Agenda Item 17

The Queen Elizabeth Hospital King's Lynn
NHS Foundation Trust

REPORT TO THE BOARD OF DIRECTORS

RESPONSIBLE OFFICER:	REPORT FOR:		IMPACT ON BUSINESS:		
	Decision		High	Med	Low
Carmel O'Brien, Director of Patient Safety	Discussion	✓	✓		
	Information	✓			
	Assurance	✓			
LEAD MANAGER:	**REPORT TYPE:**		**BAF REFERENCES & RAG:**		
Leigh Hardy, Risk Consultant	Strategic	✓	ALL		
	Operational				
	Governance	✓	**RELATED WORK: (PREVIOUS PAPERS TO COMMITTEE)**		
PEER ASSIST:	**PEER REVIEW:**				
Executive Directors & Board Secretary			BAF last reviewed by Board October 2019		
CQC Domains:	All including 'Well-Led'				

Meeting Date: **4 February 2020**
Report Title: **Board Assurance Framework (BAF)**

Purpose: To inform the Board regarding risks which may affect delivery of the Trust's strategic objectives and to provide assurance regarding current controls in place to mitigate these risks.

Summary: The BAF (attached) has been reviewed by Executive leads during January 2020.

The BAF is aligned with the Trust's current strategic objectives and identifies the risks associated with the achievement of these objectives. Each BAF risk has identified lead Executive Directors and a responsible Monitoring Committee as set out below:

Strategic objective	Risk	Executive Leads	Monitoring Committee
1. To deliver care that is safe, effective and provides patients with the most positive experience possible	1. There is a risk that patients may receive sub-optimal care/treatment, with failures associated with: • Outcomes • Safety • Experience	Medical Director Chief Nurse Chief Operating Officer	Quality Committee
2. To develop and sustain a well-led, effective, motivated and productive workforce	2. There is a risk that the Trust may be unable to establish and maintain an appropriate workforce to support the delivery of its objectives, with failures associated with: • Leadership • Engagement • Capacity • Capability	Chief Nurse Director of HR & OD	People Committee (PC)

3. Delivery of sustainable financial plans	3. There is a risk that the Trust becomes unsustainable financially and/or clinically, due to failure to: • Deliver financially • Deliver productively and efficiently • Transform services for the benefit of our patients	Director of Finance & Resources	Finance & Activity Committee (F&AC)

The BAF provides a structure and process which enables the Board to identify risks which may compromise achievement of its strategic objectives. The BAF aims to map the key controls which are in place to mitigate these risks, and to identify the assurance (both positive and negative) or evidence available to assess the effectiveness of these controls. Actions planned to further mitigate the risks are also identified. In accordance with the Trust's Risk Management Strategy 2019-2022 and Risk Management Policy & Procedure the three risks are aligned with all significant risks on the Trust's Risk Register (risks graded at 15 or above).

The BAF includes an overall risk rating for each risk (based on the standard Risk Scoring matrix used by the Trust) along with a RAYG rating tool based on the level of assurance available for each control. The RAYG rating key and risk matrix are included in **Appendix A,** along with relevant BAF definitions. Each risk also includes an assessment of Risk Appetite associated with the risk and the Risk Appetite 'tool' currently used by the Board is included at **Appendix B.**

Overall risk ratings since previous BAF review

Overall risk ratings for the three risks are as follows:

	Previous Risk Rating	Current Risk Rating
Risk 1	**16**	**16**
Risk 2	**16**	**12**
Risk 3	**15**	**12**

The decision to reduce **Risk 2** from 16 to 12 was taken following Executive review in December. As a result of a sustained recruitment campaign the nursing vacancy rate had reduced to below 5%. Executive review during January 2020 has confirmed that the risk will currently remain graded at 12.

The decision to reduce **Risk 3** to 12 was taken during Executive review in November and confirmed during Executive review and assessment of month 9 financial position during January 20.

