

**PWYLLGOR ADNODDAU CYNALIADWY
SUSTAINABLE RESOURCES COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 August 2024
TEITL YR ADRODDIAD: TITLE OF REPORT:	Corporate Risk Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance Andrew Carruthers, Chief Operating Officer
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**

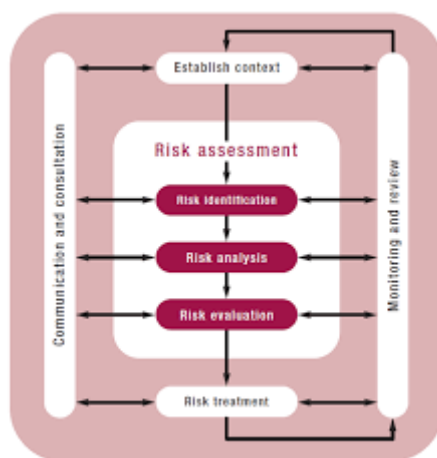
Sefyllfa / Situation

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.

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 SRC 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 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 2 corporate risks assigned to SRC are 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	
New risks	1	See Note 1
De-escalated/Closed	2	See Note 2
Increase in risk score ↑	0	
No change in risk score →	1	See Note 3
Reduction in risk score ↓	0	

Note 1 – New Risks

Since the previous report, one new risk has been added:

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 12/08/24)	<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 Board will require further cash-backed support as the extent of the cash</p>	3x4=12

				<p>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.</p> <p>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, consequently significant further efforts are now required at pace.</p>	
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Note 2 – De-escalated/Closed Risks

Since the previous report, one risk has been closed:

Risk Reference and Title	Date risk identified	Lead Director	Reason for closure
1642 - Risk of Health Board not meeting statutory requirement to break even 23/24 due to significant deficit position	13/04/23	Director of Finance	The risk has now been closed, with new risk 1843 - risk that the cash consequences of the Health Board deficit cannot be covered due to significant deficit position, being approved for the current financial year, as agreed by the Executive Team at its meeting held on 8 May 2024.
1335 - Risk to the ability to access paper patient records in a timely manner due to existing records management infrastructure	05/10/21	Chief Operating Officer	Risk agreed for de-escalation to Directorate level at Executive Team held in August 2024, with this risk focussed on Phase 1 of the three-phased approach to the digitisation of records. Progress has been made in mitigating this potential risk as a result of the lifting of medical record destruction embargoes, along with the acquisition of unit 3 in Dafen, and the dispatch of 400,000 records for external scanning.

Note 3 - No change in risk score

Since the previous report, there has been no change in the score of the following risk:

Risk Reference & Title	Date risk identified	Lead Director	Current risk score	Update	Target Risk Score
1352 - Risk of business disruption and delays in patient care due to a cyber attack	27/01/22	Director of Finance	4x4=16 (Reviewed 10/06/24)	<i>Details of this risk provided to SRC In-Committee.</i>	3x4=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 (NEW)
MAJOR 4				1352 (→)	
MODERATE 3					
MINOR 2					
NEGLIGIBLE 1					

Argymhelliad / Recommendation

SRC 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.

