

Public Board of Directors

Item number: 26

Date: 28 May 2025

Confidential/public paper:	Public
Report Title:	Board Assurance Framework (BAF) 2025-2026 and risk appetite review
Author(s)	Amber Wild, head of corporate assurance Dawn Pearson, associate director of communications and corporate governance
Accountable Director:	Dawn Pearson, associate director of communications and corporate governance James Drury, director of strategy
Presented by:	Dawn Pearson, associate director of communications and corporate governance
Vision and values:	The Trust vision is to improve the mental, physical and social wellbeing of the people in our communities. The Board Assurance Framework (BAF) means we work together to assure the Board that any identified risks are managed, so we can keep improving and ensure we are inclusive.
Purpose:	The Board Assurance Framework (BAF) identifies risks in relation to each of the Trust's strategic objectives along with the controls in place and assurances available on their operation. The purpose of the report is to update the Board of Directors on the process for reviewing BAF risks and appetite for risk to support development of the BAF for 2025-2026.
Executive summary:	The Trust is in the process of implementing a refreshed Trust strategy, and this will require alignment of both the corporate risk register (CRR), and BAF against priorities and objectives. The attached slide sets out the process and approach for reviewing the current BAF including the governance timeline. In parallel a political, economic, social, technological, legal, environmental (PESTLE) and strengths, weaknesses, opportunities, threats (SWOT) will be updated to support the new strategy. Once complete the PESTLE and SWOT analysis will be used to further inform the new Board Assurance Framework. Appendices: Appendix 1: At a glance summary of current BAF risks at score levels Appendix 2: Risk domains and risk appetite levels

Which strategic objective does the item primarily contribute to:					
Effective Use of Resources	Yes	X	No		
Deliver Outstanding Care	Yes	X	No		
Great Place to Work	Yes	X	No		
Reduce inequalities	Yes	X	No		

What is the contribution to the delivery of standards, legal obligations and/or wider system and
--

partnership working.

An efficient and effective board assurance framework (BAF) is a fundamental component of good governance, providing a tool for the Board to identify risks to the achievement of its strategic objectives and ensure that there is sufficient and reliable assurance regarding the effective management of strategic risk. The BAF is the main tool by which the Board overall responsibility for internal control. Owned by the Board, it is a key tool to assure and evidence the delivery of strategic objectives.

Board assurance framework (BAF) and corporate risk(s):

All BAF risks are noted within the report.

Any background papers/items previously considered:

The Board of Directors development session on 30 April started the process for executive leads to start to think about and consider BAF updates for 2025-2026.



Recommendation:

The Board of Directors are asked to:


- **Note the update**
- **Comment** on the process for developing the BAF for 2025-2026, including the governance timescale.




Developing a BAF for 2025-2026
Appendix 1

At a glance summary of current BAF risks at score

BAF risks	Current score Severity x likelihood
<p>BAF 0024 – Risk of failing to meet fundamental standards of care with the regulatory body caused by lack of appropriate systems and auditing of compliance with standards, resulting in avoidable harm and negative impact on service user outcomes and experience staff wellbeing, development of closed cultures, reputation, future sustainability of particular services which could result in potential for regulatory action.</p> <ul style="list-style-type: none"> • Committee oversight: quality assurance committee • Executive lead: Executive director nursing, professions and quality /medical director • Risk type: Quality • The risk appetite is currently low (minimal) and therefore the target score should be between 1 and 3. • The target score for this risk $4 \times 1 = 4$ • Movement:  • Current strategic aims: Deliver outstanding care, ensure our services are inclusive • Current strategic priorities: Deliver our quality and safety objectives 	$4 \times 3 = 12$
<p>BAF 0025B - There is a risk of failure to deliver the therapeutic environments programme at the required pace caused by difficulty in accessing capital funds required, the revenue requirements of the programme, supply chain issues (people and materials), and capacity of skills staff to deliver works to timeframe required resulting in impact on service user safety, more restrictive care and a poor staff and service user experience.</p> <ul style="list-style-type: none"> • Committee oversight: Finance and performance committee • Executive lead: Director of strategy • Risk type: Safety • The risk appetite is currently moderate (cautious) and therefore the target score should be between 4 and 6. • The target score for this risk $3 \times 2 = 6$ • Movement:  • Current strategic aims: Deliver outstanding care, ensure our services are inclusive, effective use of resources • Current strategic priorities: Deliver our quality and safety objectives, Deliver therapeutic environment 	$4 \times 2 = 8$

