

Agenda Item: 15.0

<p><i>Governing Body held in public</i></p>	<p><i>Report</i></p> <p>Date of Meeting: 16 May 2019</p>
--	---

Report Title	Governing Body Assurance Framework and Corporate Risk Register April 2019		
Report Author	Presented By	Responsible Director	
Janet Young Governance & Risk Manager	Mike Thompson Chief Operating Officer	Mike Thompson Chief Operating Officer	
Purpose for presenting report	This report updates the Governing Body on the revisions to the Governing Body Assurance Framework and the risks currently populating the Corporate Risk Register. It also assures the Governing Body on how risk management is being embedded.		
Action Required:	For scrutiny and approval		
Approval Route:	Audit & Governance Committee 10 April 2019		
Further Assurance:	None		
Which Strategic Objectives does this report provide evidence for?			Please Tick ✓
We will commission high quality, safe and sustainable models of care that deliver effective clinical outcomes and patient experience using evidence based decisions and best practice.			
We will ensure that there is a financially sustainable and affordable healthcare system in Bedfordshire			
We will engage with both local councils and also our partners across the wider health economy working on plans to strengthen primary care, improve outcomes and integrate services for the populations we serve.			
We will support local people and stakeholders to have an influence on services we commission to ensure our decisions are informed and shaped by local views and insights.			
We will govern with transparency, comply with best practice and meet our statutory obligations			✓
Implications/Assessments	Yes	No	N/A
Have any financial implications been signed off by the Chief Finance Officer?			✓
Have any quality implications been signed off by the Director of Nursing & Quality?			✓
Have any privacy implications been signed off by the Head of Information Governance?			✓
Have any conflicts of interest implications been signed off by the Corporate Office?			✓
Have any public engagement implications been signed off by the Head of Communications & Engagement?			✓
Has an Equality Impact Assessment been carried out?			✓
Key Risks	A failure to keep effective oversight of key risks could lead to a failure to achieve our organisational objectives.		

	<p>If the GBAF is not managed and monitored correctly there is a risk that the Governing Body does not gain assurance regarding which of the CCG's objectives are at risk because of inadequacies in the operation of controls or where the CCG has insufficient assurance about them.</p>
<p>Executive Summary</p>	<p>Executive Summary</p> <p>The Governing Body Assurance Framework (GBAF) provides a structure that enables the CCG to focus on those risks that might compromise achieving its strategic objectives and to map out the key controls that should be in place to manage those objectives. The GBAF is reviewed at each Audit & Governance Committee and assurance reported via the Chairs sub-committee report to the Governing Body. The Governing Body periodically receives the GBAF in full.</p> <p>The GBAF and the Corporate Risk Register (CRR) together reflect the organisation's critical risk profile. The CRR is an articulation of the key operational risks threatening the CCG and the actions that are being taken to respond to these risks. The CRR is reviewed on a regular basis by the Risk Management Committee following review and updating by the Directorates. The Audit & Governance Committee receives the CRR for information only. The Governing Body periodically receives the CRR for information.</p> <p>The Governing Body is responsible for risk at a high level, but responsibilities for the management of risk are delegated to the Executive Team. At Governing Body level, responsibility for reviewing the effectiveness of the CCG's risk management system is delegated to the Audit & Governance Committee, which also has responsibility for reviewing the internal control systems. The Audit & Governance Committee plays a key role by critically reviewing and reporting on the relevance and robustness of the governance structures and assurance processes on which the governing body places reliance.</p> <p>The Audit & Governance Committee is responsible for preparing a summary report to the Governing Body about the effectiveness of the Governing Body Assurance Framework.</p>

1.0 The Governing Body Assurance Framework (GBAF)

1.1 Strategic Objectives

The GBAF is set around the CCG's strategic objectives:-

- We will commission high quality, safe and sustainable models of care that deliver effective clinical outcomes and patient experience using evidence based decisions and best practice.
- We will ensure that there is a financially sustainable and affordable healthcare system in Bedfordshire.
- We will engage with both local councils and also our partners across the wider health economy working on plans to strengthen primary care, improve outcomes and integrate services for the populations we serve.
- We will support local people and stakeholders to have an influence on services we commission to ensure our decisions are informed and shaped by local views and insights.
- We will govern with transparency, comply with best practice and meet our statutory obligations.

