

Meeting Title	Board of Directors		
Date	11 May 2023	Agenda item	Bo.5.23.xx

Board Assurance Framework & High Level Operational 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 assurance and approval		
Previously discussed at/informed by	Board Assurance Framework: ETM – 17 April 2023, Board Development – 20 April 2023, Academies - 26 April 2023 High Level Risk Register and movement log: ETM – 20 March 2023 & 17 April 2023, Academies – 29 March 2023 & 26 April 2023		
Previously approved at:	Committee/Group	Date	
	N/A		

Key Options, Issues and Risks

In line with the Risk Management Strategy, the Board's role in relation to the Board Assurance Framework (BAF) and High Level Risks is as follows:

- Seek assurance from the Executive Team and Academies that all risks on the High Level Risk Register and BAF are appropriately recognised and recorded, and that all appropriate actions are being taken within appropriate timescales where risks are not appropriately controlled.
(NB Where risks relating to a particular strategic objective are not aligned to an Academy, the Board will seek assurance directly from the Executive Team.)

BAF – Strategic Risk

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.

In line with the Risk Management Strategy, the BAF risks should be fully reviewed on an annual basis to consider whether any risks should be amended or closed, and whether there are any new risks to add. The risk appetite statement should also be reviewed on an annual basis to ensure that it remains relevant and up to date.

As the current BAF risks and risk appetite statement were first developed a year ago, a full review has been undertaken with the lead directors and proposed amendments made as required.

The BAF is attached at Appendix 1 for review. It was reviewed and agreed by the Executive Team on 17 April 2023.

The Board of Directors reviewed and supported the proposed changes to the BAF risks at the Development Session on 20 April 2023.

Meeting Title	Board of Directors		
Date	11 May 2023	Agenda item	Bo.5.23.xx

The Academies reviewed and supported the proposed changes to the BAF risks within their remit at their meetings on 26 April 2023.

The matters that should be noted by the Board are outlined on the summary page of the BAF (page 1). The details behind each risk including the relevant controls, assurances, gaps and actions to address gaps are then set out on individual pages.

No new strategic risks have been added and none have been closed, however some of the risk descriptions have been revised to reflect the current context, as follows:

1.1 was updated to: **If** we fail to understand and address the needs of our population, **then** we won't be able to deliver appropriate services ~~that address those needs~~, **resulting in** worsening health inequalities

2a.1 was updated to: **If** we continue to face financial challenges associated with cost inflation, increased demand for services and System/Place affordability, **then** we may fail to maintain financial stability and sustainability, **resulting in** reduced opportunities to meet demand and to maintain/improve the quality of care, an increased likelihood of system intervention, potential regulatory action, and a negative impact on the Trust's reputation.

2a.2 was updated to: **If** we fail to manage Income & Expenditure within planned parameters, **then** we may have insufficient cash and liquidity resources to sustainably support the underlying Income & Expenditure run rate, **resulting in** an impact on operational decisions, ~~and capital investment and capital investment decisions, reduced opportunities to meet demand and to maintain/improve the quality of care, an increased likelihood of system intervention, potential regulatory action, and a negative impact on the Trust's reputation.~~

2a.3 was updated to: **If** the capital funding allocation from the ICS is not sufficient to meet our requirements and/or we are unable to deliver our capital programme in full by the end of the financial year, **then** we may not be able to make the capital investments required to maintain safe and sustainable services, **resulting in** a negative impact on the quality of care, ~~potential regulatory action, the capacity available to treat patients in a safe environment~~ and a negative impact on the Trust's reputation.

2b.2 was updated to: **If** the Trust ~~continues to be impacted by COVID-19 and/or~~ is unable to manage recover the backlogs and created by COVID-19, combined with the ~~continued~~ increase in demand, **then** we may not be able to deliver our key performance targets, **resulting in** an adverse impact on patient safety, patient experience and potential regulatory action

3.2 was updated to: **If** we are unable to maintain a healthy and engaged workforce, **then** we will be unable to reduce sickness absence and turnover rates, **resulting in** an adverse impact on patient safety and experience, and staff experience ~~and~~, wellbeing and morale.

There were 6 changes to risk scores since the previous update.