<p>BAF 0029 There is a risk of a delay in people accessing core mental health services caused by issues with models of care, access to beds, flow, crisis care management, and contractual issues resulting in poor experience of care and potential harm to service users</p> <ul style="list-style-type: none"> • Committee oversight: Quality assurance committee • Executive lead: Director of operations • Risk type: Safety • The risk appetite is currently low (minimal) and therefore the target score should be between 1 and 3. • The target score for this risk $3 \times 1 = 3$ • Movement: ↓ • Current strategic aims: Deliver outstanding care, ensure our services are inclusive • Current strategic priorities: Deliver our quality and safety objectives, work in partnership to address health inequalities 	<p>$4 \times 4 = 16$</p>
<p>BAF 0031 There is a risk we fail to deliver on national inequalities priorities and our strategic aim to reduce inequalities, caused by failure to adopt an inequalities-based approach to care resulting in poorer access, later presentations and risk of poorer outcomes.</p> <ul style="list-style-type: none"> • Committee oversight: Quality assurance committee • Executive lead: Director of strategy • Risk type: Strategic/ quality • The risk appetite is currently moderate (cautious) and therefore the target score should be between 4 and 6. • The target score for this risk $3 \times 2 = 6$ • Movement: ↓ • Current strategic aims: Ensure our services are inclusive • Current strategic priorities: Deliver our patient and carer race equality framework, work in partnership to address health inequalities, deliver our equality objectives 	<p>$3 \times 3 = 9$</p>
<p>BAF 0013 - Risk that our staff do not feel well supported, caused by a lack of appropriate measures and mechanisms in place to support staff wellbeing resulting in a poor experience for staff, failure to provide a positive working environment and potential for increase in absence and failure to address gaps in health inequalities which in turn impacts negatively on service user/patient care.</p> <ul style="list-style-type: none"> • Committee oversight: People committee • Executive lead: Executive director of people • Risk type: Workforce • The risk appetite is currently high (open) and therefore the target score should be between 8 and 12. • The target score for this risk $4 \times 2 = 8$. • Movement: ↔ • Current strategic aims: Deliver outstanding care, great place to work • Current strategic priorities: Deliver our quality and safety objectives, live our values, improving experience and wellbeing, improving staff engagement and involvement. 	<p>$4 \times 3 = 12$</p>
<p>BAF0014 There is a risk of failure to undertake effective workforce planning (train, retain and reform) to support recruiting, attracting and retaining staff to meet current and future needs caused by the absence of a long-term workforce plan that considers</p>	<p>$4 \times 3 = 12$</p>

<p>training requirements, flexible working and development of new roles resulting in failure to deliver a modern fit for purpose workforce.</p> <ul style="list-style-type: none"> • Committee oversight: People committee • Executive lead: Executive director of people • Risk type: Workforce • The risk appetite is currently high (open) and therefore the target score should be between 8 and 12. • The target score for this risk $4 \times 2 = 8$. • Movement:  • Current strategic aims: Great place to work, effective use of resources • Current strategic priorities: Live our values, improving experience and wellbeing, improving staff engagement and involvement, deliver our financial plan and efficiency programme 	
<p>BAF 0020 Risk of failure as an organisation to live by our values caused by not addressing closed cultures poor behavioural issues and lack of respect for equality diversity and inclusion, resulting in poor engagement and communication, ineffective leadership and poor staff experience resulting in negative impact on our staff survey results, quality of service user experience and attracting and retaining high quality staff.</p> <ul style="list-style-type: none"> • Committee oversight: People committee • Executive lead: Executive director of people • Risk type: Clinical, quality and safety • The risk appetite is currently low (minimal) to moderate (cautious) and therefore the target score should be between 1 and 3 or 4 and 6. • The target score for this risk $3 \times 2 = 6$. • Movement:  • Current strategic aims: Great place to work <p>Current strategic priorities: Live our values, improving experience and wellbeing, improving staff engagement and involvement.</p>	<p>$4 \times 3 = 12$</p>
<p>BAF 0021A There is a risk of failure to ensure digital systems are in place to meet current and future business needs, caused by failure to develop and deliver an up-to-date modern digital strategy and systems and processes to support its delivery, resulting in poorer clinical safety, quality, efficiency and effectiveness.</p> <ul style="list-style-type: none"> • Committee oversight: Finance and performance committee • Executive lead: Executive director of finance and digital • Risk type: Clinical, quality and safety • The risk appetite is currently low (minimal) to moderate (cautious) and therefore the target score should be between 1 and 3 or 4 and 6. • Movement:  • The target score for this risk $3 \times 2 = 6$. • Current strategic aims: Effective use of resources, deliver outstanding care • Current strategic priorities: Implement RIO safely. 	<p>$4 \times 3 = 12$</p>

