

Amendments to Corporate Governance Manual (Standing Orders & Scheme of Delegation)

Summary: The November Board approved amendments to the Standing Financial Instructions. This paper presents amendments to the Standing Orders and the Scheme of Delegation.

The changes are almost entirely about ensuring that the Rules of Procedure, sub-committee Terms of Reference and the SO's and Scheme of Delegation align.

An abridged Corporate Governance Manual (totalling 30 or so pages) is included as an embedded data file to save paper - Board members may ask for printed copies. All amendments are outlined in this paper.

Action The Board is asked to note and approve the revised documents.

Presented by Paul Simpson, Chief Financial Officer.

Author: Paul Simpson, Chief Financial Officer.

Trust objective: **Better Information, More Choice**
This paper supports delivery of all Trust objectives, but links specifically to *6: An Effective Organisation*

Legal: NHS Trusts are governed by Act of Parliament Most health legislation made since 1977 has been summarised within three Acts of Parliament: The National Health Service Act 2006; The National Health Service (Wales) Act 2006; and the National Health Service (Consequential Provisions) Act 2006.

The functions of the Trust are conferred by this legislation.

As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health.

The Trust also has statutory powers under the legislation to fund projects jointly planned with local authorities, voluntary organisations and other bodies.

Regulation:

The Code of Accountability requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.

Further, the Code of Accountability requires that, inter alia, Boards draw up a schedule of decisions reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives (a scheme of delegation). The code also requires the establishment of audit and remuneration committees with formally agreed terms of reference. The Codes of Conduct makes various requirements concerning possible conflicts of interest of Board members.

Amendments to Corporate Governance Manual (Standing Orders & Scheme of Delegation)

Date	29 March 2012
Author	Paul Simpson
Audience	Trust Board Members

Summary:

List of changes to the SFI's as well as to the Standing Orders are included as below as well as the current version of the full set of SOFI's.

The appendix includes the key items of text, describing committees.

Section	Contents	Nature / reasons for change
Definitions		Changes to some of the wording of a few definitions
Standing Orders - Section B		
1.2		Minor changes to wording and removal of abbreviations
1.2.316		As above
4.8	Committees	Amendments to wording around Committees to link into Trust's Rules of Procedure. Additional section added for "Safety and Quality Committee" and "Investment and Workforce Committee"
4.9	Rules of Procedures	New sub paragraph around "Rules of Procedure"
7.1.3	Advice on interests	Removal of one sentence around Accounting Standards Board.
7.3.3 (3)	Waiver of standing orders	Small change to delete "pilots as set out in NHS Act 1997" to NHS legislation.
8.4	Signature of documents	Additional wording around procurement or negotiations or contracts.
Scheme of delegation - Section D		
Page 92 et seq	Delegated authority of Committees	Changes to ensure that the Committee ToRs approved by the Board align fully with the delegated authority recorded in the SO's.

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APPENDIX

Corporate Governance Manual
EXCERPT
Changed text areas

STANDING ORDERS
SCHEME OF RESERVATION AND DELEGATION of POWERS

March 2012

Applies to 2012/13 Financial year onwards
Review due January 2013

Document History

First Draft	Paul Simpson, Chief Financial Officer	Date	September 2011
Board	Endorsed by the Board	Date:	24 November 2011
Review draft	Paul Simpson, Chief Financial Officer	Date	15 February 2011
Board	Chnages to SO's and minor changes to SFIs Endorsed by the Board	Date:	[23 March 2012]
Published	Trust website, publicly available document under the FOI Act through Trust Publication Scheme		
Replaces	January 2010 document (amended)		

SECTION A

1. INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

- 1.2.3 **"Board"** means the the Board of Directors – the Chairman, officer and non-officer members of the Trust collectively as a body.
- 1.2.7 **"Chief Executive"** means the chief officer of the Trust. The Chief Executive is the Trust's accountable officer.
- 1.2.9 **"Commissioning"** means the process for determining the need for and for obtaining the supply of healthcare and related services either by primary care trusts, clinical commissioning groups, the Trust itself or others. Can sometimes be referred to as "purchasing" or "procuring" healthcare. .
- 1.2.11 **"Committee members"** means persons formally appointed by the Board or delegated body to sit on or to chair specific committees.
- 1.2.13 **"Chief Financial Officer"** means the Director with responsibility for oversight of Trust finances (and other areas as defined in their specific job description).
- 1.2.25 **"SOFIs"** means Standing Orders and Standing Financial Instructions.

