

Update on Governing Body Assurance Framework and Risk Register

Governing Body meeting

C

5 June 2014

Author(s)	Sue Laing, Deputy Corporate Support Manager, WSYB CSU
Sponsor	Linda Tully, Company Secretary/Head of Corporate Governance
Is your report for Approval / Consideration / Noting	
This report is for consideration with a view to any necessary and appropriate challenge	
Audit Requirement (This section must be filled in even if it is a nil return)	
<p>CCG Objective: 5.5 Organisational development to ensure CCG meets organisational health and capability requirements set out in the 6 domains (Annex C NHS England CCG Assurance Framework)</p> <p>Principal Risk: Inadequate adherence to CCG Constitution and other governance arrangements to support Nolan Principles and e.g. protect against conflicts of interests (Domain 4) (This paper provides assurance that risks facing delivery of the organisation's objectives are being managed, and that they are discussed, appropriately actioned and/or challenged by the Governance Sub Committee and Audit and Integrated Governance Committee).</p>	
Equality impact assessment	
<p>Have you carried out an Equality Impact Assessment Yes</p> <p>Is it attached? No</p> <p>If not, why not? There is no evidence to suggest that the Assurance Framework will adversely impact on any of the 9 protected characteristics</p>	
PPE Activity	
<p>How does your paper support involving patients, carers and the public? Good risk management will positively impact on Patient and Public Engagement activity</p>	
Recommendations	
<p>The Governing Body is asked to:</p> <ol style="list-style-type: none"> 1. Note the work undertaken to refresh the Assurance Framework for 2014/15 2. Consider the Assurance Framework and Risk Register and assure itself that the CCG's corporate objectives and risks to their achievement are accurately reflected and are being effectively managed by accountable officers. 3. Identify any additional controls and mitigating actions that need to be in place to address identified risks and the methods by which it would wish to receive assurance of the effectiveness of these controls. 4. Review and comment on the scores set out within the attached Assurance Framework 	

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1 Governing Body Assurance Framework

Good progress continues to be made with regard to management of strategic risks facing delivery of the organisations key objectives. This report sets out the position at the end of Quarter 4 2013/14 (ie to 31 March 2014), and the interim 2014/15 first quarter position as at 20 May 2014. Both the strategic and operational risks are reviewed and challenged by the Governance Sub-committee. A report has also been considered by the Audit and Integrated Governance Committee for review of the adequacy and effectiveness of risk management.

At the end of Quarter 4 there remained a total of 18 risks facing achievement of the organisation's five strategic objectives. No additional risks were added to the GBAF during this period, nor were any risks closed. There were no high level risks scored 15 or above.

Risk owners have reviewed their risks and updated existing controls and mitigating actions.

The level of risk had reduced in the following identified principal risks:

Risk Reference	Change from Quarter 3
1.1 Loss of public confidence in the CCG through poor communications	Risk score has reduced during quarter 4 to 2 x 2 (4)
3.1 Health and Wellbeing Board unable to support CCG Business Plan	Risk score reduced again during Quarter 4 to 2 x 3 (6) however there remains both gaps in control and assurance.
4.2 Commissioned care does not reflect best practice and service changes are not devised with sufficient clinical engagement.	Reduced level of risk 2 x 2 (4)
4.4 CCG Commissioning responsibilities and funding not aligned following the disaggregation of PCT responsibilities.	Reduced level of risk 2 x 2 (4)
4.6 Inability to increase capacity in primary and community care in parallel to reducing acute capacity.	Reduced level of risk 2 x 4 (8). Gap in Control remains
5.5 Inadequate adherence to CCG Constitution and other governance arrangements to support Nolan Principles and eg protect against conflicts of interest.	Reduced level of risk to 2 x 4 (8)

2 Progress Update

All risks remained on schedule to either meet the risk target or appetite score or continued to plateau. There has been no deterioration in any of the risk scores since July 2013.

The table below shows progress with regard to current risk scores.

