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**Title:** Board Assurance Framework (BAF) 2014/15

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### Executive Summary

A Board Assurance Framework must be driven by the objectives of the organisation, as clear strategic priorities and operational objectives need to be identified before an effective system of internal control can be established.

This paper provides the Board of Directors with the strategic risks to C&I's high level objectives for 2014/15 in the form of a Board Assurance Framework (BAF). A brief summary of how the BAF for 2014/15 has been developed, and a reminder of the strategic priorities and how they link to the principal annual objectives are also provided for ease of reference.

### Role and Purpose of the BAF

The BAF 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 the key controls that should be in place to manage the objectives.

The BAF details the strategic risks associated with each of the 7 objectives (appendix 1). It is a live document that is continually monitored by lead risk owners and updated to accurately reflect the successes of, and strategic risks associated with the implementation of the Board approved corporate objectives.

The BAF and the Risk Register reflect the organisation's risk profile. They contain the strategic risks identified by the Trust, describe the controls in place and give the strength and quality of assurance available on how well the risks are being managed. These documents support the Board in making a declaration on the effectiveness of the Trust's system of internal control in the Annual Governance Statement.

## **Monitoring and Review**

The Board, through the Audit & Risk Committee, should ensure that all systems, processes and procedures required for the BAF function effectively. This will include assurance that the process that has been undertaken by the executive management team to populate the BAF is appropriate, in that the lead Directors and managers have been involved and take responsibility for their entries, and that there are no major omissions from the list of controls.

Following Board approval of the BAF, each risk will be added to the Trust Risk Register during Quarter 1, with controls, gaps and action plans developed by the lead Directors. Only risks scored 12 and above will remain on the BAF.

The Audit & Risk Committee will monitor the implementation of action plans as well as the cross over between the BAF and the Risk Register as set out in the Trust's Risk Management Strategy.

## **Recommendations to the Board**

The Board of Directors is requested to:

- **approve the 7 principal annual objectives for 2014/15; and**
- **approve the Board Assurance Framework for 2014/15.**

## **Trust Strategic Priorities supported by this Paper**

The contents of the BAF have a direct bearing on all of the strategic aims.

## **Risk Implications**

**The BAF identifies potential risks in relation to the Trust's principal annual objectives.**

## **Legal and Compliance Implications**

None

## **Finance Implications**

There is no specific revenue or capital requirements that arise from the BAF. However, actions that are required to mitigate the risks may have revenue or capital implications which will be considered as necessary by the Foundation Trust Executive and relevant Committees.

## **Single Equalities Impact Assessment:**

N/A

## **Requirement of External Assessor/Regulator**

Board Assurance Frameworks support the Board in making a declaration on the effectiveness of the Trust's system of internal control in the Annual Governance Statement which is a statutory requirement.

## BOARD ASSURANCE FRAMEWORK 2014/15

### 1. Introduction

This paper provides the Board of Directors with the strategic risks to C&I's high level corporate objectives for 2014/15 in the form of a Board Assurance Framework (BAF). A brief summary of how the BAF for 2014/15 has been developed and a reminder of the strategic priorities and how they link to the principal annual objectives are also provided for ease of reference.

### 2. Background

In October 2013, the Board considered the high level (principal) corporate objectives for the organisation for 2014/15. Between November 2013 and January 2014, the agreed areas of focus were further considered by the Executive Management Team and other senior managers in the Trust. This included the identification of a range of projects and sub-objectives that would link to each of the principal objectives that would underpin the Trust's 2 year operational plan for submission to Monitor.

This resulted in a final set of principal objectives for 2014/15 being recommended to the Board of Directors at the Board Seminar on 27 February 2014.

The Board scrutinised each objective and related risk and agreed a final set of 7 corporate objectives and associated risks, which forms the BAF.

### 3. Strategic Priorities

The 4 strategic priorities of the Trust were agreed by the Board of Directors **at the March Board meeting in 2013**. These are detailed below for reference:

#### Excellence

- We will continually improve the quality and safety of service delivery, service user experience and improve outcomes.
- We will deliver the highest levels of quality and financial performance.

#### Innovation

- We will rapidly adopt best practice and maintain a culture of innovation in service development.

#### Growth

- We will pursue organic and inorganic growth opportunities through strategic partnerships and research and development.

#### 4. Principal Annual Objectives for 2014/15

The 7 principal objectives for 2014/15 agreed by the Board of Directors are detailed below. The links to the strategic priorities under the headings of **Excellence, Innovation and Growth** are also shown to demonstrate strategic alignment.

