

Programme Strategic Risks

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Paper G

Purpose of report:

This paper is for:	Description	Select (X)
Decision	To formally receive a report and approve its recommendations OR a particular course of action	
Discussion	To discuss, in depth, a report noting its implications without formally approving a recommendation or action	
Assurance	To assure the Board that systems and processes are in place, or to advise a gap along with treatment plan	x
Noting	For noting without the need for discussion	

Previous consideration:

Meeting	Date	Please clarify the purpose of the paper to that meeting using the categories above
Programme Board	25/09/20	Discussion & Assurance
Executive Strategy Board		
Trust Board Committee		
Trust Board		

Executive Summary

Context

It is essential to identify and acknowledge the risks in capital projects at an early stage in order to manage and mitigate them where possible. The risk registers are live documents, and will be regularly reviewed and updated. An audit trail will be maintained to ensure that, as risks and issues are identified, mitigated and ultimately closed, all actions and steps are captured.

The Programme team has spent a considerable amount of time developing and reviewing the risk associated with the delivery of the individual projects and the overall programme. This paper will identify the strategic risks to the programme.

The programme risk register identifies risks attributable to the whole that could affect the delivery of the programme, ensuring all are sighted and engage in active risk management. Risks identified at this level are broad in nature and generally unquantifiable.

Questions

1. Who is the senior responsible owner for the programme level risks?
2. What are the strategic risks associated with the programme and what mitigations are in place?

- When will these risks be reviewed and how frequently will they be reported to the Trust Board.

Conclusion

- The management of the programme risks are undertaken at the Reconfiguration Programme Committee chaired by Darryn Kerr – Director of Estates and Facilities, as the Senior Responsible Owner and who is accountable to the Trust Board.
- The Trust level risk for the Reconfiguration Programme is on the Board Assurance Framework (BAF) as Principle Risk 7 – Estates: reconfiguration – new estate. The description of this risk is: inability to address the drivers to deliver the Estates Strategy including to reconfigure new and maintain existing critical infrastructure, may result in a failure to achieve a fit for the future and safe estate. The latest BAF is attached as **Appendix 1**.

The highest scoring programme level risks are shown in the table below along with the mitigating actions.

Risk ID	Description	Cause	Mitigation	Score
8	Cost escalation prior to contract award due to external factors	External factors (inflationary, macroeconomic such as market changes or impact of political factors such as Brexit) lead to rising contractual costs, which impact on programme affordability within current capital budget.	Close design control and pro-active costs management. Clear elemental budget definition, target and monitoring throughout the project lifecycle. Value for Money (VFM) paramount and control of the whole required to achieve (Project Cost).	16
28	Lack of decant space impacts on programme	If decant space is not easily available within the Trust, and the space that is identified may require development, refurbishment and FF&E,	The overall programme is reviewed and progressed with the space planning team, significant decant space is identified and planned	16

		the construction programme will be affected.	as a project work stream. A space management group has been established to oversee all space requirements.	
31	There is a risk that post-COVID operational procedures will impact on the efficiency of the workforce resulting from doffing and donning, operational practices and requirements to socially distance leading to clinical objectives and benefit realisation for the programme being compromised.	Not possible to accurately predict when some measures will be reduced in line with a vaccination and roll out programme.	Ensure clinical practices of embedding efficiency gains are finalised where possible, in order that pre COVID inefficiencies do not re-emerge. Ensure these new clinical practices are incorporated into Standard Operating Procedures and model design arising from outputs of design group work.	16

3. A weekly Workstream Leadership Group has been established under the Reconfiguration Programme Committee which functions as an operational group to the programme, one of its functions is to proactively manage risk across the programme.

The risk register is a live document and the risks will be monitored and reviewed on a weekly basis, reporting to the Reconfiguration Programme Committee monthly for onward reporting to the Trust Board. The highest scoring risks will be reported to the as part of the monthly Reconfiguration Programme update report.

Input Sought

The Trust Board is requested to:

1. **Advise** whether this provides assurance to the Trust Board that the strategic risks have been identified and are being managed.

For Reference

This report relates to the following UHL quality and supporting priorities:

1. Quality priorities

Safe, surgery and procedures	[Not applicable]
Safely and timely discharge	[Not applicable]
Improved Cancer pathways	[Not applicable]
Streamlined emergency care	[Not applicable]
Better care pathways	[Not applicable]
Ward accreditation	[Not applicable]

2. Supporting priorities:

People strategy implementation	[Not applicable]
Estate investment and reconfiguration	[Yes]
e-Hospital	[Not applicable]
More embedded research	[Not applicable]
Better corporate services	[Not applicable]
Quality strategy development	[Yes]

3. Equality Impact Assessment and Patient and Public Involvement considerations:

- What was the outcome of your Equality Impact Assessment (EIA)?
Included in PCBC
- Briefly describe the Patient and Public Involvement (PPI) activities undertaken in relation to this report, or confirm that none were required
Formal public consultation due to commence in September
- How did the outcome of the EIA influence your Patient and Public Involvement ?
Full PPI involvement planned throughout the life of the programme
- If an EIA was not carried out, what was the rationale for this decision?

