

**Northumberland, Tyne and Wear NHS Foundation Trust**

**Board of Directors Meeting**

Meeting Date: Board of Directors, Wednesday 24<sup>th</sup> May 2017

Title and Author of Paper: Board Assurance Framework and Corporate Risk Register – Natalie Yeowart, Risk Management Lead.

Executive Lead: Lisa Quinn, Executive Director of Commissioning and Assurance

Paper for Debate, Decision or Information: Information/Decision.

**Key Points to Note:**

This report relates to the 17/18 Financial Year and coincides with the launch of the Trust 5 Year Strategy and new strategic ambitions.

Risk appetite has been implemented throughout the BAF and CRR. Board Sub-Committees have been added to each strategic risk.

Pg.2 Proposal to combine BAF/CRR

Pg.2 2017/18 Risk appetite Statement

Pg.6 Risks to be de-escalated.

Pg.8 Risks carried over from 16/17 to 17/18 and aligned to new strategic ambitions

Pg.10 Further identified strategic risks to the delivery of strategic ambitions.

**Risks Highlighted:**

As highlighted in the paper.

Does this affect any Board Assurance Framework/Corporate Risks?

Yes – Report detailing the review of the Board Assurance Framework and Corporate Risk Register.

**Equal Opportunities, Legal and Other Implications:**

Addressed in Board Assurance Framework and Corporate Risk Register

Outcome Required: Approve BAF/CRR changes and implementation of Risk appetite.

**Link to Policies and Strategies:**

Risk Management Strategy and Risk Management Policy

## **Board Assurance Framework and Corporate Risk Register**

### **Purpose**

The Northumberland, Tyne & Wear NHS Foundation Trust Board Assurance Framework and Corporate Risk Register identifies the strategic risks facing the organisation in achieving the Strategic Ambitions.

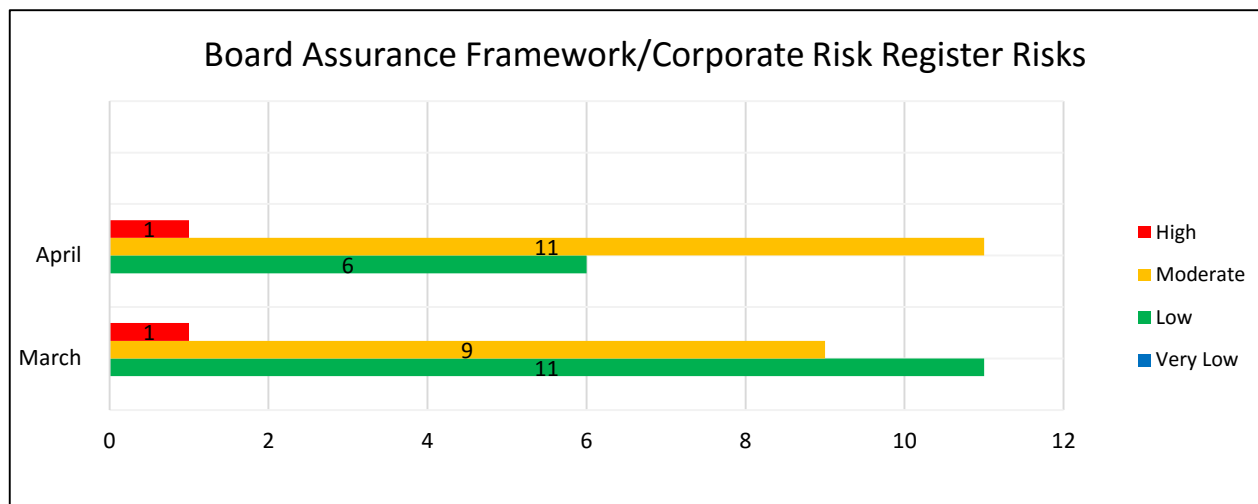
This paper provides:

- Proposal to combine the Board Assurance Framework and Corporate Risk Register.
- A summary of both the overall number and grade of risks contained in the Board Assurance Framework (BAF) and Corporate Risk Register (CRR)
- Risks assigned to a Board sub-committee and Executive Lead.
- Implementation of the Risk Appetite throughout the BAF/CRR.
- Risks which have exceeded a risk appetite tolerance.
- Risks from 16/17 that have now been aligned to 17/18 strategic ambitions.
- New 17/18 risks to the delivery of Strategic Ambitions.

