

‘You matter, we care’

<b>Summary Report – Trust Board Meeting (Part 1)</b>	<b>Date: 31<sup>st</sup> July 2013</b>
<b>Report Title: Risk Management - update</b>	
<b>Agenda Item BD/13/108</b>	<b>Enclosures:</b>
<b>Sponsor: Emma Roberts</b>	<b>Presenter: Emma Roberts, Company Secretary</b>
<b>Report Author: Company Secretary</b>	
<b>Report discussed previously at:</b>	<b>-</b>

<b>Purpose of the Report and Action required</b>		
To advise the Board on further progress by ET in developing the Board Assurance Framework and an associated Trust-wide Risk Register.	Approval	X
	Discussion	X
	Information	X

<b>Executive Summary of Key Issues</b>
<p>ET has now approved a Board Assurance Framework (BAF) which sets out in its first section Trust-wide enabling strategies and in its second section Delivery Unit priorities and objectives. ET, SMT and LMT (Locality Management Teams) are now populating the basic architecture of the BAF with the principal risks, the key controls, the assurances on controls and any gaps in controls for each of the strategies, priorities and objectives.</p> <p>Work on the BAF has identified the principal Trust-wide risks which have been transferred from the Integrated Business Plan (IBP ) to the new Trust-wide Risk Register and are now being refreshed and reviewed by ET. This includes ET carrying out a headline review of all risks to update the information originally compiled for the IBP and establish the current baseline, and holding a “deep dive” review of pairs of risks in turn.</p> <p>LMTs are now reviewing their risk registers using the new principles, format, and guidance. These are being well-received as a practical set of management tools.</p> <p>The populated BAF and Trust-wide Risk Register will be made available for detailed scrutiny at the August 2013 meeting of the Board’s Audit and Risk Committee.</p> <p>The Trust Board is asked to provide a short “what we need from you” statement to help guide managers reporting on risk to provide an appropriate level of assurance for the Trust Board.</p>

## Risk Management - update

Which Strategic Objective does this paper address	
Consolidate	Y
Integrate	Y
Expand	Y

Corporate Impact Assessment	
Quality and Safety implications	The Risk Management process is an integral part of Quality and Safety delivery and assurance.

Recommendations to other committees
The Audit and Risk Committee is required to provide the Board with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the Trust's activities. The Committee may therefore choose to explore the BAF and Risk Register processes and entries in greater depth.

Recommendation/Decision
The Trust Board is invited to <b>adopt</b> the framework and ask for a review and update from the Executive Team on a quarterly basis.

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### Overview

- 1.1. This report describes progress made by ET and SMT since the June 2013 Board report “Risk Management – The Way Forward”, which explained areas for improvement identified and confirmed after discussion with a number of AWP’s senior managers and with the Chair of the Audit and Risk Committee.

### Analysis and Discussion

- 1.2. The *Simple Rules* Guide for the NHS in 2009 explains that the “Board Assurance Framework provides a structure and process that enables the organisation to focus on those risks that might compromise achieving its most important (principal) annual objectives; and to map out both the key controls that should be in place to manage those objectives and confirm the Board has gained sufficient assurance about the effectiveness of those controls”.
- 1.3. The Department of Health’s *Integrated Governance Handbook* (2006) explains that risk registers are the principal tools to demonstrate that risks are being managed effectively and objectives are being delivered.
- 1.4. During June and July ET has been taking the principal objectives of the Trust’s ‘Integrated Business Plan 2013/14 to 2017/18’ and transferring them into the new 2013/14 Board Assurance Framework (BAF) and Trust-wide Risk Register. This is a comprehensive piece of work requiring a significant time-commitment from a range of senior managers, and although it will not be fully completed until early August, there are already considerable benefits:
- 1.4.1. The new frameworks are integrating and further developing the risk management and assurance processes used by the Trust for many years. (See Appendix 1 for a diagram of how the BAF, QAF and Risk Registers fit together.)
- 1.4.2. Focused discussions with Locality Management Teams and led by Executive Directors are helping to separate “risks” from “facts” or environmental factors – for example, any public service that did not meet the needs of all its publics has always faced a threat to its survival, and ‘competition’ is not a risk in itself, but if AWP is unable to provide flexible, responsive, locally-focussed and value-for-money services, then increased competition now brings the immediate risk that other NHS or non-NHS providers will take business from AWP.
- 1.4.3. Published guidance and discussion with senior managers is emphasising the principle that the Trust-wide Risk Register includes both risks identified in the Integrated Business Plan and risks flagged for Board and ET attention after discussion at Directorates or Locality Delivery Units. For example, the Operations SMT meeting now has a regular agenda-

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item to discuss the Operations Directorate Risk Register and agree on any items that should be added to the Trust-wide Risk Register.

