

CORPORATE RISK REGISTER SUMMARY DECEMBER 2020

Risk Ref	Risk (for more detail see individual risk entries)	Risk Owner	Domain	Tolerance Level	Previous Risk Score	Risk Score Dec-20	Trend	Target Risk Score	Risk on page no...
646	Ability to achieve financial sustainability over medium term.	Thomas, Huw	Finance inc. claims	6	3x4=12	4x4=16	↑	2x4=8	<u>3</u>
856	Risk to delivery of the Financial Plan for 2020/21	Thomas, Huw	Statutory duty/inspections	6	4x5=20	2x4=8	↓	2x4=8	<u>6</u>
956	Risk that the Health Board will be breach its Capital Resource Limit in 2020/21	Thomas, Huw	Statutory duty/inspections	8	3x5=15	2x4=8	↓	2x4=8	<u>10</u>

Assurance Key:

3 Lines of Defence (Assurance)		
1st Line	Business Ma	Tends to be detailed
2nd Line	Corporate O	Less detailed but
3rd Line	Independen	Often less detail but truly
Key - Assurance Required		<i>NB</i>
	Detailed review of relevant in	<i>Assurance</i>
	Medium level review	<i>Map will</i>
	Cursory or narrow scope of re	<i>tell you if you have</i>
Key - Control RAG rating		
LOW	Significant concerns ove	
MEDIUM	Some areas of concern o	
HIGH	Controls in place assesse	
INSUFFICIENT	Insufficient information a	

Date Risk Identified:	sep-18	Executive Director Owner:	Thomas, Huw	Date of Review:	nov-20																																				
Strategic Objective:	1. Putting people at the heart of everything we do and 2. Working together to be the best we can be and 3. Striving to deliver and develop excellent services and 4.	Lead Committee:	Finance Committee	Date of Next Review:	des-20																																				
Risk ID:	646	Principal Risk Description:	<p>There is a risk the Health Board not achieving breakeven over the medium term. This is caused by the inability to either:</p> <ol style="list-style-type: none"> 1. Develop a sufficiently robust financial plan which shows an achievable improvement trajectory, 2. Manage the impact of the COVID-19 pandemic within available funding, 3. Manage the impact on the underlying deficit of resulting non-delivery of the recurrent savings requirement, 4. Recover the unmet demand arising as a result of actions taken and the financial implications, especially regarding RTT and Mental Health, or 5. Identify and implement opportunities in such a way that the financial gains are realised and an improvement trajectory is achieved. This could lead to an impact/affect on a significant long term detrimental impact on the Health Board's financial sustainability. 																																						
		Risk Rating:(Likelihood x Impact)	<table border="1"> <tr> <td>Domain:</td> <td>Finance inc. claims</td> </tr> <tr> <td>Inherent Risk Score (L x I):</td> <td>4x4=16</td> </tr> <tr> <td>Current Risk Score (L x I):</td> <td>4x4=16</td> </tr> <tr> <td>Target Risk Score (L x I):</td> <td>2x4=8</td> </tr> <tr> <td>Tolerable Risk:</td> <td>6</td> </tr> </table>			Domain:	Finance inc. claims	Inherent Risk Score (L x I):	4x4=16	Current Risk Score (L x I):	4x4=16	Target Risk Score (L x I):	2x4=8	Tolerable Risk:	6																										
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		Trend:	<table border="1"> <caption>Risk Score Trend Data</caption> <thead> <tr> <th>Month</th> <th>Current Risk Score</th> <th>Target Risk Score</th> <th>Tolerance Level</th> </tr> </thead> <tbody> <tr><td>Jul-19</td><td>12</td><td>8</td><td>6</td></tr> <tr><td>Nov-19</td><td>12</td><td>8</td><td>6</td></tr> <tr><td>Jan-20</td><td>12</td><td>8</td><td>6</td></tr> <tr><td>Feb-20</td><td>12</td><td>8</td><td>6</td></tr> <tr><td>Mar-20</td><td>12</td><td>8</td><td>6</td></tr> <tr><td>Jun-20</td><td>12</td><td>8</td><td>6</td></tr> <tr><td>Sep-20</td><td>12</td><td>8</td><td>6</td></tr> <tr><td>Nov-20</td><td>16</td><td>8</td><td>6</td></tr> </tbody> </table>			Month	Current Risk Score	Target Risk Score	Tolerance Level	Jul-19	12	8	6	Nov-19	12	8	6	Jan-20	12	8	6	Feb-20	12	8	6	Mar-20	12	8	6	Jun-20	12	8	6	Sep-20	12	8	6	Nov-20	16	8	6
Month	Current Risk Score	Target Risk Score	Tolerance Level																																						
Jul-19	12	8	6																																						
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Rationale for CURRENT Risk Score:		Rationale for TARGET Risk Score:																																							
<p>The Health Board has not developed a full long term financial base-case model, which can then be used to assess the impact of A Healthier Mid and West Wales and other medium term changes. The Health Board's underlying deficit also requires further work to fully explore and understand the opportunities for improvement which can be realised over the medium term. The forecast financial impact of COVID-19 on the underlying position is currently informed by modelling intelligence due to the fluid nature of the pandemic and the multitude of unknown variables inherent in such a situation. Furthermore, the funding from Welsh Government in response to the pandemic in FY21 has been confirmed on a non-recurrent basis; the recurrent funding position remains uncertain.</p>		<p>Achieving financial balance on a three-year rolling basis is a statutory requirement for the Board, and a clear requirement from the Board and Welsh Government.</p> <p>Given the challenge in delivering the financial position in FY21 and the implications of this in the medium term, it is unlikely that the Health Board will achieve a risk which is in line with the tolerable risk for the year. Consequently, the target risk score exceeds the tolerable risk at this point. This is not an acceptable position, and further work is ongoing to manage this risk.</p>																																							
Key CONTROLS Currently in Place: (The existing controls and processes in place to manage the risk)		Gaps in CONTROLS																																							
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		Further action necessary to address the controls gaps																																							