## 1. Board Assurance Framework and Corporate Risk Register

Following review of the Board Assurance Framework and Corporate Risk Register it is proposed to move from two separate registers and combine the Board Assurance Framework and Corporate Risk Register. The Board has always reviewed these two documents together and it is felt that should a risk be escalated to the Corporate Risk Register then this is significant enough to effect the delivery of a strategic Ambition and therefore by combining the Board Assurance Framework and Corporate Risk Register we ensure all significant risks to the delivery of our Strategic Ambitions are effectively managed and reported.

The below graph shows a summary of both the overall number and grade of risks held on the Board Assurance Framework and Corporate Risk Registers as at May 2017.



### 1.1 Key Strategic Risks

#### High Risks

NTW currently hold one high risk on the Board Assurance Framework, 'that the scale of change and integration agenda across the NHS could affect the sustainability of services & the Trusts financial position'. This risk rating has increased from 4x4 (16) to a 5x4 (20). Actions are in place to improve this risk and this will be monitored via the CDT Risk Management Sub Group. The Executive Lead for this risk is John Lawlor.

### 1.2 Risk Appetite

In February a risk appetite development session was held with both the Corporate Decisions team and the Board of Directors. The information from both sessions was collated and has informed the development of the Northumberland Tyne & Wear NHS Foundation Trust Risk Appetite.

It is proposed to use risk appetite to inform:

1. When a risk should be reported/communicated up.
2. To inform a suggested target risk.

### 1.3 Risk Appetite Statement

Northumberland, Tyne and Wear NHS Foundation Trust recognises that its long term sustainability depends upon the delivery of its strategic ambitions and its relationships with its service users, carers, staff, public and partners. As such, Northumberland, Tyne and Wear NHS Foundation Trust will not accept risks that materially provide a negative impact on quality.

However NTW has a greater appetite to take considered risks in terms of their impact on organisational issues. NTW has a greatest appetite to pursue Commercial gain, partnerships, clinical innovation, Financial/Value for Money and reputational risk in terms of its willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

Further detail on the statement is provided below. The *risk appetite* is shown in **BOLD** text, the Risk appetite score is the tolerance we do not wish to exceed.

Category	Risk Appetite	Risk Appetite Score
Clinical Innovation	NTW has a <b>MODERATE</b> risk appetite for Clinical Innovation that does not compromise quality of care.	<b>12-16</b>
Commercial	NTW has a <b>HIGH</b> risk appetite for Commercial gain whilst ensuring quality and sustainability for our service users.	<b>20-25</b>
Compliance/Regulatory	NTW has a <b>LOW</b> risk appetite for Compliance/Regulatory risk which may compromise the Trust's compliance with its statutory duties and regulatory requirements.	<b>6-10</b>
Financial/Value for money	NTW has a <b>MODERATE</b> risk appetite for financial/VfM which may grow the size of the organisation whilst ensuring we minimising the possibility of financial loss and comply with statutory requirements.	<b>12-16</b>
Partnerships	NTW has a <b>HIGH</b> risk appetite for partnerships which may support and benefit the people we serve.	<b>20-25</b>
Reputation	NTW has a <b>MODERATE</b> risk appetite for actions and decisions taken in the interest of ensuring quality and sustainability which may affect the reputation of the organisation.	<b>12-16</b>
Quality Effectiveness	NTW has a <b>LOW</b> risk appetite for risk that may compromise the delivery of outcomes for our service users.	<b>6-10</b>
Quality Experience	NTW has a <b>LOW</b> risk appetite for risks that may affect the experience of our service users.	<b>6-10</b>
Quality Safety	NTW has a <b>VERY LOW</b> risk appetite for risks that may compromise safety.	<b>1-5</b>
Workforce	NTW has a <b>MODERATE</b> risk appetite for actions and decisions taken relating to workforce.	<b>12-16</b>

The below table shows risk appetite tolerance scores for each risk appetite. When a risk exceeds a risk appetite tolerance score this will be used as a framework for a risk to be communicated and reported upwards.