<p>BAF 0021B There is a risk of cyber security breach caused by inadequate arrangements for mitigating increasingly sophisticated cyber security threat and attacks and increased data protection incidents resulting in loss of access to business-critical systems and potential clinical risk.</p> <p>Committee oversight: Audit and risk committee</p> <p>Executive lead: Executive director of finance and digital</p> <p>Risk type: Clinical, quality and safety, business and reputation</p> <p>The risk appetite is currently low (minimal) to moderate (cautious) and therefore the target score should be between 1 and 3 or 4 and 6.</p> <p>The target score for this risk $3 \times 2 = 6$</p> <p>Movement: </p> <p>Current strategic aims: Effective use of resources</p> <p>Current strategic priorities: Deliver our financial plan and efficiency programme, deliver our quality and safety objectives</p>	<p>$4 \times 3 = 12$</p>
<p>BAF 0022 There is a risk we fail to deliver the break-even position in the medium term caused by factors including failure to develop and deliver robust financial plans based on delivery of operational, transformation and efficiency plans resulting in a reduction in our financial sustainability and delivery of our statutory duties.</p> <ul style="list-style-type: none"> • Committee oversight: Finance and performance committee • Executive lead: Executive director of finance and digital • Risk type: Finance • The risk appetite is currently low (minimal) and therefore the target score should be between 1 and 3. • The target score for this risk $3 \times 1 = 3$ • Movement:  • Current strategic aims: Effective use of resources • Current strategic priorities: Deliver our financial plan and efficiency programme. 	<p>$4 \times 4 = 16$</p>
<p>BAF 0026 There is a risk that we fail to take evidence led approach to change and improvement caused by a failure to implement our integrated change framework effectively resulting in failure to deliver our strategy, improve outcomes, address inequalities and deliver value, growth and sustainability.</p> <ul style="list-style-type: none"> • Committee oversight: Finance and performance committee • Executive lead: Director of strategy • Risk type: strategic • The risk appetite is currently high (open) and therefore the target score should be between 8 and 12. • The target score for this risk $4 \times 2 = 8$. • Movement:  • Current strategic aims: Effective use of resources, deliver outstanding care • Current strategic priorities: Deliver therapeutic environments, delivery our quality and safety objectives, implement Rio safely. 	<p>$3 \times 4 = 12$</p>

<p>BAF 0027 There is a risk of failure to ensure effective stakeholder management and communication with our partners and the wider population and to effectively engage in the complex partnership landscape, leading to missed opportunities to add value for our service users and to meet population needs that require a partnership approach, resulting in potential to miss opportunities to safeguard the sustainability of the organisation and fail to deliver our strategic priorities and operational plan.</p> <ul style="list-style-type: none"> • Committee oversight: Finance and performance committee • Executive lead: Director of strategy • Risk type: Business/ strategic • The risk appetite is currently high (open) and therefore the target score should be between 8 and 12. • The target score for this risk $4 \times 2 = 8$. • Movement: ↔ • Current strategic aims: Effective use of resources, deliver outstanding care, ensure our services are inclusive • Current strategic priorities: Work in partnership to address health inequalities, improve access to crisis care, improve access so people wait less and wait well, deliver our quality and safety objectives 	$4 \times 3 = 12$
<p>BAF 0030 There is a risk of failure to maintain and deliver on the SHSC Green Plan, caused by lack of robust plans capability and capacity to deliver targets required resulting in potential to lead to poor patient outcomes, worsening of existing health inequalities, poor service delivery, disruption to services, inefficient use of resource and energy/higher operating costs, legal and regulatory action, missed opportunities for innovation, reputational damage, reduced productivity and increased environmental impact.</p> <ul style="list-style-type: none"> • Committee oversight: Finance and performance committee • Executive lead: Executive director of finance and digital • Risk type: Environmental • The risk appetite is currently high (open) • The target score for this risk $2 \times 4 = 8$ • Movement: ↔ • Current strategic aims: Effective use of resources • Current strategic priorities: live our values improving experience and wellbeing 	$3 \times 4 = 12$
<p>BAF 0032 There is a risk that our estate does not enable the delivery of our strategic priorities and meet the quality and safety needs of our service users and appropriate working environment for our staff caused by failure to effectively reflect requirements resulting in suboptimal effectiveness, efficiency, experience and quality of care.</p> <ul style="list-style-type: none"> • Committee oversight: Finance and performance committee • Executive lead: Director of strategy • Risk type: Quality and Safety • The risk appetite is currently low to moderate(minimal and cautious) • The target score for this risk $3 \times 2 = 6$. • Movement: ↓ • Current strategic aims: Effective use of resources, deliver outstanding care, ensure our services are inclusive, create a great place to work • Current strategic priorities: Work in partnership to address health inequalities, improve access so people wait less and wait well, deliver our quality and safety objectives, live our values improving experience and wellbeing 	$3 \times 3 = 9$

