

Appendix B ii)
Risk Management
Deep Dive Review: Integrated Strategic Risk Register and Board Assurance Framework

The purpose of this 'deep dive proforma' is to provide the Finance, Service Improvement and Development Committee with a structured approach to providing a deep dive review of each of the risks on the Integrated Strategic Risk Register and the Board Assurance Framework.

Risk ref: 002	Failure to achieve financial sustainability			
Identified in	S06 Strategic Objective: Financial stability and recovery			
	S06.6.1 Failure to achieve financial sustainability			
Risk Analysis				
Underlying Causes	<p>Identified that the risk is to continue to be the failure to achieve financial sustainability.</p> <p>The review identified that:</p> <ul style="list-style-type: none"> • There was a historic position of failing to manage deficits and meeting financial targets which identifies a loss of financial control. • This is linked to the local planning and management with budget holders needing a systematic local governance approach to budget management. • There is a need to build budgetary resilience through clear and coordinated engagement. • This is a need to plan ahead and to be flexible to adapt to unforeseen events such as fire. • There is a need to ensure local efficiency savings are well monitored for financial recovery. • There is a need to build in plans for securing market share. • Identified a need to ensure reduction of financial penalties from not managing the CCGs contract. • The financial position needs to link through to the STP Operational efficiency work. • There is a need to build accountability to ensure understanding of the financial control from the Trust wide perspective through to local delivery. 			
Underlying Impacts	<p>The focus of the risk is managing the impacts for:</p> <ul style="list-style-type: none"> • Long Term Financial Planning (2021 and STP). • 2017/18 Financial Recovery Plan. • 3 Year Financial Recovery Plan. • 2 Year Operational and Financial Plan • Performance Accountability Framework 			
Risk Management				
Risk scores	Probability 5	Severity 4	Rating 20 Red – Very High Risk	Target – proposed to be 12

Changes to scores	The likelihood and the severity of the score remain the same as the previous risk; the focus of the risk is financial Planning, the accountability and engagement for financial recovery.
Key Controls	<p>There is a need to ensure that there is an understanding of the dependencies of other Strategic Risks to the failure to financial sustainability, which includes:</p> <ul style="list-style-type: none"> • The People Strategy • Workforce Planning / Agency Reduction • Performance Improvement • Market Share • Clinical and overall governance • Service Reviews • Information sharing
Mitigation action	<p>Reviewing the mitigation actions identified that there are key compliance and local governance arrangements in place but these need to demonstrate a 'grip and control' on spend, budget management and service line reporting to strengthen the position to secure financial sustainability through the Financial Recovery Plan.</p> <p>There are various activities that are in development, this in itself provides risks with current gaps in financial management support for recovery plans.</p> <p>There is a need to ensure that further support and information is provided to Clinical and Non-Clinical Directorates through engagement for financial planning.</p> <p>Need to provide further support for integrating performance, governance and workforce planning.</p>
Risk Assurance	
First line	There are existing governance arrangements in place, but there is a need to strengthen the Financial reporting and performance accountability frameworks. There is the development of a Financial Recovery Plan, supported by a Financial Turnaround Group to gain financial Grip and Control. These are essential to work towards demonstrating ability to sustain financial spend and delivery services.
Second line	<p>There are reports and the provision of assurance to the Trust Board Committees. There are reports provided for contract assurance.</p> <p>The Financial Recovery Plan and regular financial reports are provided to ET, CEC and CMG, whose responsibility it is to manage local financial management across directorates and provide assurance on performance and to minimise the risk of not sustaining services through lack of financial control.</p>
Third line	<p>There is a need to ensure financial management reporting through to external regulators through contract management and wider STP reporting and NHS I through the Performance Review Meetings and the System Improvement Board.</p> <p>There is a need to provide more evidence of improving financial performance for organisational sustainability.</p>
Gaps in control	There are impacts of the gaps in financial management at directorate levels that impact of local service delivery and ultimately the organisational response to provision of services in line with contracts.

	<p>There is much work in development, which forms part of the mitigation actions, however, this is development but there is a need for pace and grip and control of financial spend now, to protect services for patients.</p> <p>The Financial Recovery Plan affects the whole of the organisation, but its delivery requires each of the directorates to deliver.</p>
Gaps in assurance	There is a need to strengthen local governance and accountability for improving financial management and prevent the failure of meeting the financial sustainability of services.
Completion dates for actions	Completion of the Financial Recovery Plan to October 2017 Board and NHSI submission by 31 st October 2017. The Implementation of 2-17/18 Financial Recovery Plan by 30 th November.
Responsible Executive	Director of Finance
Deep-dive review by	Director of Finance, Head of 2021 Programme
Date of review	22 August 2017