

Meeting Title	Board of Directors - Open		
Date	12 May 2022	Agenda item	Bo.5.22.8

Board Assurance Framework & High Level Risks

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Lead Director	Mel Pickup, Chief Executive		
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	Board Assurance Framework: ETM – 9 May 2022 High Level Risk Register and movement log: ETM – 21 March & 11 April 2022, Academies – 30 March & 27 April 2022		
Previously approved at:	Committee/Group	Date	
	N/A		

Key Options, Issues and Risks

Board Assurance Framework (BAF) – Strategic Risk

Background

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.

The BAF collates information about risk appetite, relevant risks, and assurance, for each of the Trust's five Strategic Objectives. This supports Board members in considering the papers and topics discussed at Board meetings, and informing an overall view about the level of assurance provided.

As Board members are aware, a new BAF has been developed, to simplify the presentation of the information, and clarify the assurances being provided in relation to the achievement of the Trust's strategic objectives. The BAF now only includes risks which are relevant to the attainment of strategic objectives, rather than the "principal risks" used previously which were an amalgamation of the operational risks and were not recorded on Datix or anywhere else.

The format has been developed in line with best practice at other Trusts and with guidance from the Good Governance Institute. Executive and Non Executive members of the Board have also provided helpful feedback and suggestions. A new set of strategic risks has been developed by the lead executive director/s for each strategic objective.

The draft BAF was presented to the Audit Committee on 12 April including an example of the risks relating to strategic objective 5 (partnerships). Whilst the Committee felt that the new BAF was an improvement, it was agreed that the fully populated document would need to be reviewed, and further clarity was required in relation to the Academies' role in reviewing the BAF risks, before the Audit Committee could recommend its approval by the Board.

The BAF and proposed risk appetite statement were also presented at the Board Development session on 14 April. Some minor changes were suggested to separate the gaps in controls and gaps in assurances, and the feedback from the Audit Committee was considered. It was agreed that it would be useful to undertake a review of the effectiveness of the new BAF in quarter 4 of this year.

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Internal Audit have recently audited the BAF with an overall opinion of significant assurance, however some recommendations were made to further improve the document and supporting processes. The Audit Committee was asked to consider the recommendations to include an overall assurance level and rationale on the BAF under each objective, and for the Academies to undertake 'deep dives' in relation to specific BAF risks.

The Audit Committee agreed that an overall assurance level and rationale should be included on the BAF in relation to each objective, but it was felt that whilst deep dives could be undertaken by an Academy if required, they shouldn't be prescribed. The Audit Committee's view was supported by the Board at its Development Session on 14 April.

Current position

Although the BAF requires further consideration by the Audit Committee, the latest draft is attached at Appendix 1 for review at today's meeting, to provide assurance in relation to the management of the Trust's strategic risks. The new BAF includes a summary page which in future will highlight any key issues or changes that the Board needs to be aware of. A heat map is also included which shows the current scores of all of the strategic risks at a glance.

The Board is asked to review the current position in relation to the strategic risks, and in particular the actions to address any gaps in control and assurance, and consider whether any further actions are required to reduce the risks to the target score.

Next Steps

The BAF will be considered by the Audit Committee again on 24 May, alongside an updated version of the Risk Management Strategy, in order to address the Audit Committee's requests to clarify the flow of assurance from operational teams to the Executive team, Academies and the Board, the role of the Audit Committee in gaining assurance on the effectiveness of risk management processes, and the role of the Academies in relation to risk management and oversight.

The risk appetite statement will also be reviewed by the Executive Team, and the Academies will consider the proposed appetite in relation to the strategic objectives within their remit.

The Risk Management Strategy, BAF and risk appetite statement will then be presented to the Board for approval on 14 July.

Following the approval of the revised BAF template, some supporting documents will be produced including a BAF Process and SOP as recommended by Internal Audit, and an assurance map which will show the sources of assurance in relation to each objective and the forum to which they are presented. BAF reviews will also be added to the Academy work plans from July onwards (on a bi-monthly basis).

High Level Risk Register and Movement Log – Operational Risk

All **operational** risks scoring 15 and above (high level risks) are escalated to the Executive Team Meeting (ETM) on a monthly basis and then to the relevant Academies and the Board.

At its meetings on 21 March and 11 April 2022, ETM considered a summary of all high level risks, aligned to their respective Academies and a movement log showing additions, closures and changes in score, and those risks which had passed their review date.

A summary of ETM's discussions was presented to the Academies on 30 March and 27 April 2022, alongside the risks within their remit. The Academy chair reports to this Board include details of the matters discussed in relation to high level risks.

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The April ETM summary is below. There were no exceptional items requiring escalation to the Board:

Ongoing risks

No issues were highlighted or escalated in relation to the ongoing risks. ETM noted that there were three risks relating to staffing. It had previously been agreed to merge these risks, however the Chief Nurse explained that this wasn't possible as the risks related to the planned care group, unplanned care group and corporate level respectively, with differences in some of the controls and mitigations. For clarity it was agreed that the link between the three risks would be added to risk descriptions.

New risks to the High Level Risk Register (HLRR)

ETM noted that one new risk (3761) had been added to the HLRR with a score of 15 or over, relating to consultant cover for the Retinopathy of Prematurity (ROP) service.

The risk was accepted onto the HLRR and is aligned to the Quality & Patient Safety Academy.

Risks which have changed in score

One risk (3671) had increased in score from 16 to 20 since the last report. This relates to the risk of major or catastrophic harm to patients due to COVID driven operational pressures. The risk had increased to reflect the ongoing pressures faced by the service caused by continuation of COVID and staffing pressures, meaning a combination of downstream bed pressure and significantly reduced medical and nurse staffing within ED and across all hospital wards.

This risk is aligned to the Quality & Patient Safety Academy.

Risks which have been removed/closed

One risk had been removed/closed since the last report:

- Risk 3489 – Risk that staff will have a poor experience due to reduced staffing level – this risk has been closed as it is covered within the overarching staffing risk (3732).

ETM agreed that it was appropriate for this risk to be closed.

Risks beyond their review date

There were three risks beyond their review date, which would be reviewed as soon as possible.

The complete high level risk register (as at 7 April 2022) of all risks scoring 15 and above is attached at Appendix 2, and the movement log is at Appendix 3.

Recommendation

The Board is asked to:

- note the latest position and next steps with regard to the development of a new BAF, Risk Management Strategy and risk appetite statement;
- review the BAF presented at Appendix 1, in particular the actions to address any gaps in control and assurance, and consider whether any further actions are required to reduce the risks to the target score; and
- note the high level risk register, the movement log and the summary of ETM's discussion (and the Academy Chair reports), and consider if any further actions are required to manage the high level risks.

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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		Finance	g	Performance		
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)						

Risk Implications	Yes	No
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</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:	
Audit Committee	Other (please state)
▪	Academies