<b>APPETITE</b>	<b>NONE</b>	<b>VERY LOW</b>	<b>LOW</b>	<b>MODERATE</b>	<b>HIGH</b>
<b>Risk tolerance Score</b>	<b>N/A</b>	<b>1-5</b>	<b>6-10</b>	<b>12-16</b>	<b>20-25</b>
<b>Target risk score</b>	<b>N/A</b>	<b>0</b>	<b>4</b>	<b>9</b>	<b>15</b>

### **Target Risk**

A suggested target risk is also added to help inform target risk scoring discussions. The target risk is provided as a guide and not an absolute expectation.

### **1.4 Risk Appetite and the Clinical Groups/Corporate Area**

The proposed risk appetite will be implemented throughout the trust and will be linked to the Safeguard Risk Management System. The Safeguard system will ask the user to choose a risk appetite category when recording a risk. The categories will be linked to the risk appetite tolerance scores and where a risk breaches the Trust Risk Appetite the user will see the risk appetite rag rating change to red.

The Risk Management Lead will also have planned weekly audits in place to capture any risk appetite breaches as a control mechanism. All risks which breach the Trust risk appetite will be reported through the Trust Governance Structures to the Board of Directors. This replaces the current system of all risks 15 and above being reported.

### **Risk Escalation**

Risk appetite does not replace the escalation process defined within the risk management policy. Risks continue to be managed at the lowest and most appropriate level in the organisation and only escalated when action is required outside the control of the current risk owner.

## 2.0 Risk Appetite & Board Assurance Framework

The below table shows all strategic risks which exceed a risk appetite tolerance. All BAF/CRR risks are reviewed monthly with Executive leads to ensure effective management of risks.

16/17 Risk Ref	17/18 Risk Ref	Risk Description	Risk Score	Risk Appetite	Executive Lead/ Board Committee
S01.1	SA1.1	That we do not implement service model changes as planned, failing to realise the benefits of improved quality and better outcomes.	15	Quality Effectiveness (tolerance score 6-10)	J Duncan RABA
S05.9	SA4.3	That the scale of change & integration agenda across the NHS could affect the sustainability of services & Trust financial position.	20	Finance (tolerance score 12-16)	J Lawlor Board
S02.8	SA5.2	That we do not meet significant statutory and legal requirements in relation to Mental Health Legislation	12	Compliance/Regulatory (tolerance score 6-10)	R Nadkarni MHL
S05.1	SA5.4	That there are risks to the safety of service users and others if the key components to support good patient safety governance are not embedded across the Trust.	8	Quality Safety (tolerance score 1-5)	G O'Hare Q&P
S05.2	SA5.5	That there are risks to the safety of service users and others if we do not have safe and supportive clinical environments.	10	Quality Safety (tolerance score 1-5)	G O'Hare Q&P
S05.5	SA5.6	That there are risks to the safety of service users and others if clinical policies and procedures are not accessible, with effective processes in place to ensure that they are implemented.	10	Quality Safety (tolerance score 1-5)	G O'Hare Q&P
S05.8	SA1.3	That there are adverse impacts on clinical care due to potential future changes in clinical pathways through changes in the commissioning of Services.	12	Quality Effectiveness (tolerance score 6-10)	L Quinn RABA
S05.10	SA5.7	That we do not have effective governance arrangements in place.	12	Compliance/Regulatory (tolerance score 6-10)	L Quinn Board
S05.6	SA1.5	The risk that high quality, evidence based and safe services will not be provided if there are difficulties in accessing services in a timely manner and that services are subsequently not sufficiently responsive to demands.	8	Quality Safety (tolerance score 1-5)	G O'Hare Q&P
S01.2	SA1.5	That we do not effectively engage public, commissioners & other key stakeholders leading to opposition or significant delay in implementing our service strategy.	12	Quality Effectiveness (tolerance score 6-10)	J Lawlor Board
S06.3	SA3.5	That we do not further develop integrated information systems across partner organisations	9	Quality Safety (tolerance score 1-5)	L Quinn Q&P

