

Board of Directors (in Public) Item 5.2

Subject: Board Assurance Framework 2025/26
Date of Meeting: 29th April 2025
Presented by: Ben Vinter, Director of Risk and Corporate Governance
Purpose of Report: For Approval

BAF Ref	Impact on BAF
All	Assurance that the BAF has been reviewed and reset for 2025/26.

Level of Assurance (please tick) To be used to provide the Board / Committee with a guide on the extent of assurance and evidence of assurance provided within the report		<input checked="" type="checkbox"/>
Level of Assurance	Description	
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.	<input type="checkbox"/>
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.	<input checked="" type="checkbox"/>
Moderate	There is an adequate system of internal control, however, in some areas weakness in design and/or inconsistent application of controls puts the achievement and some aspects of the system objectives at risk.	<input type="checkbox"/>
Limited	There is a compromised system of internal control as weaknesses in the design and / or inconsistent application of controls puts the achievement of the system objectives at risk.	<input type="checkbox"/>
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.	<input type="checkbox"/>

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 2025/26 (see appendix 1), as well as the operating environment and external factors. Three 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 they 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 2025/26.

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 2025/26

The Board Assurance Framework (BAF) has been fully reviewed with risks updated to reflect the strategic objectives for 2025/26, 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.
- The full BAF is provided at Appendix B2

4. Risks above risk appetite

Three risks within the BAF continue to be above the Trusts risk appetite. One: digital reflects experience and focus during 2025/6 with operational effectiveness and finance related to the implications of the planning round. Details of these are provided below along with a narrative to support the position.

BAF 2 Inability to deliver annual planning activity and performance targets could result in poorer patient outcomes, inability to address the backlog of patients waiting and result in financial consequences to the Trust.	Risk score: 16 Risk Appetite: 12
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The risk appetite for the theme of operational excellence was increased to maximum score of 12 at the end of 2024/5 in view of the planning environment and the impact on operating context. The risk was above the maximum risk tolerance score across 2024/25 and this remains despite an increase in risk appetite given the referred to operating environment. Nevertheless the board considered that 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 level and increase 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 5 Failure to deliver financial plans and changes in the funding regime and commissioning landscape could impact sustainability for the Trust and system partners	Risk score: 16 Risk Appetite: 12
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The risk appetite for the theme of finance has remained constant through 2024/25 and going into 2025/6. Whilst this risk appetite is felt to be accurate the current scoring is in response to the planning environment and stretch being placed upon the organisation. It is expected, over time, that the extent of controls and mitigation will reduce the residual score. There are strong keys controls and assurances in place within the Trust to mitigate this risk which will be strengthened as processes are enhanced and productivity and efficiency schemes are identified. The risk appetite remains appropriate given the importance of system and organisational financial performance.

BAF 8 Failure to ensure sufficient development and adoption of digitisation across the Trust, combined with increasing cyber threats, could constrain service improvements, reduce patient benefits, and result in major security breaches that disable the Trust's systems and lead to significant data loss.	Risk score: 16 Risk Appetite: 12
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The risk appetite for the theme of digital has remained constant during 2024/25 and into 2025/6. Whilst this risk has continued to be above maximum risk tolerance score for the second half of 2024/25, there are developing controls and stronger assurances in place within the Trust to increasingly mitigate this risk. The main challenge relate to an identified and required investment trajectory which has now been planned but requires time to be implemented. iDigital disaggregation has also been agreed and undertaken which provides a clearer way forward.

5. Recommendations

The Board of Directors is asked to review and approve the opening 2025/26 BAF.

1. Strategic Goals (High Level Ambitions)

The Trust Five Year Strategy, Patients, Partnership and Populations contains the following strategic goals as part of our five-year strategy.

- i) Delivering World Class Care
- ii) Advancing Quality and Innovation
- iii) Increasing Value
- iv) Developing People
- v) Leading Through Collaboration
- vi) Improving Our Population Health

2. Strategic Objectives

Considering system challenges and changes to the commissioning landscape and governance arrangements (provider collaboratives, site committees and committees in common) the delivery of objectives has been refreshed to ensure the necessary focus on operational priorities as well as delivering against our strategic plan. The delivery of our Strategic Goals is supported by refreshed objectives for 2023/24.

In summary the refresh signals the success of the Trust strategy moving from the development of enabling strategies into implementation.

Strategic Goal 1: Delivering World Class Care

- Implementation of Quality and Safety Strategy
- Implementation of the Research Strategy
- Implementation of the Clinical Strategy
- Develop World Class Facilities
- Operational Excellence

Strategic Goal 2: Advancing Quality and Innovation

- Develop the Trust's academic expertise.
- Develop a case for a recognised learning and academic facility.
- Implementation of the digital strategy.
- Develop Organisational Learning
- Implement our approach to Innovation

Strategic Goal 3: Increasing Value

- Implementation of financial strategy
- Implement programme and quality improvement
- Utilise benchmarking and performance data to drive quality, productivity, efficiency, and improvement
- Governance development and regulatory compliance

Strategic Goal 4: Developing People

- Recruitment and retention
- Development of a Culture and Wellbeing Strategy and commitment to the NHS Wellbeing framework
- Further development and achievement of the EDIB action plan

Strategic Goal 5: Leading through Collaboration

- Provide system leadership to the integration cardiology and to the Cardiology Clinical network (New)
- Take a systems leadership role within the ICS, CMAST, Provider collaboratives and PLACE
- Lead the CVD Prevention Board

Strategic Goal 6: Improving Population Health

- Implementation of our approach for health inequalities
- Continue to develop ourselves as an anchor institution

Annex two

Board recommended risk appetite statement for 2025/6 arising from Boards discussions 25th February 2025:

“The risk appetite set by the Board of Liverpool Heart and Chest Hospital NHS Foundation Trust continues to be open. This reflects the unprecedented challenges that the NHS has, and is, experiencing, the impact of wider health and social care developments at national and local levels, and societal and technological changes.

During this time we will continue to protect the Quality and Safety of Care and minimise risks that may have a detrimental effect on the Patient and Family Experience.

We have a open attitude to risk in relation to Operational Effectiveness and Finance as we look to develop new opportunities to ensure future sustainability, delivery and investment for the hospital and its services, as well as support to LAASP partners the wider system. We acknowledge that restoration of services continues to be challenging across our healthcare system. Our strategic plans are underpinned by improvement and additions to our estate and we accept that finding ways to invest in and managing such programmes carries higher levels of risk.

Transforming services to ensure their future sustainability will require changes in staffing models and an agile, resilient workforce. We have an open risk approach to our workforce challenges as we look at new and innovative ways to recruit, retain and support our people to adapt and thrive whilst also ensuring stability and support to our workforce.

Investment decisions will reflect our ambitions for the cardiothoracic care to be at the forefront of innovation and maintain a leading position in the delivery of world class specialist services.

To achieve our aims of providing world class care and leading in the diagnosis and treatment of cardiovascular and respiratory disease, we have a risk-seeking approach research and system leadership contribution. Clinical research and innovation are vital to our position as a world class specialist healthcare provider and we accept that such pursuits carry a higher

level of inherent risk. We will seek the opportunities that healthcare reform may present; we have a keen desire to continue to work collaboratively with system partners, in the city throughout all of C&M and beyond to proactively engage to drive forward networks, contribute to the delivery of priorities and implement new ways of working through a range of partnerships.

Our open attitude to the digital agenda will underpin clinical innovation and the transformation of services to become more efficient and effective, including LAASP collaboration. While we are prepared to accept some level of risk to implement changes for longer term benefit, we will ensure that data protection is a priority.