5 x L2 = 10
5.1 There is a risk to the Trust's short term financial stability if the annual income plan is not delivered.	S5 x L3 = 15	S5 x L3 = 15	S4 x L2 = 8
5.2 There is a risk to the Trust's short term financial stability if in-year divisional spending exceeds budget	S5 x L3 = 15	S5 x L3 = 15	S3 x L2 = 6
5.3 There is a risk to the Trust's longer term financial stability if it is unable to deliver its medium term financial plan.	S5 x L3 = 15	S5 x L3 = 15	S4 x L2 = 8
5.4 There is a risk to the Trust's ability to operate if its historic liquidity position restricts its ability to physically pay for expenditure.	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, provides the relevant skill-mix for operational delivery and supports on-going professional education, training and development across all staff groups.	S5 x L3 = 15	S5 x L3 = 15	S3 x L2 = 6

### 3. Significant Risk Register

There are nine 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.

#### 3.1 SRR Breakdown

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1491	Failure to maintain Emergency Department performance	20	16	6	11/12/2017
1603	Unable to deliver realistic medium term financial plan	15	15	8	31/10/2017
1604	Liquidity: Inability to pay creditors/staff resulting from insufficient cash due to poor liquid position	15	15	12	31/10/2017
1663	Risk of not achieving Cost Improvement Plan	15	15	12	31/10/2017
1678	RTT Access Standards	15	15	6	31/10/2017
1688	Risk of potential overspending from operational pressures	15	15	12	31/10/2017
1689	Risk of Contract income below plan	15	15	12	31/10/2017

ID	Title	Initial Rating	Current Rating	Residual Rating	Next Review
1838	Ambulance Handover Delays	15	15	9	01/11/2017

#### 4. Discussion/Action

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

- Delivery of Trust strategy and annual priorities, assurance, risk, mitigation and action.
- Does the Board agree with the recorded controls and assurances listed in the BAF?

The Board is asked to note the risks as recorded on the SRR.

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

**Colin Pink**  
Head of Corporate Governance

## Appendix 1: Risk Appetite – 2017/18

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 to 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 2017/18 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 by our internal or external audiences, 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 or has the potential to adversely affect the working lives of our employees will be balanced very carefully against any potential benefits. The Board recognises the complications attached to recruitment, retention and skill-mix that are caused by geographical and national position. **Target: Green**



## 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
Almost certain	Will occur given existing controls	Daily	> 90%
Likely	Will probably occur given existing controls	Weekly	50% - 90%
Possible	Could occur given existing controls	Monthly	10% - 50%
Unlikely	Not expected to occur, except for in exceptional circumstances, given existing controls	Once a year	1% - 10%
Remote	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>