

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST**  
**BOARD OF DIRECTORS**  
**THURSDAY 25 OCTOBER 2018**

<b>Title:</b>	<b>RISK REPORT (INCLUDING BAF) QUARTER 2 2018/19</b>
<b>Responsible Director:</b>	David Burbridge, Director of Corporate Affairs
<b>Contact:</b>	Berit Reglar, Deputy Foundation Secretary Peter Moon, Corporate Risk Lead

<b>Purpose:</b>	To provide the Board of Directors with information and assurance relating to high level (strategic and operational) risks within the Trust.
<b>Confidentiality Level &amp; Reason:</b>	None
<b>Medium Term Plan Ref:</b>	Annual Plan
<b>Key Issues Summary:</b>	<p>The controls for each of the strategic risks and the assurance provided have been reviewed and agreed with Executive Team Members and this is reflected in the updated Board Assurance Framework (Appendix 1 – BAF Q2 2018/19). The following strategic risks are for approval:</p> <ul style="list-style-type: none"> <li>• SR9/18: ‘In-patient infections significantly in excess of agreed national levels’ - As a result of confirmed cases of MRSA in Q2 18/19, the current risk score for it has been increased to 6.</li> <li>• SR10/18: ‘Failure of Commercial ventures’ - Whilst the Current Score remains at the Target Score level, the exposure to risk remains in light of ongoing capital works for the private hospital facility.</li> </ul> <p>A draft version of the new Corporate Risk Register Report and (Appendix 2) and the new Risk Appetite Statement (Appendix 3) as discussed at the Board Seminar are included for approval.</p>
<b>Recommendations:</b>	<p>The Board of Directors is asked:</p> <ol style="list-style-type: none"> <li>1. To note and approve the updates to the BAF</li> <li>2. To approve the amended SR9/18</li> <li>3. To approve the approach to SR10/18</li> <li>4. To approve the format of the new Corporate Risk Register Report</li> <li>5. To approve the new Risk Appetite Statement.</li> </ol>
<b>Signed:</b> David Burbridge	<b>Date:</b> October 2018

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**RISK REPORT (INCLUDING BAF)**

**1. Introduction**

This report provides information and assurance to the Board of Directors in relation to the management of high level strategic and operational risks within the Trust. Information regarding strategic risk is provided through the Board Assurance Framework (BAF), information regarding operational risk is provided through the Corporate Risk Register report. Both of these documents are reviewed and updated on a quarterly basis with members of the Executive Team.

**2. Strategic Risk - Board Assurance Framework**

- 2.1 The resource of the Board of Directors is finite, members cannot be present at every meeting to oversee every transaction and therefore the responsibility for carrying out day to day activity falls to the Trust's management.
- 2.2 As a result of this approach, the Board of Directors requires regular assurance that the Trust is progressing to achieve strategic objectives in the expected way with the expected outcomes. This includes threats to achievement (risk), internal controls which have been put in place and actions which are planned.
- 2.3 The sum of assurances received by the Board of Directors constitutes the Board Assurance Framework, the purpose of which is to:
  - Describe the Trust's key strategic risks as identified by members of the Executive Team,
  - Confirm the initial, current and target level for each of these strategic risks
  - Identify how each risk is being managed (the controls in place)
  - Confirm the type of assurance offered for each control and how it is reported
  - Identify any further action required to reduce the risk to an acceptable level and when these actions will be complete
- 2.4 The updated version of the BAF, which has been reviewed with members of the Executive Team, is included in Appendix A to this report.

