PWYLLGOR ADNODDAU CYNALIADWY
SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: **DATE OF MEETING:**	23 August 2021
TEITL YR ADRODDIAD: **TITLE OF REPORT:**	Corporate Risk Report
CYFARWYDDWR ARWEINIOL: **LEAD DIRECTOR:**	Huw Thomas, Director of Finance
SWYDDOG ADRODD: **REPORTING OFFICER:**	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 Sustainable Resources 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.
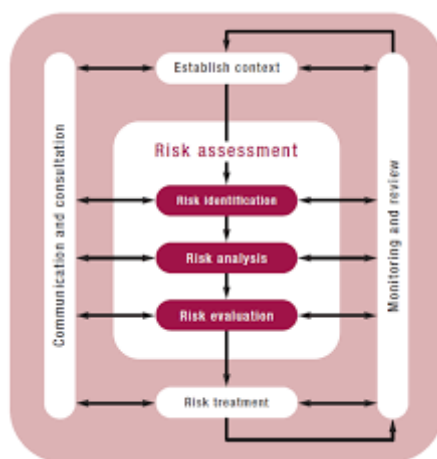
(Risk Management Process, ISO 31000)

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 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, in addition to ensuring a sound basis for decision-making. It is the role of Committees to provide challenge where missing or inadequate assurances are identified and to escalate any gaps in assurance to the Board.

Asesiad / Assessment

The Sustainable Resources Committee Terms of Reference state that it will:

2.7   Seek assurance on the management of principal risks within the Board Assurance Framework (BAF) and Corporate Risk Register (CRR) allocated to the Committee and provide assurance to the Board that risks are being managed effectively and report any areas of significant concern e.g. where risk tolerance is exceeded, lack of timely action.

2.8   Recommend acceptance of risks that cannot be brought within the UHBs risk appetite/tolerance to the Board through the Committee Update Report.

2.9   Receive assurance through Sub-Committee Update Reports and other management/task & finish group reports that risks relating to their areas are being effectively managed across the whole of the Health Board's activities (including for hosted services and through partnerships and Joint Committees as appropriate).

There are 2 risks assigned to the Committee from the 15 risks currently identified on the CRR. The Executive Team is developing principal risks to its strategic objectives, which will be included on the BAF and will be reported to the Board from September 2021.

These risk 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	2	
New risks	1	*See Note 1*
De-escalated/Closed	1	*See Note 2*
Increase in risk score ↑	0	
No change in risk score →	1	*See Note 3*
Reduction in risk score ↓	0	

The 'heat map' below includes the risks currently aligned to the Sustainable Resources Committee.

HYWEL DDA RISK HEAT MAP

IMPACT ↓	RARE 1	UNLIKELY 2	POSSIBLE 3	LIKELY 4	ALMOST CERTAIN 5
			LIKELIHOOD →		
CATASTROPHIC 5					
MAJOR 4			451 1163 (NEW)		
MODERATE 3					
MINOR 2					
NEGLIGIBLE 1					

Note 1 – New Risks
Since the previous report to the Committee in June 2021, 1 new risk has been added to the CRR:

Risk	Lead Director	Close/De-escalated	Date	Reason
Risk 1163 – Risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25.0m deficit	Director of Finance	New	07/07/21	This risk replaces the previous corporate risk (856) relating to the delivery of the Financial Plan 2020/21. This new risk reflects the risk to deliver the new financial plan in 2021/22.

Note 2 - De-escalated/Closed Risks

Since the previous report to the Committee in June 2021, the following corporate risk has been closed/de-escalated:

Risk	Lead Director	Close/De-escalated	Date	Reason
646 - Ability to achieve financial sustainability over medium term	Director of Finance	Closed	04/08/2021	The Executive Team agreed to close this as a principal risk has been assessed in respect of the achieving financial sustainability and will be presented to the Board in September 2021.

