

**REPORT TO THE TRUST BOARD IN PUBLIC**  
**25 MARCH 2021**

<b>Title</b>	Audit Committee 13 January 2021 and 9 March 2021 – Chair's Report
<b>Committee Chair</b>	Anit Chandarana, Non-Executive Director and Chair of Audit Committee
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**Purpose of the report**

To bring to the Board's attention key issues and assurances discussed at the Audit Committee meetings held on 13 January 2021 and 9 March 2021.

**Issues to be brought to Board's attention**

**9 March 2021**

The Committee considered a range of items including the Board Assurance Framework (BAF) including a deep dive into financial viability risk, external auditors and internal audit progress reports, draft head of internal audit opinion, internal audit programme, counter fraud progress report and draft annual work plan, annual report and accounts, charitable funds annual report, waivers and the Quality Assurance Committee minutes.

• **Deep Dive: Financial Viability (FV) Risk 7**

Steven Course, Lorraine Sunduza and Sarah Barnett presented the deep dive review of risk 7: *If behavioural and culture changes are not embedded, the new approach to value and financial sustainability may result in resorting to previous methods of delivering efficiency savings.* The Committee:

- Welcomed the approach to link FV into Quality Improvement and financial value which should lead to greater staff engagement.
- Noted that although the cost savings for 2020/21 met only 50% of the target, given the focus on Covid during this time, it exceeded expectations.
- Was assured that although NHS financial targets are aligned to accountable years, the focus of the FV projects and schemes within the Trust are supported to deliver in the medium to long term.
- Noted that the measure of staff involvement and engagement aids accountability and the sector group structure also helps in sharing the burden across regions. Focusing on the core of individual's values, such as the environment, also brings a measure of personal accountability to all.
- Acknowledged that embedding and realising FV is not a speedy process and it is important not to revert to previous methods in the short term.
- Recommended consideration be given to the current risk score to reflect the actions that are being taken to mitigate the risk.

• **Board Assurance Framework:** A summary of the changes to the BAF since January 2021 is attached at appendix 1.

• **Counter Fraud Draft Annual Report:** NHS Counter Fraud Authority have introduced new functional standards with which the Trust must be compliant by end March 2022; however, NHSCFA have acknowledged that there will be a transition period moving from to the new standards and are not expecting Trusts to be compliant in all areas immediately. An assessment of the Trust's position against the new standards will be undertaken in April.

• **Internal Audit**

- Internal Audit Programme 2020-2021: Good progress is being made with the reviews and it is anticipated all will be completed by financial year end.
- Internal Audit Programme 2021- 2022: The draft plan was reviewed and it was agreed that the identified plans would be further considered by the Executives prior to presentation to the Board.

- Draft Head of Internal Audit Opinion: The Trust remains in the second category (positive) out of four which are used for rating. This is consistent with the previous year. Strong opinion that the internal audit resource is used well, focusing on areas that provide the greatest risks to the Trust.
- **Annual Report and Accounts:** The timetable for this year's annual report and accounts has been published. The Trust has requested to follow the 'extended' timeframe with draft accounts being submitted by 11 May and full audited submission of the ARA by 29 June 2021.
- **Charitable Funds Annual Report**  
The Committee received an update on the current work undertaken in the ELFT Charitable Fund Steering Group, including fund balances and details of movements on each account:
  - Focus on consolidating funds in Barts Charity and on the establishment of a new ELFT Charity, including the development of an operating framework.
  - Challenges with obtaining data on the breakdown of each element of the Trust's charitable funds.
  - Ambition to raise additional funds and source income streams.
  - Consideration being given to utilising existing infrastructures to manage the funds as opposed to establishing a separate function, taking account of the establishment and ongoing costs.

