

Reporting to:	Trust Board, June 25th 2015
Title	Risk Committee Annual Report
Sponsoring Director	Director of Corporate Governance
Author(s)	Head of Assurance
Previously considered by	
Executive Summary	<p>It is good practice to review the business of corporate committees annually. The Risk Committee Annual Report outlines the work of the Risk Committee for the period from April 2014 until March 2015. The purpose of the report is to review the activity of the Committee against the Terms of Reference including attendance at the Committee.</p> <p>A number of recommendations for amendments to the Terms of Reference are suggested for consideration.</p>
<p>Strategic Priorities</p> <p>1. Quality and Safety</p> <p>2a) Healthcare Standards: Operational Performance Standards</p> <p>2b) Healthcare Standards: Service Reconfiguration</p> <p>3. People and Innovation</p> <p>4 Community and Partnership</p> <p>5 Financial Strength: Sustainable Future</p>	<p><input checked="" type="checkbox"/> Reduce harm, deliver best clinical outcomes and improve patient experience through our Quality Improvement Strategy</p> <p><input type="checkbox"/> To develop a transition plan, with supporting mitigation actions and contingency plans, that ensures the safety and short term sustainability of challenged clinical services. 2014/15</p> <p><input type="checkbox"/> To address the existing capacity shortfall and process issues to consistently deliver national healthcare standards. 2014/15</p> <p><input type="checkbox"/> To undertake a review of all current services at specialty level to inform future service and business decisions. 2015/16</p> <p><input type="checkbox"/> Complete and embed the successful reconfiguration of Women and Children's services</p> <p><input type="checkbox"/> Develop a sustainable long term clinical services strategy for the Trust to deliver our vision of future healthcare services through our Future Fit Programme</p> <p><input type="checkbox"/> Develop our leaders and promote staff engagement to make our organisation a great place to work through our People Strategy</p> <p><input type="checkbox"/> Develop a robust Investment Strategy to modernise our equipment and estate to support service transformation and increase productivity through the use of technology)</p> <p><input type="checkbox"/> Embed a customer focussed approach and improve relationships with our GPs through our Stakeholder Engagement Strategy</p> <p><input type="checkbox"/> Develop a transition plan that ensures financial sustainability and addresses liquidity issues pending the outcome of the Future Fit Programme</p>

Board Assurance Framework (BAF) Risks	<input checked="" type="checkbox"/> If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience <input type="checkbox"/> If CCGs do not reduce the Fit To Transfer (FTT) waiting list from its current unacceptable levels then patients may suffer serious harm. <input type="checkbox"/> Risk to sustainability of clinical services due to potential shortages of key clinical staff <input type="checkbox"/> If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards <input type="checkbox"/> If we do not have a clear clinical service vision then we may not deliver the best services to patients <input type="checkbox"/> If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve <input type="checkbox"/> If we are unable to resolve the structural imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties and address the modernisation of our ageing estate and equipment
Care Quality Commission (CQC) Domains	<input checked="" type="checkbox"/> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input type="checkbox"/> Responsive <input checked="" type="checkbox"/> Well led
<input type="checkbox"/> Receive <input type="checkbox"/> Review <input checked="" type="checkbox"/> Note <input type="checkbox"/> Approve	Recommendation The Trust Board is asked to NOTE the Risk Committee Annual Report

Risk Committee

Annual Report

2014/15

1 Introduction

- 1.1 The Risk Committee is a sub-committee of the Trust Board and has delegated powers to review the most significant risks to the achievement of the Trust's objectives and ensure there are robust controls and mitigation actions in place.
- 1.2 The purpose of this report is to review the work undertaken by the Risk Committee in the period from April 2014 – March 2015 and to set out how the Committee performed against its responsibilities as defined in its Terms of Reference. It also makes recommendations for improvements.

2 Committee Membership

- 2.1 The Risk Committee is chaired by Peter Herring, Chief Executive.
- 2.2 Membership of the Committee includes a Non-Executive Director.
- 2.3 All administration relating to Committee business is undertaken by the Corporate Governance Team. The minutes are taken by the PA to the Head of Assurance, who monitors attendance at meetings and compliance to reporting arrangements.
- 2.4 Attendance at meetings is monitored by means of an attendance matrix. (see section 4)

3 Terms of Reference

- 3.1 The Terms of Reference for the Risk Committee were reviewed in February 2015 when the membership was updated with revised job titles.

4 Meetings

- 4.1 The Risk Committee met quarterly during the period.
- 4.2 All meetings took place as scheduled and met the obligations regarding quoracy.
- 4.3 Attendance is set at a minimum of 75% for the year. The attendance of members is shown overleaf in table 1
- 4.4 The Medical Director was only able to attend two out of four meetings; there has not been a nominated deputy in post this year.

