



Meeting: NHS Highland Board
Meeting date: 27 March 2023
Title: Annual Review of Code of Corporate Governance
Responsible Executive/Non-Executive: Pam Dudek, Chief Executive
Report Author: Ruth Daly, Board Secretary

1 Purpose

This is presented to the Board for:

- Assurance

This report relates to a:

- Legal requirement
- Local policy

This report will align to the following NHSScotland quality ambition(s):

Safe, Effective and Person Centred

This report relates to the following Strategic Outcome(s)

Start Well		Thrive Well		Stay Well		Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	
Care Well		Live Well		Respond Well		Treat Well	
Journey Well		Age Well		End Well		Value Well	
Perform well	✓	Progress well					

2 Report summary

2.1 Situation

This report proposes approval of revised Terms of Reference for two governance committees for inclusion in the Board’s Code of Corporate Governance and Board approval in March 2023. The report has been prepared by the Board Secretary to take account of developments and changes that require to be reflected in the Code.

2.2 Background

The Board agreed an updated Code of Corporate Governance in January 2023, and it was noted that revised Terms of Reference for both Staff Governance and Remuneration Committee would be submitted to the March meeting of the Audit Committee for endorsement.

2.3 Assessment

An assessment of the elements of the draft revised Terms of Reference have been agreed by the respective Governance Committees during January and February 2023, and endorsed by the Audit Committee in March.

Full details of the revisions made are shown as highlighted text in the appendices to this report.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial	X	Moderate	
Limited		None	

3 Impact Analysis

3.1 Quality/ Patient Care

3.2 Workforce

3.3 Financial

The Code of Corporate Governance provides a framework which defines the business principles of the NHS Board and the organisation, in support of the delivery of safe, effective, person-centred care and Quality Outcomes. The provision of robust governance arrangements is key to NHS Highland delivering on its key objectives and to improving workforce, clinical and financial governance.

3.4 Risk Assessment/Management

A risk assessment has not been carried out for this paper.

3.5 Data Protection

This report does not involve personally identifiable information.

3.6 Equality and Diversity, including health inequalities

There are no equality or diversity implications arising from this paper.

3.7 Other impacts

No other impacts

3.8 Communication, involvement, engagement and consultation

The outcome of the Review of the Code of Corporate Governance will be communicated to the wider organisation as appropriate on completion and available on the NHS Highland website.

3.9 Route to the Meeting

The contents of this report have been considered by individual governance committees.

4 Recommendation

The Board is invited to:

- (a) **Approve and take assurance from** the revisions to Terms of Reference proposed for the Staff Governance and Remuneration Committees as set out in the appendices to this report, and
- (b) **Take assurance** that the updated Code of Corporate Governance will be published in full on the Board’s website after the Board meeting;

4.1 List of appendices

The following appendices are included with this report:

The following appendices are included with this report:

- Appendix 1 revised ToR Staff Governance Committee
- Appendix 2 revised ToR Remuneration Committee

Sections added	Sections Deleted
Sections moved	



STAFF GOVERNANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of SGC review: September 2022

Date of Board Approval: January 2023

1. PURPOSE

- 1.1 The purpose of the Staff Governance Committee is to support and maintain a culture within the health system where the delivery of the highest standard possible of staff management is understood to be the responsibility of everyone working within the system, and is built upon partnership and collaboration. It will ensure that robust arrangements to implement the Staff Governance Standard are in place and monitored
- 1.2 To assure the Board that the staff governance arrangements across NHS Highland are working effectively.
- 1.3 As a Committee of the Board, escalate any issues if serious concerns are identified regarding staff governance issues within NHS Highland.

2. COMPOSITION

2.1 The membership of the Staff Governance Committee will be:

- Four Non-Executive members, one of whom will be the Chair of the Committee.
- Employee Director
- **Three Area Partnership Forum (Staffside) representatives**
- *Two Highland Partnership Forum (Staffside) representatives*
- Chief Executive

2.2 Ex Officio

Board Chair

2.3 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. Where appropriate, deputies will be permitted. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff

should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Director of *Human Resources and Organisational Development* **People and Culture**
- Deputy Chief Executive
- Nursing Director
- Medical Director
- Director of Public Health
- Chief Officer, Acute
- Chief Officer, Argyll and Bute IJB
- Chief Officer, *North Highland* **Highland HSCP**
- **Director of Estates, Facilities and Capital Planning**
- **Director of Finance**
- **Director of Adult Social Care**
- Head of Occupational Health and Safety
- Deputy Director of *HR* **People**
- *Head of HR, A&B*
- Head of Communications and Engagement
- *External Culture Advisor*
- Staffside Co-Chair of Health & Safety sub committee

2.4 The Director of *Human Resources and Organisational Development* **People and Culture** will act as Lead Officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. Non- Executive Directors who are unable to attend a meeting should find an substitute to attend in their place.

