

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	22 December 2020
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Corporate Risk Report
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Charlotte Beare, Head of Assurance and Risk

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Er Sicrwydd/For Assurance

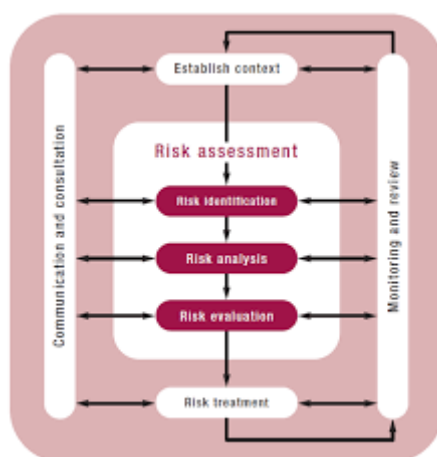
### ADRODDIAD SCAA SBAR REPORT

#### Sefyllfa / Situation

The Finance Committee is asked to request assurance from the identified Executive Director that the corporate risks in the attached report, at Appendix 1, are being managed effectively.

#### Cefndir / Background

Effective risk management requires a 'monitoring and review' structure to be in place to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place.



(Risk Management Process, ISO 31000)

The Board's Committees are responsible for the monitoring and scrutiny of corporate-level risks within their remit. As such, they are responsible for:

- Seeking assurance on the management of principal risks included in the Board Assurance Framework (BAF)/ Corporate Risk Register (CRR) and providing assurance to the Board that risks are being managed effectively, reporting areas of significant concern - for example, where risk appetite is exceeded, lack of action etc;

- Reviewing principal and operational risks over tolerance and, where appropriate, recommending the 'acceptance' of risks that cannot be brought within Hywel Dda University Health Board's (HDdUHB's) risk appetite/ tolerance to the Board through the Committee Update Report;
- Providing annual reports to Audit and Risk Assurance Committee (ARAC) on the effectiveness of the risk management process and management of risks within their remit;
- Identifying through discussions any new/ emerging risks, and ensuring these are assessed by management;
- Signposting any risks outside their remit to the appropriate HDdUHB Committee;
- Using risk registers to inform meeting agendas.

The Executive Team has agreed the content of the CRR. These risks have been identified via a top-down and bottom-up approach.

Each risk on the CRR has been mapped to a Board-level Committee to ensure that they (risks) are being managed appropriately, taking into account gaps, planned actions and agreed tolerances, and to provide assurance regarding the management of these risks to the Board through Committee Update Reports.

The Board has delegated a proportion of its role in scrutinising assurances to its Committees in order to make the most appropriate and efficient use of expertise. Therefore, Committees should also ensure that assurance reports relating to principal risks are received and scrutinised, and an assessment made as to the level of assurance they provide. The reports should take into account the validity and reliability of each assurance in terms of source, timeliness and methodology. Robust scrutiny by its Committees will enable the Board to place greater reliance on assurances, and will provide the Board with greater confidence in the likelihood of achieving strategic objectives, as well as ensuring a sound basis for decision-making. It is the role of Committees to provide challenge where missing or inadequate assurances are identified, and escalate any gaps to the Board.

### Asesiad / Assessment

The Finance Committee Terms of Reference state that it will:

- 5.3 Seek assurance on the management of principal risks within the BAF and CRR allocated to the Committee (financial risks), and provide assurance to the Board that risks are being managed effectively and report any areas of significant concern e.g. where risk appetite is exceeded, lack of timely action.
- 5.4 Recommend acceptance of risks that cannot be brought within the Health Board's (HB) risk appetite/ tolerance to the Board through the Committee Update Report.

There are 3 risks assigned to the Committee from the 30 currently identified on the CRR (attached at Appendix 1). The Executive Team are currently developing strategic objectives.

Each of these risks has been entered onto a '*risk on a page*' template, which includes information relating to the strategic objective, controls, assurances, performance indicators, and action plans to address any gaps in controls and assurances.

