



**North East and North Cumbria**

REPORT CLASSIFICATION	✓	CATEGORY OF PAPER	✓
Official	✓	Proposes specific action	✓
Official: Sensitive Commercial		Provides assurance	
Official: Sensitive Personal		For information only	

<b>NHS North East &amp; North Cumbria BOARD</b> <b>31 January 2023</b>	
<b>Report Title:</b>	Governance Handbook (Issue 4)
<b>Purpose of report</b>	
<p>To approve proposed amendments to documents held and published in the ICB's Governance Handbook, including the Scheme of Reservation and Delegation, Standing Financial Instructions (SFIs), Financial Delegations and Financial Limits, and committee terms of reference.</p>	
<b>Key points</b>	
<p>The documents which make up the ICB's Governance Handbook were approved by the Board on 1<sup>st</sup> July 2022 (issue 1), with further amendments to one or more documents approved by Board on 27 September 2022 (issue 2) and 29 November 2022 (issue 3).</p> <p>As part of a process of ongoing review of the documents within the Governance Handbook, several proposed amendments have been identified to ensure the documents remain fit for purpose. The Audit Committee has reviewed the proposed amendments to the Scheme of Reservation and Delegation and financial documents at its meeting on 12 January 2023 and recommends the proposed amendments to Board for approval. Board is also being asked to approve updated committee terms of reference, as below and attached.</p> <p>The amended documents are attached with changes highlighted or tracked and summarised below:</p> <p><b><u>Material Changes to the Scheme of Reservation and Delegation (Appendix 1)</u></b></p> <ul style="list-style-type: none"> <li>• Audit Committee to recommend changes to the Scheme of Reservation and Delegation to Board for approval instead of the Chief Executive;</li> <li>• Audit Committee to recommend changes to the SFIs, Financial Delegations and Financial Limits to the Board for approval, instead of the Finance, Performance &amp; Investment Committee.</li> <li>• Clarification of approval limits as approved by Board on 29 November 2022;</li> </ul>	

- Deleted the determination of governance arrangements at Place, as all committees or sub committees must be approved by Board;
- Control of the staff establishment (tier 1- tier 3) added;
- Approve the appointment of internal auditors, changed from Board to Audit Committee;
- Approval of standard operating procedures (SOPs) changed from Executive Committee to the relevant director for than function;
- Footnote 1 replaced by table 1 which provides updated guidance;
- Individual Funding Request Panels (sub committee) as approved by Board in September 22) and Healthier and Fairer Advisory Group (sub committee) as approved by Board in November 2022) added to list of sub committees at Appendix 1; and
- Job title of the Executive Director of Place Based Delivery, changed to Executive Area Director.

### **Standing Financial Instructions (Appendix 2)**

The SFIs have been updated based on the latest version published by NHS England. There are a few minor grammatical / wording changes highlighted in the document, but the two main changes are:

- Paragraph 4.1.4, bullet point removed as this is effectively covered in the following two bullet points
- Paragraph 10.1.4 (losses and special payments) updated to reflect latest guidance.

Both changes above are directly from latest NHSE template.

### **Financial Delegations (Appendix 3)**

Key changes are as follows:

- Paragraph 1.1 and 1.2 have been updated to allow an ICB Director of Finance to approve capital schemes of up to £250,000, consistent with delegated revenue expenditure limits.
- Paragraph 2.1 has been added to clarify the limits above which competitive quotations are required and relevant procurement thresholds. This is in line with the current agreed position, the addition is simply to make the position clearer in the document
- Paragraph 2.6 – previously the signing of contracts was reserved to Executive Directors which was impractical and out of sync with delegated financial limits. The proposed amendment will allow other individuals to sign contracts in line with delegated limits, and allow other ICB Directors to sign contracts up to £1m that have been appropriately approved.
- Paragraph 6.1 – previously the engagement of solicitors was reserved to Executive Directors. The proposed amendment confirms this will now be approved in accordance with the legal services Standing Operating Procedure to be maintained by the Executive Director of Corporate Governance, Communications and Involvement, and in line with delegated financial limits.
- Paragraph 13 has been added to confirm arrangements for approval of any non-audit services from the external auditors, including compliance with relevant National Audit Office guidance
- Job title of the Executive Director of Place Based Delivery, changed to Executive Area Director where referenced.

