

# Report to the Meeting of the

# Oxford Health NHS Foundation Trust

# Board of Directors

BoD 116/2019

(Agenda item: 20)

**4th December 2019**

**Board Assurance Framework (BAF) Report**

**For Assurance**

**Executive Summary and Context**

This is an interim report on the position of the BAF mid-Q3 FY20, pending a more detailed update in Q4 and refers to the long-term Strategic Objectives of the Trust and the risks which could cause the Trust to fail to achieve these as set out in the full BAF. The full BAF is provided so the latest version and its detail is available as required.

Board in the period since the last report has considered the 2019/20 Operational Plan, progress against the more immediate Strategic Priorities and the Trust’s key programmes and has contributed to the Integrated Care System (**ICS**) four-year plan.

The BAF was last presented to the Board in July 2019, and iterations have since been presented to various Board Committees, last being presented to the Audit Committee on 3rd December. It is scheduled for further review over the next period and as stated above, a refreshed BAF will be presented to the Board in Quarter 4. The TRR continues to be presented to the Quality Committee each quarter and has been reviewed at each meeting by the Quality Sub-Committee: Well Led. This update is to apprise Board in particular of recently added new risks.

On a ‘new’ risk basis, at a strategic level, the items it is important to bring to Board’s attention since the update in July are the new risk 6.4 (the Data Centre risk) and the revised risk 6.1, and the enclosed BAF is updated to reflect the current position on the Trust’s Data quality risk.

* **A new risk – 6.4 – around the “Data Centre Risk”.** This risk was discussed at Audit Committee in September 2019. It has been developed with IM&T and now sits as a High risk on the BAF. The risk was brought into focus by an incident in late October 2019, where there was a failure in the single Data Centre where the Trust hosts its IT systems and services.   The majority of the Trust’s systems were either affected or lost for an extended period of time whilst both teams worked to restore services. The Data Centre is owned and managed by another provider and although layers of redundancy are built in (e.g. backup power sources), they did not work as designed.  This failure has reinforced the findings in the recent data centre audit and the Trust should continue its plans to identify and then migrate IT services to more sustainable and resilient hosting arrangements.

* **A revised description of the Data Quality Risk at 6.1.** There has been significant movement of the controls in place to avoid the risk and the assurances that the Trust has in place to test its processes. There has been a shift in strategy to focus on data quality (or lack thereof) that has an impact in one of more of the three areas of focus, which are –
	+ Data quality that has financial and quality implications.
	+ Data quality for which there is external scrutiny (e.g. the Single Oversight Framework).
	+ Recommendations about data quality that come from an Audit (e.g. PwC).

The Trust’s Data Quality Improvement Group – established in summer 2019 – identifies the activity for the Trust to focus on in order to address issues that are identified.

There is a recently added extreme-rated **demand and capacity risk on the BAF at SO 2.7** which was requested for addition by Board and presented to the Quality Committee in November finally rated as ‘extreme’ on a net/current basis, and has a risk description as set out below:

‘*There is a risk that increasing demand for services continues to drive cost and staffing pressures which the Trust is limited from being able to mitigate because a health and social care system-wide plan and action is required to influence this pattern of demand and it still may take 2-3 years on from FY20 to have a positive impact. In the meantime, demand for services will continue to increase whilst capacity to provide services remains, or becomes further, insufficient in terms of both funding and workforce which could result in:*

* *inability to deliver services in a sustainable or safe way;*
* *pressure upon staff to manage resources in the context of increasing need; and*
* *a deteriorating financial position if the Trust continues to bear the cost of high levels of demand and activity*’.

Quality Committee accepted the gaps against controls and assurances to mitigate this risk (and which are therefore contributing to the ‘extreme’ net/current risk rating) as:

* insufficient funding from commissioner contracts
* insufficient funding from specialist commissioning contracts, and
* Oxfordshire County Council mental health budget cuts and anticipated reduction in funding by 2022

The reviewed actions are contained in detail within the attached BAF document.