- 1.4.4. There is a very strong understanding amongst ET and LMTs that the dual purpose of this process is to manage risk and then report on how risk is being managed; all elements have therefore been designed first to encourage and enable informed discussion in the appropriate forums, and then to record and evidence the outcomes of the risk management process. The intention is to strengthen the “risk literacy” of the Trust, which can be evidenced by, for example, the minutes of management meetings as well as the BAF and risk registers themselves.
- 1.4.5. Discussions about risk at LMTs and SMT now include the question “who else needs to know about this risk?”, giving the opportunity to either raise the issue to ET and/or the Trust Board, or to disseminate the risk-learning “sideways” to other localities and services.
- 1.4.6. Throughout this project operational managers have frequently emphasised that they would welcome the opportunity to discuss all aspects of risk-management with Management Groups and Board Committees, since written reports are necessarily limited in scope and depth.
- 1.5. The Company Secretary is preparing a report (Quality Assurance Framework, Board Assurance Framework, and Risk Registers – the integrated way forward) for the Audit and Risk Committee meeting of 15 August, explaining in detail the developments to date and planned. That meeting is expected to be able to review the populated BAF and Trust-wide Risk Register in depth.
- 1.6. The Board is asked to note that the Trust-wide Risk Register 2013-14 is still in the final stages of draft review by ET and will therefore come to the Trust Board in August after Committee review.
- 1.7. Although an element of analysis has been introduced to the current system of producing risk registers in Excel spreadsheets, the Excel format significantly limits the level of analysis that can be presented to this Board within the current resources available. The Trust will be moving to a dedicated risk management software package (Safeguard Ulysses) which is expected to provide much more flexible reporting facilities. This can be discussed in more detail by the Audit and Risk Committee.

## **Conclusion**

- 1.8. The actions described above are strengthening the Trust’s overall risk management processes, and complement continuing developments intended to help AWP people make the Trust “brilliant at the basics” and deliver the motto, values and strategy as set out in the Integrated Business Plan.

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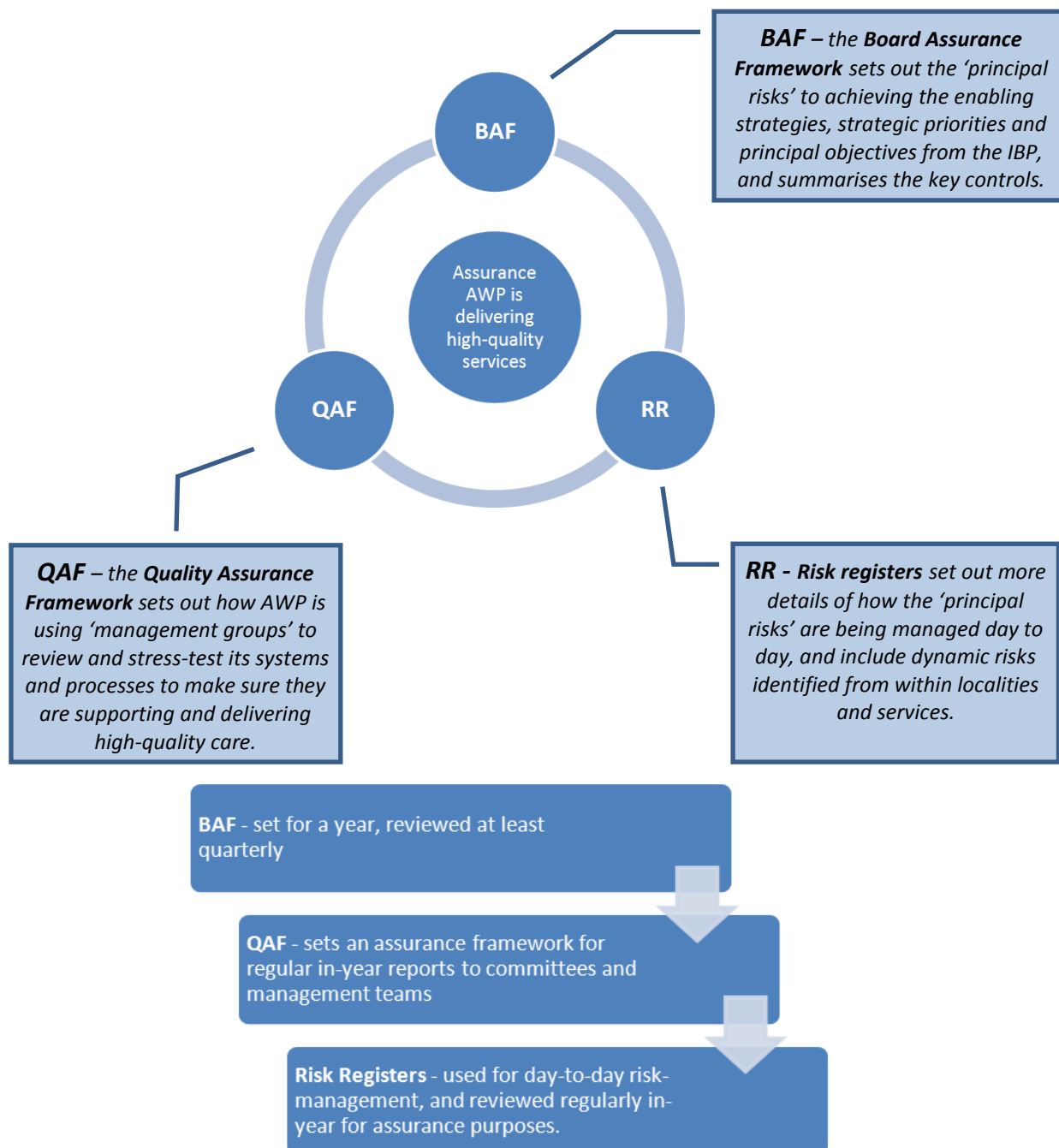
### Recommendation

- 1.9. The Trust Board is invited to adopt the framework and ask for a review and update from the Executive Team on a quarterly basis.
  - 1.10. The Trust Board is asked to provide a short “what we need from you” statement to help guide managers reporting on risk to provide an appropriate level of assurance for the Trust Board.
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## Risk Management - update

### Appendix 1

*From the Audit and Risk Committee report - How the QAF, BAF and Risk Registers fit together:*



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