### 13 January 2021

The Committee considered a range of items which included the Board Assurance Framework (BAF), deep dive into staff health and wellbeing and workforce recruitment risks (risks 5 and 6), external audit, internal audit progress report and audit plan 2021-2022, counter fraud, cyber security, third party assurance ISAE 3402, waivers, and Quality Assurance Committee minutes. The Committee wished to bring the following items to the Board's attention:

- **Deep Dive: Staff Health and Wellbeing and Workforce**
  - The deep dive review of risks 5 and 6 (*Risk 5 If the Trust does not effectively attract, retain and look after staff wellbeing, there will be an impact on the Trust's ability to deliver the Trust's strategy and Risk 6 If issues affecting staff experience and equalities are not addressed there may be issues around staff morale and engagement*) was presented by Tanya Carter, Director of People and Culture.
  - There has been no slowdown in activities and many have increased.
  - There has been a re-assessment of the People and Culture team's staffing structure, in particular to cover the different roles required to deal with Covid.
  - The reduction in statutory and mandatory training seen in the first wave of Covid has not been repeated.
  - Increased remote working may contribute to a permanent change in working patterns.
  - The Committee:
    - Agreed the increase to the target score for both risks to Moderate 9 in anticipation of an expected increase in the levels of tiredness, burn-out and staff sickness levels as well as an increase in areas of concern such as bullying and harassment, whistleblowing and low violent aggression although this may have a correlation with the work around Race and Privilege and an environment where staff feel confident to speak out
    - Acknowledged the initiatives in place and the importance of considering other proactive long-term options including preparing for the pandemic long-term effects
    - Acknowledged the openness of the report on the concerns and challenges being faced around staff health and wellbeing at the current time.
- **Board Assurance Framework**
  - The BAF is a developing document and work is ongoing to ensure that it focuses in on risks that deliver on the Trust's strategic priorities
  - Future work includes developing a set of objectives around the definition and application of risk, more clarity and consistency in the scoring process and reflecting upon measures and controls for preventing and minimising the impact and severity of a risk
  - The Committee agreed:

- Risk 5: increase current risk score from High 12 to Significant 16
- Risk 5: increase target score to Moderate 9 from 4
- Risk 6: increase target score to Moderate 9 from 4
- Appropriate controls are in place and operating effectively.
- **Cyber Security**
  - There has been a significant increase in malicious cyber-attacks during the pandemic.
  - A detailed review of cyber risks faced by the Trust was carried out by external assurance partners Dionach which identified several critical and high risks. An action plan was subsequently put in place, including additional team resources funded by NHS Digital.
  - Work to mediate some of these risks is expected to be completed by April.
  - The critical nature of this issue for the Trust and the importance of maintaining a focus on this vulnerable area was acknowledged.
  - The Committee requested regular updates on this critical risk.
- **Lease Write-Off: John Scott Centre, Hackney:** The Committee supported the request for the lease write-off for John Scott Centre in Hackney subject to options and impact of sourcing another facility to run this service and a commitment to some leverage with the CCG being identified and shared.
- **Counter Fraud**
  - The Committee expressed appreciation for the appointment of the People Liaison Officer to offer support in a recognised stressful situation for all concerned
  - Assurance provided that the Counter Fraud team's processes are well equipped to deal with the additional risk areas that have arisen during the pandemic.
  - Assurance provided that all cases of fraud are carefully examined to establish whether there was an intention to defraud or whether the fraudulent action resulted from a system weakness. Suggestions for important preventative measures such as system improvements or changes to management guidelines and procedures have been put forward.
- **Internal Audit**
  - Progress on the plan has been positive and many of the overdue actions are on track to be completed by the end of March
  - The Committee acknowledged the benefit of using internal audit reports proactively to drive better quality outcomes.

**Previous Minutes:** The approved minutes of the Audit Committee meetings held on 9 November 2020 and 13 January 2021 are available on request by Board Directors from the Director of Corporate Governance.