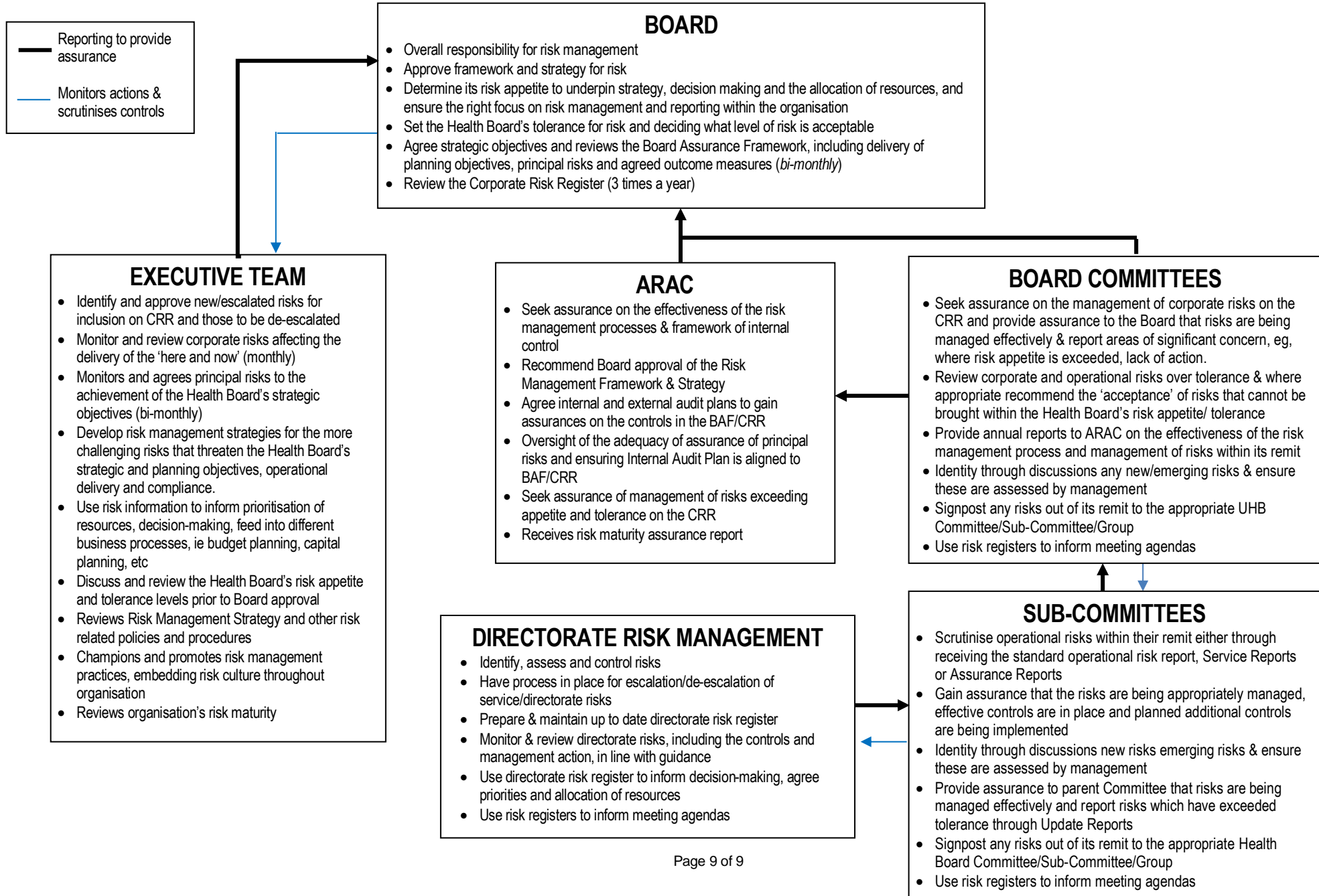
Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	<p>2.7 Seek assurance on the management of principal risks within the Board Assurance Framework (BAF) and Corporate Risk Register (CRR) allocated to the Committee and provide assurance 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.</p> <p>2.8 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>2.9 Receive assurance through Sub-Committee Update Reports and other management/task and 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>
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Contained within the report
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	6. All Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
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

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
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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






CORPORATE RISK REGISTER SUMMARY AUGUST 2024

Risk Ref	Risk (for more detail see individual risk entries)	Risk Owner	Domain	Tolerance Level	Previous Risk Score	Risk Score Aug-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		5x5=25	NEW	3x4=12	13

