The Queen Elizabeth Hospital King's Lynn
NHS Foundation Trust

Agenda Item 18

REPORT TO THE BOARD OF DIRECTORS (PUBLIC)

RESPONSIBLE DIRECTOR:	REPORT FOR:		IMPACT ON BUSINESS:		
Jon Green (CEO)	Decision		High	Med	Low
	Discussion	✓	✓		
	Information				
LEAD MANAGER:	**REPORT TYPE:**		**BAF REFERENCES & RAG:**		
Gill Rejzl, Trust Secretary	Strategic	✓	ALL		
	Operational				
	Governance		**RELATED WORK: (PREVIOUS PAPERS TO COMMITTEE)**		
PEER ASSIST:	**PEER REVIEW:**				
Executive Directors					
CQC Domains:	All & Well-Led				

Meeting Date: **31 July 2018**
Report Title: **Board Assurance Framework (BAF) Summary**

Purpose: To facilitate the Board's review of its handling of strategic risk.

Summary: The BAF has been reviewed for July 2018.

In May 2017, the Board approved revised Strategic Objectives for 2017/18:

2. To deliver care that is safe, effective and provides patients with the most positive experience possible
3. To develop and sustain a well-led, effective, motivated and productive workforce
4. To secure financial sustainability
5. To develop, maintain and maximise the potential of the Trust's infrastructure and assets
6. To engage effectively in system-wide transformation planning / re-design and plan implementation, for the benefit of our patients and the community we serve

The Board also agreed its Principal Risks to the delivery of these objectives.

At the January 2018 review, the articulation of the Principal Risks was reviewed and in some cases revised, to account for the developing strategic environment in which the Trust operates.

Principal Risks, as revised in January 2018:

1. There is a risk that patients do not receive quality care because clinical effectiveness, safety, and/or experience do not meet accepted standards
2. There is a risk that the Trust will not deliver its short or longer-term financial plans.
3. There is a risk that the Trust will not exert effective influence in the STP forum and other partnerships to secure appropriate transformation
4. There is a risk that the Trust does not establish appropriate workforce engagement, leadership, capacity and capability to support the delivery of its objectives
5. There is a risk that the Trust's physical infrastructure, including IT and Estate will not be maintained / improved and fit for the future needs of the Trust

The Board Assurance Framework report is reported in the private section of the Board meeting. The BAF is a strategic 'tool' for the Board and as such, necessarily contains information that is sensitive and details of strategic work that is confidential while in developmental stages. A high-level summary of the BAF is presented at each public Board meeting.

The Board is considering its strategic priorities / objectives for 2018 onwards, in July 2018. In September 2018, the Board will be invited to consider and agree the principal risks to the delivery of those strategic objectives. A revised BAF will be developed following this work, to be presented to the Board in November 2018.

Financial Implications: No financial implications as a direct result of this report.

Risk Assessment:

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

Recommendations:

The Board is invited to endorse the Board Assurance Framework Summary:

Board Assurance Framework – Strategic Risk Summary
(… see Appendices A & B for definitions and methodology)

	Strategic Risk	Target Risk	Previous Residual Risk	Current Residual Risk	Risk Appetite	Key Controls	Sources of Assurance
1	There is a risk that patients do not receive quality care because clinical effectiveness, safety, and/or experience do not meet accepted standards	5 L1xC5	12 L3xC4	12 L3xC4	Quality – Moderate Patient Safety - Low	• Policies and procedures • Standards and targets • Patient Feedback • Quality Strategy & Priorities • Risk Management Framework • Mandatory and professional training • Datix Incident Reporting system • Mortality and Patient Safety monitoring systems • Governance / Management Structures • Accountability Framework • Clinical skills mix and e-rostering procedures	• Audit of practice and compliance with policies / clinical audit • Ward metrics • Quality and Operational performance reporting (IPR) • Ward metrics • 'Safer' Dashboard • Peer Reviews • Inspection (inc. CQC) • NHSi Clinical Review March 2018 • Patient Surveys / Patient FFT • Complaints / Compliments • Thematic analysis and triangulation of patient feedback to be developed • Revised Complaints Policy • Quality Strategy implementation reporting to Quality Committee • Annual Quality Report • Risk Register reporting at divisional and Board/Committee-level • Risk Committee CKIs • Mandatory Training compliance reporting to Workforce Committee • Incidents - moderate, SI / Never Event /monitoring and learning and SI monitoring by Quality Committee • Dr Foster mortality outlier reports - to Mortality Surveillance Group • Avoidable Deaths Policy to Board – Avoidable Deaths reporting to Board and Quality Committee from Jan 2018 • 'Well-led' reviews (June 2018) • Peer Reviews • Regulatory Reviews • GIRFT Reviews • HEE reviews • 3x daily nursing rota and skills mix monitoring.