<p>Understanding the underlying deficit. A pre-COVID-19 assessment has been completed, which will need to be reviewed in light of the impact of the pandemic.</p> <p>Very high level base-case long term financial model.</p>	<p>Actions in response to external review of underlying deficit calculation largely superseded by necessary shift in focus in response to COVID-19.</p> <p>Assessment of impact of COVID-19 on underlying deficit not yet undertaken.</p> <p>Assessment not subject to planning scrutiny.</p>	<p>Action Plan to be reviewed and re-prioritised to pursue those supportive of the response to COVID-19.</p>	<p>Thomas, Huw</p>	<p>31/07/2020 31/10/2020 31/01/2021</p>	<p>Reviews have been undertaken, however operational and clinical focus continues to be on service management and prioritisation of patient care. The Q3&4 Operational Plan submitted to WG in mid October focused on addressing patient care. This included looking at embedding new ways of working that have been necessary to meet the pandemic challenge.</p>
	<p>Development of the Opportunities Framework, Savings Framework and Value for Money Framework.</p> <p>Early development of three-year Financial Plan.</p>	<p>Assessment refreshed to quantify likely impact of COVID-19 on the underlying deficit, focusing on both the adverse impact such as non-delivery of recurrent savings, and the opportunities arising due to service changes in response to COVID-19.</p>	<p>Thomas, Huw</p>	<p>30/09/2020 31/01/2021</p>	<p>Early assessments are being conducted as part of the forecasting process, however the fluidity of the situation as the pandemic evolves provides limited information as a basis at this time. The position is kept under review but remains too volatile to make a definitive assessment at this time.</p>
		<p>Refine the Frameworks and embed these into the monthly reporting and Committee cycles as appropriate.</p>	<p>Thomas, Huw</p>	<p>Completed</p>	<p>Existing Frameworks have been refined and are now embedded into the reporting and Committee cycles.</p>
		<p>Early iterations of the three-year Financial Plan for discussion at Finance Committee.</p>	<p>Thomas, Huw</p>	<p>30/09/2020 31/01/2021</p>	<p>A Principles Paper and timetable have been completed and shared with the Finance Delivery Unit (FDU). The FDU feedback has been reflected. Alignment of the operational planning and financial planning cycles is underway with a Planning Steering Group established. The focus will be on 2021/2022, with the Health Board looking to sign post actions for years 2 and 3. A monthly reporting cycle is in place to the Finance Committee.</p>

ASSURANCE MAP			
Performance Indicators	Sources of ASSURANCE	Type of Assurance	Required Assurance
		(1st, 2nd, 3rd)	Current Level
Operational agreement to underlying deficit	Reporting to Finance Committee .	1st	

Control RAG Rating (what the assurance is telling you about your controls)	Latest Papers (Committee & date)	Gaps in ASSURANCES			
		Identified Gaps in Assurance:	How are the Gaps in ASSURANCE will be addressed Further action necessary to address the gaps	By Who	By When
	N/A	None			