Risk Owner	Ref	Risk Initial Score	Risk current Score	Risk Target or Appetite Score	Are there GAPS in control ?	Are there GAPS in assurance?
IG	1.1	12	(12) (6) (6) 4	4	No	No
TF	1.2	12	(9) (9) (9) 9	6	Yes	Yes
IG	1.3	12	(9) (9) (9) 9	6	No	No
KC	2.1	9	(9) (9) (9) 9	6	Yes	No
KC	2.1	9	(6) (6) (6) 6	6	No	Yes
TF	3.1	9	(6) (6) (6) 3	3	Yes	Yes
JN	3.2	16	(16) (12) (9) 9	6	No	No
TF	4.1	9	(9) (9) (6) 6	3	Yes	Yes
ZM	4.2	9	(6) (6) (6) 4	3	No	No
JN	4.3	12	(9) (6) (6) 6	6	No	No
JN	4.4	9	(6) (6) (6) 4	4	No	No
TF	4.5	9	(6) (6) (6) 6	3	Yes	No
ZM	4.6	16	(12) (12) (12) 8	8	Yes	No
IG	5.1	12	(9) (9) (9) 9	6	No	No
LT	5.2	16	(12) (8) (8) 8	4	No	No
LT	5.3	9	(9) (9) (9) 9	6	No	No
LT	5.4	9	(9) (9) (9) 9	6	No	No
LT	5.5	12	(12) (12) (12) 8	4	No	No

All remaining gaps in assurance and/or control have been documented within the Annual Governance Statement.

3 Assurance Framework Refresh

A meeting of Risk Leads was held on 1 May 2014 to discuss the content of the GBAF in relation to the organisation's 5 year strategic ambitions and to ensure that risks remained relevant for the financial year ahead. The meeting was also attended by a representative from 360⁰ Assurance. The table below indicates any agreed changes to the GBAF to be taken forward for 2014/15.

GBAF for 2014/15

GBAF Ref	Current Risk lead	Current Principal Risk	Proposed change
1.1	IG	Loss of public confidence in the CCG through poor communications (Domain 2)	Risk remains relevant
1.2	TF	Insufficient engagement with patients and the public on CCG priorities and service developments, leading to decisions that do not fully meet needs (Domain 2)	Risk remains relevant
1.3	IG	System wide or specific provider capacity problems emerge to prevent delivery of NHS Constitution and/or NHS E required pledges (Domain 3)	Chief Operating Officer to lead
2.1	Kec	Providers delivering poor quality care and not meeting quality targets (Domain 4)	Risk remains relevant
2.2	KeC	Inappropriate eligibility for Continuing Health Care leading to an excess demand for NHS funded services - including retrospective assessments (Domain 4)	Risk to close
3.1	TF	Health & Well Being Board unable to support CCG Business Plan(Domain 3)	Risk to close; Director of Business Planning & Partnerships to replace
3.2	JN	Budgetary constraints faced by Sheffield City Council result in actions by a key partner which adversely impact on CCG's ability to implement its priorities	Director of Finance to review
4.1	TF	Ineffective commissioning practices (Domain 3)	Director of Business Planning & Partnerships to review
4.2	ZM	Commissioned care does not reflect best practice and service changes are not devised with sufficient clinical engagement. (Domain 3)	Risk remains relevant
4.3	JN	Overly ambitious Financial Plan and insufficient financial management (Domain 3)	Risk to close – Director of Finance to replace
4.4	JN	CCG commissioning responsibilities and funding not aligned following the disaggregation of PCT responsibilities (Domain 3)	Risk to close – Director of Finance to replace
4.5	TF	Inability to secure partnerships that help us to deliver our commissioning plans including QIPP and/or conflicting priorities.(Domain 3)	Risk to close; Director of Business Planning & Partnerships to replace
4.6	RO/ZM	Unable to increase capacity in primary and community care in parallel to reducing acute capacity.(Domain 3)	CCG Programme Director (Primary Care) to review and lead
5.1	IG	CSU unable to provide timely and appropriate support (Domain 3)	Risk remains relevant
5.2	LT	Inability to secure active participation particularly from Member Practices for delivering CCG priorities(Domain 1, 3,5)	Risk remains relevant
5.3	LT	Ineffective succession planning for clinical engagement (Domain 1, 4)	Risk remains relevant
5.4	LT	Inability to develop appropriately skilled leadership and workforce throughout the CCG (Domain 6)	Chief Operating Officer to lead and amend risk
5.5	LT	Inadequate adherence to CCG Constitution and other governance arrangements to support Nolan Principles and e.g. protect against conflicts of interests (Domain 4)	Risk remains relevant