Section B

Standing Orders

Corporate Governance Manual 2012/13 onwards

Comments and enquiries concerning the manual may be sent to:

The Trust Board Secretary
Trust Headquarters
Maple House
East Surrey Hospital
Canada Avenue
REDHILL
Surrey
RH1 5RH

Tel: 01737 768511 Ext 1774
Fax: 01737 231771

The manual is also available on the Trust internet site
www.surreyandsussex.nhs.uk

4.8 Committees established by the Trust Board

The committees, sub-committees, and joint-committees established by the Board are:

1. Audit & Assurance Committee (AAC)

The requirements of the Audit & Assurance Committee are built on the work of the Cadbury Committee, Greenbury Reports and reports by Smith, Higgs and Turnbull (“Combined Code – Principles of Good Governance and Code of Best practice”) and subsequent guidance and best practice in the private and public sector. They reflect the growing role within the NHS of the committee in developing integrated governance arrangements and providing assurance that bodies are well managed across the whole range of their activities.

The Committee is a non-executive committee of the Board, consisting of not less than three non executives, one of which should have significant financial experience. Head of External and Internal Audit and Counter Fraud attend the Committee – it is normal in the Trust for the Chief Financial Officer and Chief Nurse (who has responsibility for governance) and Chief Executive to attend regularly. It must meet at least four times a year.

The Committee is authorised to investigate any activity in its terms of reference, providing assurance to the Board in relation to the Board Assurance Framework, Governance, Risk Management and Internal Control. The Trust’s financial statements and annual report are reviewed by the AAC prior to submission to the Board. The Committee’s powers are described in its Terms of Reference which are detailed within the “Rules of Procedure” and in the Scheme of Reservation and Delegation. Please also see Section 11 of the SFIs for more detail on the requirements for the Trust Audit & Assurance Committee.

Minutes of the AAC are formally recorded and submitted to the main Trust Board.

2. Safety and Quality Committee (SQC)

The Safety and Quality Committee has delegated authority to ensure the ongoing development and delivery of the Trust’s Safety and Quality Strategy and that this drives the Trust’s overall strategy.

The Trust’s arrangements reflect the national drive for greater quality in healthcare, with a focus on safety, effectiveness and patient experience and reflect the reforms and principles set out in the July 2010 White Paper *Equity and excellence: Liberating the NHS*.

There is significant regulation in place for healthcare providers that is designed to ensure delivery of high quality and safe services and the Committee has responsibility for seeking assurance in respect of that and ensuring actions are taken in respect of corrective measures. The Committee has three non executive directors and five executives. It meets monthly.

In summary, the Committee undertakes a number of duties, including (this list is not exhaustive):

- Ensuring that accurate and appropriate returns are submitted in response to regulators’ requirements;
- Ensuring the implementation, delivery and monitoring of the Trust’s Safety and Quality Strategy;
- Ensuring the management of the safety of staff in line with legislation, standards and regulation.

- Seeking assurances that the quality of patient services is of the appropriate standard and that risks and safety issues are being managed appropriately.
- Seeking assurances that the Patient Experience and staff engagement Strategy is part of everyday business and that patient feedback and involvement is happening;
- Sign off the Trust's Quality Account.

The Committee's powers are described in its Terms of Reference which are detailed within the "Rules of Procedure" and in the Scheme of Reservation and Delegation.

Minutes of the SQC are formally recorded and submitted to the main Trust Board.

3. Investment and Workforce Committee (IWC)

The purpose of the Investment and Workforce Committee is to provide oversight of the Trust's business planning (including in particular strategic financial and workforce planning) and oversee investment (treasury/working capital management and capital projects) and financial sustainability. The Committee is responsible for the following key areas:

- Business planning, including strategic financial and workforce planning
- Approving investment decisions, including capital projects, treasury and working capital management, and;
- Monitoring delivery of significant projects and investments, and any potential business combinations.

The Committee provides assurance to the Board that the business plan and supporting strategies are in place and fit for purpose. It has three non executive directors and four executives, meeting bi-monthly.

The Committee's powers are described in its Terms of Reference which are detailed within the "Rules of Procedure" and in the Scheme of Reservation and Delegation.

