

Meeting Title	Board of Directors		
Date	20 January 2021	Agenda item	Bo.1.21.23

Board Assurance Framework, Strategic Risk Register and Risk Appetite

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Lead Director	John Holden, Director of Strategy and Integration		
Purpose of the paper	This paper provides a profile of risks, controls and assurances related to the delivery of the Trust's strategic objectives		
Key control	Understanding the Board's risk appetite related to the achievement of the Trust's strategic objectives is a key component of the Board Assurance Framework		
Action required	For decision		
Previously discussed at/ informed by	Regulation & Assurance Committee – 16 December 2020 (Board Assurance Framework) Executive Team Meeting – 21 December 2020 (Strategic Risk Register)		
Previously approved at:	Committee/Group	Date	
	N/A		

Key Options, Issues and Risks

The Board has overall responsibility for ensuring systems and controls are in place, sufficient to mitigate any significant risks which may threaten the achievement of the organisation's strategic objectives.

Analysis

Board Assurance Framework (BAF)

The BAF (Appendix 1) collates information about risk appetite, relevant risks, and assurance, for each of the Trust's five Strategic Objectives. The BAF was presented to the Regulation & Assurance Committee on 16 December 2020. The Committee was informed that one of the assurance ratings had changed from green to amber, in relation to the ability to deliver the financial plan. It was confirmed that the score had increased from 6 to 12 as there was still a degree of uncertainty around the elective incentive scheme and how the independent sector may turn out. The Committee agreed that the level of assurance indicated for each objective was appropriate.

Strategic Risk Register (SRR)

All strategic risks are subject to a monthly review and were presented at the Executive Team Meeting on 21 December 2020, including a summary of all strategic risks, a movement log showing additions, closures and changes in score, and a proposal to escalate a divisional risk to the SRR.

Key points from the discussion were as follows:

- No strategic risks were closed during the period.
- No strategic risks had passed their review date.
- One risk – 3104, in relation to partial or total failure of telephony – had changed in score (from 9 to 12) to reflect increased probability, which reflects recent supplier delays due to Covid, and a third party system failure.
- Two risks – 3613 (integrated care with West Yorkshire partners) and 3603 (failure to anticipate material impact of EU exit on ability to provide outstanding services) were added to the SRR.
- There was a lengthy discussion regarding the appropriate scoring for 3603 (EU exit), and in the light of the discussion ETM agreed that the scoring should be increased to 12 to reflect increased probability and impact. ETM noted that much of the current (21 December) disruption at ports was due to Covid, not EU exit, and that the government had put in place extensive mitigations to protect the import of

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medical supplies in the event of “no deal”. Nonetheless ETM was concerned about the interplay between Covid and EU exit which might have a “multiplier” effect.

- There was also extensive discussion regarding 3615 (information technology failure leading to service disruption, caused by IT assets past their renewal date, for which there is currently no identified source of funding). ETM agreed with the proposal that this risk should be escalated to the SRR, and asked for further discussion in the new year as to the best approach to mitigating the lack of identified funding. In discussion ETM noted that this sort of issue ought to have been anticipated through planned lifecycle renewals, so that the necessary capital expenditure could be prioritised/planned. Otherwise there was a risk that the SRR would become a way to “lobby” for other capital projects which had not been prioritised through the established mechanisms. ETM nonetheless agreed that the scale and potential impact of 3615 meant this risk should be included in the SRR, without prejudice to the funding solution.

The SRR and movement log (as presented to ETM) are attached at Appendices 2 and 3 respectively.

In future, the SRR will be reported via academies and the Regulation & Assurance (R&A) Committee, however the new cycle of meetings has not yet been fully implemented therefore today’s update is being provided directly to the Board. Under the new arrangements, the BAF and SRR will still be included on the open Board agenda but for information only, to ensure public accountability. Instead of the routine overview of risks, the Board will have the opportunity to have a more strategic discussion on key risks or issues escalated by the R&A Committee.

Risk Appetite

In November 2017 the Board of Directors approved the Trust’s Risk Appetite Statement for 2017-20. That statement proposed that the Board reaffirms its risk appetite on an annual basis. The risk appetite agreed by the Board should clearly govern the activities across the Trust and defines the boundaries within which the Trust’s strategic objectives should be pursued.

The current risk appetite, as agreed in January 2020, is attached at Appendix 4. It is proposed that this should continue to apply, and that the appetite statement is reviewed at a Board Development Session during the first quarter of 2021/22, which will allow for a more detailed discussion. This will also align with the review of the Risk Management Strategy and BAF template, which will reconsider the clarity and effectiveness of the Trust’s risk management processes and tools.

Recommendation

The Board of Directors is asked to:

- Note** the review of the BAF by the Regulation & Assurance Committee and the level of assurance provided for each objective;
- Note** the review of the SRR by the Executive Team and the feedback provided; and
- Agree** that the risk appetite statement agreed in January 2020 will continue to apply and that it is reviewed during the first quarter of 2021/22.

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Risk assessment						
Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients				g		
To deliver our financial plan and key performance targets			g			
To be in the top 20% of NHS employers					g	
To be a continually learning organisation				g		
To collaborate effectively with local and regional partners					g	
The level of risk against each objective should be indicated. Where more than one option is available the level of risk of each option against each element should be indicated by numbering each option and showing numbers in the boxes.	Low		Moderate	High	Significant	
	Risk (*)					
Explanation of variance from Board of Directors Agreed General risk appetite (G)	The assurance level relating to the finance and performance objective is currently being reported as amber (compromised). The reasons for this are outlined within the BAF.					

Risk Implications	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments		▪
Quality implications		▪
Resource implications		▪
Legal/regulatory implications		▪
Diversity and Inclusion implications		▪

Regulation, Legislation and Compliance relevance
NHS Improvement: <i>Risk assessment framework, quality governance framework, code of governance, annual reporting manual</i>
Care Quality Commission Domain: <i>well led</i>
Care Quality Commission Fundamental Standard: <i>good governance</i>
Other (please state):

Relevance to other Board of Director's Committee:	
Regulation and Assurance Committee	Other (please state)
▪	