

EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

REPORT TO: **BOARD OF DIRECTORS – 25 APRIL 2014**

SUBJECT: **BOARD ASSURANCE FRAMEWORK**

REPORT FROM: **TRUST SECRETARY**

PURPOSE: **Decision**

CONTEXT / REVIEW HISTORY / STAKEHOLDER ENGAGEMENT

The Board Assurance Framework (BAF) provides the Trust with a comprehensive method for the effective and focused management of the principal risks to meeting its annual objectives. It also provides a structure for the evidence to support the Annual Governance Statement. The BAF goes before the Executive and Divisional Senior Management Teams at all CPMTs (Corporate Performance Management Team) meeting and is also presented to IAGC.

SUMMARY:

The BAF has been produced in a format suggested by Internal Audit. It links the Trust's Strategic and Annual objectives (AOs) and identifies risks to their achievement, as well as describing the Control processes in place and the Assurance opinions given on the achievement of the AOs. Progress against the implementation of any outstanding Controls required is also measured by a RAYG rating. The risks identified are a combination of some of those highlighted in the Corporate Risk Register and some which are specific to the BAF.

The Following are appended:

Appendix 1: Summary of Board Assurance framework and Achievement against Annual Objectives

Appendix 2: Full Board Assurance Framework

Appendix 3: Exception report on progress against the Annual Objectives;

Appendix 4: Statement of Achievement 2013/14; and

Appendix 5: Annual Objectives

1. Overview:

- The Integrated Audit and Governance Committee requested a summary of the BAF. Given the quarterly reviews by the Board include the achievement against annual objectives this Appendix now includes a summary of each Annual Objective, the level of risk against the annual objective, the current performance against the objective and the amount of assurance the Board has received about the annual objective. The summary is provided in Appendix 1 with the full BAF provided as Appendix 2.
- This summary will be provided whenever the BAF is presented.
- The RAYG ratings are explained within Appendix 1. The Trust Secretary will be proposing a way quantitative way of assessing the assurance level to the IAGC in May 2014.

2. Progress against the Annual Objectives for 2013/14

- Each Executive Lead was asked to report on a quarterly basis progress against their AO's. An exception report is provided as Appendix 3. As this is the year end submission a fuller narrative is provide to give the Board the overall picture of progress this year against the AO's, this is provided as Appendix 4 and Appendix 5 shows all the AO's and the sub-objectives for

2013/14.

- The following Annual Objectives were either not met or partially met:
 - AO 2: Implement the second part of the Trust's Quality Strategy demonstrating improvements in Patient Safety, Clinical Outcomes and Patient Experience/Person Centred Care (partial).
 - AO 4: Plan and Implement PAS up-grade to enable more efficient and productive approach to managing 18 week pathway for elective care from referral to treatment and follow-up (partial).
 - AO 5: Reduce the number of unplanned readmissions within 30 days of discharge following an elective and non-elective episode of care, where there is a direct link to the index admission (not met).
 - AO 9: Implement the marketing strategy to meet repatriation and market share targets for inpatient and day case procedures (partial).
- In most cases the risk rating, and assurance level is in line with the end of year performance, however, in a number of place this is not the case and the following paragraphs explain this position.
 - *AO 8: Implement of the Research and Innovation (R&I) Strategy to increase "homegrown" R&I whilst continuing to support other R&I by putting in place the right people, processes and facilities to support these goals, and through effective engagement with R&I stakeholders.* This AO was achieved (the majority of the sub-objectives were met) but the assurance level was "amber". This is due to the fact that the assurance around meeting this objective was weak and for 2014/15 the provision of assurance to the Board will be strengthened.
 - *AO 12: Agree with commissioners and consult with the public to implement a sustainable clinical strategy which will in particular meet the standards of emergency surgery; ensure the availability of an appropriately skilled workforce; provide safe sustainable services with consideration of access for patients and their families and visitors.* This AO was achieved but the risk identified related to possible delays in implementing the clinical strategy due to the service reconfiguration not being favourable with stakeholders. It is quite usual to have a difference between performance and risk. A well mitigated risk will not materialise or impact significantly on performance.
 - *AO 14: Ensure strong financial governance, agree contracts with commissioners that deliver sufficient activity and finance and support a comprehensive internal cost improvement programme where all Divisions deliver cash releasing savings schemes to deliver Trust QIPP targets.* This AO was met but both assurance and risk levels were extreme. The assurance level was rated "red" due to the fact that the Trust did not deliver against the original plan which resulted in negative evidence being reported. The risk was extreme due to the fact that the final settlement negotiation has not been made and this could impact on the year end result.

3. Board Assurance Framework for 2014/15

- Work is underway to populate the BAF for 2014/15. The Trust Secretary has reviewed some new best practice produced by Oxford University NHS Trust in collaboration with the Foundation Trust Network and suggests the following changes:
 - There should be a clear distinction between the BOF and the Corporate Risk Register, the BAF is an assurance tool and the Corporate Risk Register is a management tool, therefore it is proposed to remove the risk scoring from the BAF but replace it with a RAYG rating from the Corporate Risk Register.
 - Currently each risk shows "cause" and "effect" but this should be widened to include "impact".

- The IAGC should retain overall oversight but each AO should be allocated to one of the Board sub-committees to review in detail.

IMPACT ON TRUST'S STRATEGIC OBJECTIVES:

The BAF records sources of assurance against risks to the delivery of the AOs. This in turn supports the delivery of strategic objectives. The second document shows actual performance in terms of achievement of the AOs.

FINANCIAL IMPLICATIONS:

Currently, all major financial implications have been identified and subjected to the Business Case process.

LEGAL IMPLICATIONS / IMPACT ON PUBLIC SECTOR EQUALITY DUTY

The BAF risk management process and the reporting of actual performance against the AOs supports the Chief Executive in signing the Annual Governance Statement which forms part of the Trust's statutory reporting requirements. All equality impact issues are dealt with as part of the individual streams of work and/or through the annual service and employment equality monitoring process.

PROFESSIONAL ADVICE TAKEN ON ANY NOVEL OR CONTENTIOUS ISSUES

Format of BAF as recommended by the Internal Auditors

BOARD ACTION REQUIRED:

The Board is asked to:

- **discuss**, and **approve** the Statement of Achievement for 2013/14 as this is reported in the Annual Governance Statement.
- **approve** the changes suggested in section 3
- Provide feedback on the format and usefulness of Appendix 1 which will be developed further for 2014/15.

CONSEQUENCES OF NOT TAKING ACTION:

In the event that an organisation does not have a BAF in place there may be insufficient evidence to produce a satisfactory Annual Governance Statement.