

WHITTINGTON HEALTH TRUST BOARD**26 September 2012**

Title:	Board Assurance Framework 2012/13						
Agenda item:	14		Paper			K	
Action requested:	For agreement						
Executive Summary:	<p>The BAF has been updated since it was reviewed by the Board on 14 December 2011 and reflects HDD1 recommendations. It focuses on the key risks to the Trust's long term strategic objectives as well as in-year objectives.</p> <p>It is proposed that the top three risk areas in the BAF are:</p> <ul style="list-style-type: none"> • Risks associate with Cost Improvement Programmes • Commissioner support for Integrated Business Plan • Workforce issues 						
Summary of recommendations:	<p>The Board is asked to:</p> <ul style="list-style-type: none"> • Agree that the BAF reflects the current risks to Whittington Health • Debate and agree the top three risks for the Trust • Confirm assurance on the mitigations underway to ensure risks are effectively managed • Agree that the BAF will be reviewed at every Board meeting 						
Fit with WH strategy:	The BAF provides assurance to the Board that key risks to the achievement of the Trust's strategy are identified and effectively managed.						
Reference to related / other documents:	Corporate Risk Register, Risk management strategy						
Date paper completed:	17 September 2012						
Author name and title:	Dr Yi Mien Koh Chief Executive			Director name and title:	Peter Freedman Chair of Audit and Risk Committee		
Date paper seen by Audit Committee	13/9/12	Equality Impact Assessment complete?	yes	Risk assessment undertaken?	yes	Legal advice received?	n/a



Whittington Health Board Assurance Framework 2012/13

26 September 2012

1. Introduction

- 1.1. The Board Assurance Framework (BAF) forms part of Whittington Health's risk management systems and processes to assure the Board of Directors that the key risks that may threaten the delivery of the Trust's five strategic objectives are identified and being effectively managed.
- 1.2. The BAF brings together all of the key risks in a single management tool. The Audit and Risk Committee, informed by internal auditors, has oversight of Trust's risk management system and is responsible for reviewing the overall operation of the BAF.
- 1.3. The BAF needs to be reviewed regularly at Trust Board meetings to enable the Board of Directors to evaluate the assurance across all areas of key risks, to review the current risk scores in relation to each strategic objective, to track the actions being taken to close the gaps in controls, and to put in place plans for corrective actions where there are gaps in controls and/or assurance.

2. Changes to the BAF content and reporting frequency

- 2.1. The Audit and Risk Committee's self assessment of performance in September 2011 identified the following areas under "risk management and internal controls" as due for review: robustness of the BAF's content, robustness of the Statement on Internal Controls, and assurance that the scope of reporting covers all of the Trust's strategic risks.
- 2.2. The review of BAF was informed by the historic due diligence (HDD) stage 1 report by Deloitte dated 2 August 2012. The report's main references to the BAF were around the need for more focus on the biggest risks to the strategic as well as in-year objectives and greater details on controls and assurances (pages 52-53 of HDD1 report).
- 2.3 The external review report of Quality Governance Framework by RSM Tenon in June 2012 recommended strengthening the BAF by including the following (page 13 of report)
 - details of the responsible committee for each risk
 - the outcome or assurance /the assurance position as evidenced by minutes/reports
 - extended sources of assurances identified - for example clinical audit
 - more specific gaps in controls and assurances
 - more specific actions to address gaps in controls and assurances.
- 2.3. The format of the BAF has changed following the review. The new format aims to improve board reporting by:
 - focusing routine reporting on the current top key risk issues to the Board

- aligning strategic and in-year objectives with the key risks, controls and assurances
- agreeing risk scores that reflect the movements in residual and target risks
- naming risk owners and setting review dates to track action plans.

2.4. It is proposed that, starting this month, the frequency of board reporting will be monthly. Since the establishment of Whittington Health, the BAF has only been reviewed by the Trust Board once, on 14 December 2011, although it has been reviewed regularly by the Audit and Risk Committee. The SHA Feedback on the recent Board interviews rated the Board of Directors' knowledge of risks as Amber Red and recommended development. Monthly reporting will mitigate this risk.

3. Linking the BAF and the Corporate Risk Register

- 3.1 In contrast to the BAF which focuses, top down, on the top 6-12 potential key risks that could prevent the achievement of the strategic objectives, the Corporate Risk Register (CRR) is derived bottom up from the prioritisation of risks fed up through the whole organisation.
- 3.2 Key risks, which are defined as those that threaten the achievement of the strategic and in-year objectives, can be strategic or operational, clinical, financial or organisational risks. It is usual for the CRR to identify and manage in the range of 75-200 key risks mapped to strategic and directorate objectives (Department of Health, 2003).
- 3.3 The CRR is maintained by the Executive Committee which reviews it monthly and reports the top 6-12 current key risk issues to the Audit and Risk Committee using the CRR and the BAF.
- 3.4 The BAF needs to be mapped to the Integrated Business Plan as well as the CRR.