4. Risk and Assurance

Risk Reference:

Does this paper reference a risk event?	Select (X)	Risk Description:
Strategic: Does this link to a Principal Risk on the BAF?	PR 7	Reconfiguration of estate
Organisational: Does this link to an Operational/Corporate Risk on Datix Register		
New Risk identified in paper: What type and description ?		
None		

- Scheduled date for the **next paper** on this topic: As needed.
- Executive Summaries should not exceed **5 sides** [My paper does comply]

2020/21 Board Assurance Framework – (DRAFT – August 2020)

PR Ref :	PR 7	PR Title:	Estates: reconfiguration - new estate								Last Updated:	26/08/20			
Executive lead(s):	Director of Estates & Facilities			Lead Executive Board:		ESB		Lead TB sub-committee:		TB		Strategic Objective		Sustainable reconfiguration	
AC Deep Dive: Overall Assurance		AC Deep Dive Date:	Have all significant high-level drivers to the risk been identified?			Are there appropriate effective controls in place to mitigate the risk?			Is there adequate outcome evidence the risk is being successfully mitigated?			Are there clear plans in place to treat / manage the risk in the long term?			
		TBC													
BAF tracker - month		APR	MAY	JUN (Q1)	JUL	AUG	SEP (Q2)	OCT	NOV	DEC (Q3)	JAN	FEB	MAR (Q4)		
Current rating (L x I)		4 x 4 = 16	4 x 4 = 16	4 x 4 = 16	4 x 4 = 16	4 x 4=16									
Target rating (L x I)				4 x 4 = 16			4 x 4=16			4 x 4 = 16			3 x 4 = 12		
Rationale for score:		Delay not mitigated until all business case processes concluded; and construction complete													
PR Description		Inability to address the drivers to deliver the Estates Strategy including to reconfigure new and maintain existing critical infrastructure, may result in a failure to achieve a fit for the future and safe estate													
Cause(s): Drivers							PR event: If we are unable to address the PR drivers, then it may result in...				Impact: leading to...				
<ul style="list-style-type: none">Failure to deliver the Trust’s site investment and reconfiguration programme within resources - Delays to business case approval or construction could result in inflation increases on prices, reducing available budget to complete the programme.							failure to create and sustain an estate fit for the future				widespread disruption to the continuity of core critical services, poorly coordinated care and experience for patients, reduction in the quality and effectiveness of clinical care, repeated failure to achieve constitutional standards and loss of public confidence in the trust				
Current Likelihood of PR event occurring caused by the drivers described (after controls in place)											Current Impact after controls				
3											4				
Target Likelihood rating of PR event occurring caused by the drivers described											Target Impact after actions				
3											4				
Drivers		Primary controls: What controls/ systems & processes do we already have in place to assist us in managing the risk and reducing the likelihood/ impact of the threat)			Sources of assurance Evidence that the controls/ systems which we are placing reliance on are effective. Internal & External sources of evidence.			Gaps What (a) further action is still needed or (b) controls are not working effectively? (provide details and progress of actions)			key current focus (and dates) Are there further controls possible in order to reduce risk exposure within tolerable range?				
Failure to deliver the Trust’s site investment and reconfiguration programme within resources.		<ul style="list-style-type: none">Pre Consultation Business Case (PCBC) supported by the Regional Assurance panel (on 10th October 2018); by the first National Panel (Oversight Group for Strategic Change and Reconfiguration) in February and final approval process (by Delivery Performance Quality Committees in Common) awaitedPCBC has been reviewed by lawyers to ensure likelihood of judicial review (JR) or referral to secretary of state is minimised (as potentially this could delay programme by 6 – 9 months).			<ul style="list-style-type: none">Robust programme management through Reconfiguration Programme Board with monthly progress reporting to, executive committee and the Trust Board (internal).Appointment of Trust Side professional advisors to provide assurance: PwC on finance and governance; Ryder Levett Bucknell (RLB) on project and cost management; Capsticks on legal			<ol style="list-style-type: none">Strategic governance arrangements to be agreed by Trust Board.PCBC approval at the final national level by Simon Stevens and the committees in common.We need to conclude the assessment of the impact that the Pandemic has had on the reconfiguration			<ol style="list-style-type: none">Governance of programme agreed at executive level, arrangements for Trust board still to be confirmed. Governance below the Trust Board has been reviewed and accepted by ESBThe PCBC is now with the Committees in Common for final national approval (via correspondence); this is expected by the end of August Continue to progress discussions on early drawdown of capital in order to continue resourcing the programme after October.				