Note 3 – No change in Current Risk Score

Following the introduction of the new Committee structure in August 2021, corporate risk 451 has been realigned to the Sustainable Resources Committee. There has been no change to the current risk score of this risk since it was previously reported to the now dis-established Planning, People and Performance Assurance Committee (PPPAC) in June 2021:

Risk Reference & Title	Previous Risk Report Mar-21 (Lxl)	Risk Score Jun-21 (Lxl)	Date of Review	Update
451 - Cyber Security Breach	3x4=12	3x4=12	07/06/21	There are daily threats to systems, which are managed by NHS Wales Informatics Service (NWIS) and the Health Board. Current patching levels within the UHB is on average 94% for desktop/laptops and 91% for the server infrastructure (May 2021). The patching levels fluctuate during the month depending on the number of updates released by the third party vendor. Alongside these fluctuations is a lack of capacity to undertake this continuous work at the pace required. Impact score is 4 as a cyber-attack has the potential to severely disrupt service provision across all sites for a significant amount of time. However, the processes and controls implemented have reduced the likelihood due to the improvements in patching.

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 Sustainable Resources Committee is requested to:

- Seek assurance that all identified controls are in place and working effectively;
- Seek assurance that all planned actions will be implemented within stated timescales and will reduce the risk further and/ or mitigate the impact, if the risk materialises;
- Challenge where assurances are inadequate.

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

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
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: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Underpinning risk on the Datix Risk Module from across HDdUHB's services reviewed by risk leads/ owners
Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the main body of the report.

Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Not Applicable

Effaith: (rhaid cwblhau) **Impact: (must be completed)**	
Ariannol / Gwerth am Arian: **Financial / Service:**	No direct impacts from report, however, impacts of each risk are outlined in risk description.
Ansawdd / Gofal Claf: **Quality / Patient Care:**	No direct impacts from report, however, impacts of each risk are outlined in risk description.
Gweithlu: **Workforce:**	No direct impacts from report, however, impacts of each risk are outlined in risk description.
Risg: **Risk:**	No direct impacts from report, however organisations are expected to have effective risk management systems in place.
Cyfreithiol: **Legal:**	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.
Enw Da: **Reputational:**	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.
Gyfrinachedd: **Privacy:**	No direct impacts from report, however, impacts of each risk are outlined in risk description.
Cydraddoldeb: **Equality:**	Has EqIA screening been undertaken? No Has a full EqIA been undertaken? No

Risk Ref	Risk (for more detail see individual risk entries)	Risk Owner	Domain	Tolerance Level	Previous Risk Score	Risk Score Aug-21	Trend	Target Risk Score	Risk on page no...
451	Cyber Security Breach	Thomas, Huw	Service/Business interruption/disruption	6	3×4=12	3×4=12	→	3×4=12 Accepted	
1163	Risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25.0m deficit	Thomas, Huw	Statutory duty/inspections	6	New	3×4=12	N/A	2×4=8	

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		*NB*
	Detailed review of relevant in	*Assurance*
	Medium level review	*Map will*
	Cursory or narrow scope of re	*tell you if* *you have*

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:	May-17			Executive Director Owner:		Thomas, Huw	Date of Review:	Jun-21
Strategic Objective:	N/A - Operational Risk			Lead Committee:		Sustainable Resources Committee	Date of Next Review:	Aug-21

Risk ID:	451	Principal Risk Description:	There is a risk the Health Board experiencing a cyber security breach. This is caused by a lack of defined patch management policy, lack of management on non-ICT managed equipment on network, end of life equipment no longer receiving security patching from the software vendor, lack of software tools to identify software vulnerabilities and staff awareness of cyber threats/entry points. This could lead to an impact/affect on a disruption in service to our users cause by the flooding of our networks of virus traffic, loss of access to data caused by virus activity and damage to server operating systems.

Risk Rating:(Likelihood x Impact)

Domain:	Service/Business interruption/disruption
Inherent Risk Score (L x I):	5×4=20
Current Risk Score (L x I):	3×4=12
Target Risk Score (L x I):	3×4=12
30/05/2019 - Board 'Accept' Target Risk	
Tolerable Risk:	6

Chart legend: Current Risk Score, Target Risk Score, Tolerance Level. X-axis: May-, Aug-19, Dec-19, Feb-20, May-, Jul-20, Nov-20, Feb-21, Jun-21. Y-axis: 0, 5, 10, 15, 20, 25.

