

**PWYLLGOR ADNODDAU CYNALIADWY
SUSTAINABLE RESOURCES COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	17 December 2024
TEITL YR ADRODDIAD: TITLE OF REPORT:	Corporate Risk Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Charlotte Wilmshurst, Assistant Director 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**

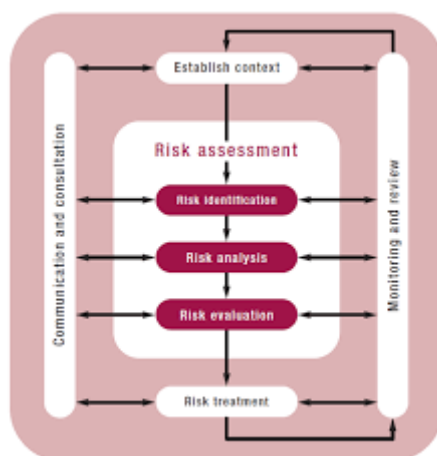
Sefyllfa / Situation

The Sustainable Resources Committee (SRC) is responsible for providing assurance to the Board that risks affecting finance are being identified, assessed and managed effectively.

The Committee is requested to seek assurance from the identified Executive Director that the corporate risks in the attached report 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 corporate risks included in the 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 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.
- 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.

It is therefore essential that the membership of these Committees and Sub-Committees includes appropriate representation from Directorates, and that they are in attendance to provide assurance and to respond to queries.

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 consider 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 (**Appendix 1**).

Asesiad / Assessment

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

2.8 Seek assurance on the management of risks within the Corporate Risk Register (CRR) and Directorate Risk Registers 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.

2.9 Recommend acceptance of risks that cannot be brought within the Health Board's risk appetite/tolerance to the Board through the Committee Update Report.

2.10 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 21 risks currently identified on the CRR. The corporate risks have 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. Details on corporate risks assigned to SRC is included in Appendix 2. Due to the sensitive nature of risk '1352 – Risk of business disruption and delays in patient care due to a cyber-attack', the detail is being reported to in-committee to provide discussion and assurance.

Changes Since Previous Report

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

Note 1 – No change in risk score

Since the previous report, there has been no change in the scores of the following risks:

Risk Reference & Title	Date risk identified	Lead Director	Current risk score	Update	Target Risk Score
1843 - Risk that the cash consequences of the Health Board deficit cannot be covered due to significant deficit position	01/04/24	Director of Finance	5x5=25 (Reviewed 29/10/24)	<p>The annual plan for 2024/25 is unacceptable to the Board and to Welsh Government (WG).</p> <p>The Board have been involved in the discussions and decisions in the development of the plan through our Committees, Board Seminar sessions, and Public Board meetings.</p> <p>The Board, at its meeting on the 28 March 2024 endorsed the annual plan, recognising the forecast financial outturn remains unacceptable and in breach of the Health Board's statutory requirement to achieve financial balance. Without further support, the Health</p>	4x3=12

				<p>Board will require further cash-backed support as the extent of the cash allocation will be insufficient to pay our liabilities as they fall due in February and March 2025.</p> <p>Through our planning process, operational plans to address the recurrent financial savings gap and operational variation have not provided sufficient assurance to mitigate the current financial trajectory. Actual delivery also falls short of submitted plans, adding further assurance concerns. Efforts to de-risk the plan during Q1 have not delivered the required impact, however, these efforts did accelerate during Q2.</p> <p>The latest assessment of the mitigation plan and route map to delivering £64.0m is that £2.3m of the £4.2m identified savings are now delivering. Each action is associated with either an Operational or Corporate Lead as appropriate and these leads are continually assessing what further actions must be implemented in order to meet the required delivery.</p> <p>The Month 6 financial position is a deficit of £5.3m in line with the Annual Plan Deficit of £5.3m – the first month of the financial year that has achieved the planned in-month deficit. The Board Seminar on 11 September were provided with actions which will be taken to</p>	
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				<p>improve the deficit to deliver £64m, and was presented to Board on 26 September 2024 and ratified. Forecast year end position as at October 2024 is £0.2m deficit.</p> <p>A strategic cash request will formally be submitted to WG by 28 November 2024, and should the Health Board receive a positive response, and the financial deficit remains on track to deliver the planned deficit of £64.0m, it is anticipated that this risk may be reduced.</p>	
1352 - Risk of business disruption and delays in patient care due to a cyber attack	27/01/22	Director of Finance	4x4=16 (Reviewed 18/11/24)	<i>Details of this risk provided to SRC In-Committee.</i>	4x3=12