4. MEETINGS

4.1 The Staff Governance Committee shall meet as necessary to fulfil its purpose but not less than six times a year. Where possible, these meetings should be held to fall between two and four weeks before the NHS Highland Board meeting.

4.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee and a Vice Chair who will chair in their absence.

4.3 If the Chair is absent from any meeting of the Committee, the Vice Chair shall chair the meeting.

4.4 The agenda and supporting papers will be sent out at least five working days before the meeting.

5. REMIT

5.1 The remit of the Staff Governance Committee is to:

- Consider NHS Highland's performance in relation to its achievements of effective Staff Governance and its compliance with the Staff Governance Standard **and reporting on progress to Scottish Government**
- **Take responsibility for the timely submission of all staff governance information required for national monitoring arrangements**
- Give assurance to the Board on the operation of Staff Governance systems within NHS Highland, *identifying* **regarding** progress, issues, **risks and mitigation** and actions being taken, where appropriate
- Oversee the commissioning of structures and processes which ensure that the delivery against the standard is being achieved
- Monitor and evaluate strategies and implementation plans relating to people *management* **and culture, through the Together We Care Strategy, Argyll & Bute HSCP Strategic Plan, the Annual Delivery Plan and the Workforce Plans for NHS Highland and Argyll & Bute HSCP.**
- **Provide support for** *Approve* any policy amendment, funding or resource submission to achieve the Staff Governance Standard
- Review action taken on recommendations made by the Committee, NHS Boards, or the Scottish Ministers on Staff Governance matters;
- Provide assurance and oversight to the board for the operation of the *Highland Area* Partnership Forum, the Health & Safety *Sub* Committee and the *Culture Oversight Group* **People and Culture Programme Board** and escalate any matters as required.
- Support the operation of the *Highland Area* Partnership Forum and the Local Partnership Forums in their Staff Governance monitoring role and the appropriate flow of information to facilitate this.
- *Undertake an annual self-assessment of the Committee's work and effectiveness and share with Scottish Government; and*

5.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board

5.3 The Committee is also required to carry out a review of its function and activities and to provide an Annual Report incorporating a Statement of Assurance. This will be submitted to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year

or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.

- 5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year **and shall review this at each meeting**.
- 5.5 *The Committee shall provide assurance to the Board on achievement and maintenance of Best Value standards, relevant to the Committee's area of governance as set out in Audit Scotland's baseline report "Developing Best Value Arrangements".*

The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.
- 6.2 In order to fulfil its remit, the Staff Governance Committee may obtain whatever professional advice it requires, and require Directors or other officers of the Board to attend meetings.
- 6.3 Delegated authority is detailed in the Board's Standing Orders, as set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

- 7.1 The Staff Governance Committee reports directly to NHS Highland Board on its work. Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The **Highland Area** Partnership Forum will report to the Committee and act as the main implementation body for the Staff Governance agenda.
- 7.3 The Health and Safety **Sub** Committee will report to the Committee to ensure that the appropriate processes and resources are in place to facilitate the achievement of Health and Safety Policy Aims and Strategic Objectives and for assurance of and escalation for matters relating to Health & Safety. **This will**

include receiving an annual report on progress with the Health and Safety agenda.

- 7.4 The *Culture Oversight Group* People and Culture Programme Board will report to the Committee on progress with and assurance of the *Culture Programme across NHS Highland* People and Culture elements of the Strategy and Annual Delivery Plan, including the Argyll and Bute Strategic Plan, as well as compliance with the Health and Care Staffing Act and delivery of the Workforce plans for both NHS Highland and Argyll & Bute HSCP. This will include a dashboard of metrics and insights and oversight of key risks and issues.

