
# Report to the Meeting of the

# PAPER

BoD 127/2014

(Agenda item: 15)

# Oxford Health NHS Foundation Trust

# Board of Directors

**24 October 2014**

**Board Assurance Framework (BAF) Q2 Report**

**For Assurance and Approval**

**Executive Summary**

This report on the position of the BAF at the end of Q2 is provided in conjunction with the Trust’s annual planning quarterly progress reports and the in-year reporting to Monitor. This report provides a summary of recent BAF review, movement and a reminder of the position in January 2014 as well as the full BAF. The Strategic Objectives of the Trust with the relevant BAF risks are also listed in Appendix 1 below.

On a net/residual basis, and at a strategic level, the Trust has: 2 extreme risks (down from 4 in January 2014); 11 high risks (up from 7 in January 2014); 3 medium risks (down from 5 in January 2014) and 1 low risk.

The Board is requested to consider the following in particular:

* whether to remove SO 1.3 (failure to manage change) from the BAF or de-escalate to the Trust Risk Register as SO 1.3 has been downgraded from medium to low risk (and has achieved and improved upon its medium risk target);
* the net risk rating to be applied to new risk SO 5.2 (organisational development and leadership development), especially in light of the framework for the Organisational Development Strategy to be presented to the October 2014 Board meeting (as requested by the Integrated Governance Committee in September 2014); and
* the 2 extreme risks which have been in place since January 2014, SO 4.2 (CIPs) and SO 7.2 (facilities), and whether their target risk ratings are appropriate, achievable or require amendment.

**BAF purpose**

The BAF sets out the strategic risks to the Trust achieving its 7 Strategic Objectives (as set out in Appendix 1 below) and underpins the statutory requirement to produce an Annual Governance Statement which confirms that the Trust is appropriately and effectively governed and managed and maintains a sound system of internal control that supports the achievement of the Trust’s policies, aims and objectives.

As set out in the Annual Governance Statement, the system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: (i) identify and prioritize the risk to achievement of the policies, aims and objectives of the Trust; (ii) evaluate the likelihood of those risks being realized and the impact should they be realized; and (iii) manage them efficiently, effectively and economically. The BAF forms the key document for the Board in ensuring all principle strategic risks are controlled, that the effectiveness of the key controls has been assured and that there is sufficient evidence to support the Annual Governance Statement.

**BAF review, movement and longer term overview**

Since the BAF was last considered by the Board in July 2014, the BAF has been reviewed by the Executive in August 2014, the Integrated Governance Committee in September 2014 and the Extended Executive and Directorate Performance Reviews in October 2014. The movement and development of the BAF was also reviewed by the Audit Committee in September 2014. There will be further reporting on the BAF to the Integrated Governance Committee in November 2014 and to the Audit Committee in December 2014.

Following review and since the previous reporting to the Board meeting in public:

* SO 1.3 (failure to manage change) has been downgraded from medium to low risk (and has achieved and improved upon its medium risk target);
* SO 4.2 (CIPs) – the controls and gaps against this risk have been substantially updated (see Appendix 2 below);
* SO 5.1 (workforce) has been: (i) upgraded from medium to high risk (and moved further from its medium risk target, given recruitment challenges); and (ii) split into SO 5.1A and SO 5.1B (see Appendix 3 below); and
* SO 5.2 (organisational development and leadership development) is a new risk which has been developed with operational controls, assurances and gaps (although the net/residual rating is still to be agreed therefore this new risk does not appear in the first heat map below).

On a net/residual basis, and at a strategic level, the Trust currently has: 2 extreme risks; 11 high risks; and 3 medium risks and 1 low risk.

Since the BAF has been reported to Board meetings from January 2014:

* no risks have been removed from the BAF;
* 2 new risks have been added at SO 5.1B and SO 5.2;
* the number of extreme risks has decreased from 4 to 2 as SO 3.2 and SO 4.1 were downgraded from extreme to high risks. However, SO 4.2 and SO 7.1 have remained as extreme risks;
* the number of high risks has increased from 7 to 11 through the addition of SO 3.2, SO 4.1, SO 5.1A and SO 5.1B; and
* 1 risk has been downgraded to low from medium, SO 1.3.

**Recommendation**

The Board is asked to consider:

* the content of the report to assure itself that the Trust is taking action to mitigate those risks that have the greatest potential to cause the Trust to fail to achieve its objectives;
* whether the information contained within the report is the appropriate information in order for the Board to be assured of this; and
* the overall structure and content of the BAF, in particular the risks at SO 1.3, SO 5.2, SO 4.1 and SO 7.1.