## Appendix 1: BAF Summary at March 2021

Potential Risk	Actions Overview	Risk Score (consequence x likelihood)		Exec Lead	Lead Committee
		Current	Target		
<b>Strategic Priority 1: Improved population health</b>					
<p><b>Risk 1:</b> If the Trust does not anticipate, and proactively respond to, external changes, including factors outside the Trust's control, then the Trust may fail to deliver in its strategy, including our population health, quality and value strategic objectives, and key associated transformation plans</p>	<ul style="list-style-type: none"> <li>Trust Executives are the leads for ICS mental health programmes in BLMK &amp; NEL, Inequalities in BLMK, and Integrated Care Partnership NEL</li> <li>January 2021 DHSC published the <i>"Integration &amp; Innovation" White Paper</i>, laying out proposals for legislation intended to make its passage through Parliament this year, and which brings with it significant changes to the organisation of the NHS. The Trust is working with partners to understand, as far as possible, the implications of the White Paper, and to ensure that the Trust is involved centrally in determining next steps within our two ICSs. Discussions on implications and risks planned for discussion by Trust Board in March</li> </ul>	<p><b>High</b> <b>12</b> Major 4 x Possible 3</p>	<p><b>High</b> <b>8</b> Major 4 x Unlikely 2</p>	Executive Director of Integrated Care	Trust Board
<p><b>Risk 2:</b> If the Trust does not engage, influence and enthuse citizens, communities, partners in local health and care systems, and staff then the Trust may fail to deliver on its strategy, including our population health, quality and value strategic objectives, and key associated transformation plans</p>	<ul style="list-style-type: none"> <li>Terms of reference for a new Board committee (Integrated Care and Commissioning Committee) to receive assurance on population health strategy delivery, how to maximise new mechanisms (new models of care, primary care) to improve population health, keep under review impact of integrated care and ICSs</li> <li>A review all Board standing committees' terms of reference taking place to particularly take account of but also to ensure there is an appropriate information flow and assurance opportunities within and across Committees into Board</li> <li>Population Health Task &amp; Finish Group will be stood down</li> <li>ICS internal audit to be conducted in January 2021 with a focus on s75 agreements with local authorities</li> </ul>	<p><b>High</b> <b>12</b> Major 4 x Possible 3</p>	<p><b>High</b> <b>8</b> Major 4 x Unlikely 2</p>	Chief Medical Officer	Trust Board
<b>Strategic Priority 2: Improved patient experience</b>					
<p><b>Risk 3:</b> If the Trust does not effectively work with patients and local communities in the planning and delivery of care, services may not meet the needs of local communities</p>	<ul style="list-style-type: none"> <li>Good progress in growing Peer Support across the Trust – expanding into primary care and perinatal – training accreditation achieved</li> <li>Service user led accreditation process continues to roll out across the Trust and is now online</li> <li>A revised process for use of Dialog as an inpatient care plan tool is being piloted in Tower Hamlets</li> </ul>	<p><b>High</b> <b>12</b> Major 4 x Possible 3</p>	<p><b>High</b> <b>8</b> Major 4 x Unlikely 2</p>	Interim CEO	People Participation Committee

Potential Risk	Actions Overview	Risk Score (consequence x likelihood)		Exec Lead	Lead Committee
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	<ul style="list-style-type: none"> <li>Enhancing staff with recent appointments to a PP Digital Lead, PP Lead for Community Services Transformation and a Peer Support Worker Lead</li> <li>A patient experience dashboard is being developed that will triangulate various data sources within the Trust</li> </ul>				
<b>Risk 4:</b> If essential standards of quality and safety are not maintained, this may result in the provision of sub-optimal care and increases the risk of harm	<ul style="list-style-type: none"> <li>Staff Covid vaccination programme commenced in Jan 21 and inpatient and mass vaccination commenced in Feb 21</li> <li>Infection numbers are slowing beginning to reduce locally and nationally along with the vaccination programme</li> <li>Outbreak in the in-patient units have significantly reduced</li> <li>Demand in operational services continues to increase with higher numbers of staff absences – potentially increase with schools returning</li> <li>Signs of improvement in Newham MHS inpatient (self-imposed special measures) – cluster of worrying incidents</li> <li>CQC discussions on areas we are worried about and action plan – CQC will write if any concerns; focusing on ‘safe and caring’ domain</li> </ul>	<b>Significant</b> <b>20</b> Catastrophic 5 x Likely 4	<b>High</b> <b>12</b> Major 4 x Possible 3	Chief Nurse	Quality Assurance Committee
<b>Strategic Priority 3: Improved staff experience</b>					
<b>Risk 5:</b> If the Trust does not effectively attract, retain and look after staff wellbeing, there will be an impact on the Trust’s ability to deliver the Trust’s strategy	<ul style="list-style-type: none"> <li>Continued stresses and pressures on staff as a result of Covid</li> <li>Emphasis on supporting people and teams in the Trust – in looking after each other, e.g. programme for senior leadership group and DMTs</li> <li>Results from staff survey: decrease in respondents but overall indicators are the same or improved with exception of MSK issues which is understandable due to Covid and changes in staff’s working arrangements, e.g. working from home</li> <li>Trust is taking on lead employer for people working at vaccination centres across NEL which may provide a source of staff after centres close/work/demand reduces</li> </ul>	<b>Significant</b> <b>16</b> Major 4 x Likely 4	<b>Moderate</b> <b>9</b> Moderate 3 x Possible 3	Executive Director of People & Culture	Appointments & Remuneration Committee
<b>Risk 6:</b> If issues affecting staff experience and equalities are not addressed there may be	<ul style="list-style-type: none"> <li>Emphasis on Race and Privilege work and risk assessment/shielders inc wellbeing checks</li> <li>Vitamin D as requested by BAME network has been made available to all staff and take up is positive</li> </ul>	<b>Significant</b> <b>16</b>	<b>Moderate</b> <b>9</b>	Executive Director of People & Culture	Appointments & Remuneration Committee 2