Appendix 2

Risk domains and risk appetite levels

- Changes to the Board's risk appetite statement were published in the revised risk management framework (RMF) in July 2024.
- These were reduced from the previous 16 to the current 8 subcategories, following a review of benchmarking against other Trusts in 2024.
- The RMF describes how the risk appetite statement should be applied and that risks throughout the organisation should be managed within the risk appetite.
- Feedback from the internal audit review of divisional risk management in 2025, highlighted that three subcategories in the risk appetite statement fall under both the low and moderate appetite. However, the RMF does not expand on how managers should differentiate between the two appetite levels when assessing the risk. **Further prompts could be provided as to how the Board would view whether a risk was low or moderate.**
- Understanding our appetite for risk supports us and our staff to **score our risks** and to be clear on the **level of risk we are willing to tolerate**
- If we are above our target risk score this means we are operating outside of our risk appetite level and need to do something to get that score down i.e. to mitigate the risk down to an acceptable level.

Below is the current risk appetite domains and our level of appetite for risk last agreed at Board in May 2024.

Risk Appetite Statement 2024-2025:

Low (minimal) Risk Appetite Score 1-3	The Board seeks to avoid risks (except in very exceptional circumstances) preference is for a safe option with a low degree of inherent risk
Moderate (cautious) Risk Appetite Score 4-6	The Board is willing to accept some risks in certain circumstances preference is for a safe option with low degree of residual (current) risk
High Risk Appetite (open) Score 8-12	The Trust Board is willing to accept risks preference for considering all options and choosing one that is most likely to result in successful delivery
Extreme Risk Appetite (eager) Score 15 -25	The Trust Board accepts risks that are likely preference is to be willing to innovate and chose options that may suspend previously held assumptions and accept greater uncertainty
Categories of risks and descriptions of potential effect (from the risk management framework):	
Clinical Quality & Safety	Issues impacting on: <ul style="list-style-type: none">• Clinical or healthcare practice/or risks created or exacerbated by the environment such as LAPs or

	<p>Cleanliness/IPC.</p> <ul style="list-style-type: none"> • Service user, staff, or public safety. • Statutory and mandatory training requirements.
Statutory/Compliance	<p>Issues Impacting on:</p> <ul style="list-style-type: none"> • Non-compliance with a statutory duty or other regulatory compliance frameworks or inspections e.g. NHSE, Care Quality Commission, Health and Safety Executive, HM Coroner, individual data and data protection. • Compliance with statutory duties under the Equality Act 2010 and public sector duty and the Health and Social Care Act 2022.
Financial Sustainability	<p>Issues impacting on:</p> <ul style="list-style-type: none"> • Planning for existing and new services (as benefits to patient care may justify the investment). • Breakdown of financial controls, loss of assets with significant value. • Impact of wider financial system pressures on our ability to deliver the operating and financial plans.
Business	<p>Issues impacting on:</p> <ul style="list-style-type: none"> • Sustainability • Ability to achieve plans. • Digital systems impacting on ability to function safely.
Reputation	<p>Issues impacting on:</p> <ul style="list-style-type: none"> • Potential for negative impact on the reputation of the Trust.
Workforce	<p>Issues impacting on:</p> <ul style="list-style-type: none"> • Attracting and retaining staff required to deliver our services/plans.
Environmental	<p>Issues impacting on:</p> <ul style="list-style-type: none"> • Estates and facilities infrastructure • Green Plan delivery
Strategic	<p>Issues impacting on:</p> <ul style="list-style-type: none"> • Delivery of transformation plans • Innovation