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	

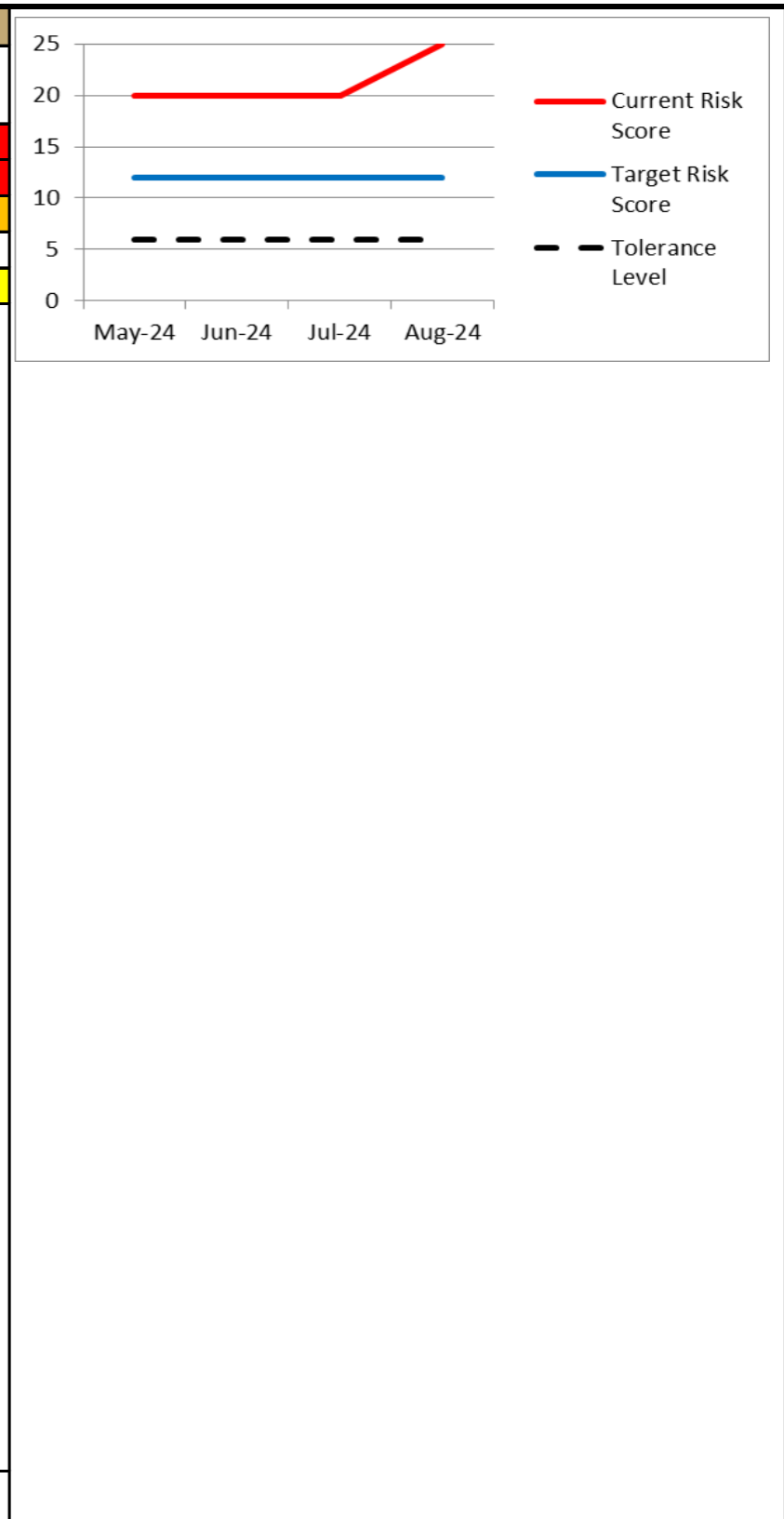
Key - Control RAG rating	
LOW	Significant concerns over the adequacy/effectiveness of the controls in place in proportion to the risks
MEDIUM	Some areas of concern over the adequacy/effectiveness of the controls in place in proportion to the risks
HIGH	Controls in place assessed as adequate/effective 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:	Aug-24
Lead Committee:	Sustainable Resources Committee	Date of Next Review:	Sep-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.</p> <p>This is caused by the financial plan for 2024/25 setting a £64m 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>Despite efforts to de-risk the financial plan in Q1, the plan has not been fully de-risked and as a consequence, the current financial trajectory represents a risk projection of £74m for the year. The recovery of the financial position has been hampered by insufficient assurance over the identification and operational delivery of the required level of savings; 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.</p> <p>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):	4x5=20
Current Risk Score (L x I):	5x5=25
Target Risk Score (L x I):	3x4=12
Tolerable Risk:	6
Trend: NEW	



Rationale for CURRENT Risk Score:

The annual plan for 2024/25 is unacceptable to the Board and to Welsh Government.