- 1.2 An updated version of the GBAF is attached to this report which enables the Governing Body to view in detail the significant risks, the key controls that have been put in place to manage the risk, and any areas requiring further action.

The dashboard at the front of the GBAF provides a clear summary of the direction of travel for each risk. It also demonstrates the following:-

- Three strategic risks are evaluated as high (including new risk for 2019/20 QIPP)
- No risks have been reduced this reporting cycle
- All eleven risks remain above their target scores (risk appetite)
- All risks have gaps in controls – i.e. still have outstanding actions that could reduce the likelihood or impact of the risk.
- All controls have assurances against them providing assurance that controls are effectively managing the risk.

1.3 Risk Appetite

Eleven risks are evaluated as above target. The Governing Body is reminded of the CCG's current risk appetite:-

Zero Risk Appetite - Patient safety and quality, Governance, and compliance with legislation

We will continue to hold patient safety in the highest regard and **will not accept any risk** that may jeopardise it. We will continue to ensure we operate as an accountable and transparent organisation, complying with all relevant legislation and **will never accept risks** that if realised could result in us being non-compliant with legislation

Low Risk Appetite - Capacity & Capability and Financial Sustainability

We will continue to ensure that everyone's roles, responsibilities and objectives are aligned to the achievement of our plan and will **only accept risks in exceptional circumstances** that if realised would stop our management and staff working together effectively to deliver our vision. We will strive to deliver our services within the contracted income as laid out in the financial plan and **will not accept risks**

(except in very exceptional circumstances) that if realised might cause us to exceed the financial plan.

Neutral Risk Appetite – Reputation

We will continue to maintain high standards of conduct and patient care and in doing so are **willing to accept some risks in certain circumstances** that may result in reputational damage to the organisation.

Moderate Risk Appetite – Maximising innovation and working with others

We will continue to encourage a culture of innovation within the organisation and are **willing to accept risks** associated with this approach. We will continue to work with other organisations to ensure we are delivering the best possible service to our patients and are **willing to accept risks** associated with this collaborative approach

Following scrutiny of the GBAF the Governing Body's attention is drawn to:-

1.4 New Risk

Risk 2.1b. Failure to fully deliver £24.171m of QIPP efficiencies in 2019/20

The PMO has already identified a risk to the achievement of the £24.2m 2019/20 QIPP target and potential failure to achieve the £6.1m surplus control total caused by the Inability to identify and deliver sufficient change in the system to achieve £24.2m of efficiencies.

1.5 Risks Reduced.

No risks have been reduced in this reporting cycle.

1.6 Controls in place but not yet influencing residual scoring.

Under normal circumstances a control would either reduce the likelihood of the risk occurring or the impact of the risk to the CGG. In some instances the control needs developing to have any effect, or despite all efforts the controls cannot influence the residual scoring. There are two risks meeting this criteria.

Risk 2.1a: Failure to fully deliver 2018/19 £26.062m of QIPP efficiencies.

At month 11 the QIPP Programme has a risk-adjusted forecast of £24.7m, plus £954k of riskier QIPP. Therefore if none of the risks materialise, QIPP will achieve £25.7m. Based on the current controls, it is unlikely the CCG will achieve the £26.1m QIPP target, however we will likely achieve between £24.7m and £25.7m

Risk 3.1: As a result of multiple factors (i.e. workforce, increasing and aging population, premises constraints) practices do not have the capacity, capability or resilience for transformation which will result in reduced access to services and increase in secondary care activity.

Controls are in place (in line with NHS/ICS strategy) and delivering across the CCG area. Based on the current controls, further progress against delivery of the Primary Care Home model including associated workforce, estates and IM&T programmes will be needed before the risk can be downgraded.

1.7 Risk where likelihood remains challenging to predict, yet could result in major impact.

Risk 1.4: The CCG's winter resilience plan does not result in the achievement of expected targets

Although there is a robust winter plan in place controlling this risk based on the learning from last year, it should be recognised that there is still a risk of demand exceeding capacity during the winter period and beyond.

The CCG is already starting to plan for 2019/20 and will be modelling demand and capacity to understand any gaps and additional need across acute and community health and social care.

The CCG is holding a 2018/19 winter review workshop in April to highlight best practice – what worked well and what could have been better. This will inform an action plan which will be monitored through SRG and reported to the A&E Delivery Board.