Revised 'assurance of effective controls 'ratings since the last BAF review

Following Executive review, the following assurance ratings have been revised to reflect positive movement and available evidence:

BAF Risk 1 care and treatment:

Control	Previous Assurance Rating	Current Assurance Rating
1.2 HEE/GMC Action Plan and IPAC capacity	Poor	Limited
1.3 Improvement Plans relating to progress addressing Conditions and Notices	Poor	Limited
2.2 Standards & targets relating to progress addressing Conditions and Notices	Poor	Limited

Rationale for the changes in assurance ratings:

1.2 Health Education England (HEE) have written to confirm they are assured by the Trust's progress against the combined HEE/General Medical Council (GMC) Action Plan

1.3 Further progress has been achieved relating to 'must dos' and 'should dos' from the July 2019 CQC report. A robust reporting process is in place with Executive level 'check & challenge' relating to evidence

2.2 An integrated QIP and supporting audit programme is in place. A strong reporting process has now been embedded

BAF Risk 2 – Workforce, leadership and engagement:

Control	Previous Assurance Rating	Current Assurance Rating
11.1 HEE inspections	Poor	Some Positive

Rationale for the change in assurance rating:
HEE have written to confirm they are assured by the Trust's progress against the combined HEE/GMC Action Plan .

BAF Risk 3 - Finance and Sustainability:

Control	Previous Assurance Rating	Current Assurance Rating
4. Activity/Income plans	Poor	Limited

Rationale for the change in assurance rating:
The Director of Finance has reviewed the current position at month 9 and Trust performance relating to activity and income plans. The month 9 position is in line with the 2019/20 Financial Recovery Plan.

The Director of Finance has also added a further control to mitigate BAF Risk 3 as follows:

Control	Previous Assurance Rating	Current Assurance rating
11. Digital systems/ICT	N/A	Limited

Financial Implications: Financial implications as described in BAF Risk 3

Risk Assessment:

Strategic / External	Operational/ Organisational	Financial	Clinical	Legal/ Regulatory	Reputational / Patient Experience
✓	✓	✓	✓	✓	✓

Recommendations:

The Board is invited to:

- Note and accept the current ratings for the three BAF risks which may affect delivery of the Trust's strategic objectives
- Endorse the controls and assurance set out in the BAF, in respect of mitigating the three risks which may affect delivery of the Trust's strategic objectives
- Review and endorse the overall residual risk ratings & RAYG assurance ratings
- Note that the format and content of the BAF will continue to evolve in accordance with further development of Trust Strategy and associated strategic objectives

Appendix A

BAF Definitions

Principal risks - *"Those risks that if realised could fundamentally affect the way in which the Trust exists or provides services in the next one to three years. These risks should they occur will have a detrimental effect on the achievement of one, some or all of the Trust's strategic objectives. The risk realisation will lead to material failure, loss or lost opportunity."*

Key Control- *What controls / systems do we have in place to assist in securing delivery of our objective?*

"The ongoing policies, procedures, practices and organisational structures designed to provide reasonable assurance that objectives will be achieved and that undesired events will be prevented or detected and corrected" Ref: DoH, Building the Assurance Framework – a Practical Guide for NHS Boards

Gaps in control - *Where are we failing to put controls / systems in place and where are we failing in making them effective?*

Sources of Assurance - *Where can we gain evidence that our controls / systems, on which we are placing reliance, are effective? (Management Checks, Internal Audit, Clinical Audit, CQC assessments, External Audit, Local Counter Fraud Services, NHSLA, other reviews)*

Gaps in assurance - *Where are we failing to gain evidence that our controls / systems, on which we place reliance, are effective?*

Positive assurances / **Negative Assurances -** *What evidence do we have that shows we are (**or are not**) reasonably managing the risks to the delivery of our objectives? Are our objectives being delivered?*

Target Risk - *What residual risk level is acceptable? – risk tolerance*

Previous Residual risk - *What residual risk was reported at the last BAF review?*

Current Residual risk - *What residual risk score remains when current controls and mitigations are in place?*

Risk Appetite - *The amount and type of risk that the Trust is willing to take to meet its strategic objectives.*

Actions / Target Date

What actions are in hand or planned to address the gaps in controls or assurance?
What is the timeframe?

Executive Lead / Monitoring Committee

Who is responsible for ensuring actions are delivered?