The 'heat map' below includes the risks currently aligned to SRC:

HYWEL DDA RISK HEAT MAP					
	LIKELIHOOD →				
IMPACT ↓	RARE 1	UNLIKELY 2	POSSIBLE 3	LIKELY 4	ALMOST CERTAIN 5
CATASTROPHIC 5					1843 (→)
MAJOR 4				1352 (→)	
MODERATE 3					
MINOR 2					
NEGLIGIBLE 1					

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 onward assurance to the Board, through its Committee Update Report, that the Health Board is managing these risks effectively.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

<p>Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:</p>	<p>2.8 Seek assurance on the management of risks within the Corporate Risk Register (CRR) and Directorate Risk Registers 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.</p> <p>2.9 Recommend acceptance of risks that cannot be brought within the Health Board's risk appetite/tolerance to the Board through the Committee Update Report.</p> <p>2.10 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).</p>
<p>Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:</p>	<p>Contained within the report</p>
<p>Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)</p>	<p>7. All apply</p>
<p>Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)</p>	<p>6. All Apply</p>
<p>Amcanion Strategol y BIP: UHB Strategic Objectives:</p>	<p>All Strategic Objectives are applicable</p>

Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:

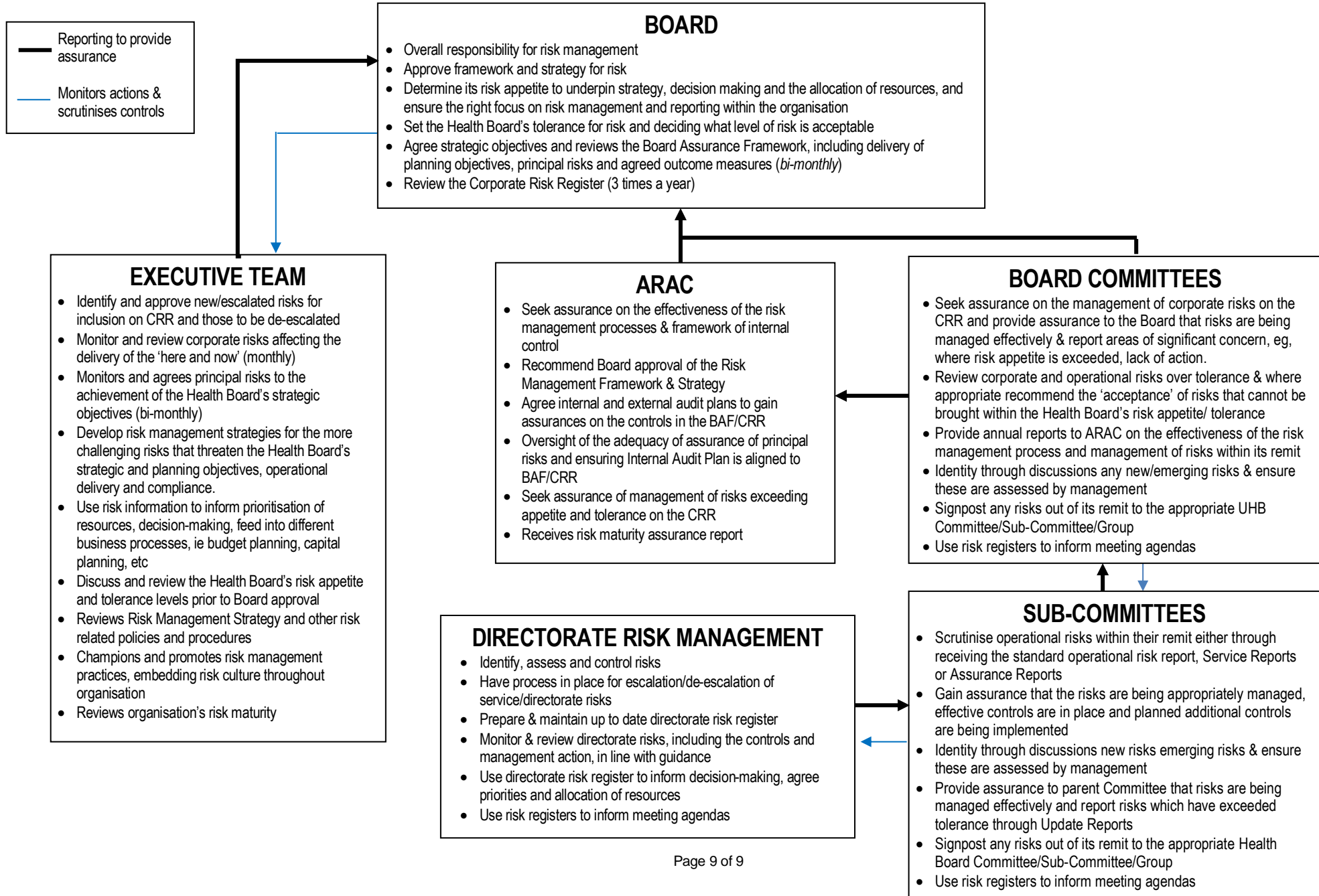
Ar sail tystiolaeth: Evidence Base:	Underpinning risk on the Datix Risk Module from across HDdUHB's services reviewed by risk leads/ owners.
Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the main body of the report.
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau 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