### 3. Strategic Risk Register

3.1 The strategic risks for the Trust have been agreed by members of the Executive Team as follows:

Ref	Risk	Owner	Initial (LxC)	Current (LxC)	Target* (LxC)
SR1/18	Financial deficit significantly in excess of planned levels	ECFO	20 (5x4)	9 (3x3)	6 (2x3)
SR2/18	Cash flow affects day to day operations of Trust	ECFO	15 (5x3)	9 (3x3)	6 (2x3)
SR3/18	Prolonged and/or substantial failure to meet operational performance targets.	COO (QE and HGS)	25 (5x5)	20 (5x4)	9 (3x3)
SR4/18	Increasing delays in transfer of care from UHB sites in excess of agreed targets	DoP	25 (5x5)	20 (5x4)	9 (3x3)
SR5/18	Unable to meet requirements of staffing model	EDWI	20 (5x4)	16 (4x4)	12 (3x4)
SR6/18	Regulatory action	DCA	16 (4x4)	12 (3x4)	4 (1x4)
SR7/18	Failure of IT systems to support clinical service and business functions	EMD	25 (5x5)	6 (3x2)	4 (2x2)
SR8/18	Adverse impact of BREXIT on Trust innovation agenda	EDWI	16 (4x4)	12 (4x3)	8 (4x2)
SR9/18	In-patient infections significantly in excess of agreed national levels	ECN	25 (5x5)	6 (3x2)	4 (2x2)
SR10/18	Failure of commercial ventures	EDSO DCA ECFO	20 (4x5)	6 (2x3)	6 (2x3)
SR11/18	Merger has adverse effect on new Trust	EDSO DCA	20 (4x5)	9 (3x3)	6 (2x3)
SR12/18	Unable to maintain and improve quality and quantity of physical environment to support the required level of service	EDSO	25 (5x5)	16 (4x4)	9 (3x3)

- **Initial Score** – The risk score with no controls (likelihood x consequence)
- **Current Score** – The risk score taking into account the controls that have been applied (likelihood x consequence)
- **Target Score** – The risk score that reflects an acceptable score for the risk.

\*This is a proposal by the risk owner and will be considered and agreed by the Board of Directors to reflect their risk appetite.

#### 4. Strategic Risk Updates

Updates provided by the risk owners are as follows:

<b>SR1/18</b>	<b>Financial deficit significantly in excess of planned levels</b>
<b>Owner - ECFO</b>	
<p><b>Update:</b></p> <p>The Trust is on track to deliver the agreed deficit (£38 m). The Trust has reported under achievement of CIP savings along with further operational cost pressures at Month 5 including agency staff and medical locums. This is being covered by non-recurrent gains and provisions.</p>	
<b>SR2/18</b>	<b>Cash flow affects day to day operations of Trust</b>
<b>Owner - ECFO</b>	
<p><b>Update:</b></p> <p>Trust cash balances remain strong, as reflected in the current risk score. Cash management measures are discussed in fortnightly cash meetings.</p> <p>A working capital loan has been agreed in principal. Measures are already in place to meet requirements for this as and when required.</p> <p>EY actions and recommendations have been implemented. However, continued monitoring is required due to the size of the Trust's planned deficit.</p> <p>An over-90-Day debt recovery plan is in place.</p> <p>The Treasury management team is aligned, however processes and staff are not totally consistent.</p>	
<b>SR3/18</b>	<b>Prolonged and/or substantial failure to meet operational performance targets.</b>
<b>Owner - COO (QE and HGS)</b>	
<p><b>Update:</b></p> <p>A&amp;E 4 Hour wait – Overall Trust performance fell by 0.4pp to 81.6% in August 2018 which is the lowest since April 2018. Daily attendances fell by 9.9% across the Trust but were 3.3% higher than August 2017.</p> <p>Cancer 62 day – GP referrals – Trust performance fell by 0.5pp in August to 81.7%. Ongoing problems following deletion of HEFT code (RR1) means performance on national system reported as 84.1%. National performance for July 2018 of 78.2% is the lowest ever reported. A commissioner's remedial action plan is in place which has improved Trust internal performance. The remaining risk relates to the tertiary pathway.</p> <p>Cancer 62 day screening – 92% target was achieved in July for the Trust.</p> <p>RTT Incomplete pathways – Trust performance fell by 0.4pp to 89.5% in July 2018. England average was stable at 87.8%.</p> <p>RTT Waiting list size – Total size of waiting list in July remained the same as the</p>	

previous month at 2.4% higher than March baseline. Nationally, the waiting list in July was 7.3% higher than baseline.