## 2.1 Risks to be de-escalated

The Executive Directors specifically reviewed the BAF/CRR risks below the risk appetite tolerance. The outcome of which was de-escalation of the risks below to the relevant group risk register.

<b>Risk Ref</b>	<b>Risk Description</b>	<b>De-escalation</b>	<b>Executive Lead/ Board Committee</b>
S02.3	The implementation of new national payment systems impact on the Trust Financial Stability.	Risk de-escalated to Finance Group Register	J Duncan RABA
S04.1	That we do not deliver effective Trust-wide communication and involvement. (Staff)	Risk de-escalated to Communication Group Register.	J Lawlor Q&P
S07.1	That the Trust fails to effectively support, promote and lobby the needs of people with mental ill health and disabilities.	Risk de-escalated to Communications Group Register.	J Lawlor Board

### 3.0 Risks carried over from Financial Year 16/17 to Financial Year 17/18

Following a review of risks with Executive Leads 22 risks have been carried over to the 17/18 BAF/CRR and have been aligned to 17/18 strategic ambitions. Please note the Risk references have been updated and new risk references assigned.

16/17 Risk Ref	17/18 Risk Ref	Risk Description	Strategic Ambition	Executive Lead/ Board Sub committee
S01.1	SA1.1	That we do not implement service model changes as planned, failing to realise the benefits of improved quality and better outcomes.	SA 1 - Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing.	J Duncan RABA
S02.1	SA4.1	That we have significant loss of income through competition, choice and national policy, including the possibility of losing large services & localities.	SA 4 – The Trusts Mental Health and Disability Services will be sustainable and deliver real value to the people who use them.	J Duncan RABA
S02.2	SA4.2	That we do not manage our resources effectively through failing to deliver the required service change or productivity gains required.	SA 4 – The Trust's Mental Health and Disability Services will be sustainable and deliver real value to the people who use them.	J Duncan RABA
S05.9	SA4.3	That the scale of change & integration agenda across the NHS could affect the sustainability of services & Trust financial position.	SA 4 – The Trust's Mental Health and Disability Services will be sustainable and deliver real value to the people who use them.	J Lawlor Board
S01.5	SA1.2	That restrictions on capital funding nationally lead to a failure to meet our aim to achieve first class environments to support care, increasing the risk of harm to patients through continuing use of sub-optimal environments.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing.	J Duncan RABA
S02.7	SA5.1	That we do not meet compliance & Quality Standards	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	L Quinn Q&P
S02.8	SA5.2	That we do not meet significant statutory and legal requirements in relation to Mental Health Legislation	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	R Nadkarni MHL
S02.1	SA5.3	That we misreport compliance and quality standards through data quality errors. (Risk Identified Nov 2015)	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	L Quinn Q&P