Principal Objectives for 2014/15		Link to Strategic Priorities
1.	We will provide service users with the highest quality and safest care possible within existing resources using the latest research and best practice.	<i>E1, E2, I1</i>
2.	We will design, recruit, manage and develop the best possible workforce for the future within existing resources, one that is competent to deliver the highest possible quality of care to our service users now and in the future	<i>E2, E2, I1</i>
3.	We will keep to budget as part of our long term financial plan, while delivering value for money and efficiencies.	<i>E2,</i>
4.	We will continue to develop in partnership with others, accessible, innovative new services which will enable the Trust to continue to grow.	<i>E1, I1, G1</i>
5.	We will develop an Estates Strategy which will enable us to progress our plans and vision for the Trusts usage of the SPH site.	<i>E1, E2, I1, G1</i>
6.	We will increase the effectiveness of the Board of Directors and Council of Governors through improved governance systems, greater transparency and a programme of engagement.	<i>E1, E2, I1</i>
7.	We will work in partnership with commissioners and providers to enable new integrated solutions which will meet the mental health needs of the population.	<i>E1, E2, I1, G1</i>

#### 5. Annual Risk Seminar for the Board of Directors

The Board of Directors receive annual training on the Trust's Risk Management Strategy as part of a Board seminar. The Board is required to formally agree and score the strategic risks associated with each of the 7 objectives.

At the Board seminar on the 27 February, the Board considered each objective in turn and agreed the associated risks and scoring. **The Board were reminded that only risks scored 12 and over would remain on the BAF and that other lower scored risks would be placed on the Trust Risk Register.**

#### 6. Format and Content of the Board Assurance Framework

A Board Assurance Framework must be driven by the objectives of the organisation, as clear strategic priorities and operational objectives need to be identified before an effective system of internal control can be established.

The BAF 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 the key controls that should be in place to manage the objectives.

## **7. Monitoring and Review**

The Audit and Risk Committee will monitor the implementation of action plans that have been drawn up to cover gaps in controls as well as the cross over between the BAF and the Risk Register as set out in the Trust's Risk Management Strategy.

Following Board approval of the BAF, each risk will be added to the Trust Risk Register during Quarter 1, with controls, gaps and action plans developed by the lead Directors. The Audit & Risk Committee will monitor the implementation of action plans as well as the cross over between the BAF and the Risk Register as set out in the Trust's Risk Management Strategy.

## **8. Recommendations to the Board**

The Board of Directors is requested to:

- **approve the 7 principal annual objectives for 2014/15; and**
- **approve the Board Assurance Framework for 2014/15.**

## ANNUAL PLANNING – DRAFT BOARD ASSURANCE FRAMEWORK – 2014/15

This document identifies the major risks to the process of achieving the Trust’s identified priority objectives for 2014/15. Once the Board has agreed the description and score for each risk, they will be added to the Trust-wide risk register during Q1, with controls, gaps and action plans developed by the lead Directors.

PRIORITY OBJECTIVE		HIGH LEVEL RISKS	L	C	SCORE	DIRECTOR LEAD
1.	We will provide service users with the highest quality and safest care possible within existing resources using the latest research and best practice.	Risk that high staff vacancies in divisions impacts negatively on delivery of patient outcomes and quality improvements to expected timeframe. (existing risk BAF1314/1/2)	3	4	12	Paul Calaminus
		Risk that failure to develop and implement divisional service plans which embed a co-ordinated, recovery focused, integrated, tariff ready and systematic approach to effective care pathway delivery will minimise the effectiveness of the clinical model and lead to a deterioration in the patient experience. (existing risk BAF1314/1/1)	3	4	12	Paul Calaminus
		Risk that if productive methods of working are not effectively implemented, do not focus sufficiently on achieving outcomes and are not properly supported by a well-developed dashboard, quality and safety of care are affected. (existing risk BAF1314/1/3)	4	4	16	Paul Calaminus
		Risk that pressure and demand on acute beds impacts negatively on the quality of care. (existing risk NR169)	5	4	20	Paul Calaminus

PRIORITY OBJECTIVE	HIGH LEVEL RISKS	L	C	SCORE	DIRECTOR LEAD
	Risk of clinical and patient safety risks, missed information, and potentially serious incidents as a result of the Trust not having a common computerised information system which covers all aspects of its services. (The RiO system does not link in real time to the two psychology systems, nor with local authority systems and there is no common patient master index). (NEW risk)	3	5	15	Paul Calaminus / Dave Wragg
	Risk that failure to meet fundamental standards for acceptable levels of care leads to service user safety failure. (existing risk NR168)	2	5	10	Claire Johnston
	Risk that failure of the system to be able to recognise, identify and carry out corrective action plans where standards are not being met leads to reduced standards of care for patients (new risk)	3	4	12	Claire Johnston
	There is a risk that our preferred EPR supplier (yet to be chosen) may not be available to implement an EPR solution at C&I before October 2015 due to very high demand for RiO replacement systems in London and the South East (30 Trusts are requiring a replacement over a 12 month period) results in the Trust having no electronic system available in October 2015 when the national RiO contract ends. (NEW risk)	3	4	12	David Wragg
	Risk that slow responses to GP concerns or performance failures relating to service delivery may lead to loss of confidence in C&I's services and approach. (existing risk BAF1314/4/3)	3	3	9	Paul Calaminus

