

## Board of Directors

3 November, 2022

<b>Report Title:</b>	<b>Board Assurance Framework</b>
<b>Executive/NED Lead:</b>	Steve Parsons, Interim Director of Governance
<b>Report author(s):</b>	Steve Parsons, Interim Director of Governance
<b>Previously considered by:</b>	Board seminar

Approval

Discussion

Information

Assurance

<b>Executive summary</b>		
<p>As part of the comprehensive risk management structures in place at the Trust, a register of identified strategic risks is maintained. As is usual in the NHS, this is under the title of Board Assurance Framework (BAF). Effective risk management is a regulatory requirement for NHS organisations under the Provider Licence arrangements.</p> <p>There has been a full review of the contents and presentation of the risks recorded on the BAF this year, supported by a seminar discussion by the Directors and the approval by the Board of revised and updated Risk Appetite statements in September 2022. Following that approval, the risks recorded on the BAF have been fully reviewed and a revised BAF is presented with this paper.</p> <p>The Board is invited to approve the revised BAF, and to note the intention that it will be regularly presented to the Board for consideration of changes. Given the strategic nature of the BAF, and the strategic timescales that would be expected for changes, it is proposed that these reviews are scheduled on a thrice a year basis.</p>		
<b>Action requested of the Board</b>		
<p>The Board is invited to-</p> <ol style="list-style-type: none"> <li>i. Consider and approve the Board Assurance Framework, as attached;</li> <li>ii. Note the intention that update reports will be provided to the Board three times a year.</li> </ol>		
<b>Link to Strategic Objectives (SO)</b>		<b>Please tick</b>
SO1	Keep people in control of their health	<input checked="" type="checkbox"/>
SO2	Lead the integration of care	<input checked="" type="checkbox"/>
SO3	Develop our centres of excellence	<input checked="" type="checkbox"/>
SO4	Support and develop our staff	<input checked="" type="checkbox"/>
SO5	Drive technology enabled care	<input checked="" type="checkbox"/>
<b>Risk Implications for the Trust</b> <i>(including any clinical and financial consequences)</i>	If the Board is not supported by appropriate and effective strategic risk management systems, there is a risk that Trust strategic decisions will not reflect the full context of the Trust's environment.	
<b>Trust Risk Appetite</b>	The Board has a cautious risk appetite when it comes to compliance and regulatory issues. Where the laws, regulations and standards are about the delivery of safe, high quality care, or the health and safety of the staff and public, it will make every effort to meet regulator expectations and comply with them and will only challenge them if there is strong evidence or argument to do so and the gain will outweigh the adverse consequences.	

<p><b>Legal and regulatory implications</b>  <i>(including links to CQC outcomes, Monitor, inspections, audits, etc.)</i></p>	<p>The provider licence requires the Trust has in place appropriate procedures to manage and mitigate risk, including strategic risk (Condition FT4)</p>
<p><b>Financial Implications</b></p>	<p>There are financial implications in respect of all the proposed BAF risks.</p>
<p><b>Equality and Diversity</b></p>	<p>All of the proposed BAF risks could impact on Equality, Diversity and Inclusion issues.</p>

## Board Assurance Framework

### Overview

As part of the expected risk management architecture for NHS providers, the Trust is expected to maintain a document that identifies strategic risks, outlines the key steps to manage or mitigate those risks, and assesses both the residual risk and any matters beyond the control of the organisation. In the NHS, this is known as the Board Assurance Framework.

Earlier in the year, the Directors had a seminar session discussion on the key areas of risk and the Trust's willingness to accept different areas of risk for different areas, which then led to the approval of formal Risk Appetite statements by the Board in September 2022. Following that approval, work has been undertaken with Executive colleagues and their teams to develop a set of formal strategic risks for the Board to consider.

As these are strategic risks, it would be expected that, in terms of both adjustments in score and the timescales for management/ mitigation actions, change would be on a longer time-scale than would be expected for operational risks. Consistently with that, it would not be expected that the BAF would be reported to the Board at every meeting; whilst there is variation between organisations, most organisations look to report updates to the BAF to the Board between a quarterly and twice-yearly basis. Taking into account the Board meeting pattern of public meetings every second month, it is proposed that the BAF is reported to the Board three times a year.

### The proposed risks

Following detailed discussions with Executive colleagues, and a discussion at the Executive Management Committee, a total of nine strategic risks are proposed for inclusion on the BAF. This represents a manageable number, and enables the risk to be expressed at a strategic level.