Does this risk link to any Directorate (operational) risks?	451, 356	Trend:	⟷

Rationale for CURRENT Risk Score:	Rationale for TARGET Risk Score:
There are daily threats to systems which are managed by NWIS and UHB. Current patching levels within the UHB of is on average 94% for desktop/laptops and 91% for the server infrastructure (May 2021). The patching levels fluctuate during the month depending on the number of updates released by the 3rd party vendor. Alongside the fluctuations there is lack of capacity to undertake this continuous work at the pace required. Impact score is 4 as a cyber-attack has the potential to severely disrupt service provision across all sites for a significant amount of time, however the processes and controls in place have reduced the likelihood due to the improvements in patching.	Increased patching levels will help to reduce to impact of disruption from a cyber threat. However this work is continuous and is dependent on obtaining the appropriate level of resources to undertake the patching anti-virus work at pace. The target risk score of 12 reflects the wider risk to other applications not Microsoft. The Board have accepted that there is an inherent cyber risk to the organisation, and have therefore accepted that the risk cannot be reduced lower than 12.

Key CONTROLS Currently in Place:		Gaps in CONTROLS			
(The existing controls and processes in place to manage the risk)	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 Further action necessary to address the controls gaps	By Who	By When	Progress
Controls have been identified as part of the national Cyber Security Task & Finish Group. Continued rollout of the patches supplied by third party companies, such as Microsoft, Citrix, etc. £1.4m national investment in national software to improve robustness of NWIS. Further Task and Finish Group established to review the future patching arrangements within NHS Wales - this will lead future work locally to implement recommendations. Capital funding has been made available by WG in 2018/19 to improve	Lack of comprehensive patching across all systems used in UHB. Lack of staffing capacity to undertake continuous patching at pace. Lack of dedicated maintenance windows for updating critical clinical systems.	Work with system owners to arrange suitable system down-time or disruption.	Solloway, Paul	Ongoing	Patching policies have been created however little progress has been made due to lack of resources. Service catalogue creation is progressing well and this will be amalgamated with Information Asset Owners group to agree down-time for the key local systems. However patching KPI's will not be met until sufficient technical resources are in place.

cyber security - this will be used to purchase required software/equipment for penetration testing.

Additional UHB funding.

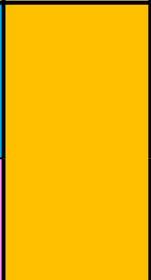| Action	By Who	Status	Notes
Continue to implement the recommendations of the Stratia report	Solloway, Paul	Ongoing	The additional resources will be targeted towards the recommendations
Implement the national products previously purchased (i.e. Security Information Event Management (SIEM)	Solloway, Paul	Ongoing	The additional resources will be targeted towards the recommendations
Hire agency staff until such time that a permanent resource can be appointed.	Tracey, Anthony	Completed	The first round of appointments did not provide suitable candidates so agency staff will be used to provide progression of the recommendations.
Appoint a dedicated cyber resilience resource to take forward the recommendations outlined within the Stratia report, and the recent Audit Wales Report, presented to ARAC.	Tracey, Anthony	Completed	The New Cyber Resource began in May 2021, and is in the process of addressing the Stratia report, and developing a Cyber Resilience Plan. The Digital Team, have also contracted with a third party company to work with us to develop our Cyber Resilience Plan.

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
No of cyber incidents.	Department monitoring of KPIs	1st			External Security Assessment - IGSC - Jul 18	National accreditation.	Progress the attainment of certificates and assurances as outlined by the National	Tracey, Anthony	Ongoing	Regular reports on progress on External assessment to IGSC
Current patching levels in UHB.	IGSC monitoring of cyber security workplan addressing recent internal and external audits/assessments	2nd			Update on WAO IT follow-up - ARAC -					
No of maintenance windows agreed with system owners.	IGSC monitoring of National External Security Assessment	2nd								

Removal of legacy equipment.	Follow-up Information Backup, Disaster Recovery & Business Continuity and Data Quality: Update on Progress	3rd			Oct19				
	NHS Wales External Security Assessment - Assessment Report and Security Improvement Plan for Hywel Dda University Health Board (HDUHB) Oct17	3rd							
	WAO IT risk assessment (part of Structured Assessment 2018	3rd							
	Internal Audit IM&T Security Policy & Procedures Follow-Up - Reasonable Assurance	3rd							
	IM&T Assurance - Follow Up - Reasonable Assurance - May20	3rd							
	Cyber Security (Stratia Report) - Reasonable Assurance - Feb20	3rd							

Date Risk Identified:		Jun-21		Executive Director Owner:		Thomas, Huw	Date of	Jun-21
Strategic Objective:		6. Sustainable use of resources		Lead Committee:		Sustainable Resources Committee	Date of	Aug-21