Table 1: attendance at Risk Committee

Title	22 May 14	21 Aug 14	20 Nov 14	19 Feb 15	Actual Attendance	Possible Attendance	% of attendance
Chief Executive (Chair)	✓	✓	✓	✓	4	4	100
Director of Safety & Quality (Deputy Chair)	✓	✓	✓	✓	4	4	100
Medical Director	x	✓	✓	x	2	4	50
Director of Corporate Governance	✓	✓	✓	✓	4	4	100
Chief Operating Officer	✓	✓	✓	✓	4	4	100
Non-executive Director	✓	✓	✓	x	3	4	75
Head of Assurance	✓	✓	✓	✓	4	4	100
Attendance when required: Finance Director, Workforce Director, Director of Communications and Director of Strategy. None were required to attend during the review period.							

5 Assurance Arrangements

5.1 The Committee is responsible for providing information and assurance to the Trust Board that the Trust is managing all issues relating to risk management. The duties, from the Terms of Reference, are stated in the following section, with commentary on the work of the Committee in italics below each point.

- Oversee the implementation and further development of the Trust's Risk Management Strategy ensuring it supports the achievement of the Trust's objectives and business plan

The Committee reviewed and approved the revised Risk Management Strategy in March 2014. To help inform the process, a Risk Management 'Healthcheck' was carried out in May 2014. The Healthcheck was first carried out in 2011, and repeated in 2012. The results of the Risk Management Healthcheck demonstrate an increasing maturity in relation to risk with almost all scores increasing significantly. The highest rated item is 'risk management affects all managers' with a score of 4.7 out of a possible 5. The results of the Healthcheck were used to inform the Risk Management Strategy Action plan. The revised Risk Management Strategy and action plan was approved by Board in July 14. The Risk Management Strategy Action plan was reviewed by the Committee in November 14 and February 15.

- Provide a clear statement of the risk appetite for the management of risk throughout the organisation.

The February 15 Committee reviewed a draft risk appetite statement and agreed to discuss this further at a Board Development session in April 2015.

- Assess and review the composition and ongoing development of the Board Assurance Framework ensuring it provides a robust tool through which the Board can monitor management of the organisation's key strategic risks, ensuring effective control and assurance mechanisms in place and that effective actions are being taken to address gaps in controls and assurance.

The review of the Board Assurance Framework formed the main work of the Committee. The framework was reviewed in detail at each meeting and updated prior to presentation to the next Trust Board. During the period under review there were seven risks on the Board Assurance Framework with an eighth added in November 2014. The risks were:

1. *If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience*
 2. *If we do not implement our falls prevention strategy then patients may suffer serious injury.*
 3. *Risk to sustainability of clinical services due to potential shortages of key clinical staff.*
 4. *If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards*
 5. *If we do not have a clear clinical service vision then we may not deliver the best services to patients.*
 6. *If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve.*
 7. *If we are unable to resolve our (historic) shortfall in liquidity & the structural imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties & address the modernisation of our ageing estate & equipment*
 8. *If CCGs do not reduce the Fit To Transfer (FTT) waiting list from its current unacceptable levels then patients may suffer serious harm. (added November 2014)*
- Identify and validate new strategic risks and consider whether they pose a principle risk to the Trust's strategic objectives and should be included on the Board Assurance Framework
 - Identify potential threats and opportunities that may impact on the achievement of the Trust's objectives.

A risk concerning the numbers of patients who occupy hospital beds when they are Fit To Transfer (FTT) was added by the Trust Board in November 2014 to reflect the high numbers of patients who are fit to transfer from the hospital. At times, there have been almost a quarter of patients in hospital beds who are fit to be discharged from acute care. This risk impacts on many of the other risks the Trust is facing. In January 2015, the Secretary of State requested that the Clinical Commissioning Groups reduce the number of patients on the FTT list by 50% in two weeks. However, this has not yet been a sustainable reduction in the number of patients on the FTT list. As a result, the Trust is exploring alternative solutions with the independent sector.

- Ensuring Director risk owners and risk action owners have plans in place to control identified risks and to take necessary action to ensure remedial plans are put into place should mitigation fall behind plan

As part of the discussion of each risk on the Board Assurance Framework, the controls and action plans are carefully considered. A schedule of related action plans is presented as an appendix to the Board Assurance Framework, with the latest date of presentation to Trust Board, or other senior Trust Committee.

- Provide the Trust Board with assurance that a comprehensive Trust wide Risk Register is maintained which will enable the Board to have a shared and clear understanding of the key risks in the Trust; what mitigations are in place to manage risks and which risks are being tolerated.

A summary of the highest risks on the operational risk registers is presented to each Committee meeting along with a risk summary for each of the centres and large corporate departments. At the monthly Operational Risk Group meetings, the group highlight items to bring to the attention of Risk Committee and these are included in an Integrated Risk Report presented at Risk Committee. The Operational Risk Group have also ranked the risks in each risk score to provide a means of prioritising these risks. For the first time this year, this process has been used to inform the decisions of Capital Planning Group

6 Reporting to the Committee

- 6.1 The Terms of Reference require that the Operational Risk Group and Health and Safety and Security Committee report to Risk Committee. This is achieved by inclusion of relevant items in the

Integrated Risk Report. Both Committees include a standing item at the end of their agendas to highlight matters to bring to the attention of the Risk Committee.