Appendix 1 – Committee Reporting Structure



Risk Ref	Risk (for more detail see individual risk entries)	Risk Owner	Domain	Tolerance Level	Previous Risk Score	Risk Score Oct-24	Trend	Target Risk Score	Risk on page no...
1843	Risk that the cash consequences of the Health Board deficit cannot be covered due to significant deficit position	Thomas, Huw	Finance inc. claims	6	5×5=25	5×5=25	→	3×4=12	3
1352	Risk of business disruption and delays in patient care due to a cyber attack	Thomas, Huw	Statutory duty/inspections	8	4×4=16	4×4=16	→	3×4=12	N/A

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

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	

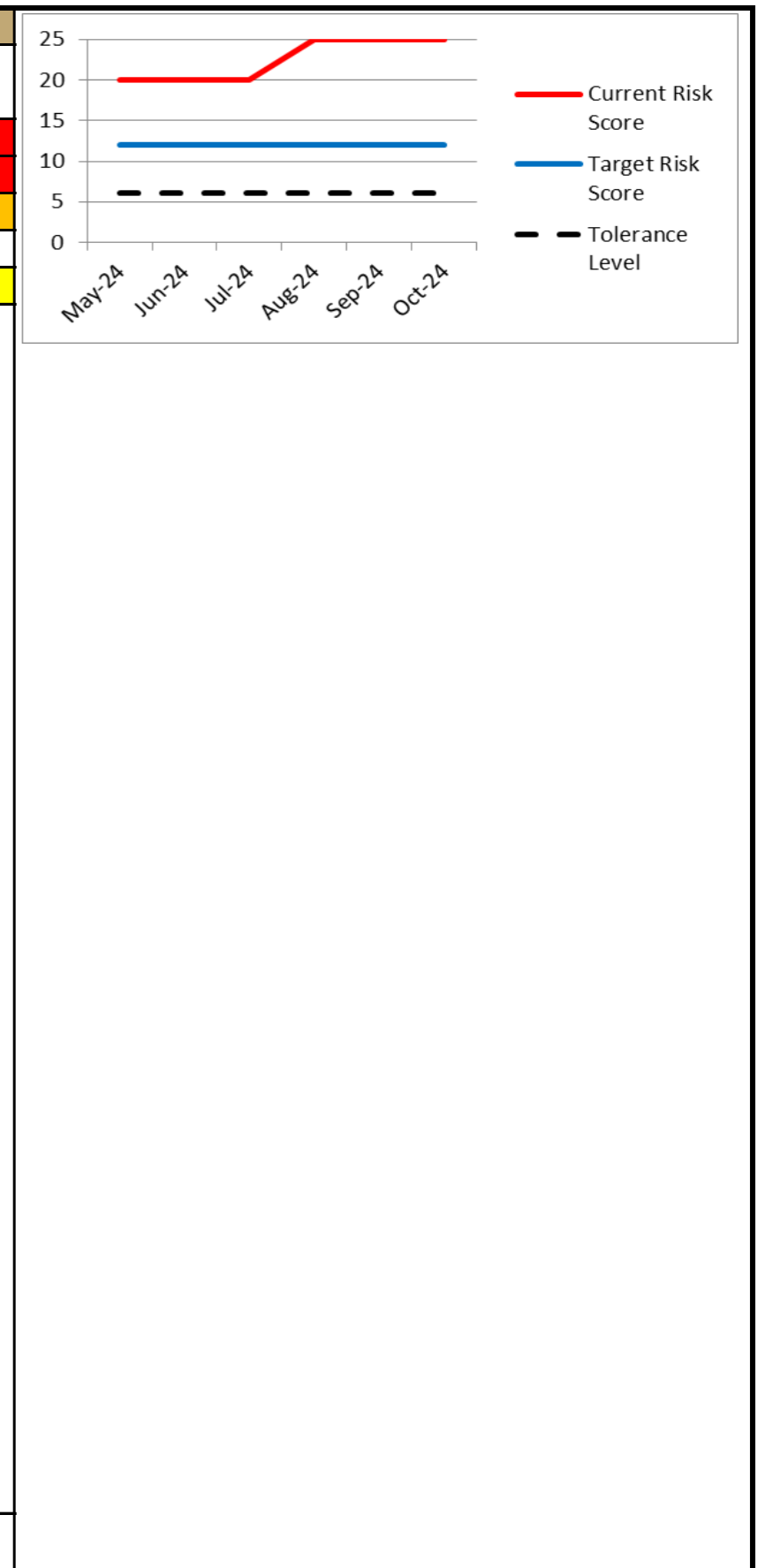
Key - Control RAG rating	
LOW	Significant concerns over the adequacy/effectiveness of the controls in place in proportion to the risks
MEDIUM	Some areas of concern over the adequacy/effectiveness of the controls in place in proportion to the risks
HIGH	Controls in place assessed as adequate/effective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

Date Risk Identified:	Apr-24
Strategic Objective:	6. Sustainable use of resources

Executive Director Owner:	Thomas, Huw	Date of Review:	Oct-24
Lead Committee:	Sustainable Resources Committee	Date of Next Review:	Nov-24

Risk ID:	1843	Principal Risk Description:	<p>There is a risk that neither the Health Board or Welsh Government (WG) are able to fully cover the cash consequences of the Health Board deficit. This follows WG feedback stating that the Health Board deficit is unaffordable and unacceptable. This is caused by the financial plan for 2024/25 setting a £64.0m deficit plan against a WG control total of £44.8m, which is itself a consequence of:</p> <ol style="list-style-type: none"> Continued significant growth in expenditure across our unscheduled care services; Staffing pressures and reliance on locum and