Operations cancelled on day of surgery – There were 247 operations cancelled on the day of surgery across the Trust in July. All cancellations at HGS were rebooked within 28 days while there were 6 breaches at QEHB. A revised escalation process for escalation of 28 day breaches at QEHB has been in place since mid-September.

**SR4/18**

**Increasing delays in the transfer of care from UHB sites in excess of agreed targets**

**Owner - DOP**

**Update:**

The availability of additional social care funding via the iBCF and joint working between social care, health commissioners and providers has supported an improvement in social care DTOC performance however levels continue to be higher than the NHSE target of 3.5%.

Schemes agreed previously relating to Birmingham City Council (BCC) and Solihull MBC have been rolled over into 2018/19 with additional schemes currently being developed. In terms of additional schemes for Birmingham, these predominately relate to work undertaken on Early Intervention by the BSOL STP which will see the commencement of a significant redesign of health and social care services for older people in September 18. Redesign work will start in South Birmingham before being rolled out across the rest of Birmingham during the 12 month work programme. This work is in response to the system diagnostic project that was completed with Newton-Europe during the summer of 2017 and the patient experiences presented through the 'Phyllis' theatre production. The findings from the diagnostic project were supported by the CQC following their review of the level of integration of health and social care for older people in January 2018.

A proposed new model for early intervention for older people in crisis was approved by the STP Board in February 2018. Following a procurement process led by BCC Newton-Europe have been selected as our partner in supporting delivery of this model. In the South one of the first actions will be the move of Enhanced Assessment Bed (EAB) capacity currently used by UHB and BCHC out of the independent care home sector into the Norman Power Centre, an intermediate care facility owned by BCC. The service will be run by UHB and a design team will be established with Newton-Europe and our system partners to redesign the EAB service and pathways. Whilst the majority of work will commence in the South existing social care initiatives from Birmingham will be retained across the rest of Birmingham and a number of initiatives to support the winter period will be confirmed in October and presented at the BSOL A&E Delivery Board.

Whilst Health delays reduced during 2018 they have increased since the summer. As such, they remain a major contributor to DTOCs and a particular issue at HGS. A systems working group has been established to review current processes and the CCG have recently appointed a new Commissioning Support Unit to reduce delays relating to Continuing healthcare assessment, funding approvals and care home placements. Whilst the new CSU has delivered some benefit further improvements are required and this will be monitored by the working group.

**SR5/18**

**Unable to meet requirements of staffing model**

**Owner - EDWI**

**Update:**

2018/19 Workforce planning return submitted to NHSI/HE. Audit Committee requested assurance of mitigation plans for the published national workforce shortages. Paper taken to Committee in March 2018 with further assurance updates requested on an ongoing basis. Bi-monthly Divisional education meetings to discuss workforce challenges, vacancies, service changes

Strategic Workforce Group provides oversight across all workforce disciplines and receives reports from the established workforce subgroups across nursing, junior doctors, health care scientist and operational workforce group. The group continues to set the strategic direction for the initiation and implementation of workforce priorities to enable the Trust to meet its service priorities. The group is fully sighted on the current and potential future risk areas, current workforce performance against plan and oversight around the introduction of new roles and the annual workforce planning process.

A Task & Finish Group, chaired by the EDWI, has been set up to look at medical agency use.

A new role of Director of Medical Transformation is to be established which will lead on the Non-Medical Medical Workforce Group to manage the governance of the non-medical workforce, such as Physicians Assistants, for optimal output.