The proposed risks, and the Lead Executive, are set out in the table below. The table also indicates the Board Committee that it is proposed will have oversight of the relevant risk-

BAF	Strategic Risk	Risk Description	Lead Executive	Assurance Committee
1	Partnership Working	If ESNEFT does not develop effective partnerships across place, system and beyond, then it will be unable to respond to the needs of patients and public across Suffolk and North East Essex, resulting in lost opportunities to deliver the right care at the right place and at the right time to address the full range of people's needs and prevent impact on health inequalities	Neil Moloney	Performance Assurance Committee

2	Financial Performance	If the Trust's approach to value and financial sustainability are not embedded, we will not be able to fully mitigate the variance and volatility in financial performance leading to an impact on cash flow and long-term financial sustainability	Adrian Marr	Performance Assurance Committee
<b>BAF</b>	<b>Strategic Risk</b>	<b>Risk Description</b>	<b>Lead Executive</b>	<b>Assurance Committee</b>
3	Capital Expenditure	The risks presented if the Trust fails to achieve its CDEL (undershoot or overshoot), and does not have sufficient resources to undertake its capital developments, include: 1) regulatory impact with NHSE/I and DHSC 2) external capital funding could be lost if the Trust is unable to spend it in line with expected national profiles 3) loss of external funding could jeopardise capital projects 4) reputational and patient impact if major capital projects have to be abandoned or scaled back.	Adrian Marr	Performance Assurance Committee
4	Patient Safety & Quality	If ESNEFT does not have the correct quality assurance mechanisms in place, then it may fail to maintain or improve the quality and safety of patient services and, resulting in poor patient care, reduced health inequalities, experience and potential harm.	Giles Thorpe/ Angela Tillett	Quality and Patient Safety Committee
5	Workforce	If ESNEFT is unable to deliver the priorities set out in the People Plan, then it may not be possible to attract and retain a suitably qualified workforce in ESNEFT, resulting in missed opportunities to deliver improved services	Kate Read/ Debbie O'Hara	People and Organisational Development Committee
6	Elective and Emergency Care	Sustainable delivery of performance targets	Neill Moloney	Performance Assurance Committee
7	Estates Development & Capital Equipment	If we do not have agreed Future Models of Care or the Capital Investment to deliver the ESNEFT Estates Strategy to provide a safe, compliant and functionally suitable environment for patients, visitors and staff this will impact our ability to deliver the overall trust wide strategy and ICS objectives.	Paul Fenton	Performance Assurance Committee
8	Digital Maturity	In order to achieve digital maturity, clinical, operational and technical processes are required to align in a structured governance model with the support of a digital literacy education programme	Mike Meers	Quality and Patient Safety Committee
9	Transformation	If we do not transform through strategy and its delivery then we will be unable to achieve long term sustainability leading to regulator intervention.	Shane Gordon	Performance Assurance Committee

The spreadsheet submitted with this report, which sets out the full detail of the Board Assurance Framework as it currently stands, provides more detail for the Board regarding the identified management actions and other mitigations in place, together with the current assessment of the risk expressed as a score in the usual '5 by 5' matrix of the likelihood of the risk eventuating and the impact if it does. For ease of reference, those scores are set out below-

<b>BAF Risk</b>	<b>Description</b>	<b>Initial Risk Score</b>	<b>Current Risk Score</b>	<b>Target Risk Score</b>
1	Partnership Working	12	8	6
2	Financial Performance	16	16	8
3	Capital Expenditure	16	12	8
4	Patient Safety & Quality Assurance	12	8	6
5	Workforce	16	12	8
6	Elective & Emergency Care	20	15	10
7	Estate Development	16	12	6
8	Digital Maturity & Disruption Outage	12	8	4
9	Transformation	15	12	8

#### **Risk Scoring Matrix-**

		Likelihood				
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Consequences	5 Catastrophic	5 Moderate	10 High	15 Extreme	20 Extreme	25 Extreme
	4 Major	4 Moderate	8 High	12 High	16 Extreme	20 Extreme
	3 Moderate	3 Low	6 Moderate	9 High	12 High	15 Extreme
	2 Minor	2 Low	2 Moderate	6 Moderate	8 High	10 High
	1 Negligible	1 Low	2 Low	3 Low	4 Moderate	5 Moderate