On a current/residual basis, and again at a strategic level, the Trust has:

* 6 (up from 5) extreme risks in relation to:

***Strategic Objective 2: Delivering Operational Excellence***

1. financial exposure (including, but not limited to, through non-delivery of Cost Improvement Programme (**CIP**) savings, failure to realise productivity gains, constraints of block contracts in the context of increasing levels of activity and demand and the impact of historic and/or ongoing underfunding of mental health services), at SO 2.3;
2. CIP target delivery and difficulty in maintaining financial sustainability or being able to offset the annual deflator including, but not limited to, through: relatively high levels of efficiency already achieved; the cumulative impact of underfunding of mental health services combined with increasing demand and activity; increasing complexity of conditions; and inability to recruit and/or retain staff to match demand with capacity, at SO 2.4;
3. demand and capacity, as referenced above at SO 2.7, but capturing a recurring theme and rated as ‘extreme’ on a net/current basis). Gaps against controls and assurances to mitigate this risk (and which are therefore contributing to the ‘extreme’ net/current risk rating) are –
* insufficient funding from commissioner contracts
* insufficient funding from specialist commissioning contracts
* Oxfordshire County Council mental health budget cuts and anticipated reduction in funding by 2022

***Strategic Objective 4: Developing our Business through Collaboration and Partnerships***

1. failure of the Health and Social Care Systems to act together to deliver integrated care, maintain financial equilibrium and share risk responsibly (especially during transition to Integrated Care Systems and from internal models of delivery to new ways of working in alliance and partnerships), at SO 4.1;

***Strategic Objective 5: Developing Leadership, People and Culture***

1. inadequate planning or ineffective planning for current and future workforce requirements (including number of staff, skill mix and training), at SO 5.1A; and
2. inability to recruit to vacancies or to retain permanent staff, at SO 5.1B;
* 11 high risks
* 5 medium risks.

Placeholders remain on the BAF to explore further the degree of risk, or to ensure they are appropriately reflected in existing risk descriptions with regard to:

* adequacy of funding for mental health services – which may be superseded by the development of the risk at SO 2.3, which now references the impact of historic and/or ongoing underfunding of mental health services upon the risk of financial exposure for the Trust for which we await the definitive outcome of current negotiations; and
* risks/financial consequences if Oxfordshire does not develop its own Integrated Care System - however BAF elements in connection with partnership working and further clarity now the ICS for Oxfordshire has been formally approved, may negate the need to develop this further as a stand-alone risk.

**Governance Route**

The full BAF was last presented to the Board on 24th July; to the Quality Committee on 13 November 2019 and to the Audit Committee on 3 December 2019. It was also presented together with the Trust Risk Register setting out operational risks, at the Well Led quality sub-committee meeting on 16 October 2019.

Public Board agendas also list the strategic risks in the BAF, link agenda items to BAF risks (since June 2018) and provide a reminder under the item on ‘Any Other Business’ to confirm any changes to strategic risks arising out of discussion at Board meetings (whether or not the BAF had been specifically presented to the meeting).

**Recommendation**

The Board is asked to consider the 2 new risks (also discussed by the Audit Committee) and the latest version of the BAF 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.

The more detailed, routine BAF update to include movements and heat maps will be presented to the Board in Q4.

**Lead Executive Director: Kerry Rogers, Director of Corporate Affairs and Company Secretary**

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.*
2. ***Strategic Objectives*** *– this report relates to or provides assurance and evidence against the following Strategic Objective(s) of the Trust:*

*1) Driving Quality Improvement*

*(Goals: patients will be safe from harm; patients will achieve the clinical outcomes they want; and patients and carers will have an excellent experience)*

*2) Delivering Operational Excellence*

*(Goals: our services will be effective and efficient; information will be translated into knowledge; and our planned surplus will be delivered)*