Board Assurance Framework 2025 - 2026

Review of BAF

- The Trust is in the process of implementing its new strategy, and there will be alignment of both the corporate risk register (CRR), and BAF with the updated strategy.
- A PESTLE and SWOT analysis will be used to help inform the new Board Assurance Framework and its alignment to the new Trust strategy.
- A Board session in April provided an early opportunity to discuss our BAF risks and appetite for risk to support development of the BAF for 2025-2026.

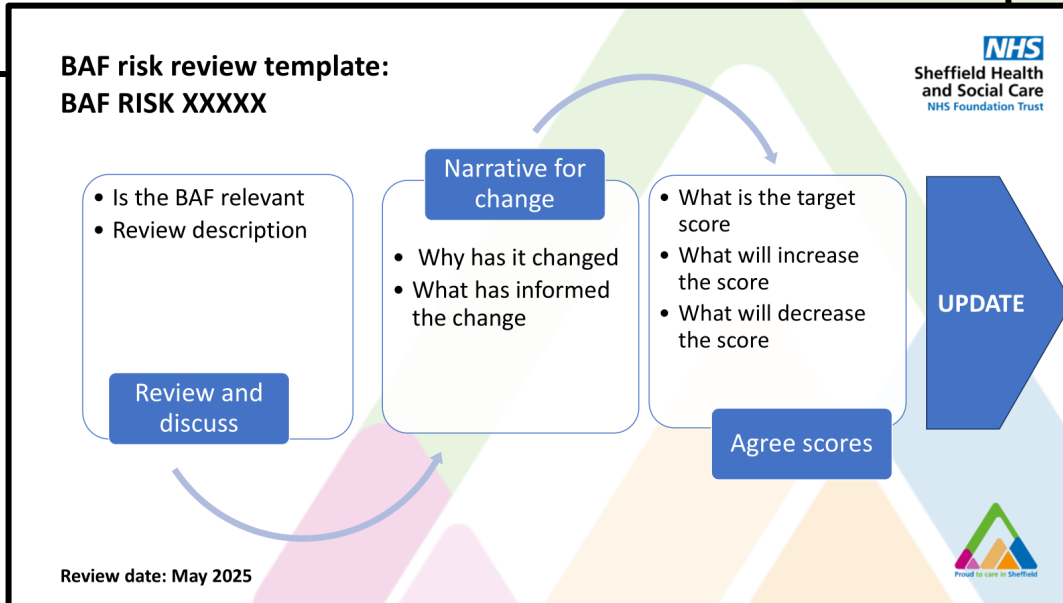
Board Assurance Framework 2025 – 2026

Steps to development

Resources to record and support discussion

Approach:

- Use a template to record the discussion
- Use the plan on a page below to describe change, scores and gap