Future workforce risks have been identified and form part of the discussions with the Birmingham and Solihull Education Reform Group. Diagnostic and Therapeutic radiography are felt to be key risk areas and as such the Trust is leading on the national trail blazer to develop a degree apprenticeship in partnership with 15 other Trusts.

The Task and Finish Group for Operational Divisions will work towards identifying cross divisional recruitment during July-Sept. Recommendation at this time is for no target to be applied until a wider range of apprenticeship programmes have been established.

A Locum App 'Swift Locum' has been trialled and was successful. This will be rolled out across the enlarged Trust to cover shifts for Doctors. To support this, an advert will be going out to appoint a Project Manager for this.

There is an ongoing communication campaign around Agenda for Change pay and enhancements.

<b>SR6/18</b>	<b>Regulatory action</b>
<b>Owner - DCA</b>	
<p><b>Update:</b></p> <p>The Clinical Compliance Framework has been implemented within specialties as a way to provide assurance that areas are meeting the CQC's Key Lines of Enquiry (KLOE's). The clinical compliance framework is focused on looking at a specialty as a whole, incorporating all areas of performance (e.g. wards, OPD, clinical outcome measures). The measures in the framework have been put together from the CQC Fundamental Standards and KLOE's, which are reviewed and updated annually.</p> <p>Specialties have the opportunity to self-assess annually, which is then validated and assessed on a quarterly basis by the Clinical Compliance Team. The Clinical Compliance Framework has been implemented for all agreed specialties within QEHB Divisions. Compliance with the Framework is reported to the Director of Corporate Affairs Governance Group and Divisional Care Quality Groups/speciality to address any outstanding actions from Action Plans. Phase 1 of the compliance framework has been rolled out to HGS Divisions.</p> <p>A Corporate Compliance Framework has been developed in conjunction with the Executive Team. The framework's purpose is to enhance the Trust's monitoring activity and provide enhanced assurance that required actions are being carried out by those responsible, and to alert/escalate appropriately if they are not. It will also include actions from regulatory inspections. Where appropriate, items in the framework will feed into risk registers and will also interact with the Clinical Compliance Framework.</p> <p>The Information Governance Team has carried out significant work to reflect changes as set out in the General Data Protection Regulation EU 2016 and the Data Protection Act 2018. This work has tightened up processes to support compliance.</p> <p>The Trust's Health and Safety team continue to provide support and guidance in relation to health and safety and workplace issues. A scheduled program of local health and safety assessments is undertaken across all areas of the Trust. The team also serves as the point of contact for the Health and Safety Executive, facilitating any visits, monitoring actions and reporting progress.</p> <p>In anticipation of the CQC inspection, preparatory work has been undertaken with the Divisions and other services to confirm compliance with CQC expectations.</p>	

<b>SR7/18</b>	<b>Failure of IT systems to support clinical services and business</b>
<b>Owner - EMD</b>	
<p><b>Update:</b></p> <p>The maturity of our systems and capabilities of our people is constantly improving. Day to day resilience is in place providing robust management of the data through regular data backups, rigorous security controls and resilient systems, there may be gaps in our ability to provide resilience should we lose the Data Centre which is operating at capacity levels. Two options are currently in consideration: Kings Norton or a hosted arrangement with a third party. The design specification has</p>	

been completed and is now with the Procurement team to undertake the tendering process.

ISO 9001/ISO 27001 certification is maintained with one new non-conformance, for security reporting within the department. The department's audit schedule non-conformance was declared compliant.

Testing of IT business plans, including major incident testing, has taken place. Validation of systems through major incident testing with external stakeholders. ASSIISO 9001/27001 Surveillance Audits continue as per ISO certification process. Assurance regarding Cybersecurity preparedness is provided to Audit Committee.

Change Advisory Group lead by Clinicians meets weekly to review all change requests.

The implementation of PICS at HGS sites is within the work plan and could take several years for full installation. It is important that interim arrangements are confirmed to avoid any weaknesses in controls.