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Sections added	<i>Sections Deleted</i>
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REMUNERATION COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Board approval: January 2023

1. PURPOSE AND ROLE

- 1.1 To consider and agree performance objectives and performance appraisals for staff in the Executive cohort, **and** to oversee performance arrangements for designated senior managers, **and to endorse pay and terms and conditions for the Executive cohort**. The Committee will be responsible for applying the remit detailed in NHS: MEL (2000) 25, NHS HDL (2002) 64 and subsequent guidance:

https://www.sehd.scot.nhs.uk/mels/2000_25.pdf

https://www.scot.nhs.uk/sehd/mels/HDL2002_64.pdf

- 1.2 To direct the appointment process for the Chief Executive and Executive **Directors Members of the Board**.

- 1.3 **Additionally, for the duration of the NHS Highland Healing Process, the Committee will be responsible for reviewing and approving the recommendations of the Healing Process Independent Review Panel.**

2. COMPOSITION

- 2.1 The membership of the Remuneration Committee will be:

- Board Chair
- Board Vice Chair
- Employee Director
- 2 Non Executive Directors

- 2.2 The Director of People and Culture shall serve as the Lead Officer to the Committee.

- 2.3 All Executive members in attendance at the Committee will leave the meeting when any discussion takes place with regard to individual Directors' performance, **apart from the Lead Executive to the Committee**. The NHS Highland Chief Executive **and the Lead Executive to the Committee** will leave the meeting when there is any discussion with regard to their own **respective** performance, and pay and conditions.

3. QUORUM

3.1 Meetings will be quorate when at least **two three** members are present.

4. MEETINGS

4.1 The Committee shall meet as necessary, but not less than three times a year.

4.2 The NHS Highland Board Vice Chair will chair the Committee.

4.3 If the Chair is absent from any meeting of the Committee, the Committee Vice Chair will preside at the meeting. In the absence of both the Chair and the Vice Chair, members shall elect from amongst themselves one of the other Committee members to chair the meeting.

4.4 The agenda and supporting papers for each meeting will be sent out at least five clear working days before the meeting.

4.5 The principal minutes will be circulated to all Committee members. Abridged minutes edited to remove all personal details will be circulated to all Board members.

5. REMIT

5.1 The remit of the Remuneration Committee is to:

- Agree all the terms and conditions of employment of Executive Directors and Senior Managers of the Board, including:
 - job descriptions
 - job evaluation
 - terms of employment
 - basic pay
 - performance related pay
 - benefits (removal arrangements and cars)
- Agree objectives for executives before the start of the year in which performance is assessed
- **Review completed Executive appraisals relative to the performance of the Board**
- To assure the Board that effective arrangements are in place for carrying out the above **two** functions in respect of all other senior managers
- Conduct a regular review of the Board's policy for the remuneration and performance assessment of executive directors, other senior managers and medical consultants, in the light of guidance issued by the SGHD and any specific National, External or Internal Audit Report.
- **Agree the output of the Discretionary Points Advisory Committee in relation to the award of discretionary points to Consultants. To review and approve all Independent Review Panel recommendations associated with NHS Highland's agreed Healing Process of March 2020. The Committee sees anonymised recommendations and, given the inherent sensitivities, all Committee attendees must adhere to the need for strict confidentiality in relation to all information from the Independent Review Panel shared with the Committee.**

The Remuneration Committee, under the leadership of the Chair will:

- Ensure Remuneration **Sub** Committee members are fully trained to undertake Committee member duties.

- Ensure efficient and effective use of public monies in relation to managerial and executive pay.
- Ensure that decisions on pay are fully supportable and auditable.
- Ensure that individual targets and assessments of performance against targets are tied to the Board's overall performance in providing health and social care services.
- Take full account of Government policy on pay in the public sector and the need to contain overall management costs when determining pay increases.

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.
- 6.2 In order to fulfil its remit, the Remuneration Committee may obtain whatever professional advice it requires, and require Directors or other officers of the Board to attend meetings.
- 6.3 Delegated authority is detailed in the Board's Standing Orders and Standing Financial Instructions and is set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

- 7.1 The Remuneration Committee reports directly to the NHS Highland Board on its work. Minutes of the Committee are presented to the Board In Committee by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board. The Remuneration Committee has access to the National Remuneration Committee Self-Assessment Pack to ensure that the performance is in line with National Guidance.
- 7.3 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 7.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.