

## Board of Directors (in Public)

### Item 5.5

**Subject:** Board Assurance Framework 2024/25  
**Date of Meeting:** 30<sup>th</sup> April 2024  
**Presented by:** Karan Wheatcroft, Director of Risk and Improvement  
**Purpose of Report:** For Approval

BAF Ref	Impact on BAF
All	Assurance that the BAF has been reviewed and reset for 2024/25.

#### Level of assurance (please tick one)

*To be used when the content of the report provides evidence of assurance*

<input checked="" type="checkbox"/>	<b>Acceptable assurance</b> Controls are suitably designed, with evidence of them being consistently applied and effective in practice	<input type="checkbox"/>	<b>Partial assurance</b> Controls are still maturing – evidence shows that further action is required to improve their effectiveness	<input type="checkbox"/>	<b>Low assurance</b> Evidence indicates poor effectiveness of controls
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### 1. Executive Summary

The Board Assurance Framework sets out the risks facing the Trust in delivering its strategic objectives and is a key tool to focus actions and assurance against these risks.

The Board Assurance Framework (BAF) has been fully reviewed with risks updated to reflect the strategic objectives for 2024/25, as well as the operating environment and external factors. Two risks remain above the Trust maximum tolerance and these have been evaluated to ensure that the Trust is taking appropriate action to mitigate these risks (it should be noted that both risks are affected by external factors which are not fully within the Trust's control but we continue to take actions to reduce the risks).

The Board of Directors is asked to approve the opening BAF for 2024/25.

### 2. Background

The Trust recognises that its long term success depends upon the delivery of its strategic objectives. To be successful, the Trust must take risks, but in a managed way and to a level which is deemed acceptable. The BAF is a key tool for the Board in identifying and managing the risks that could prevent the Trust from achieving its strategic objectives. The

establishment of the risk appetite statement and the setting of risk appetite levels provides a clear framework within which risk is managed and mitigated.

The Risk Appetite Statement and BAF is approved by the Board annually. The BAF is reported at each Board meeting, with a full update presented on a quarterly basis. Assurance Committees also receive and review extracts of the BAF relevant to their responsibilities.

### 3. BAF Risks 2024/25

The Board Assurance Framework (BAF) has been fully reviewed with risks updated to reflect the strategic objectives for 2024/25, as well as the operating environment and external factors.

The key changes include:

- Risk wording updated to include commissioning changes and the provider landscape.
- Additional controls have been added for commissioning arrangements and system digital collaboration.
- Gaps in controls and assurance, and actions updated to include system workforce, finance and operational expectations, control and scrutiny.
- System implications continue to be recognised within specific risks, with these prominent in finance, operational effectiveness, workforce and digital themes. There is also a separate risk in respect of the system collaboration and landscape, and LHCH positioning as a strong system partner. This also reflects the changes to CVD Board, CMAST Cardiology Provider Alliance and CVD Prevention Board.

The full BAF is provided at Appendix B.

### 4. Risks above risk appetite

Two risks within the BAF continue to be above the Trusts risk appetite, with both in the theme of operational excellence. Details of these are provided below along with a narrative to support the position.

<b>BAF 2 Inability to deliver annual planning activity and performance targets</b> could result in poorer patient outcomes, inability to address the backlog of patients waiting and result in financial consequences to the Trust.	<b>Risk score: 12</b>  <b>Risk Appetite: 9</b>
The risk appetite for the theme of operational excellence was reduced to maximum score of 9 in 2022/23. Whilst this risk has continued to be above the maximum risk tolerance score across 2023/24, there are strong keys controls and assurances in place within the Trust to mitigate this risk. The Trust has performed well against its performance trajectories and also compared to regional and national performance. That said the Trust continues to be focused on reducing referral to treatment waiting times to pre-pandemic levels, eradicating long waiters and ensuring safe waiting list management. The risk appetite remains appropriate given the ongoing impact of this risk on patients and the Trust is committed to reducing the residual risk albeit within the challenges of capacity, demand and staffing.	

**BAF 3** Inability to achieve the **five year capital programme** within a challenging and uncertain operating environment and deliver an Estates Strategy that supports the provision of outstanding services

**Risk score: 12**

**Risk Appetite: 9**

The risk appetite for the theme of operational excellence was reduced to maximum score of 9 in 2022/23. Whilst this risk has continued to be above maximum risk tolerance score across 2023/24, there are strong key controls and assurances in place within the Trust to mitigate this risk. The main challenge for capital is the longer term uncertainty regarding the system capital envelope and prioritisation resulting in a continued risk regarding the five year capital plan. This risk was mitigated for 2023/24 and actions taken to prioritise future capital pressures. The allocation of capital funding and future plans is a system risk and the Trust continues to work collaboratively to mitigate this across the wider system and understand the implications for LHCH. The risk appetite remains appropriate given the importance of system and organisation financial performance.

## 5. Recommendations

The Board of Directors is asked to review and approve the opening 2024/25 BAF.