Assurance Key (RAYG rating)

Good assurance of effective controls	green
Some positive assurance of effective controls	yellow
Limited assurance of effective controls	amber
Poor assurance of effective controls	red

Risk Scoring Matrix

	Likelihood				
Consequence	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost certain
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

Likelihood Score	**1**	**2**	**3**	**4**	**5**
Description	Rare	Unlikely	Possible	Likely	Almost Certain
Frequency (How often might it / does it occur)	This will probably never happen	Do not expect it to happen/recur but it is possible it may	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue/circumstance	Will undoubtedly happen/recur, possibly frequently
Frequency	Not expected to occur for years	Expected to occur at least annually	Expected to occur at least monthly	Expected to occur at least weekly	Expected to occur daily
Probability	Less than 0.1%	0.1 – 1 %	1- 10 %	10 – 50 %	Greater than 50%

	Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
Domains	**Negligible**	**Minor**	**Moderate**	**Major**	**Catastrophic**
Impact on the safety of patients, staff or public (physical/ psychological harm)	Minimal injury requiring no/minimal intervention or treatment No time off work required	Minor injury or illness requiring minor intervention Requiring time off work for <3 days Increase in length of hospital stay by 1–3 days	Moderate injury requiring professional intervention Requiring time off work for 4–14 days Increase in length of hospital stay by 4–15 days RIDDOR/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long-term incapacity/ disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Quality/complaints/audit	Peripheral element of treatment or service sub-optimal Informal complaint/inquiry	Overall treatment or service sub-optimal Formal complaint (stage 1) Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint (stage 2) Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/ independent review Low performance rating Critical report	Incident leading to totally unacceptable level or quality of treatment/service Gross failure of patient safety if findings not acted on Inquest/ ombudsman inquiry Gross failure to meet national standards
Human resources/ organisational development/ staffing/competence	Short-term low staffing level that temporarily reduces service quality (<1 day)	Low staffing level that reduces service quality	Late delivery of key objective/ service due to lack of staff Unsafe staffing level or competence (>1day) Low staff morale Poor staff attendance for mandatory/key training	Uncertain delivery of key objective/service due to lack of staff Unsafe staffing level or competence (>5 days) Loss of key staff Very low staff morale No staff attendance for mandatory/key training	Non-delivery of key objective/service due to lack of staff Ongoing unsafe staffing levels or competence Loss of several key staff No staff attending mandatory training/key training on an ongoing basis
Statutory duty/ inspections	No or minimal impact or breech of guidance/ statutory duty	Breech of statutory legislation Reduced performance rating if unresolved	Single breech in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breeches in statutory duty Improvement notices Low performance rating Critical report	Multiple breeches in statutory duty Prosecution Complete systems change required Zero performance rating Severely critical report
Adverse publicity/ reputation	Rumours Potential for public concern	Local media coverage – short-term reduction in public confidence Elements of public expectation not being met	Local media coverage – long-term reduction in public confidence	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House) Total loss of public confidence
Business objectives/ projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met
Finance including claims	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget Claim less than £10,000	Loss of 0.25–0.5 per cent of budget Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget Claim(s) between £100,000 and £1 million Purchasers failing to pay on time	Non-delivery of key objective/loss of >1 per cent of budget Failure to meet specification/ slippage Loss of contract/ payment by results Claim(s) >£1 million
Service/business interruption **Environmental impact**	Loss/interruption of >1 hour Minimal or no impact on the environment	Loss/interruption of >8 hours Minor impact on environment	Loss/interruption of >1 day Moderate impact on environment	Loss/interruption of >1 week Major impact on environment	Permanent loss of service or facility Catastrophic impact on environment

Risk Appetite for NHS Organisations
A matrix to support better risk sensitivity in decision taking

Developed in partnership with the board of Southwark Pathfinder CCG and Southwark BSU – January 2012

Good Governance Institute

Risk levels ▶ / Key elements ▼	0 **Avoid** Avoidance of risk and uncertainty is a Key Organisational objective	1 **Minimal** (ALARP) (as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	2 **Cautious** Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	3 **Open** Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	4 **Seek** Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).	5 **Mature** Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Financial/VFM	Avoidance of financial loss is a key objective. We are only willing to accept the low cost option as VfM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept possibility of some limited financial loss. VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach.	Consistently focussed on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself.
Compliance/ regulatory	Play safe, avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
Innovation/ Quality/Outcomes	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems/ technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
APPETITE	**NONE**	**LOW**	**MODERATE**	**HIGH**	**SIGNIFICANT**	

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