Potential Risk	Actions Overview	Risk Score (consequence x likelihood)		Exec Lead	Lead Committee
		Current	Target		
issues around staff morale and engagement	<ul style="list-style-type: none"> <li>In negotiations with G4S and lawyers to resolve issues regarding sub-contractors pay</li> <li>There has been an increase in the number of employee relations cases, whistleblowing cases and employment tribunals – working with staffside to take a pragmatic approach in respect of ER cases; where possible informal resolutions sought</li> </ul>	Major 4 x Likely 4	Moderate 3 x Possible 3		
<b>Strategic Priority 4: Improved value</b>					
<b>Risk 7:</b> If behavioural and culture changes are not embedded, the new approach to value and financial sustainability may result in resorting to previous methods of delivering efficiency savings	<ul style="list-style-type: none"> <li>Financial Viability programme has continued throughout the pandemic period to ensure there is recognition that financial viability remains a focus of the work that teams deliver, and a number of plans for 2021/22 have already been developed</li> <li>Work is underway to develop infrastructure to support the behavioural and culture changes required</li> <li>2021/22 planning guidance yet to be published but there is an expectation that some form of efficiency will be inherent</li> </ul>	<b>Significant 20</b> Major 4 x Almost Certain 5	<b>High 9</b> Catastrophic 3 x Possible 3	Chief Finance Officer and Chief Nurse	Finance, Business & Investment Committee
<b>Risk 8:</b> If infrastructure plans are not well implemented and adopted, services will be impacted, waste and the Trust's carbon footprint will not be reduced and in year financial benefits and service SLAs may not be delivered. This includes physical infrastructure, buildings and suitability of all the elements of digital infrastructure.	<ul style="list-style-type: none"> <li>Wording of risk reviewed and agreed in January 2021</li> <li>COVID-19 has impacted on the delivery of strategic digital plans, both positively and negatively</li> <li>The Future of Work post Covid and the integrated care agenda will require a high level of digital maturity to ensure ELFT maintains its position as a leader in this landscape</li> <li>Realisation that the current investment, skills, and maturity of the digital function needs to rapidly improve its capability to support this</li> <li>Digital Strategy to be presented to Board in March</li> <li>Essential to drive through the benefits following investment to ensure full operational advantage and the benefits realisation for each scheme</li> <li>Opportunity to embed this approach to value and financial sustainability in our work to address the impact of Covid and the ROI on proposed solutions going forward</li> <li>Requirement for more robust monitoring and assurance on digital investments</li> </ul>	<b>Significant 25</b> Catastrophic 5 x Almost Certain 5	<b>Moderate 8</b> Major 4 x Unlikely 2	Chief Digital Officer	Finance, Business & Investment Committee