- 6.2 The Integrated Risk Report also includes an update on the CQC 'Intelligent Monitoring Report' which is issued around 3 times a year. It is suggested that the Terms of Reference are updated to include this report.
- 6.3 The Internal Auditors are required to carry out an annual review of the risk management arrangements in the Trust including the Board Assurance Framework. Their findings were reported to the Committee in May 2014, along with the draft Annual Governance statement. These two items should be included in the Terms of Reference.

7 Reporting from the Committee

7.1 The Chair of the Committee provides an update to the Trust Board following each meeting and the minutes of the Risk Committee are shared with the Trust Board for information. The key points reported to the Board were as follows:

7.1.1 Key summary points from the meeting held on 22nd May 2014

The Committee:

- Updated the Board Assurance Framework. The Committee agreed that overall the management of the strategic risks had shown a slow but steady improvement over the last 18 months. In relation to the performance risk this was against a backdrop of increased activity. It was noted that Internal Audit had given an opinion of substantial assurance for the Board Assurance Framework and Risk Register process.
- Discussed the risk register and the themes in risks which had been identified. In particular there were a large number of risks relating to ageing medical equipment. The Committee were pleased that the capital for 2014/15 had been allocated on a risk basis which will result in the mitigation of a number of significant risks related to medical equipment over the next 12 months.
- Were pleased to note the Head of Internal Audit Opinion and the conclusion that "significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, weaknesses in the design and / or consistent application of controls put the achievement of particular objectives at risk."

7.1.2 Key summary points from the meeting held on 21st August 2014

The Committee:

- Noted that there is a phased plan being developed to upgrade the mortuary facilities at both sites.
- Were pleased to note the enhanced links between the risk process and capital planning resulting in more effective and targeted use of resources to mitigate high risks.
- Were pleased to note the third successive substantial assurance opinion on the Board Assurance Framework from Internal Audit with only minor recommendations for improvement being made.
- Noted the improvement in the Trust's management of patients with fractured neck of femur but recognised that there are still significant improvements to be made.

7.1.3 Key summary points from the meeting held on 20th November 2014

The Committee:

- Recommended that a new risk be added to the Board Assurance Framework: “If CCGs do not reduce the Fit To Transfer (FTT) waiting list from its current unacceptable levels then patients may suffer serious harm.” The impact of FTT has also been added to the gaps in control for the BAF strategic risks relating to Finance, Performance standards and Patient safety.
- Recommended that the risk of suppliers withdrawing goods and services due to delays in creditor payments be added as a potential impact to the BAF Finance strategic risk.
- Ratified the proposed increased score by Operational Risk Group from 16 to 20 for the risk “Failure to recruit nurses to fill Trust-wide vacancies resulting in staffing issues” in recognition of the difficulties being experienced in recruiting nurses.
- Discussed the Trust’s management of patients with fractured neck of femur noting that an ortho-geriatrician will be in post at PRH from December which should further improve the management of this group of patients. The Committee acknowledged that further improvements need to be made and noted that this will be discussed at the next meeting of the Quality and Safety Committee who will provide Board assurance. It is also likely to be included in the CQC Inspection Review report when published.
- Discussed the work which has been undertaken in response to the alert for nephrological mortality which has been highlighted by the Care Quality Commission’s Intelligent Monitoring Report. The Committee acknowledged the work which has been carried out in this area and were informed that this was discussed at Quality and Safety Committee who will provide Board assurance.

7.1.4 Key summary points from the meeting held on 19th February 2015

The Committee:

- Agreed proposed risk appetite statements against the four domains in the Good Governance Institutes risk appetite matrix. (Financial/Value For Money; Compliance/Regulatory; Innovation/Quality/Outcomes; and Reputation). The Risk Committee found this a useful exercise and was agreed that the proposed statements will be discussed with the Board at the April Board Development Session.
- Discussed and approved assurance proposals around Estates issues identified by the Board.
- Considered the Trust Risk Register and made recommendations in relation to specific prioritisation.
- Note progress against the Trust Risk Management Strategy action plan approved by the Board in 2014.
- Noted the progress that has been made in relation to the Board Assurance Framework risk on safe and efficient patient flow. Two components of this risk are now rated green. (cancer waiting times and RTT times).

8 Priorities for 2015/16

- 8.1 Develop a differential risk appetite approach
- 8.2 Complete the actions identified in the Risk Management Strategy action plan.

9 Recommendations

- 1 Amend Terms of Reference to include a nominated deputy for the Medical Director so that 75% attendance is achieved.
- 2 Amend Terms of Reference to:
 - Include review of the Care Quality Commission Intelligent Monitoring Report to the Terms of Reference
 - Include review of relevant Internal Audits reports (Board Assurance Framework and Risk Management)
 - Include review of Annual Governance Statement