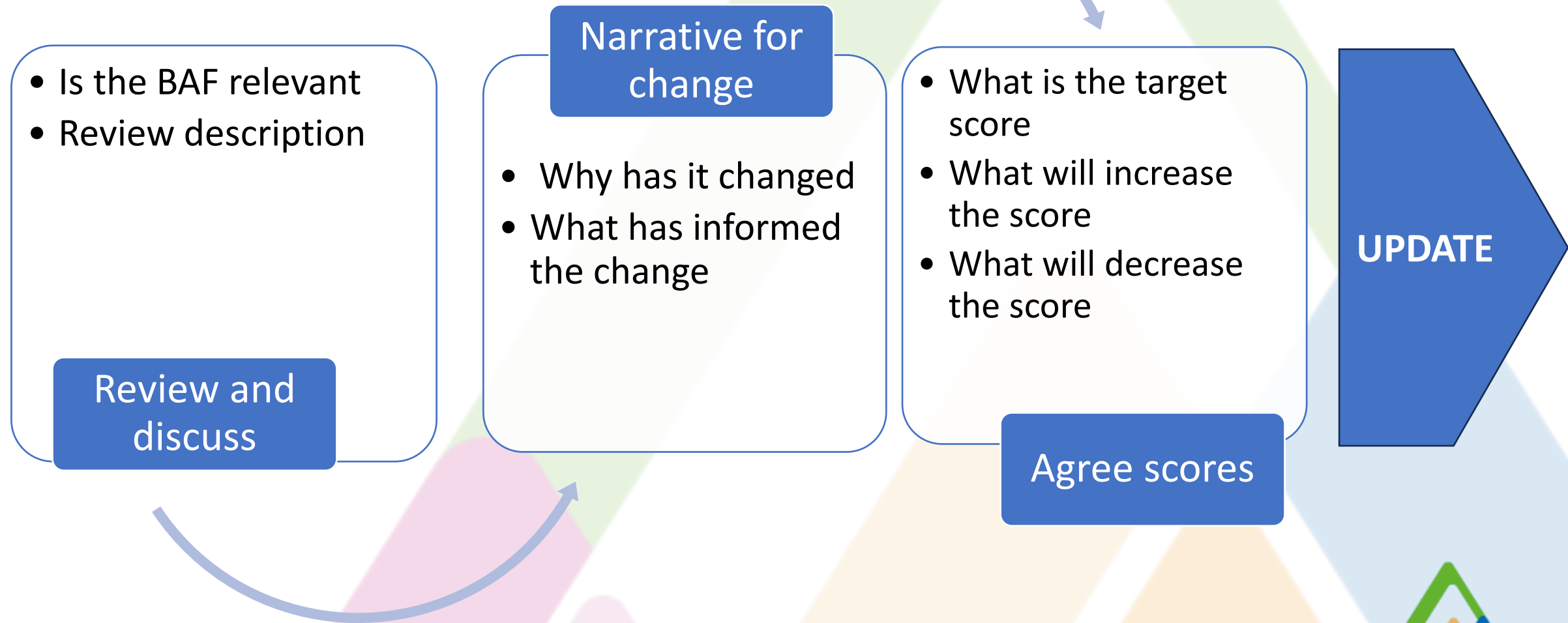


Materials to support discussions will be:

- Risk domains comparator.
- Current BAF risks
- Risk categories and appetite
- HFMA system risk management
- Good governance institute guide
- Feedback from 360 audit of BAF

BAF risk review template:

BAF RISK XXXXX



Review date: May 2025

Risk appetite domains

Appetite by domain category (to be agreed by the Board in June 2025)

Category	Low (minimal)	Moderate (cautious)	High (open)	Extreme risk (eager)
	1-3	4-6	8-12	15-25
Clinical Quality and Safety				
Statutory/ Compliance				
Financial Sustainability				
Business				
Reputation				
Workforce				
Environment				
Strategic				

Assessment	Description of Potential Effect
Low Risk Appetite (minimal) Score – 1-3	The Board seeks to avoid risks (expect in very exceptional circumstances) preference is for a safe option with a low degree of inherent risk
Moderate Risk Appetite (cautious) Score – 4-6	The Trust Board is willing to accept some risks in certain circumstances preference is for a safe option with low degree of residual (current) risk
High Risk Appetite (open) Score – 8-12	The Trust Board is willing to accept risks preference for considering all options and choosing one that is most likely to result in successful delivery
Extreme Risk Appetite (eager) Score – 15 -25	The Trust Board accepts risks that are likely preference is to be willing to innovate and chose options that may suspend previously held assumptions and accept greater uncertainty

Risk Appetite	Target Score Range (the optimal level we are aiming for to comfortably manage the risk)
LOW (minimal)	1-3
MODERATE (cautious)	4-6
HIGH (open)	8-12
Extreme risk (Eager)	15-25

High level timeline

what	when	where
Update current BAF.	May 2025	Exec lead brief and 1:1
Review updates	5 June 2025	EMT development
Share BAF updates and review risk appetite based on refreshed strategy and PESTLE and SWOT	25 June 2025	Board strategy development
Comment on and agree the new BAF, risk appetite domains and scores for 2025-2026	July 2025	Board Assurance Committees
Comment on and agree the new BAF, risk appetite domains and scores for 2025-2026	14 July 2025	Audit and Risk committee
Approval	30 July 2025	Board of Directors