

Agenda Item:

# Board of Directors Meeting

# Report

**Subject: Board Assurance Framework**

**Date: 27th March 2014**

**Author: Shelley Watson Interim Head of Risk**

**Lead Director: Kerry Rogers – Director of Corporate Affairs/Company Secretary**

## Executive Summary

The Board Assurance Framework (BAF) provides a structure and process which enables the organisation to focus on those risks which might compromise achieving the strategic objectives. The BAF identifies the key controls which are in place to manage and mitigate those risks and also enables the board to gain assurance about the effectiveness of these controls.

This report describes progress made regarding reviewing the BAF since the last report to Board in January 2014. The BAF was reviewed at the Risk Assurance Committee in March 2014, further work has been undertaken since this review to ensure alignment with the Corporate Risk Register this is reflected in the BAF attached at appendix A. The BAF has also received a thorough review by the Executive Team.

Further work needs to be undertaken to ensure both the BAF and Corporate Risk Register are fit for purpose. This will enable the Board to make informed decisions regarding the achievement of the Trusts Strategic Objectives

## Recommendation

The Board is invited to note and approve the changes identified on the BAF summary report.

The Board is invited to request a further review of the BAF and Corporate Risk register for approval at the Audit Committee on 17<sup>th</sup> April 2014.

## Relevant Strategic Objectives (please mark in bold)

Achieve the best patient experience	Achieve financial sustainability
Improve patient safety and provide high quality care	Build successful relationships with external organisations and regulators
Attract, develop and motivate effective teams	

## Links to the BAF and Corporate Risk Register

A corporate risk register is currently being developed which will align to the BAF. In future a reference number will be provided for each risk demonstrating

	alignment to the Corporate Risk Register
<b>Details of additional risks associated with this paper</b> <i>(may include CQC Essential Standards, NHSLA, NHS Constitution)</i>	The BAF can also be aligned to the outcomes contained within the CQC Essential Standards.
<b>Links to NHS Constitution</b>	Links to the NHS Constitution – principle 7 – NHS is accountable to the public and should therefore transparently take responsibilities for services. The NHS also commits to ensure continuous improvement of services.
<b>Financial Implications/Impact</b>	Risks associated with objective 4 (Financial and commercial sustainability) may have implications for the Monitor Compliance Framework
<b>Legal Implications/Impact</b>	Risks associated objectives 1 & 2 can impact on compliance with CQC outcomes. Financial risks may affect compliance with the Monitor Framework 2013/14
<b>Partnership working &amp; Public Engagement Implications/Impact</b>	
<b>Committees/groups where this item has been presented before</b>	The BAF is submitted to the Risk Assurance Committee monthly Audit Committee 18 July 2013 Executive Team Meeting 15 July 2013 Risk Assurance Committee March 2014 The BAF was developed with support from KPMG in May 2013
<b>Monitoring and Review</b>	Monthly at Risk Assurance Committee At least 4 times a year at Board of Directors meetings
<b>Is a QIA required/been completed? If yes provide brief details</b>	

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## 1. Introduction

The Trust Board's main focus is strategic. Board members must understand the strategic objectives and be able to identify the principal risks which may threaten the achievement of these objectives. The board's role therefore is to focus on those risks which may compromise the achievement of the strategic objectives.

The Board Assurance Framework (BAF) provides a structure and process which enables the organisation to focus on those risks which might compromise achieving the strategic objectives. The BAF identifies the key controls which are in place to manage and mitigate those risks and also enables the board to gain assurance about the effectiveness of these controls.

This report describes progress made regarding reviewing the BAF since the last report to Board in January 2014. The BAF was reviewed at the Risk Assurance Committee in March 2014, further work has been undertaken since this review to ensure alignment with the Corporate Risk Register this is reflected in the BAF attached at appendix A.

Further work needs to be undertaken to ensure both the BAF and Corporate Risk Register are fit for purpose. This will enable the Board to make informed decisions regarding the achievement of the Trusts Strategic Objectives.

The BAF summary below provides an analysis of the risks which threaten the achievement of the strategic objectives. This summary identifies new risks, the removal of previous risks and the changes in risk levels since the October Report.

## Board Assurance Framework

The BAF is aligned to the following five strategic priorities as outlined in the 2013/14 business plan:

1. Achieve the best patient experience
2. Improve patient safety and provide high quality care
3. Attract, retain and motivate an appropriately trained workforce
4. Financial sustainability
5. Excellent relationships with external organisations/regulators

As a Foundation Trust it is important that the BAF works as a tool to support the Board's assurances in terms of self-certification on compliance with the Terms of Authorisation.