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.

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.

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, consequently significant further efforts are now required at pace.

Rationale for TARGET Risk Score:

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.

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

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.

2. Oversight arrangements in place at Board level and through the Executive Team structure, including through:

- a. Value & Sustainability group
- b. Integrated Quality, Finance, Performance and Delivery (IQFPD) Group
- c. The Executive Team Escalation framework.

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.

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.

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>The control of the operational drivers of financial risk has been a significant historic gap in control. This has included:</p> <ul 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. <p>The delivery of savings plans through the effective and timely oversight of projects and the resulting corrective actions and decisions required.</p>	<p>Further action necessary to address the controls gaps</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	<p>23/04/24 - initial meeting to discuss the rostering system implementation.</p> <p>24/04/24 - identification of project management support for roll-out</p> <p>09/05/24 - Resourcing Team to meet Allocate to discuss key stakeholders, pre-requisites for the project and potential kick off dates.</p> <p>16/05/24 - next meeting of project group to identify what work can be undertaking while waiting for the hiring process and the identification of operational team early adopters to launch the rostering system</p> <p>24/05/24 - Rostering JD's for Band 7 & 5 shared with Resourcing Team for consideration of recruitment.</p> <p>05/06/24 - Draft PID circulated to medical rostering group members</p>

5.Accountability agreements in relation to the Opening Directorate Budgets issued to the Executive Team in April 2024.

6.Delivery of our Planning Objectives and the subsequent financial benefits.

			<p>medical rostering group members for comment</p> <p>20/06/24 - sign off of Draft PID and LNC paper</p> <p>24/06/24 - Paper to LNC on the implementation of electronic rostering system.</p> <p>25/06/24 - Identification of Operational leads to join medical rostering group following LNC meeting</p> <p>01/08/24 - LNC agreed the paper for the roll out of an e-rostering system in July 2024. The work has been incorporated into the wider 100-Day plan for Medical Efficiency with an overarching project plan and key milestones to be achieved across 10 day touchpoints.</p> <p>A medical task group has been established and meets weekly to instigate actions. A meeting with allocate has taken place 1/8/24 and a further meeting to agree implementation plans is arranged for 5/8/24. A PID has been signed off by the executive team. A vacancy for a band 7 manager is live on Trac to support the roll-out and administration of the system. A steering group Chaired by the Executive Director for Workforce &</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

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Implementation of a new contract management approach to ensure that services are provided in line with purchasing intentions.	Thomas, Huw	30/09/2024	Following a high-level review of the Health Board's expenditure, we have assessed the procurement of agency nurses and pharmaceutical supplies as suitable categories of expenditure in respect of which to implement a trial run of an AI contract management solution. We are working through the next steps of procuring this service with procurement and are aiming to have started this process in September.
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.

ASSURANCE MAP			
Performance Indicators	Sources of ASSURANCE	Type of Assurance	Required Assurance
		(1st, 2nd, 3rd)	Current Level
Performance against operational plans and targets through Performance KPIs In-month financial monitoring	Performance against plan monitored through Improving Together Meetings.	1st	
	Value and Sustainability Group	2nd	
	Sustainable Resources Committee 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 supplementary templates) and through Finance Delivery Unit	3rd	
	Audit Wales Structured Assessment process	3rd	

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

Latest Papers (Committee & date)
Mth 1 - Paper to May 2024 Board
Mth 2 - Paper to SRC June 2024
Mth 3 - Paper to Board July 2024

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				