Risk ID:	1163	Principal Risk Description:	There is a risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25.0m 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	Risk Rating:(Likelihood x Impact)		No trend information	
				Domain:	Statutory duty/inspections		
				Inherent Risk Score (L x I):		4×5=20	
				Current Risk Score (L x I):		3×4=12	
				Target Risk Score (L x I):		2×4=8	
				Tolerable Risk:		6	
Does this risk link to any Directorate (operational) risks?				Trend:		*New*	

Rationale for CURRENT Risk Score:	Rationale for TARGET Risk Score:
Financial planning assumptions have been assessed assuming up to 12 months of COVID-19 prevalence at a level similar to Q3 of 2020/21. Whilst the operational responses and corresponding financial impact of the pandemic during 2020/21 has provided a sound basis for modelling scenarios, it should be acknowledged that the scale and duration of the pandemic and the likely impact on the Health Board is as yet unknown for 2021/22. WG funding streams are partly confirmed, however there will be a reliance on the success of bids for specific funding to support the Health Board's further Elective Recovery Plans, Digital Transformation and enhanced Mental Health service support in response to the pandemic and in the acceleration of the Health Board's Strategy. There is also ongoing WG scrutiny of the opening underlying deficit for 2021/22, and the Health Board has not yet had confirmation from WG that the June submission of the Financial Plan for 2021/22 will be approved.	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 actual activity in the Health Board manifests, the level of risk may be considered to be reduced, however the impact of the mass vaccination programme and risk of new variants is as yet unknown. As further 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)	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 Further action necessary to address the controls gaps	By Who	By When	Progress
1. Modelling of anticipated patient flows, and the resultant workforce, equipment and operational requirements is managed through operational teams.

2. Financial modelling and forecasting is co-ordinated on a regular basis.

3. Timely financial reporting to Directorates, 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. Oversight arrangements in place at Board level and through the Executive Team structure | The costs of addressing the Health Board's local needs may exceed available funding. This is in relation to the direct response to COVID-19, the continuation of essential services and delivery of the Recovery Plan.

Identification and | Alignment of strategic response to current demand modelling indicators between Welsh Government, Gold Command and operational teams. | Carruthers, Andrew | 30/06/2021 | A refreshed Annual Plan will be submitted to Welsh Government in June 2021, as required by WG. The Board will be asked to approve the Plan at the June 2021 meeting. The dataset required includes activity, workforce and |

Executive Team 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 and Roadmap to Financial Sustainability, refreshed to identify alternative ways of working in response to COVID-19 that may result in cost reductions/formal savings schemes identified.

7. Accountability statements in relation to the Opening Directorate Budgets underpinning the draft interim Financial Plan for 2021/22 were issued to all budget holders in April 2021. The letters clarify that it is expected that all budget holders manage their services within their allocated budgetary envelope; that it is incumbent on all to ensure that expenditure, including the operational response to COVID-19, represents best value; and, that there is the expectation that these operational needs can be clearly demonstrated and that additional costs will reduce as and when decision making through the command structure allows.

8. Performance against plan monitored through System Engagement Meetings with Services, including Performance, Quality and Financial information. To be improved through Improving Together.

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.	Feedback/clarity from WG as to levels of additional revenue and capital funding available	Thomas, Huw	07/01/2021	A level of Sustainability Funding for 21/22 has been confirmed by WG, with a further tranche to be assumed but not confirmed. Guidance has been received from WG to assume funding in respect of the programme responses to the pandemic such as the MVP, TTP, adult social care provider support, enhanced cleaning standards and PPE. Further clarifications are anticipated following the
	Implementation of the Digital Strategy	Tracey, Anthony	31/03/2022	Please refer to the Digital Strategy for required Actions and specific
	Implementation of Improving Together.	Thomas, Huw	31/07/2021	To replace current System Engagement meetings with formalised

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	Performance against plan monitored through System Engagement Meetings with Services	1st			Mth 12 Finance Report - Finance Committee April 2021	None				
In-month financial monitoring	Sustainable Resources Committee (SRC) oversight of current performance	2nd								

Transformation & Financial Report to Board & SRC	2nd		
WG scrutiny through monthly Monitoring Returns	3rd		
WG scrutiny through revised monthly Monitoring Returns (specific COVID-19 template) and through Finance Delivery Unit	3rd		
Audit Wales Structured Assessment 2021	3rd		