Minutes of the IWC are formally recorded and submitted to the main Trust Board.

4. Nomination and Remuneration and Terms of Service Committee

The Nomination and Remuneration Committee's role is to appoint and, if necessary, dismiss the executive directors, establish and monitor the level and structure of total reward for executive directors, ensuring transparency, fairness and consistency. The Committee shall receive reports from the Chairman of the Board of Directors on the annual appraisal of the Chief Executive and from the Chief Executive on the annual appraisals of executive directors, as part of determining their remuneration.

The Committee, which will meet at least twice per year, is comprised of the Board Chair and all Non-Executive Directors. A minimum of three members should be present at meetings who are independent of management.

The Committee will report in writing to the Board at least once annually the basis for its decisions and recommendations.

5. Charitable Funds Committee

In line with its role as a corporate trustee for any funds held in trust, either as charitable or non charitable funds, the Trust Board will establish a Trust and Charitable Funds Committee to administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.

The Surrey and Sussex Healthcare NHS Trust is the Corporate Trustee of the Charity governed by the law applicable to Trusts, principally the Trustee Act 2000 and the Charities Act 1993 and 2006. The Board has devolved responsibility for the on-going management of funds to the Charitable Funds Committee, which administers the funds on behalf of the Corporate Trustee. As such the Committee acts independently of the Board. Members of the Committee are not individual trustees under charity law but act as agents on behalf of the Corporate Trustee.

The Committee has three non executive directors and two executives, meeting at least 3 times a year.

The provisions of this Standing order must be read in conjunction with Standing Order 2.8 and Standing Financial Instruction 29. The Committee's powers are described in its Terms of Reference which are detailed within the "Rules of Procedure" and in the Scheme of Reservation and Delegation.

Minutes of the IWC are formally recorded and submitted to the main Trust Board.

6. Other Committees

The Board may also establish such other committees as required to discharge the Trust's responsibilities.

4.9 Rules of Procedure

The Trust has provided a document called "Rules of Procedure" which provides greater detail on the function and operation of the Board and its Committees. This is updated regularly, approved by the Board and complements the standing orders.

Section D
Scheme of Reservation and Delegation

Corporate Governance Manual 2012/13 onwards

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DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
SO 4.8 SFI 11.1.1	AUDIT COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Advise the Board on internal and external audit services; 2. The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives; 3. Monitor compliance with Standing Orders and Standing Financial Instructions; 4. Review schedules of losses and compensations and making recommendations to the Board. 5. Review the annual financial statements prior to submission to the Board. 6. Review the adequacy and assurances behind risk and control declarations, including the Board Assurance Framework 7. investigate any activity within its terms of reference and seek any information it requires from any employee. 8. Obtain outside legal or other independent professional advice and to secure the attendance of persons external to the Trust with relevant experience and expertise if it considers this necessary.
SO 4.8 SFI 18.6.1	REMUNERATION AND TERMS OF SERVICE COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Investigate any activity within its terms of reference. 2. Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and other senior employees including: <ol style="list-style-type: none"> i All aspects of salary (including any performance-related elements/bonuses); ii Provisions for other benefits, including pensions and cars; iii Arrangements for termination of employment and other contractual terms; iv Make recommendations to the Board on the remuneration and terms of service of executive directors and senior employees to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff; v Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate advise on and oversee appropriate contractual arrangements for such staff; 3. The Committee shall report in writing to the Board the basis for its recommendations.
SO 4.8	SAFETY AND QUALITY COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. oversee the ongoing development and delivery of the Trust's Safety and Quality Strategy; 2. ensure the Trust has appropriate arrangements in place to deliver the highest standards of quality governance, including clear roles and accountabilities; 3. advise of potential and actual risks to safety and quality (as described in more detail in the committee's terms of reference); 4. promote a safety and quality focused culture throughout the Trust;; 5. ensure the provision of appropriate safety and quality information; 6. advise on all aspects of safety and quality and providing assurance that Trust policies reflect latest guidance and legislation; 7. ensure that there are clearly defined, well understood processes for escalating safety and quality issues and managing performance; 8. require all investigations into Serious Incidents (SIs) to be conducted in an effective and timely manner and that their recommendations are acted upon; 9. review the safety and quality impact of efficiency and other transformation programmes ; 10. ensure that all recommendations of relevant national groups (like NICE) are considered and, if appropriate, implemented and that the Trust acts upon all relevant national safety alerts; 11. receive information on trends and themes from clinical negligence claims, incident reporting and complaints; 12. review the Trust's compliance with the Care Quality Commission's registration standards; 13. at the time of its application for NHS foundation trust status to Monitor, advising the Board whether it should sign the self-certification on quality governance and signoff the Quality Account; 14. assuring that effective action plans are developed and implemented following reviews