An Executive Director is allocated responsibility for each principal risk and is required to update the BAF to reflect the mitigating actions and controls which have been implemented.

It is the duty of the Board to ensure that assurances are robust and that action plans to address gaps in assurance and/or controls are appropriately prioritised, monitored and progressed.

Scrutiny is important to the Assurance Framework process and the organisation's strategic risks must be reviewed and challenged systematically.

From April a strengthened approach to deliver more robust assurance on the quality of control effectiveness will commence with Audit Committee becoming the custodian of the BAF strategically aligning it to the Annual Governance Statement and focusing the board's agenda on strategic risk imperatives.

### **Commentary on the BAF**

The following changes have been made to the BAF since the submission to the last Board in January 2014

Objective 1	Updates to existing controls, sources of assurances, risk scores and dates for completion
Objective 2	Updates to existing controls, sources of assurances and dates for completion.
Objective 3	Updates to existing controls, sources of assurance and dates for completion
Objective 4	New risks added, risk scores amended, gaps in assurance identified and actions for further control.
Objective 5	Updates to existing controls and increase in gross impact for 5.1

### **Recommendations**

The Board is invited to note and approve the changes identified on the BAF summary report.

The Board is invited to request a further review of the BAF and Corporate Risk register for approval at the Audit Committee in April 2014 with a further report to the Board in June 2014.

BOARD ASSURANCE FRAMEWORK – SUMMARY						
	BAF Risk No:	Jan Risk Level	Feb Risk Level	March Risk Level	Risk Change in Period	Comments
<b>Strategic Objective 1: Achieve the best patient experience</b>						
Failure to communicate effectively with patients and their GP's	1.1	8	4	4	↔	
Retained estate is not fit for purpose	1.2	12	12	9	↓	
Failure to implement processes and procedure to ensure robust timely management of complaints	1.3	12	6	6	↔	
Failure to manage patient pathway	1.4	15	15	15	↔	New Risk
<b>Strategic Objective 2: Improve patient safety and provide high quality care</b>						
Failure to reduce the Trust's Hospital Standardised Mortality Ratio (HSMR) indicator by 10% during 2013/14 (baseline HSMR at 01/04/13=116)	2.1	20	20	20	↔	
Failure to reduce patient harms which include pressure ulcers, falls, medication errors and hospital acquired infections	2.2	12	12	12	↔	
Failure to deliver improvements in care quality required by external regulatory reviews (Keogh & CQC) and contractual requirements (Quality Schedule & CQUIN)	2.3	12	12	12	↔	
Failure to implement preventative measure resulting in a serious largely preventable safety incident (never event)	2.4	10	10	10	↔	New Risk
<b>Strategic Objective 3: Attract, develop and motivate effective teams</b>						
Failure to appropriately manage and train staff to carry out their work	3.1	12	12	12	↔	
Failure to attract appropriately skilled staff	3.2	20	20	20	↔	New Risk
High levels of clinical posts filled using temporary staff	3.3	16	16	16	↔	
Failure to deliver strategic objectives	3.4	6	6	6	↔	
Failure to develop clinicians' into effective managers in the Trust	3.5	12	12	12	↔	
<b>Strategic Objective 4: Achieve Financial Sustainability</b>						

Failing to find a solution to PFI Excess burden	4.1	20	20	20	↔	
Insufficient cash liquidity	4.2	10	10	10	↔	
Failure to have an agreed financial improvement plan	4.3	20	20	20	↔	
Failure to adequately performance manage the agreed operational and financial plan	4.4	20	20	15	↓	New Risk
Reduced funding from Commissioners	4.5	20	20	20	↔	Replaces previous 4.4
Failure of delivery of year on year CIP	4.6	20	20	20	↔	
Lack of financial Management across the Trust	4.7		20	20	↔	New Risk
<b>Strategic Objective 5: Excellent relationships with external organisations / regulators</b>						
Planned restructure of services identified in the Mid Nottinghamshire transformation review						Risk removed from BAF
Communication and engagement channels need to be strengthened with health and social care partners	5.1	9	9	9	↓	Previously 5.2 – risk description reviewed
Clinical strategy does not fully reflect the requirements of commissioners and other stakeholders	5.2	12	16	16	↔	
Failure to rectify governance failings and emerge from breach of authorisation	5.3	12	12	12	↔	

