Agenda Item: 17

REPORT TO THE BOARD OF DIRECTORS (PUBLIC)

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

Meeting Date: **26 July 2016**
Report Title: **Board Assurance Framework (BAF)**

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

Summary: The BAF has been reviewed in July 2016.

The BAF commentary / summary table overleaf seeks to:

- Provide an updated summary commentary on the current strategic risk position;
- Facilitate Board members' understanding of strategic risk across the identified risk areas, via RAG rating; and
- Summarise key risk ratings, movements and rationale

In October 2015. The Board approved five revised Strategic Objectives:

1. To deliver safe services
2. To deliver the best possible experience for patients and staff
3. To deliver the most effective outcomes
4. To deliver a well-led, capable and motivated workforce
5. To be efficient and make best use of available resources

The BAF has been aligned with these objectives from November 2015.

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 Principal Risks and Key Controls in respect of the delivery of the Trust's strategic priorities
- Endorse the changes to the BAF suggested in the commentary and the July 2016 BAF revision
- Commission additional work to:
  - strengthen controls
  - strengthen sources of assurance
  - undertake additional actions to mitigate risks
  - triangulate information according to identified themes

BAF Commentary – July 2016

In addition to the regular review, in July 2016, the BAF has been further refined:

- Risks 3 and 4 have been amalgamated -

  Risk 3 *- Unable to respond to commercial opportunities and/or develop effective partnerships that lead to transformative care pathways for patients.*
  Risk 4 *- Future patient / service user needs are not best met by Trust business model and structure).*

  Most of the assurances applicable to Risk 3 were repeated in Risk 4. Additionally, Risk 4 related to the pre-Contingency Planning Team exercise period and the Trust's key strategic driver is latterly the Sustainability and Transformation Programme.

- Operational detail has been removed from the BAF and the reader is instead referred to the appropriate Board paper i.e. – Integrated Performance Report (IPR) and Exceptions Reports. This has been done for the following reasons:

  - The BAF is a Board tool for managing strategic risk. Operational detail is available elsewhere on the Board's agenda
  - Operational performance detail reflected in the BAF always 'lags' a month behind the performance information presented in the IPR
  - The BAF is in danger of becoming unwieldy and too long to be a useful and well-assimilated document

The familiar process of summarising the BAF in the 'Commentary section' of this report will resume at the next review, pending the Board's approval of the refinement of and changes made to the BAF this month.

The Board's Development Programme includes provision for a session on Risk Appetite and it is suggested that the Board also revisits its Strategic Risks, Controls and Sources of Assurance as part of that workshop. This exercise will inform further revisions of the BAF.

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

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

Risk appetite - What level of risk is the Board prepared to carry/accept?

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?

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?

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