4 Quarter 1 (2014/15) interim position (GBAF)

The Quarter 1 (2014/15) runs until 30 June 2014. An interim position to date is attached at **Appendix 1** and includes changes to the GBAF following the meeting of risk leads on 1 May.

5 GBAF Protocol

The Governance Sub-committee noted the revised protocol which supports risk owners in managing their risks, as well as updating the GBAF. The protocol has been updated to include the roles and responsibilities of key committees in terms of risk management.

6 Risk Register Update

Operational risks continue to be monitored and managed through the risk management software. Arrangements are working well with managers updating the Register at team meetings. The software has recently been updated and is now a web based system, further software developments are expected to be rolled out over the summer; all risk owners now have access to the system.

The following risks continue to remain as 'Serious' with a risk score of 16 (4x4). Both risks were scored as 16 during Q3.

- 134 Not meeting annual DH targets for community C Difficile for Sheffield Residents.
- 132 Previously Unknown Periods of Care (PUPOCs)

The Governance Sub-committee noted that these were risks which were outside of the CCGs control, and were assured that there would not be any detrimental effect to the organisation.

During Quarter 4, six new risks were added to the Register, the scores of which were reviewed and agreed by the Governance Sub-committee. Three risks were closed during this period.

The table below shows the current position with regard to operational risks at the end of Quarter 4

Incident/ Risk Grading Matrix		Risk Likelihood				
		1 - Rare	2 - Unlikely	3 - Possible	4 – Likely	5 – Almost certain
Risk Impact	5 - Catastrophic	0	0	0	0	0
	4 – Major	0	0	4	2	0
	3 – Serious	4	10	6	6	0
	2 – Moderate	1	4	7	1	0
	1 - Insignificant	0	1	0	2	0

Critical – 0; Serious – 2; High – 17; Moderate – 23; Low – 6: Total Risks = 48

Quarter 1 Position to date (Risk Register)

Incident/ Risk Grading Matrix		Risk Likelihood				
		1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
Risk Impact	5 – Catastrophic	0	0	0	0	0
	4 – Major	0	0	4	1	0
	3 – Serious	3	11	6	6	1
	2 – Moderate	1	3	7	1	1
	1 - Insignificant	0	0	0	2	0

Critical – 0; Serious – 2; High – 18; Moderate – 23; Low – 4: Total Risks = 47

Two new risks have been added during Q1 to date.

7 Recommendation

The Governing Body is asked to:

1. Note the work undertaken to refresh the Assurance Framework for 2014/15
2. Consider the Assurance Framework and Risk Register and assure itself that the CCG's corporate objectives and risks to their achievement are accurately reflected and are being effectively managed by accountable officers.
3. Identify any additional controls and mitigating actions that need to be in place to address identified risks and the methods by which it would wish to receive assurance of the effectiveness of these controls.
4. Review and comment on the scores set out within the attached Assurance Framework

Paper prepared by Sue Laing, Deputy Corporate Support Manager, West & South Yorkshire & Bassetlaw Commissioning Support Unit

On behalf of Linda Tully, CCG Company Secretary and Head of Corporate Governance

May 2014

Introduction

Quarter 1 (Refresh) 2014/15

Appendix 1

The Board Assurance Framework aims to identify the principal or strategic risks to the delivery of the CCG's strategic objectives. It sets out the controls that are in place to manage the risks and the assurances that show if the controls are having the desired impact. It identifies the gaps in control and hence the key mitigating actions required to reduce the risks towards the target or appetite risk score. It also identifies any gaps in assurance and what actions can be taken to increase assurance to the CCG.