There are currently 23 non-conformances from ISO audits. Whilst this will be a constant state an identified owner of each non-conformance will need to be identified who should liaise directly with LRQA.

<b>SR8/18</b>	<b>Adverse impact of BREXIT on Trust's innovation agenda</b>
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**Owner - EDWI**

**Update:**

A paper was presented to the Board of Directors regarding research issues. The Trust has identified all current EU staff. 1-1 assistance is being offered to provide advice on applications for UK residency/citizenship for affected staff.

For Research Funding:

- assessment of current EU funding has been completed,
- Monitoring against any new bids,
- Submissions for new EU grants need Executive Director approval.

There will also be future potential impacts on the MD-TECH and Innovation Engine projects as a result of Brexit since the Trust may not be part of these post-Brexit.

The Academic Health Science Network (AHSN) is involved in the EU-wide EIT Health programme. While NHS England has committed to the long term future of England's AHSNs, there is uncertainty caused by BREXIT as to EU-wide collaboration which may impact on the reputation and attractiveness of the AHSN.

There is a risk that Brexit also introduces uncertainty as to the future of medical trials. It may be that it is preferable for companies to concentrate on a European market through the European Medicines Agency and not seek approval for new medicines in the UK. This could introduce delays to new drugs for patients and increased procurement costs.

Rare diseases research is particularly vulnerable because of the small numbers of patients suitable for trials.

The relaxation of the Tier 2 visa rules has meant all applications for doctor and nurse posts are exempt from the Tier 2 visa cap.

<b>SR9/18</b>	<b>In-patient infections significantly in excess of agreed national levels</b>
<b>Owner - ECN</b>	
<p><b>Update:</b></p> <p>As a result of 2 confirmed cases of MRSA in Q2 18/19, the current risk score has been raised to 6 against a national target of 0 cases.</p> <p>Surveillance – the Q2 update showed an increase in cases with 38 so far.</p> <p>MRSA - During Q2 1819 there have been 2 occurrences. All actions have been completed in the MRSA action plan which is reported to the CCG. Actions are being taken to review the most recent cases and focus on MRSA practice.</p> <p>Norovirus - Q2 18/19: There have been 2 wards closed and 1 bay closed with norovirus, plus 4 case of influenza. The action plan includes the planned cleaning of all high risk areas.</p> <p>C Diff. - During Q2 18/19 there were 43 outbreaks of C. Difficile Infection across the Trust.</p> <p>Differences in reporting figures are due to cases confirmed after the reporting period.</p>	

<b>SR10/18</b>	<b>Failure of commercial ventures</b>
<b>Owner – EDSO/DCA/ECFO</b>	
<p><b>Update:</b></p> <p>Whilst the Current Score has met the Target Score, the Trust is more at risk of a failure of commercial ventures as more ventures are embarked upon. It is therefore proposed that this risk remains.</p> <p>Private Hospital Facility updates:</p> <ul style="list-style-type: none"> <li>• Board reaffirmed approval for the project at BoD July 2018</li> <li>• The Private Hospital is planned to be operational in 2021, planning and monitoring will be considered around 2019</li> <li>• BoD has been made aware of the Trust's potential risks and obligations up to Financial Close</li> <li>• The date for Financial Close has been delayed and is anticipated to be by the end of Q3 201819</li> </ul>	

Two outstanding matters in relation to the drainage solution and the break in the Link Bridge.