agency staff to fill gaps; Continued pressure across services and sites as demand exceeds capacity, compromising patient flow and elective pathways; The embedded impact of recent inflationary pressures on the costs of goods, drugs and services from providers; Capacity and capability amongst budget holders and service leads to adequately engage with the financial agenda. <p>The organisation has de-risked the financial position over the course of the first half of the financial year, with assured actions to deliver a deficit of no more than £64.0m.</p> <p>The recovery of the financial position has been hampered by insufficient assurance over the identification and operational delivery of the required level of savings on a recurrent basis; and by insufficient controls in place on the operational drivers of expenditure, most significantly in the management of beds, rostering controls and drugs expenditure. Given the scale of the deficit, transformational change is required at a pan Health Board level in addition to ensuring there is a robust control environment at a Directorate level. The savings schemes put forward by Directorates to date do not capture the scale of change and financial impact required. This could lead to an impact/affect on</p> <ol style="list-style-type: none"> An inability to meet the Ministerial priority of operating within our budget; An inability to develop an approvable Integrated Medium Term Plan; A likely impact that the Health Board has insufficient cash available to make payments to suppliers in February and March 2025; A likely impact on the delivery of WG performance measures and consequential impact on patients having to wait longer for care or treatment; A potential impact that the Health Board will be escalated further from Targeted Intervention to Special Measures.
Does this risk link to any Directorate (operational) risks?			

