

CORPORATE RISK REGISTER SUMMARY SEPTEMBER 2020

Risk Ref	Risk (for more detail see individual risk entries)	Included on BAF	Risk Owner	Domain	Tolerance Level	Previous Risk Score	Risk Score Sep-20	Trend	Target Risk Score	Risk on page no...
856	Risk to delivery of the Financial Plan for 2020/21	HB objectives to be confirmed.	Thomas, Huw	Statutory duty/inspections	6	4×5=20	4×5=20	→	2×4=8	<u>3</u>
956	Risk that the Health Board will be breach its Capital Resource Limit in 2020/21		Thomas, Huw	Statutory duty/inspections	8	New	3×5=15	New risk	2×4=8	<u>7</u>
646	Ability to achieve financial sustainability over medium term.		Thomas, Huw	Finance inc. claims	6	3×4=12	3×4=12	→	2×3=6	<u>10</u>

Assurance Key:

3 Lines of Defence (Assurance)		
1st Line	Business Management	Tends to be detailed assurance but lack independence
2nd Line	Corporate Oversight	Less detailed but slightly more independent
3rd Line	Independent Assurance	Often less detail but truly independent

3
7
10

Key - Assurance Required		<i>NB Assurance Map will tell you if you have sufficient sources of assurance not what those sources are telling you</i>
	Detailed review of relevant information	
	Medium level review	
	Cursory or narrow scope of review	

Key - Control RAG rating	
LOW	Significant concerns over the adequacy/effectiveness of the controls in place in proportion to the risks
MEDIUM	Some areas of concern over the adequacy/effectiveness of the controls in place in proportion to the risks
HIGH	Controls in place assessed as adequate/effective and in proportion to the risk
INSUFFICIENT	Insufficient information at present to judge the adequacy/effectiveness of the controls

Date Risk Identified:	Apr-20
Strategic Objective:	Health Board objectives 20/21 to be confirmed.

Executive Director Owner:	Thomas, Huw	Date of Review:	Sep-20
Lead Committee:	Finance Committee	Date of Next Review:	Oct-20

Risk ID:	856	Principal Risk Description:	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. 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.
Does this risk link to any Directorate (operational) risks?			Yes

Risk Rating:(Likelihood x Impact)		
Domain:	Statutory duty/inspections	
Inherent Risk Score (L x I):	4x5=20	
Current Risk Score (L x I):	4x5=20	
Target Risk Score (L x I):	2x4=8	
Tolerable Risk:	6	
Trend:		↔

Rationale for CURRENT Risk Score:
The scale of the pandemic and the likely impact on the Health Board is as yet unknown, however the financial impact in Month 12 2019/20 and Months 1-5 2020/21 was significant and current demand modelling and corresponding forecast would suggest that the Health Board's existing revenue and capital funding streams would be insufficient.

Rationale for TARGET Risk Score:
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.
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 clarity is provided by partner organisations and Welsh Government as to funding arrangements, the risk of unfunded activity may be reduced.
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.

Key CONTROLS Currently in Place: (The existing controls and processes in place to manage the risk)
<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>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.</p> <p>4. Oversight arrangements in place at Board level and through the command structure.</p> <p>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.</p> <p>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.</p>

Gaps in CONTROLS				
Identified Gaps in Controls : (Where one or more of the key controls on which the organisation is relying is not effective, or we do not have evidence that the controls are	How and when the Gap in control be addressed Further action necessary to address the controls gaps	By Who	By When	Progress
<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 changes in activity levels or other service changes in response to COVID-19.</p>	<p>Alignment of strategic response to current demand modelling indicators between Welsh Government, Gold Command and operational teams.</p>	Carruthers, Andrew	30/06/2020 31/10/2020	A Q2 Operational Plan has been submitted to Welsh Government in July 2020, as agreed by Gold Command (Q3&4 combined Plan due Oct 2020). The Board approved the Plan at the July 2020 meeting following the submission deadline. Feedback from WG following the Q2 submission indicated that the basis of assumptions should move from a 'worst case' scenario to a 'realistic' scenario, which will be factored in to the Q3&4 submission.
	<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>	Carruthers, Andrew	30/06/2020 31/10/2020	A Q2 Operational Plan has been submitted to Welsh Government in July 2020, as agreed by Gold Command (Q3&4 combined Plan due Oct 2020). The Board approved the Plan at the July 2020 meeting following the submission deadline. Feedback from WG following the Q2 submission indicated that the basis of assumptions should move from a 'worst case' scenario to a 'realistic' scenario, which will be factored in to the Q3&4 submission.