Increases in current scores were seen as follows:

Ref:	Strategic Risk	Previous Score (CXL)	Current Score (CXL)
1.1	If we fail to understand and address the needs of our population, then we won't be able to deliver appropriate services, resulting in worsening health inequalities	8 (4x2)	12 (4x3)
2a.1	If we continue to face financial challenges associated with cost inflation, increased demand for services and System/Place affordability, then we may fail to maintain financial stability and sustainability, resulting in reduced	12 (4x3)	20 (5x4)

Meeting Title	Board of Directors		
Date	11 May 2023	Agenda item	Bo.5.23.xx

	opportunities to meet demand and to maintain/improve the quality of care, an increased likelihood of system intervention, potential regulatory action, and a negative impact on the Trust's reputation		
2a.2	If we fail to manage Income & Expenditure within planned parameters, then we may have insufficient cash and liquidity resources to sustainably support the underlying Income & Expenditure run rate, resulting in an impact on operational and capital investment decisions, reduced opportunities to meet demand and to maintain/improve the quality of care, an increased likelihood of system intervention, potential regulatory action, and a negative impact on the Trust's reputation	12 (4x3)	20 (5x4)

Decreases in current scores were seen as follows:

Ref:	Strategic Risk	Previous Target Score (CXL)	Current Target Score (CXL)
3.2	If we are unable to maintain a healthy and engaged workforce, then we will be unable to reduce sickness absence and turnover rates, resulting in an adverse impact on patient safety and experience, and staff experience, wellbeing and morale	12 (3x4)	9 (3x3)

Decreases in target scores were seen as follows:

Ref:	Strategic Risk	Previous Target Score (CXL)	Current Target Score (CXL)
2b.2	If the Trust is unable to recover the backlogs created by COVID-19, combined with the increase in demand, then we may not be able to deliver our key performance targets, resulting in an adverse impact on patient safety, patient experience and potential regulatory action	12 (4x3)	8 (4x2)
3.2	If we are unable to maintain a healthy and engaged workforce, then we will be unable to reduce sickness absence and turnover rates, resulting in an adverse impact on patient safety and experience, and staff experience, wellbeing and morale	9 (3x3)	6 (2x3)

Risk Appetite Statement

The risk appetite statement is reviewed on an annual basis. Risk appetite is 'the amount and type of risk that an organisation is prepared to pursue, retain or take' in pursuit of its strategic objectives. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings.

The risk appetite statement has been reviewed by ETM, and by the Board at the Development Session on 20 April. It was also reviewed by the Academies (relating to the strategic objectives within their remit). There is one proposed change to the risk appetite level as outlined below:

- 2b (*To deliver our key performance targets*) was changed from 'cautious' to 'open': We are willing to consider all potential delivery options and choose while also providing an acceptable level of reward.

Some minor changes to the supporting descriptions are also outlined in tracked changes at Appendix 2 (Risk Appetite). The risk appetite matrix is attached at Appendix 3 for reference.

Meeting Title	Board of Directors		
Date	11 May 2023	Agenda item	Bo.5.23.xx

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 20 March and 17 April 2023, 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.

The Academies reviewed the high level risks within their remit at their meetings on 29 March and 26 April 2023.

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

New risks to the High Level Risk Register (HLRR)

ETM agreed to accept one new risk to the HLRR:

- 3850: Pharmacy Accommodation - Cramped and not fit for purpose.

The risk score is 15 and the risk is aligned to the Finance & Performance and People Academies.

Risks which have changed in score

No risks had changed in score since the last report.

Risks which have been removed/closed

No risks had been closed since the last report.

Risks beyond their review date

ETM noted there were three risks that were beyond their review date:

3808: Risk of Industrial Action

3671: Emergency Department COVID / Winter driven operational pressures

3732: Nursing & Midwifery Staffing Levels

Risk 3732 has been updated since ETM took place on 17th April 2023, and has therefore been removed from the Movement Log attached at Appendix 2.

Ongoing risks

ETM noted the ongoing risks.

The complete high level risk register (as at 18 April 2023) of all risks scoring 15 and above is attached at Appendix 4, and the movement log is at Appendix 5.

Recommendation

The Board is asked to:

- confirm whether it is assured that all risks on the High Level Risk Register and BAF are appropriately recognised and recorded, and that all appropriate actions are being taken within appropriate timescales where risks are not appropriately controlled;
- review and approve the proposed changes to the BAF risk descriptions; and
- review and approve the proposed changes to the risk appetite statement.

Meeting Title	Board of Directors		
Date	11 May 2023	Agenda item	Bo.5.23.xx

Risk assessment						
Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients, delivered with kindness				g		
To deliver our financial plan and key performance targets				g		
To be one of the best NHS employers, prioritising the health and wellbeing of our people and embracing equality, diversity and inclusion					g	
To be a continually learning organisation and recognised as leaders in research, education and innovation				g		
To collaborate effectively with local and regional partners, to reduce health inequalities and achieve shared goals					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