Risk Rating:(Likelihood x Impact)	
Domain:	Finance inc. claims
Inherent Risk Score (L x I):	5x5=25
Current Risk Score (L x I):	5x5=25
Target Risk Score (L x I):	3x4=12
Tolerable Risk:	6
Trend:	



Rationale for CURRENT Risk Score:
<p>The annual plan for 2024/25 is unacceptable to the Board and to Welsh Government.</p> <p>The Board have been involved in the discussions and decisions in the development of the plan through our Committees, Board Seminar sessions, and Public Board meetings.</p> <p>The Board, at its meeting on the 28 March 2024 endorsed the annual plan, recognising the forecast financial outturn remains unacceptable and in breach of the Health Board's statutory requirement to achieve financial balance. Without further support, the Health Board will require further cash-backed support as the extent of the cash allocation will be insufficient to pay our liabilities as they fall due in February and March 2025.</p> <p>Through our planning process, operational plans to address the recurrent financial savings gap and operational variation have not provided sufficient assurance to mitigate the current financial trajectory. Actual delivery also falls short of submitted plans, adding further assurance concerns. Efforts to de-risk the plan during Q1 have not delivered the required impact, however, these efforts did accelerate during Q2.</p> <p>The latest assessment of the mitigation plan and route map to delivering £64.0m is that £2.3m of the £4.2m identified savings are now delivering. Each action is associated with either an Operational or Corporate Lead as appropriate and these leads are continually assessing what further actions must be implemented in order to meet the required delivery.</p> <p>The Month 6 financial position is a deficit of £5.3m in line with the Annual Plan Deficit of £5.3m - the first month of the financial year that has achieved the planned in-month deficit. The Board Seminar on 11 September were provided with actions which will be taken to improve the deficit to deliver £64m, and was presented to Board on 26 September 2024 and ratified. Forecast year end position as at October 2024 is £0.2m deficit. A strategic cash request will formally be made submitted to Welsh Government by 28th November 2024, and should the health board receive a positive response, and the financial deficit remains on track to deliver the planned deficit of £64.0m, it could be anticipated that this risk may be reduced.</p>