The table below sets out the strategic objectives lists the various principal risks that relate to them and highlights where gaps in control or assurance have been identified. Further details can be found on the supporting pages for each of the Principal Risks.

Strategic Objective	Principal Risk identified	Risk Owner	Risk Initial Score	Risk current Score	Risk Target or Appetite Score	Are there GAPS in control?	Are there GAPS in assurance?
1. To improve patient experience and access to care	1.1 Loss of public confidence in the CCG through poor communications (Domain 2)	IG	12	4	4	No	No
	1.2 Insufficient engagement with patients and the public on CCG priorities and service developments, leading to decisions that do not fully meet needs (Domain 2)	TF	9	9	6	Yes	Yes
	1.3 System wide or specific provider capacity problems emerge to prevent delivery of NHS Constitution and/or NHS E required pledges (Domain 3)	IG	12	9	6	No	No
2. To improve the quality and equality of healthcare in Sheffield	2.1 Providers delivering poor quality care and not meeting quality targets (Domain 4)	KC	9	9	6	Yes	No
3. To work with Sheffield City Council to continue to reduce health inequalities in Sheffield	3.1 CCG is unable to undertake the actions, and deliver the outcomes from them, that are set out in the HWB's plan for reducing health inequalities, eg due to financial constraints (Domain 3)	TF	12	12	3	Yes	Yes
	3.2 Budgetary constraints faced by Sheffield City Council and CCG prevent development of effective joint governance and commissioning of integrated services from the Better Care Fund.	JN	16	16	6	No	No
4. To ensure there is a sustainable, affordable healthcare system in Sheffield.	4.1 Ineffective commissioning practices (Domain 3)	TF	6	6	3	Yes	Yes
	4.2 Commissioned care does not reflect best practice and service changes are not devised with sufficient clinical engagement. (Domain 3)	ZM	9	4	3	No	No
	4.3 Financial Plan with insufficient ability to reflect changes to meet demands (Domain 3)	JN	12	12	6	No	No
	4.4 CCG commissioning responsibilities and funding not aligned following the disaggregation of PCT responsibilities (Domain 3)	JN	12	12	6	No	No
	4.5 Inability to secure partnerships with our main providers that help us to deliver our commissioning plans, including QIPP (Domain 3)	TF	9	9	3	Yes	No
	4.6 Contractual restraints facing member practices resulting in an inability of practices to deliver and expand service provision (Domain 3)	KCI	12	8	4	Yes	Yes

Strategic Objective	Principal Risk identified	Risk Owner	Risk Initial Score	Risk current Score	Risk Target or Appetite Score	Are there GAPS in control?	Are there GAPS in assurance?
5. Organisational development to ensure CCG meets organisational health and capability requirements set out in the 6 domains (Annex C NHS England CCG Assurance Framework)	5.1 CSU unable to provide timely and appropriate support (Domain 3)	IG	12	9	6	No	No
	5.2 Inability to secure active participation particularly from Member Practices for delivering CCG priorities(Domain 1, 3,5)	LT	16	8	4	No	No
	5.3 Ineffective succession planning for clinical engagement (Domain 1, 4)	LT	9	9	6	No	No
	5.4 Inability to develop appropriately skilled leadership and workforce within CCG directly employed staff (Domain 6)	IG	9	9	6	No	No
	5.5 Inadequate adherence to CCG Constitution and other governance arrangements to support Nolan Principles and e.g. protect against conflicts of interests (Domain 4)	LT	12	8	4	No	No

The Risk Ratings used in the Assurance Framework are based on the following risk stratification table:

Risk Matrix		Likelihood						
		-1 Rare	-2 Unlikely	-3 Possible	-4 Likely	-5 Almost certain		
Consequence	-1 Negligible	1	2	3	4	5	1 to 3	Low
	-2 Minor	2	4	6	8	10	4 to 9	Medium
	-3 Moderate	3	6	9	12	15	10 to 14	High
	-4 Major	4	8	12	16	20	15 to 19	Very High (Serious)
	-5 Extreme	5	10	15	20	25	20 to 25	Critical