Date Risk Identified:	apr-20		Executive Director Owner:	Thomas, Huw		Date of Review:	nov-20	
Strategic Objective:	6. Sustainable use of resources		Lead Committee:	Finance Committee		Date of Next Review:	jan-21	
Risk ID:	856	Principal Risk Description:	<p>There is a risk to the delivery of the Health Board's Financial Plan for 2020/21 of a £25m deficit. This is caused by 1. Costs of addressing our local COVID-19 needs may exceed funding available from UHB, Regional and WG sources.</p> <p>2. Unidentified savings schemes included in the Financial Plan are also at risk of non-delivery due to both the operational focus being diverted to respond to COVID-19 and where identified schemes are not supportive of the response needed (e.g. bed closures). This could lead to an impact/affect on the Health Board's deficit position, reduction in stakeholder confidence and increased scrutiny from WG.</p>			<p>Risk Rating:(Likelihood x Impact)</p> <p>Domain: Statutory duty/inspections</p> <p>Inherent Risk Score (L x I): 4x5=20</p> <p>Current Risk Score (L x I): 2x4=8</p> <p>Target Risk Score (L x I): 2x4=8</p> <p>Tolerable Risk: 6</p>		
Does this risk link to any Directorate (operational) risks?		Yes		Trend:				
Rationale for CURRENT Risk Score:			Rationale for TARGET Risk Score:					
<p>The additional costs incurred in Months 1-7 2020/21 in response to the pandemic were significant and current demand modelling and corresponding forecast would suggest a continuation and potential acceleration of these costs over the Winter months. However, in Month 6, Welsh Government confirmed non-recurrent funding to support the financial impact of the pandemic in addition to the cost reductions driven by lower patient activity. The net impact of the funding and cost reductions mean that the Health Board is currently forecasting to deliver a planned deficit of £25m.</p> <p>However, the financial forecast is dependent on assurances provided by a range of teams across the Health Board and across the RPB on the drivers of spend. There is a risk that these assurances do not reflect future expenditure profiles and that the financial outturn differs from our current forecast.</p>			<p>The Health Board needs to demonstrate that it is able to manage its financial position effectively, cognisant of the risks which are inherent in the delivery of safe and timely care.</p> <p>As the demand modelling matures, informed by actual activity in the Health Board or in other Health Boards in Wales, the level of risk may be considered to be reduced, however current indications are that the pandemic will continue for the remainder of the financial year. As further assurance is provided by partner organisations and further clarity from Welsh Government as to funding arrangements, the risk may be reduced.</p> <p>Given the challenge in delivering the financial position this year, it is unlikely that the Health Board will achieve a risk which is in line with the tolerable risk for the year. Consequently, the target risk score exceeds the tolerable risk at this point. This is not an acceptable position, and further work is ongoing to manage this risk.</p>					
Key CONTROLS Currently in Place: (The existing controls and processes in place to manage the risk)			Gaps in CONTROLS					
			Identified Gaps in Controls : (Where one or more of the key controls on which the organisation is relying is	How and when the Gap in control be addressed	By Who	By When	Progress	
<p>1. Modelling of anticipated patient flows, and the resultant workforce, equipment and operational requirements is managed through Gold command.</p> <p>2. Financial forecasting is an embedded monthly cycle, fully engaging budget holders through the Finance Business Partners. COVID-19 forecasting is now fully aligned to Directorates, where the accountability structure is better managed. System Engagement Meetings are held monthly for the higher risk Directorates.</p>			<p>The costs of addressing the Health Board's local needs may exceed available funding.</p> <p>Identification and assessment of sustainable opportunities arising from cost reductions due to</p>	<p>Alignment of strategic response to current demand modelling indicators between Welsh Government, Gold Command and operational teams.</p>	<p>Carruthers, Andrew</p>	<p>Completed</p>	<p>A Q2 Operational Plan has been submitted to Welsh Government in July 2020, followed by the a Q3/4 Operational Plan in October 2020 as agreed by Gold Command. The Board approved the Plans at the July and October 2020 meetings respectively.</p> <p>A six month review meeting with</p>	

3. Timely financial reporting to Directorates, Finance Committee, Board and Welsh Government on local costs incurred as a result of COVID-19, and cost reductions arising from changes in activity levels; this informs central and local scrutiny, feedback and decision-making.

4. Oversight arrangements in place at Board level and through the command structure.

5. Exploration of a number of funding streams being explored, including: Local Health Board funding arrangements; Funding arrangements through the Regional Partnership Board and Local Authority partners. Funding from Welsh Government's own sources or from HM Treasury via Welsh Government.