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
		<p>or investigations into safety and quality by healthcare regulators, inspectorates or accrediting bodies;</p> <ol style="list-style-type: none"> 15. receive assurance that the Trust is participating in all relevant clinical audits and demonstrating that recommendations are being implemented; 16. review the Trust's compliance with the attainment requirements for Information Governance including the Information Governance toolkit and data protection compliance; 17. review the Trust's participation in clinical research; 18. receive assurance from the Chiefs of Divisions that the CQUIN quality and safety improvement initiatives relevant to their Divisions are being delivered as set out in the Trust's contract with its commissioners.
SO 4.8	CHARITABLE FUNDS COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Be autonomous and act independently of the Trust Board but shall report to it for information (please see constitution). 2. Delegate authority to give permission: <ol style="list-style-type: none"> i to spend above £2,000 to the Chief Financial Officer and the Chair of the Committee; ii to establish new funds to the Chief Financial Officer subject to published procedures;. iii to perform day to day management and administrative functions, including changes to Fund Managers to the Head of Financial Accounts subject to published procedures 3. Oversee the management, investment and disbursement of charitable funds within the regulations provided by the Charities Commission and to ensure compliance with the laws governing charitable funds and according to the committee's terms of reference. 4. Act on behalf of the trust in satisfying the duties and responsibilities of trustees in managing the funds 5. Review legacies received and ensure that the Trust complies with the terms of the legacy. 6. establish an investment strategy and monitor the performance of investments. 7. agree the annual return and the annual accounts in line with the requirements of the Charities Commission and the laws governing charitable funds
SO 4.8	INVESTMENT AND WORKFORCE COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> 1. Investigate any activity within its terms of reference and seek any information it requires from any employee of the Trust in order to perform its duties; 2. appoint external professional advisors, and commission or purchase any relevant reports, surveys or information which it deems necessary to fulfil its duties, within budgetary limits described in the SOFIs.. 3. provide oversight of the Trust's business planning and recommend to the Board the sign off of the integrated business plan and annual operating plans. 4. approve: <ol style="list-style-type: none"> i All relevant supporting strategies and policies, with the exception of the Clinical Strategy (which is signed off by the Board) – see below for workforce ii The business planning timetable 5. provide oversight of the Board's financial policies, management and reporting and will approve: <ol style="list-style-type: none"> i the financial policies of the Trust annually and make appropriate recommendations to the Board of Directors; ii the Trust's medium and long-term financial strategy, in relation to both revenue and capital, including overseeing the development of financial plans for the Trust's foundation trust application; iii the Trust's annual financial targets; and iv the preparation of the annual budget prior to its submission to the Board of Directors. 6. provide oversight of the Board's workforce strategy, plans, management and will approve: <ol style="list-style-type: none"> i the workforce strategy and relevant supporting policies that are relevant to the Committee (the Management Board will sign off most supporting policies) ii the organisational development strategy iii as part of the Trust's annual financial budget, the preparation of its establishment prior to the budget's submission to the Board of Directors. 7. approve and review the Trust's investment strategy and policy and maintain oversight of the Trust's investments, ensuring compliance with the policy. The Committee shall: <ol style="list-style-type: none"> i establish the overall methodology, processes and controls which govern

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
		<ul style="list-style-type: none"> investments; ii ensure that robust processes are followed; and iii evaluate, scrutinise and monitor investments; iv approve and review the Trust's treasury management and working capital policy annually or as required; <p>8. approve proposals for major business cases with a capital value of over £1m or which require a revenue budget virement of over £1m. The Committee shall monitor the work of the Capital Group, which reports to the Management Board, for lower value investments (for the avoidance of doubt, the Committee can authorise spend with the same limits as the Board);</p> <p>9. approve the initiation of projects greater than £1m on the information provided in the Project Initiation Document and Project Plan and other key project documents;</p> <p>10. monitor implementation of major projects (>£2.0m).</p>