### **Changes since Previous Report**

Total Number of Risks	3	See Note 1
New risks	0	
Increase in risk score ↑	1	
No change in risk score →	0	See Note 1
Reduction in risk score ↓	2	
De-escalated/ Closed	0	

**Note 1 – Increase/ Decrease in Current Risk Score**

Since the previous report to Finance Committee in September 2020, the following changes have been made to the current risk score of the corporate risks listed below:

Risk Reference & Title	Previous Risk Report Jun-20 (Lxl)	Risk Score Jun-20 (Lxl)	Date of Review	Update
646 - Ability to achieve financial sustainability over medium term	3x4=12	4x4=16 ↑	11/11/20	The HB has not developed a full long-term financial base-case model, which can then be used to assess the impact of <i>A Healthier Mid and West Wales</i> and other medium-term changes. The HB'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 (WG) in response to the pandemic in FY21 has been confirmed on a non-recurrent basis; the recurrent funding position remains uncertain.
856 - Risk to delivery of the Financial Plan for 2020/21	4x5=20	2x4=8 ↓	11/11/20	The additional costs incurred in Months 1-7 2020/21 in response to the pandemic were significant and current demand modelling and corresponding forecasting would suggest a continuation and potential acceleration of these costs over the Winter

				<p>months. However, in Month 6, WG 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 HB 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 HB and across the Regional Partnership Board 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 the current forecast.</p>
956 - Risk that the Health Board will breach its Capital Resource Limit in 2020/21	3x5=15	2x4=8 ↓	10/12/20	<p>The scale of the pandemic and the likely impact on the HB 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 an ongoing basis would suggest that the HB's capital funding streams are insufficient. Detailed work undertaken with Operational Teams has enabled the prioritised set of COVID-19 schemes deliverable by 31st March 2021 to be agreed and progressed.</p>

The Committee is asked not to devolve its responsibility for seeking assurances on corporate risks; however, it can reassign risks to another Board level Committee if it is agreed that it fits better within their remit.

#### Argymhelliad / Recommendation

The Committee is asked to seek assurance that:

- All identified controls are in place and working effectively;
- All planned actions will be implemented within stated timescales and will reduce the risk further and/ or mitigate the impact, if the risk materialises;
- The Committee is requested to challenge where assurances are inadequate.

This in turn will enable the Committee to provide the necessary assurance to the Board, through its Committee Update Report, that HDdUHB is managing these risks effectively.

<b>Amcanion: (rhaid cwblhau) Objectives: (must be completed)</b>	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	Contained within the report
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Contained within the report
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Not Applicable

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Underpinning risk on the Datix Risk Module from across HDdUHB's services reviewed by risk leads/owners
Rhestr Termâu: Glossary of Terms:	Not Applicable
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Not Applicable

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	No direct impacts from report, however impacts of each risk are outlined in risk description.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	No direct impacts from report, however impacts of each risk are outlined in risk description.
<b>Gweithlu: Workforce:</b>	No direct impacts from report, however impacts of each risk are outlined in risk description.

<b>Risg: Risk:</b>	No direct impacts from report, however organisations are expected to have effective risk management systems in place.
<b>Cyfreithiol: Legal:</b>	No direct impacts from report, however proactive risk management including learning from incidents and events contributes towards reducing/eliminating recurrence of risk materialising and mitigates against any possible legal claim with a financial impact.
<b>Enw Da: Reputational:</b>	Poor management of risks can lead to loss of stakeholder confidence. Organisations are expected to have effective risk management systems in place and take steps to reduce/mitigate risks.
<b>Gyfrinachedd: Privacy:</b>	No direct impacts from report, however impacts of each risk are outlined in risk description.
<b>Cydraddoldeb: Equality:</b>	Has EqIA screening been undertaken? No Has a full EqIA been undertaken? No