6. Opportunities Framework, refreshed to identify alternative ways of working in response to COVID-19 that may result in cost reductions/formal savings schemes identified.

changes in activity levels or other service changes in response to COVID-19.

<p>Clarity as to what current escalation measures can be safely and appropriately de-escalated/decommissioned and which ceased/deferred services/activities can be recommenced.</p>	<p>Carruthers, Andrew</p>	<p>30/06/2020 31/10/2020 31/03/2021</p>	<p>A Q2 Operational Plan has been submitted to Welsh Government in July 2020, followed by the a Q3/4 Operational Plan in October 2020 as agreed by Gold Command. The Board approved the Plans at the July and October 2020 meetings respectively.</p> <p>The local demand modelling continues to be updated frequently and the prevalence of COVID-19 will continue to be a fluid situation which will directly influence the Health Board's ability to safely deliver those services deemed non-essential in Welsh Government guidance.</p>
<p>Refine Finance structure following review of effectiveness and efficiencies of function following OCP.</p>	<p>Spratt, Andrew</p>	<p>Completed</p>	<p>Final transitional arrangements are now complete to transfer and process improve workstreams from Business Partnering to Process Improvement, and to create a distinct Management Accounting function with clear remit. Consultation complete and departmental structure changes communicated to Finance staff and relevant Service Leads - handover process pilots and final transition complete.</p>
<p>Accountability statements in relation to Budget 2020/21 replaced with a Delegations and Finance Delivery letter, in light of the COVID-19 pandemic.</p>	<p>Thomas, Huw</p>	<p>Completed</p>	<p>Letters issued May 2020, clarifying continuation of existing financial control principles and the importance of existing governance processes and frameworks. Also stating the significance of decision making in response to, and the accurate recording of the financial impact of, COVID-19.</p>

					Feedback/clarity from Welsh Government as to levels of additional revenue and capital funding available.	Thomas, Huw	01/07/2020 31/10/2020 31/03/2021	In Month 6 Welsh Government confirmed a significant level of funding in response to the impact of the pandemic, partly to match specific types of costs such as Field Hospital set up and partly based on a capitation basis. The situation will remain fluid for the remainder of the financial year, dependent upon Welsh Government guidance and operational variation that has a financial impact.
					Further scrutiny is required of the assurances provided by a range of teams across the Health Board and across the RPB on drivers of expenditure forecast for the remainder of the financial year.	Thomas, Huw	31/12/2020	A schedule of the expenditure items with a forecast profile in excess of the YTD trend has been compiled and initial assurances provided from the relevant accountable officer. Each item will require further scrutiny and will be reported to the Finance Committee.

ASSURANCE MAP				Control RAG Rating (what the assurance is telling you about your controls)	Latest Papers (Committee & date)	Gaps in ASSURANCES				
Performance Indicators	Sources of ASSURANCE	Type of Assurance (1st, 2nd, 3rd)	Required Assurance Current Level			Identified Gaps in Assurance:	How are the Gaps in ASSURANCE will be addressed Further action necessary to address the gaps	By Who	By When	Progress
Performance against planned response to COVID-19 In-month financial monitoring	Performance against plan monitored through Engagement meeting with	1st			* Month 6 Finance Report - Finance Committee and Board October 2020 * COVID-19	None				
	Executive Performance Reviews	2nd								
	Finance Committee oversight of current performance	2nd								
	Transformation & Financial Report to Board & PPPAC	2nd								

WG scrutiny through revised monthly Monitoring Returns (specific COVID-19 template) and through Finance Delivery Unit	3rd			19
WAO Structured Assessment 2020	3rd			Reporting Principles Paper - Finance Committee May 2020