4. The Top Three Risk Areas

The following three risks areas have been provisionally identified as the top three risks for the Trust. The Board is asked to debate and agree this list.

4.1. Cost Improvement Programmes (CIPs) risks

- If we miss this year's CIPs target of £13.1 million significantly (>10%), we may fail to meet our overall financial targets for the year, our Monitor risk rating and FT application will be at risk. The amount of CIPs required in future years will also increase.
- If CIPs for 2013/14 and 2014/15 are not detailed down to Project Initiation Document level quickly, the Integrated Business Plan (IBP) and Long Term Financial Model (LTFM) cannot be modelled. Our FT trajectory will then be delayed.

- Medium to long term if consultants and other staff are not engaged in the transformational work programme to drive down costs, the CIPs will not be realised.

4.2. Commissioner support for Integrated Business plan (IBP)

- Short term, if commissioners do not support our Integrated Business Plan (IBP), our FT application will fail. To achieve commissioner alignment, the Trust has agreed to flat activity growth in the IBP which increases the CIPs required. This means reducing costs to below average reference costs from 2014/15, a timescale which poses further risks.
- Medium to long term, if GPs and patients do not believe that all of our services are available and accessible, of high quality and good value, the Trust may lose market share through Patient Choice, Any Qualified Provider and market testing.

4.3. Workforce risk issues

- Short term, if consultants and other staff are not engaged in redesigning pathways, improving processes and changing the way they work, we will not be able to deliver our CIPs and make progress on all of our strategic objectives.
- Management capacity is stretched and unsustainable for longer than the short term.
- Medium to long term, if we do not fully implement our workforce plans, we will not be able to improve staff productivity and take out costs. We will then be unable to deliver the required cost savings, making the Trust unviable as an FT.

5. Areas in the BAF that have changed compared to the version reviewed by Audit and Risk Committee on 13/9/12

5.1. The BAF was reviewed by the Audit and Risk Committee on 13 September 2012. A mapping of the risks in the updated BAF versus the previous version was conducted, and the BAF was further updated. The BAF has added the following **new key risks**:

- If we fail to engage our consultants and other staff, then we will not be able to deliver the benefits of our strategy including the CIPs, pathway redesign, improvements in processes including the Transforming Patient Experience (Unipart) project (ref. 3.1)
- If we are not able to identify sufficient detailed CIP schemes to meet our cost reduction targets from 2013/14 onwards, then we will not be viable as an FT (ref 3.4)
- If there is no coherent maternity strategy for NCL, then we will not be able to afford investment and patient care will suffer (ref 3.5)
- If we do not successfully reduce revenue growth as a key element of our clinical and financial strategy, and instead have to rely upon reductions in expenditure and transformation to meet our CIP targets from 2014/15 onwards, we may not be financially viable as an FT (ref. 4.3)

- If the FT programme is not well planned and managed, then we may miss our TFA deadlines and fail our FT application (ref. 5.1)
- If we do not fully implement our workforce strategies for improvements in efficiency, engagement and skill mix, then we will not be able to deliver cost savings or service transformation and will not be viable as an FT (ref. 5.2).

5.2. The following **risks were removed** from the BAF following the Audit and Risk Committee meeting:

- If the Trust is unable to respond to large scale emergency, then patients could be harmed (ref. QG5.5). Preparation for the Olympics has strengthened our emergency planning arrangements
- If we are unable to recover from an IT disaster, then inefficiencies and loss of income may result (ref. FP5.2). Our IT resilience is robust as evidenced by our IT Disaster Recovery Policy.

5.3. The following **movements in residual risk scores** were made:

- The risk score for GP engagement (ref 1.1) was increased to reflect the potential adverse impact of losing GP engagement
- If we fail to engage our consultants and other staff, then we will not be able to deliver the benefits of our strategy (including CIP programmes, pathway redesign, improvements in patient admin processes) (ref 3.1)
- The risk score for workforce strategies (ref 5.2) was increased due to concerns expressed about the plans' quality and the likelihood they could mitigate the key risks
- If we do not improve the uptake of mandatory training, then we are in breach of our corporate responsibility as an employer, we are at risk of litigation should accidents happen, our patient care may suffer and our FT application may fail (ref 5.4).

6. Recommendations

6.1. The Board is asked to:

- Agree that the BAF reflects the current risks to Whittington Health
- Discuss and agree the top three risks for the Trust
- Confirm assurance on the mitigations underway to ensure risks are effectively managed
- Agree that the BAF will be reviewed at every Board meeting.

YI MIEN KOH

14 September 2012

Department of Health. Gateway reference 1054. *Building the Assurance Framework: a practical guide for NHS Boards* March 2003.