2020/21 Board Assurance Framework – (DRAFT – August 2020)

	<ul style="list-style-type: none"> • Commitment from NHSE & NHSI to streamline business case approval process. • Development of robust programme with adequate time allowed for external approval process. • One Outline Business Case for the whole scheme, with separate Full Business Cases for each project aligned to the overall 6 year delivery programme. • Budget aligned to delivery programme with allowance in budget for inflation, optimism bias and contingency. • Cash flow developed to request early draw down of resource for business case development before FBC is approved. • Monthly meetings with DHSC and National NHSI/E colleagues to discuss consultation process and business case approvals to expedite the process; weekly meetings with Regional NHSE/I colleagues • Projects not dependant on consultation will be fast-tracked to commence delivery in 2021. 	<ul style="list-style-type: none"> • issues. • Capsticks have confirmed legitimacy of consultation during COVID pandemic using virtual media 	<p>programme. This may increase scope and therefore cost.</p>	<p>3 Escalation of the impact of delay on inflation and costs of possible scope changes resulting from the need to comply to the digital and sustainability requirements, and impact of COVID. This will be shared once the trust Board has supported the inputs.</p> <p>4 Procurement of design team to commence in September.</p>
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2020/21 Board Assurance Framework – (DRAFT – August 2020)

BAF Scoring process:

❖ Likelihood of Risk Event - score & example descriptors

1	2	3	4	5
Extremely unlikely	Unlikely	Possible	Likely	Almost certain
Extremely unlikely to happen except in very rare circumstances. Less than 1 chance in 1,000 (< 0.1% probability). No gaps in control. Well managed.	Unlikely to happen except in specific circumstances. Between 1 chance in 1,000 & 1 in 100 (0.1 - 1% probability). Some gaps in control; no substantial threats identified.	Likely to happen in a relatively small number of circumstances. Between 1 chance in 100 & 1 in 10 (1-10% probability). Evidence of potential threats with some gaps in control	Likely to happen in many but not the majority of circumstances. Between 1 chance in 10 & 1 in 2 (10 - 50% probability). Evidence of substantial threats with some gaps in control.	More likely to happen than not. Greater than 1 chance in 2 (>50% probability). Evidence of substantial threats with significant gaps in control.

How to assess the likelihood score: The likelihood is a reflection of how likely it is the risk event will occur (with the 'current controls' / 'target actions' in place).

❖ Impact / Consequence score & example descriptors

Risk Sub-type	1	2	3	4	5
	Rare	Minor	Moderate	Major	Extreme
REPUTATION - loss of public confidence / breach of statutory duty / enforcement action - Harm (patient / non-patient - physical/ psychological) - Service disruption	No harm. Minimal reduction in public, commissioner and regulator confidence Minor non-compliance Negligible disruption – service continues without impact	Minor harm – first aid treatment. Minor, short term reduction in public, commissioner and regulator confidence. Single breach of regulatory duty Temporary service restriction (delays) of <1 day	Moderate harm – semi permanent /medical treatment required. Significant, medium term reduction in public, commissioner and regulator confidence. Single breach of regulatory duty with Improvement Notice Temporary disruption to one or more Services (delays) of >1 day	Severe permanent/long-term harm. Widespread reduction in public, commissioner and regulator confidence. Multiple breaches in regulatory duty with subsequent Improvement notices and enforcement action Prolonged disruption to one or more critical services (delays) of >1 week	Fatalities/ permanent harm or irreversible health effects caused by an event. Widespread loss of public, commissioner and regulator confidence. Multiple breaches in regulatory duty with subsequent Special Administration or Suspension of CQC Registration / prosecution Closure of services / hospital

How to assess the consequence score: The impact / consequence is the effect of the risk event if it was to occur.

BAF Scoring Matrix: (L x I)

Likelihood is a reflection of how likely it is the risk event will occur 'x' impact / consequence is the effect of the risk event if it was to occur)

		Impact				
		Rare	Minor	Moderate	Major	Extreme
Likelihood	Extremely unlikely	1	2	3	4	5
	Unlikely	2	4	6	8	10
	Possible	3	6	9	12	15
	Likely	4	8	12	16	20
	Almost certain	5	10	15	20	25

PR Score	PR Rating
1-6	Low
8-12	Moderate
15-20	High
25	Extreme

Audit Committee – Deep Dive outcomes:

G	Satisfactory	A	Partial - generally satisfactory with some improvements required	R	Unsatisfactory
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