PRIORITY OBJECTIVE		HIGH LEVEL RISKS	L	C	SCORE	DIRECTOR LEAD
2.	<b>We will design, recruit, manage and develop the best possible workforce for the future within existing resources, one that is competent to deliver the highest possible quality of care to our service users now and in the future</b>	Risk that failure to build and sustain a culture of candour, compassion and safe practice leads to regulatory action. <i>(NEW risk)</i>	3	4	12	Claire Johnston
		Risk that non-compliance with mandatory training for all Trust staff could result in staff or service user injury, poor quality of clinical care and financial claims. <i>(existing risk NR144)</i>	3	4	12	Claire Johnston
		Risk that failure to make changes due to staff concerns results in a disaffected workforce. <i>(NEW risk)</i>	3	4	12	Claire Johnston
		Risk that weak clinical and operational management results in failure to deliver the high quality and safe care. <i>(NEW risk)</i>	3	4	12	Paul Calaminus
		Risk to patient safety and poor quality care results from a lack of trust and confidence by staff in raising concerns <i>(NEW risk)</i>	3	4	12	Claire Johnston
		Risk that staff not having skills and competencies that are needed results in failure to deliver interventions that work. <i>(NEW risk)</i>	3	4	12	Claire Johnston
3.	<b>We will keep to budget as part of our long term financial plan, while delivering value for money and efficiencies.</b>	Failure to deliver suitable quantum of QIPPs undermines the long term financial position including EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) levels. <i>(existing risk BAF1112/7/2)</i>	2	4	8	David Wragg
		Risk that changes in public sector funding, efficiencies in public sector spending result in material reductions in Trust income levels and income mechanisms. <i>(existing risk BAF1112/7/2)</i>	3	3	9	David Wragg

PRIORITY OBJECTIVE		HIGH LEVEL RISKS	L	C	SCORE	DIRECTOR LEAD
4.	<b>We will continue to develop in partnership with others, accessible, innovative new services which will enable the Trust to continue to grow.</b>	Failure to develop and maintain a focus on growth and service development and innovation will lead to failure to win tenders. <i>(NEW risk)</i>	3	4	12	Colin Plant
		Failure to develop capacity and achieve growth may result in reputational damage <i>(NEW risk)</i>	3	4	12	Colin Plant
5.	<b>We will develop an Estates Strategy which will enable us to progress our plans and vision for the Trusts usage of the SPH site.</b>	Failure to deal with outstanding backlog maintenance at St Pancras leads to risk of serious or very serious failure of the mechanical and electrical and other plant and services. <i>(existing risk NR161)</i>	3	4	12	David Wragg
		Failure to develop a future Clinical vision for how the estate will be used over the next 20 years leads to poor strategy for St Pancras development and trust estates strategy <i>(NEW risk)</i>	3	4	12	Sylvia Tang
		Inadequate resource or expertise to manage the Trust's enlarged Estate and the various property or facilities management contracts required leads to health and safety, quality or compliance failings. <i>(existing risk NR160)</i>	3	3	9	David Wragg
		Failure to progress other estates works due to focus on SPH. <i>(NEW risk)</i>	3	4	12	David Wragg
		Failure to develop a commonality of vision for the SPH site with potential partners leads to a poor strategy for the site. <i>(NEW risk)</i>	3	4	12	David Wragg

PRIORITY OBJECTIVE		HIGH LEVEL RISKS	L	C	SCORE	DIRECTOR LEAD
6.	<b>We will increase the effectiveness of the Board of Directors and Council of Governors through improved governance systems, greater transparency and a programme of engagement.</b>	Changes to the composition of the Board of Directors and the Council of Governors including a new Chair, could result in disruption and changes to strategic direction. (existing risk BAF1314/7/2)	3	4	12	Sylvia Tang
		Lack of focussed board development programme to assess and build the necessary leadership, skills and knowledge to ensure delivery of the strategic objectives (existing risk BAF1314/7/4)	3	3	9	Sylvia Tang
		Reputational and governance risks due to lack of good communication and information exchange with Governors and lack of understanding of the Governor role. (existing risk BAF1011/5/)	2	4	8	Sylvia Tang
7.	<b>We will work in partnership with commissioners and providers to enable new integrated solutions which will meet the mental health needs of the population.</b>	The failure of commissioners and stakeholders to fully understand that the diagnosis and treatment of mental health in those with physical illness significantly improves outcomes and reduces system costs, leads to under-investment in mental health services. (NEW risk)	4	4	16	Colin Plant
		Poor engagement by key Health and Wellbeing Boards with providers, leads to a weakening of strategic objectives relating to mental health services. (NEW risk)	3	4	12	Colin Plant
		The development of value based commissioning by NCL commissioners is implemented without a clear process, reasonable timescales and tested meaningful outcomes, leading to an unintended consequences of poorer outcomes for patients and destabilisation of health economy. (NEW risk)	3	4	12	Colin Plant

PRIORITY OBJECTIVE	HIGH LEVEL RISKS	L	C	SCORE	DIRECTOR LEAD
	Insufficient development of partners such as those in the third and private sectors, relevant to a clear market analysis and strategic direction, results in missed opportunities and weak growth. (NEW risk)	3	4	12	Colin Plant