**Author and Title:** Hannah Smith, Assistant Trust Secretary

**Lead Executive Director: Stuart Bell, Chief Executive**

1. *A risk assessment has been undertaken around the legal issues that this paper presents and there are no issues that need to be referred to the Trust Solicitors.*

**Appendix 1**

**The Strategic Objectives of the Trust (since 2012) with the relevant BAF risks are:**

1. Driving Quality Improvement
	1. Failure to: (i) meet consistently quality standards for clinical care; (ii) address variability across quality standards; or (iii) reconcile conflicting quality standards or guidance, will result in poorer outcomes for patients and poorer patient safety and experience
	2. Failure of service models to deliver an integrated care pathway may mean that the individual needs of patients, including those with special needs and/or disabilities, are not met and that patients are not provided with appropriate access to, and transfer between, services
	3. Failure to manage change effectively may compromise quality and safety during the transition from current to future service models and compromise staff and stakeholder engagement
2. Delivering Operational Excellence
	1. Failure to put effective governance (both corporate and clinical) arrangements in place may lead to: poor oversight at Board level of risks and challenges; strategic objectives not being established or structures not in place to achieve those objectives; or appropriate structures and processes not in place to maintain the Trust's integrity, reputation and accountability to its stakeholders
	2. Ineffective business planning arrangements that do not integrate activities at all levels of the Trust may lead to: the Trust being in breach of regulatory and statutory obligations; the Trust failing to achieve its annual objectives and consequently being unable to meet its strategic objectives
3. Delivering Innovation, Learning and Teaching
	1. Failure to fully realise the Trust's academic and Research and Development potential may adversely affect its reputation and lead to loss of opportunity
	2. Failure to be sufficiently innovative and leading edge in its practice may lead to the Trust not being able to keep current contracts or realise its potential in a competitive market
4. Developing Our Business
	1. Failure to successfully influence, manage and prepare for changes in commissioning arrangements and the wider Health and Social Care system may compromise the Trust's ability to deliver, maintain and win new contracts
	2. Non-delivery of CIP savings and productivity gains may lead to: failure to deliver the Trust's financial plans; additional scrutiny and intervention by Monitor; insufficient cash generation to fund future capital programmes
	3. Failure to ensure patients and carers are involved in managing and leading on their own care could lead to compromising patient outcomes and not delivering sustainable health care
	4. Failure to work collaboratively and effectively with external partners may compromise service delivery and stakeholder engagement
	5. If the Trust does not proactively engage with its membership, patients and the wider public then this may compromise its ability to listen and respond to feedback, involve stakeholders proactively and communicate effectively and transparently
5. Developing Leadership, People and Culture
	* 1. Inadequate planning for current and future workforce requirements (including number of staff, calibre, skills and training) or ability to respond to changing requirements in a timely manner may lead to: impaired ability to deliver the quantity of healthcare services to the required standards of quality; and inability to achieve the business plan and strategic objectives
		2. Inability to fill vacancies particularly for B5/B6 registered nurses in both physical and mental health and school nursing resulting in the quality and quantity of healthcare being impaired
	1. Failure to put in place a coherent and co-ordinated structure and approach to organisational development and leadership development may jeopardise: (i) the development of robust clinical and non-clinical leadership to support service delivery and change; (ii) the Trust becoming a clinically-led organisation; and (iii) the Trust becoming a "well-led" organisation under the CQC domain
6. Getting the most out of Technology
	1. Incomplete and inaccurate data and records, both clinical and operational, may lead to: less effective planning and decision-making; lesser control over service safety and quality; lesser ability to drive improvements in safety, quality and productivity
	2. Failure to meet the key objectives of the project to replace the Electronic Health Record system may lead to: inaccurate patient records; inefficient use of clinicians' time; less safe and lesser quality of care; increased cost of operation through lost opportunities to improve productivity
7. Using our Estate efficiently
	1. Facilities being unsuitable or unfit for purpose may lead to: increased risk to patient safety; lesser quality of care and patient experience; increased cost of operation; breach of statutory requirements

**Appendix 2**

**Updating of SO 4.2 since previous reporting to the Board in July 2014**

Position as reported in July 2014

Current position as at October 2014

**Appendix 3**

**Updating of SO 5.1 since previous reporting to the Board in July 2014**

Position as reported in July 2014

Current position as at October 2014 (see page below)