Refine Finance structure following review of effectiveness and efficiencies of function following OCP.	Spratt, Andrew	03/08/2020 30/09/2020	Final transitional arrangements in progress to transfer and process improve workstreams from Business Partnering to Process Improvement, and to create distinct Management Accounting function with clear remit. Consultation complete and departmental structure changes communicated to Finance staff and relevant Service Leads - handover process pilots complete with final transition to be completed over coming weeks.
Accountability statements in relation to Budget 2020/21 replaced with a Delegations and Finance Delivery letter, in light of the COVID-19 pandemic.	Thomas, Huw	Completed	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.
Feedback/clarity from Welsh Government as to levels of additional revenue and capital funding available.	Thomas, Huw	01/07/2020 31/10/2020	Initial guidance, at a high level, has been received from Welsh Government. A level of WG funding has been provided in June 2020 for Quarter 1 Pay, Field Hospital and Primary Care costs incurred. Further clarifications are anticipated following the Month 5 reporting cycle. Current indications are that funding may be allocated on a principles basis (e.g. population) rather than on a costs incurred basis.

ASSURANCE MAP			
Performance Indicators	Sources of ASSURANCE	Type of Assurance	Required Assurance
		(1st, 2nd, 3rd)	Current Level
Performance against planned response to COVID-19 In-month financial monitoring	Performance against plan monitored through Engagement meeting with Services	1st	Blue
	Executive Performance Reviews	2nd	Blue
	Finance Committee oversight of current performance	2nd	Blue
	Transformation & Financial Report to Board & PPPAC	2nd	Pink
	WG scrutiny through revised monthly Monitoring Returns (specific COVID-19 template) and through Finance Delivery Unit	3rd	Blue
	WAO Structured Assessment 2020	3rd	Pink

Control RAG Rating (what the assurance is telling you about your controls)
Yellow

Latest Papers (Committee & date)
* Month 5 Finance Report - Finance Committee and Board September 2020 * COVID-19 Reporting Principles Paper - Finance Committee May 2020

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	Progress
None				

Date Risk Identified:	Aug-20
Strategic Objective:	Health Board objectives 20/21 to be confirmed.

Executive Director Owner:	Thomas, Huw	Date of Review:	Sep-20
Lead Committee:	Finance Committee	Date of Next Review:	Oct-20

Risk ID:	956	Principal Risk Description:	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. This is caused by funding to date a)has been based on items delivered to sites and not for expenditure committed b)funding to date 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 o 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 £3.931m on expenditure already committed, and on COVID-19 schemes not yet committed of £12.469m which would have a direct effect on the Health Board's ability to effectively deal with COVID-19 and respond to the pandemic.
Does this risk link to any Directorate (operational) risks?			

Risk Rating:(Likelihood x Impact)		No trend information available.
Domain:	Statutory duty/inspections	
Inherent Risk Score (L x I):	4x5=20	
Current Risk Score (L x I):	3x5=15	
Target Risk Score (L x I):	2x4=8	
Tolerable Risk:	8	
Trend:		<i>New risk</i>

Rationale for CURRENT Risk Score:
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.

Rationale for TARGET Risk Score:
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.