	Strategic Risk	Target Risk	Previous Residual Risk	Current Residual Risk	Risk Appetite	Key Controls	Sources of Assurance
							• Nursing / Midwifery skills reports to Board
2	There is a risk that the Trust will not deliver its short or longer-term financial plans.	5 L1xC5	16 L4xC4	16 L4xC4	High	• Business Plan • NHSi – Single Oversight Framework • Long-term financial model (LTFM) • Budget and Forecast (activity plan, income and expenditure) • Financial Controls • Efficiency Plans and Quality Impact Assessments • Scheme of Delegation	• Monitoring against plans at Divisional, Board & Committee-level • Business Plan timetable and reporting to Board and Finance Committee • 2018/19 Financial Plan • NHSi Board Assurance Statements • Reporting of position against budget / forecast at Divisional and Board/Committee level. • Annual Accounts • Service-Level Reporting • Reporting on financial controls to Audit Committee. • Internal Audit • External Audit • SFIs - approved by Board May 2018 • Reporting of CIP position against budget / forecast at Divisional and Board/Committee level • Attain - Cardiology, Radiology and Urology business cases
3	There is a risk that the Trust will not exert effective influence in the STP forum and other partnerships to secure appropriate transformation.	8 L2xC4	12 L3xC4	12 L3xC4	Significant	• STP – plan and governance / engagement structure • Norfolk Provider Partnership / Norfolk Acute Hospitals Group / West Norfolk Alliance • Clinical Strategy • Commissioner Contracts	• CEO regular STP progress reporting to Board and Governors' Council • CEO periodic progress reporting to Board and Governors' Council • Regular contracting / commissioning sitrep to Finance and Performance Committee
4	There is a risk that the Trust does not establish appropriate workforce engagement, leadership, capacity and capability to support delivery of its objectives	8 L2xC4	16 L4xC4	16 L4xC4	Significant	• Workforce Strategy / Organisational Development Strategy • Capacity Planning / Medical Job Plans • Workforce Policies • Recruitment and Retention processes • Management and Operational Structure • Board capacity and succession planning • Whistleblowing and Freedom to Speak-Up Guardian • Training Programmes	• Workforce Strategy - to public Board in November • HEEoE reviews • Performance against Agency Caps • NHSi reviews • Revalidation (medical and nursing). • Job Plan completeness reporting • Clinical Resourcing Group (CRG) (led by MD / CN) • Compliance monitoring and monitoring of

	Strategic Risk	Target Risk	Previous Residual Risk	Current Residual Risk	Risk Appetite	Key Controls	Sources of Assurance
						• Staff Feedback	sickness absence rates, appraisal rates etc. • Reporting of recruitment performance and vacancy / turnover rates at Workforce Committee • Recruitment and Retention Committee CKIs • Weekly vacancy report • Monthly pipeline report and 12 week rolling report R&RC. • Well-Led review – CQC – June 2018 • Mandatory Training reporting to Workforce Committee. • Apprenticeship Levy reporting. • Staff Survey • Staff FFT results
5	There is a risk that the Trust's physical infrastructure, including IT and Estate will not be maintained / improved and fit for the future needs of the Trust	8 L2xC4	12 L3xC4	12 L3xC4	Moderate	• Estate Strategy • Capital and backlog maintenance programmes • Safety Checks • IT Strategy • Capital Funding • Cyber Security safeguards	• 6-facet survey - pending review • Estates Return Information Collection (ERIC). • Approval and monitoring at F&PC and Board. • Revised Capital Plan • HSE and Fire Service assessments. - regular reporting to Health and Safety and Risk Committees • High (15+) Fire and Infrastructure risks on Risk Register • IT Programme Board monitoring • NHS Digital Data Security Protection Requirements return - May 2018 • NHSi dialogue - communicated to F&P and Board • Cyber-Security audit – advisory

Appendix 1

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

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 in order to meet its strategic objectives.

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

Appendix B

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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