Rationale for TARGET Risk Score:
<p>Given the historic challenges relating to operational controls of the drivers of our expenditure, and the operational delivery of savings schemes; it is unlikely that the risk tolerance or target will be achieved in year. Further work is needed to provide assurance that this risk target is achievable over the medium term.</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 not effective, or we do not have evidence that the controls are working)	How and when the Gap in control be addressed	By Who	By When	Progress
<p>1. Timely financial reporting to Directorates, Sustainable Resources Committee, Board and Welsh Government on the finances to inform central and local scrutiny, feedback and decision-making.</p> <p>2. Oversight arrangements in place at Board level and through the Executive Team structure, including through:</p> <p>a. Value & Sustainability group</p> <p>b. Integrated Quality, Finance, Performance and Delivery (IQFPD) Group</p> <p>c. The Executive Team Escalation framework.</p> <p>3. Exploration of a number of funding streams, including: Local Health Board funding arrangements; Funding arrangements through the Regional Partnership Board and Local Authority partners. Funding from WG's own sources or from HM Treasury via WG.</p> <p>4. Opportunities Framework refreshed with the expectation that identified areas of waste will present deliverable cost reductions/formal savings schemes. Linked to Planning Objectives workplan, which will be shaped by the Health Board's strategy, "A Healthier Mid and West Wales", and align to the design assumptions set out in that. These have been translated into a series of '100 day cycles' which are due to reach fruition by the end of Q2, and further action taken during August 2024 within operational teams. These are being translated into revised savings plans.</p> <p>5. Accountability agreements in relation to the Opening Directorate Budgets issued to the Executive Team in April 2024.</p> <p>6. Delivery of our Planning Objectives and the subsequent financial benefits.</p>	<p>The control of the operational drivers of financial risk has been a significant historic gap in control. This has included:</p> <ol style="list-style-type: none"> 1. The effective management of rostering; 2. The effective management of beds; 3. Effective contract management arrangements; 4. Oversight arrangements over commissioned services; 5. A consistent rate card for Medical and AHP; 6. Operational accountability arrangements. <p>The delivery of savings plans through the effective and timely oversight of projects and the resulting corrective actions and decisions required.</p>	<p>The implementation of a rostering system across medical staff, and the extension of rostering to other staff groups.</p>	Hill, Carly	30/09/2024 31/10/2024	<p>The latest assessment of the mitigation plan and route map to delivering £64.0m is that £2.3m of the £4.2m identified savings are now delivering. Each action is associated with either an Operational or Corporate Lead as appropriate and these leads are continually assessing what further actions must be implemented in order to meet the required delivery. Two key areas which remain outstanding relate to Variable Pay and Digitisation of Records.</p>
		Operational adoption of the Welsh Patient Administration System (WPAS) Bed Module and its incorporation into daily site management meetings.	Carruthers, Andrew	31/10/2024	Progress to be provided at next risk review
		Implementation of new oversight arrangements across commissioned services.	Davies, Lee	30/09/2024 31/12/2024	As of August 2024, terms of reference are currently being drafted.
		Informed by intelligence within the organisation, including the Compendium of Variation, a recovery plan has been framed by the Finance Department as part of efforts to de-risk the original Annual Plan. This has resulted in the development of 100 day cycles which will conclude in September 2024.	Ayres, Shaun	Completed	<p>100 day cycles through the summer months to review and assess the opportunities presented e.g. Bed configuration and Critical care, with a view to realising the delivery of plans within the 100 day period, to enable financial improvement in last 6 months of 24/25 and recurrently.</p> <p>This action was presented at the Board seminar on 11th September.</p>
		Financial Savings and Choice workshops undertaken across Operational Teams in August to facilitate more robust planning between interdependent services.	Jones, Keith	Completed	Aim of framing priority schemes to close the £10.7m saving gap based on Q1 results.

	The cash management strategy will be updated and presented to the SRC for reassessment in October alongside a formal reassessment of the financial trajectory for the year to fully understand the scale of the cash risk which may be experienced.	Davies, Rhian	30/11/2024	A paper has been drafted for presentation at Sustainable Resources In-Committee in October 2024, the outcomes of which will inform the next steps for this action.
	The plans presented at Board Seminar on 11 September, and following approval and due process, are operationalised through our savings tracker. This needs to be completed during September to inform the forecast reassessment for Month 6 in early October 2024.	Thomas, Huw	30/11/2024	The latest assessment of the mitigation plan and route map to delivering £64.0m is that £2.3m of the £4.2m identified savings are now delivering. Each action is associated with either an Operational or Corporate Lead as appropriate and these leads are continually assessing what further actions must be implemented in order to meet the required delivery. Two key areas which remain outstanding relate to Variable Pay and Digitisation of Records.
	Agreement and universal implementation of one consistent medical/AHP rate card spanning all locations and all services to align the rates of pay paid to staff irrelevant of specific circumstances.	Hill, Carly	31/03/2025	LMC negotiations underway
	Finalise and implement a substantive operational management structure via the ongoing COO OCP, ensuring all audit recommendations are completed and accountability structures are consistently deployed.	Carruthers, Andrew	31/03/2025	Appointments made into the senior tier, further cascades now being undertaken with support from Workforce and Corporate Governance.

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 operational plans and targets through Performance KPIs In-month financial monitoring	Performance against plan monitored through Improving Together Meetings.	1st			Mth 1 - Paper to May 2024 Board	None				
	Value and Sustainability Group	2nd			Mth 2 - Paper to SRC June 2024					
	Sustainable Resources Committee oversight of current performance	2nd			Mth 3 - Paper to Board July 2024					
	Transformation & Financial Report to Board & SRC	2nd			Mth 4 - Paper to SRC August 2024					
	WG scrutiny through monthly monitoring returns	3rd			Mth 5 - Paper to Board September 2024					
	WG scrutiny through revised monthly Monitoring Returns (specific supplementary templates) and through Finance Delivery Unit	3rd			Mth 6 - Paper to SRC October 2024					
	Audit Wales Structured Assessment process	3rd								