Date Risk Identified:	aug-20		Executive Director Owner:	Thomas, Huw		Date of Review:	des-20				
Strategic Objective:	6. Sustainable use of resources		Lead Committee:	Finance Committee		Date of Next Review:	feb-21				
Risk ID:	956	Principal Risk Description:	<p>There is a risk that based on the current capital funding issued to date from Welsh Government for COVID-19 that the Health Board may spend in excess of the capital resource it has available and will be unable to deliver all capital schemes required to mitigate the impact of COVID 19. This is caused by funding to date a)has been based on items delivered to sites and not for expenditure committed b)does not cover the potential cost of our response to the social distancing legislation c)does not cover the potential cost of the mitigating action required to ensure appropriate segregation of COVID and non-COVID patients in our services d)not cover additional costs of other estates adaptations or additional equipment that may be required as part of the Health Board's response to COVID-19. This could lead to an impact/affect on the Health Board breaching its statutory financial duty to breakeven against its Capital Resource Limit for 2020/21 by £0.841m on expenditure already committed. The risk around COVID-19 schemes not yet committed deliverable in 2020/21 is now addressed. Further schemes which have direct effect on the Health Board's ability to effectively deal with COVID-19 and respond to the pandemic will be prioritised along with all other schemes going forward.</p>			<p>Risk Rating:(Likelihood x Impact)</p> <p>Domain: Statutory duty/inspections</p> <p>Inherent Risk Score (L x I): 4x5=20</p> <p>Current Risk Score (L x I): 2x4=8</p> <p>Target Risk Score (L x I): 2x4=8</p> <p>Tolerable Risk: 8</p>			<p>The graph plots risk scores over time from Sep-20 to Dec-20. The Y-axis represents the risk score from 0 to 25. The X-axis shows the months Sep-20, Nov-20, and Dec-20. A red line represents the 'Current Risk Score', which starts at 20 in Sep-20, drops to 15 in Nov-20, and then drops to 8 in Dec-20. A blue line represents the 'Target Risk Score', which remains constant at 8. A dashed black line represents the 'Tolerance Level', which is also constant at 8.</p>		
Does this risk link to any Directorate (operational) risks?			Trend:								
Rationale for CURRENT Risk Score:			Rationale for TARGET Risk Score:								
<p>The scale of the pandemic and the likely impact on the Health Board is evolving. The financial impact on capital in the first quarter of 2020/21 was significant and the current feasibility work being on schemes to deal with COVID -19 issues on ongoing basis would suggest that the Health Board's capital funding streams is insufficient. Detailed work undertaken with the Operational Teams has enabled the prioritised set of COVID-19 schemes deliverable by 31st March 2021 to be agreed and progressed.</p>			<p>The Health Board needs to demonstrate that it is able to manage its capital position effectively, cognisant of the risks which are inherent in the delivery of safe and timely care. Given the challenge in delivering the capital position this year, the Health Board will achieve a risk which is in line with the tolerable risk for the year. Effective prioritisation will aim to reduce the impact of this risk on statutory and clinical schemes.</p>								
Key CONTROLS Currently in Place: (The existing controls and processes in place to manage the risk)			Gaps in CONTROLS								
			Identified Gaps in Controls : (Where one or more of the key controls on which the organisation is relying is	How and when the Gap in control be addressed	By Who	By When	Progress				
1. Modelling the anticipated impact of feasibility schemes being developed and the impact on equipment and operational requirements through Bronze Acute and Estates Groups to ensure full knowledge of prioritised schemes.			The costs of addressing the Health Board's local needs may exceed available funding.	Working with Welsh Government to review and identify and mitigate the Financial Risk	Thomas, Huw	Completed	Clarification was received in Nov20 around the additional capital available to HB's and the ability to retain the proceeds on the sale of properties.				
2. Prioritisation and expenditure commitment are managed and			Co-ordination of approval								

approved through Gold command. 3. Timely financial reporting to Finance Committee, Board and Welsh Government on local costs incurred as a result of Covid-19 to inform central and local scrutiny, feedback and decision-making. 4. Monthly reporting to the Finance Committee regarding the Capital Risk.				process to progress projects.		Gold Command to approve prioritised list. Gold Command to approve any further changes to the prioritised list. No commitment to schemes without an agreed funding source.		Thomas, Huw	Completed	Report was presented to Gold Command in Nov20. And an agreement on the COVID priority schemes to be progressed in 2020/21 made. Scheme to be funded from the discretionary capital programme. Also agreed that the prioritisation of COVID and non-COVID schemes going forward be made through the normal capital planning processes.	
ASSURANCE MAP				Control RAG Rating (what the assurance is telling you about your controls)	Latest Papers (Committee & date)	Gaps in ASSURANCES					
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Performance against the Capital Resource Limit	Performance against plan monitored through Capital Monitoring Group with key	1st	Blue	Yellow	Monthly Reports to Finance Committee on capital reporting the COVID risk	None					
	Operational prioritisation through Bronze Group using the operational risk and	1st	Blue								
	Performance Reports through to Capital, Estates and IM&T Sub-Committee	2nd	Pink								
	Finance Committee oversight of current performance	2nd	Pink								
	Capital Report to People, Planning and Performance Assurance Committee	2nd	Pink								
	WG scrutiny through monthly monitoring and COVID capital returns	3rd	Blue								