An A&E Delivery Board Away Day was planned at the end of March whereby executive level system partners across urgent and emergency care agreed the priorities and next steps for effective system resilience during 2019/20.

2.0 The Corporate Risk Register (CRR)

The Corporate Risk Register (CRR) holds the operational risks (risks that impact on individual service areas and are managed locally) which have reached the tolerance level of 15 or above and have been escalated by the appropriate CCG Senior Manager. These operational risks differ from those on the Assurance Framework in that they may be short term and readily addressed or mitigated without affecting the CCG's overall ability to achieve its strategic objectives.

Of the hundred plus operational risks being managed across the CCG, only two are currently evaluated as high and have been escalated to the CRR.

- There is a risk that the CCG will not be able to identify £24m plan for 19/20.
- Risk to meeting Breast Cancer 2 week wait target due to staff sickness at L&D and lack of resource contingency at BHT.

The Governing Body is also asked to note the following:-

2.1 Risks closed in this reporting cycle.

Risk 130 - As a result of Interim and Fixed Term Staff being advised that contracts are unlikely to extend in most cases past year 31-Mar, there is a risk that interims will secure other assignments leaving the CCG with a capacity and capability gap, which will impact the 19/20 QIPP planning and delivery.

The PMO have closed this risk as it expired 31 March and the risk was successfully managed.

Risk 121 - As a result of the CCG requiring a £26m QIPP Programme for 2018/19, there is a risk that the CCG will not be able to identify and delivery £26m of savings in 2018/19, which may result in failure to achieve our 2018/19 financial control total.

Despite controls in place, the risk materialised at year end.

3.0 Monitoring of risks

CCG Senior Managers are the accountable owners of their teams' risk registers and must ensure it is a true and accurate reflection of the department/team's risk profile. In some but not all cases these risk registers are reviewed by a wider group of staff through the CCG's Constituted Committees on a regular basis. This provides an important element of peer challenge and scrutiny by sense checking risk scores; exploring whether there are any other actions which could be taken to mitigate the risk; ensuring there is traction on mitigating actions; recommending escalation of risks (risk scoring >15) to the Governance & Risk Manager for inclusion in the Corporate Risk Register if appropriate; and agree de-escalation & closure of risks.

The Risk Management committee holds a scrutiny role for high scoring risks (>15) held on the CRR. The last review was completed at its meeting on the 8 April and the committee was assured that the risks were being adequately controlled.

The Audit Committee holds the scrutiny role for strategic risks on the Governing Body assurance Framework. The Committee's attention is focussed on those risks that exceed their target score (particularly for a prolonged period) and call in the accountable Director to discuss in detail the management plan to bring the risk within acceptable levels and if that is not possible to provide assurance that all possible actions and mitigation are in place. The committee last reviewed the GBAF on the 10 April.

4.0 Risk Management Training

Through the CCG's risk management training programme, staff have the opportunity to develop more detailed knowledge and appreciation of the role of risk management and its importance to the achievement of the CCG's objectives. Training is offered through regular staff induction, and mandatory face-to-face training sessions.

The key areas of focus are:-

- Understanding what a risk is
- The difference between strategic, operational and project risks
- The risk management cycle
- Focus on describing risks; evaluating their score; controls; action plans; target score (risk appetite)
- Roles and responsibilities
- How staff can become more risk aware
- How to improve the CCG's risk culture by looking at attitudes and behaviours
 - Leadership behaviours and accountability drives a risk aware culture
- The impacts of poor risk management/risk culture.

The training encourages all managers and staff to acknowledge that the overall level of risk within the CCG will be reduced if everyone adopts an attitude of openness and honesty. The overall approach within the CCG is one of help and support of each other, rather than recrimination and blame.

5.0 Action

The CCG recognises that risks must be taken in order to achieve strategic aims and deliver beneficial outcomes to the population of Bedfordshire. These risks must be taken in a controlled manner to reduce exposure to a level deemed acceptable by CCG Governing Bodies, relevant auditors and regulators.

The Governing Body is therefore asked to confirm its assurance that the CCG has robust process in place which enables the organisation to focus on the significant risks threatening the achievement of its strategic objectives and are managing controls to effectively mitigate those risks.