16/17 Risk Ref	17/18 Risk Ref	Risk Description	Strategic Ambition	Executive Lead/ Board Sub committee
S05.1	SA5.4	That there are risks to the safety of service users and others if the key components to support good patient safety governance are not embedded across the Trust.	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	L Quinn Q&P
S05.2	SA5.5	That there are risks to the safety of service users and others if we do not have safe and supportive clinical environments.	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	G O'Hare Q&P
S05.5	SA5.6	That there are risks to the safety of service users and others if clinical policies and procedures are not accessible, with effective processes in place to ensure that they are implemented.	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	G O'Hare Q&P
S05.8	SA1.3	That there are adverse impacts on clinical care due to potential future changes in clinical pathways through changes in the commissioning of Services.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing.	L Quinn RABA
S05.10	SA5.7	That we do not have effective governance arrangements in place.	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	L Quinn Board
S05.6	SA1.5	The risk that high quality, evidence based and safe services will not be provided if there are difficulties in accessing services in a timely manner and that services are subsequently not sufficiently responsive to demands.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing.	G O'Hare Q&P
S01.2	SA1.5	That we do not effectively engage public, commissioners & other key stakeholders leading to opposition or significant delay in implementing our service strategy.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing	J Lawlor Board
S01.6	SA1.3	Lack of ownership of PFI buildings. Restrictions in contract hinder ability to develop estate.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing	J Duncan RABA

<b>16/17 Risk Ref</b>	<b>17/18 Risk Ref</b>	<b>Risk Description</b>	<b>Strategic Ambition</b>	<b>Executive Lead/ Board Sub committee</b>
S02.9	SA4.5	That we enter into unsound business partnership arrangements leading to reputational and patient safety risks	SA 4 – The Trust's Mental Health and Disability Services will be sustainable and deliver real value to the people who use them.	J Duncan RABA
S06.4	SA1.4	That staff do not follow Information Governance, Caldicott and Informatics Policies and procedures.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing	L Quinn Q&P

### 3.1 New Identified Strategic Risks 17/18

Following discussions with Executive Directors 7 new strategic risks were identified. These risks are documented below.

Risk Ref	Risk Description	Strategic Ambition	Risk Appetite	Executive Lead/ Board Subcommittee
SA1.6	Failure to participate and influence STP workforce developments may reduce our control over future regional workforce changes.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing	Workforce	L Crichton-Jones  Q&P
SA1.7	Barriers to influencing the prevention and resilience agenda and co-production due to national/regional change.	SA 1 – Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing	Quality Effectiveness	G O'Hare  Board
SA2.1	That we do not sufficiently engage with GP's, communities, stakeholders and system partners in supporting, enabling effective interventions.	SA 2 – With People, Communities and Partners, together we will promote prevention, early intervention and resilience.	Quality Effectiveness	J Duncan  Q&P
SA3.2	That we do not influence the development of new care delivery models (ACO, MCP, ACS) leading to increasing fragmentation of MH services and disability delivery.	SA 3 – Working with partners there will be "no health without mental health" and services will be "joined up"	Quality Effectiveness	J Lawlor  Board
SA3.3	Failure to participate and influence regional developments relating to Carter and Back Office Functions resulting in imposed changes to corporate functions and arising recruitment and retention issues.	SA 3 – Working with partners there will be "no health without mental health" and services will be "joined up"	Workforce	L Crichton-Jones  Q&P
SA3.4	NTW being marginalised in STP leading to impact on integration agenda.	SA 3 – Working with partners there will be "no health without mental health" and services will be "joined up"	Reputation	J Duncan  Board
SA5.7	Failure to develop NTW Academy resulting in the lack of enhanced future nursing supply.	SA 5 – The Trust will be a centre of excellence for Mental Health and Disability.	Workforce	G O'Hare  Q&P

#### **4. Recommendation**

The Board of Directors are asked to:

- Approve the combining of the BAF & CRR
- Approve the risk appetite proposal
- Note the Risks which exceed a risk appetite tolerance and action to be taken by Executives.
- Note the risks which have been de-escalated from the BAF/CRR.
- Approve the 16/17 risks aligned to 17/18 strategic ambitions.
- Approve the new risks added to the BAF/CRR 17/18. .
- Note the alignment to the Sub-Committees of the Board
- Provide any further comments.

**Lisa Quinn**

**Executive Director of Commissioning and Quality Assurance**

**May 2017**