Key CONTROLS Currently in Place: (The existing controls and processes in place to manage the risk)
<p>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.</p> <p>2. Prioritisation and expenditure commitment are managed and approved through Gold command.</p> <p>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.</p> <p>4. Monthly reporting to the Finance Committee regarding the Capital Risk.</p>

Gaps in CONTROLS				
Identified Gaps in Controls : (Where one or more of the key controls on which the organisation is relying is not effective, or we do not have evidence that the controls are	How and when the Gap in control be addressed Further action necessary to address the controls gaps	By Who	By When	Progress
The costs of addressing the Health Board's local needs may exceed available funding. Co-ordination of approval process to progress projects.	Working with Welsh Government to review and identify and mitigate the Financial Risk	Thomas, Huw	30/09/2020	Further clarification is expected in September2020 around the potential availability of additional capital.
	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	30/09/2020	Report to be prepared for consideration at Gold Command in September 2020.

ASSURANCE MAP			
Performance Indicators	Sources of ASSURANCE	Type of Assurance	Required Assurance
		(1st, 2nd, 3rd)	Current Level
Performance against the Capital Resource Limit	Performance against plan monitored through Capital Monitoring Group with key internal stakeholders	1st	
	Operational prioritisation through Bronze Group using the operational risk and benefit matrix	1st	
	Performance Reports through to Capital, Estates and IM&T Sub-Committee	2nd	
	Finance Committee oversight of current performance	2nd	

Control RAG Rating (what the assurance is telling you about your controls)


Latest Papers (Committee & date)
Monthly Reports to Finance Committee on capital reporting the COVID risk

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	Progress
None				

Capital Report to People, Planning and Performance Assurance Committee (2nd line,	2nd		
WG scrutiny through monthly monitoring and COVID capital returns	3rd		

Date Risk Identified:	Sep-18
Strategic Objective:	Health Board objectives 20/21 to be confirmed.

Executive Director Owner:	Thomas, Huw	Date of Review:	Sep-20
Lead Committee:	Finance Committee	Date of Next Review:	Oct-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. <p>This could lead to an impact/affect on a significant long term detrimental impact on the Health Board's financial sustainability.</p>
Does this risk link to any Directorate (operational) risks?			Corporate risk

Risk Rating:(Likelihood x Impact)	
Domain:	Finance inc. claims
Inherent Risk Score (L x I):	4x4=16
Current Risk Score (L x I):	3x4=12
Target Risk Score (L x I):	2x3=6
Tolerable Risk:	6
Trend:	

— Current Risk Score

— Target Risk Score

- - - Tolerance Level

Rationale for CURRENT Risk Score:

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 limited modelling intelligence due to the early stages of the pandemic and the multitude of unknown variables inherent in such a situation.

Rationale for TARGET Risk Score:

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.

Key CONTROLS Currently in Place: (The existing controls and processes in place to manage the risk)
<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>

Gaps in CONTROLS				
Identified Gaps in Controls : (Where one or more of the key controls on which the organisation is relying is not effective, or we do not have evidence that the controls are	How and when the Gap in control be addressed Further action necessary to address the controls gaps	By Who	By When	Progress
<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>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</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 will re-prioritise formalising schemes as appropriate.</p>
<p>Assessment not subject to planning scrutiny.</p> <p>Development of the Opportunities Framework, Savings Framework and Value for Money Framework.</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</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.</p>
<p>Early development of three-year Financial Plan.</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</p>	<p>A Principles Paper and timetable have been completed and will be shared with the Finance Delivery Unit (FDU) for feedback in September 2020. Alignment of the operational planning and financial planning cycles is underway. A monthly reporting cycle is in place to the Finance Committee.</p>

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
Operational agreement to underlying deficit assessment. Welsh Government accepting of impact of COVID-19 on underlying deficit. Plan in place to develop a long term financial plan. High level financial assessment of A Healthier Mid and West Wales in place.	Reporting to Finance Committee .	1st			N/A	None				