<b>SR11/18</b>	<b>Merger has adverse effect on new Trust</b>
<b>Owner – EDSO/DCA</b>	
<b>Update:</b> <ul style="list-style-type: none"> <li>• The Case for Change Closure Report was presented to Board in July.</li> <li>• Risks associated with the Case for Change have been incorporated into BaU.</li> <li>• It is anticipated that the integration of pathology will be complete by Q3 2018/19. Plans are in place to integrate an additional 6 services and departments within the next phase.</li> <li>• Ongoing risks relating to the political landscape and public engagement remain the same.</li> </ul>	

<b>SR12/18</b>	<b>Unable to maintain and improve the quality and quantity of physical environment to support required level of service</b>
<b>Owner – EDSO</b>	
<b>Update:</b> <ul style="list-style-type: none"> <li>• It is proposed that the Internal Audit programmes will now include Asbestos during this financial year.</li> <li>• The ACAD outline Business Case has been submitted.</li> <li>• Ward 5 (Heartlands Hospital) has been refurbished.</li> <li>• Phase 1 of the fire compartmentation work has been completed. The Trust is working with ICT to commence Phase 2.</li> <li>• The Sheldon Block is on track to be completed November 2018.</li> <li>• Works for a new electrical supply for the Heritage Building has been completed</li> <li>• A proposed site near 5 Ways has been identified for the relocation of the Birmingham Chest Clinic.</li> </ul>	

## 5. Corporate Risk Register Report

5.1 The Corporate Risk Register contains all approved risks with a current score of 15 and above which have been identified in the operational (both clinical and corporate) areas of the Trust. The Board of Directors requires assurance that these risks are being managed according to their expectations. Assurance regarding the management of risks on the Corporate Risk Register is provided to the Board of Directors by a member of the Executive Team.

- 5.2 Assurance is provided according to the following:
- the number of red risks held by each member of the Executive Team
  - the current score of each risk on the Corporate Risk Register according to the likelihood and consequence
  - details of each risk held (initial, current and target score and months open as red) and assurance as to whether the risk is on track or not
  - an explanation is provided for each red risk that is off track
- 5.3 The format of this report (included at Appendix B) has been reviewed at a recent Board Development Session and is now presented to the Board of Directors for final approval. The fully populated report will then be included in this report at a future date.

## **6. Risk Appetite Statement**

- 6.1 The nature of strategic risks means that they are reviewed on a quarterly basis and presented to the Board of Directors in the context of the Board Assurance Framework. It is through this discussion that the appetite for strategic risks is agreed.
- 6.2 For operational risks, the Board of Directors have made clear the type of risks they expect to be identified by the Trust's management by means of a narrative statement about the level of such risk that is acceptable. The statement made by the Board is based on the premise that the lower the risk appetite, the lower the risk score the Board is willing to accept and consequently, the higher the levels of controls it expects to be put in place to manage the risk. Conversely, the higher the appetite for risk, the more the Board is willing to accept in terms of risk and business may be conducted as usual without the Board necessarily seeking to strengthen the controls.
- 6.5 The Risk Appetite Statement provides:
- a guide for staff on the limits of operational risk that the Board is willing to accept
  - clarity about when risks should be escalated
  - consistency in the approach to managing risk, identifying priorities for action and use of resource
  - managers with a certain level of freedom to use their discretion to implement actions and prioritise controls in the day to day management of operational risk.
- 6.6 The acceptable level and tolerance for each type of risk constitutes the Board's Risk Appetite Statement contained in Appendix 3. The format and content of a Risk Appetite Statement has been reviewed at a recent Board Development Session and is now presented to the Board of Directors

for final approval.

## **7. Recommendations**

The Board of Directors is asked:

- 7.1 To note and approve the updates to the BAF (Appendix 1);
- 7.2 To approve the amended SR9/18; 'In-patient infections significantly in excess of agreed national levels' - As a result of confirmed cases of MRSA in Q2 18/19, the current risk score for has been increased to 6 (3x2);
- 7.3 To approve the approach to SR10/18; 'Failure of Commercial ventures' - Whilst the Current Score remains at the Target Score level, the exposure to risk remains in light of ongoing capital works for the private hospital facility;
- 7.4 To approve the format of the new Corporate Risk Register Report (Appendix 2)
- 7.5 To approve the new Risk Appetite Statement (Appendix 3).

David Burbridge

Director of Corporate Affairs

25 October 2018