### **Financial Limits (Appendix 4)**

- One amendment has been proposed on the delegated limits for admin budgets such that expenditure up to £4,999,999 would be approved by Executive Committee rather than Finance, Performance and Investment Committee.
- Job title of the Executive Director of Place Based Delivery, changed to Executive Area Director where referenced.

The delegated financial limits will be reviewed again once formal place-based governance arrangements, including any relevant committees for example, are approved and established.

#### **Executive Committee Terms of Reference (Appendix 5)**

Job titles of some members changed to reflect their new titles.

Approving standard operating procedures has been removed from the terms of reference as it is now delegated to the relevant executive director.

Develop and implementation of Primary Care Strategy has been added to the committee's responsibilities.

#### **Quality & Safety Committee Terms of Reference (Appendix 6)**

Job title of Executive Director of Strategy and System Oversight changed to Chief of Strategy and Operations. (Membership remains unchanged).

Vice chair deleted from this statement: The Committee will be chaired by an Independent Non-Executive Member of the Board. The Chair cannot also be the Audit Committee Chair or Vice Chair.

#### **Finance, Performance & Investment Committee Terms of Reference (Appendix 7)**

The Board agreed the establishment of the FPI Committee at its meeting on 1 July 2022, along with an agreed set of terms of reference. The FPI Committee held its first meeting on 1 September 2022 and have reviewed the terms of reference on an ongoing basis to ensure they were fit for purpose and would enable the Committee to deliver its delegated responsibilities effectively.

The review highlighted a number of areas that required amendment to ensure the effective functioning of the committee, these include:

- Combine Part 1 and 2 of the meeting agenda and the Chair will manage any conflicts of interest in the normal way
- Appropriate amendments to the membership
- Removal of "To recommend SFIs and financial delegations and limits to the Board for approval" as this is the remit of the Audit Committee
- Removal of "To develop a finance staff development strategy to ensure excellence by attracting and retaining the best finance talent" as this responsibility is not one for an individual committee but for the organisation

- Following approval of ICBP006 Commercial sponsorship and joint working with the pharmaceutical industry Policy, inclusion of 'Ratification of pooled budget arrangements relating to commercial sponsorship and joint working with the pharmaceutical industry'

The proposed changes have been reflected in the updated terms of reference at Appendix 7, with amendments marked in yellow.

### **Audit Committee Terms of Reference (Appendix 8)**

The following responsibilities have been added to the remit of the Audit Committee:

- To recommend SFIs, financial delegations\* and limits to the Board for approval. \*The financial delegations include approval of Non-Audit Services (previously this was the responsibility of the Finance, Performance and Investment Committee)
- To recommend the Scheme of Reservation & Delegation to the Board for approval (previously this was the responsibility of the Chief Executive).
- Approving the appointment of Internal Auditors, retrospectively from 1 July 2022.

Amended reference to the NHS Standards for Commissioners, Fraud, Bribery and Corruption to Government Functional Standard 013 Counter Fraud: NHSCFA requirements.

### **Governance Structure (Appendix 9)**

Addition of the following 3 approved sub committees:

- Healthier and Fairer Advisory (sub committee)
- Individual Funding Requests Panel North (sub committee)
- Individual Funding Requests Panel South (sub committee)

### **Risks and issues**

There is a risk the ICB does not have a robust and clear control environment in relation to the effective stewardship and management of public funds and levels of delegation may not support local decision-making.

### **Assurances**

The SORD, financial governance documents and committee terms of reference have been reviewed to ensure they remain fit for purpose and are in line with other required statutory guidance.

The SFIs have been prepared using the NHS England standard template and comply with all statutory and mandated guidance. The financial limits and proposed delegation levels have also been developed in consultation with relevant finance and governance experts to ensure they are robust and fit for purpose. Audit Committee has reviewed these and recommends them to Board.

Recommendation/action required
<p>Board is asked to note the proposed changes to the governance documents described above and to approve the updated versions for insertion into the Governance Handbook (issue 4), as follows:</p> <ul style="list-style-type: none"> <li>• Scheme of Reservation and Delegation (<b>Appendix 1</b>) – version 2-0</li> <li>• Standing Financial Instructions (<b>Appendix 2</b>) – version 2-0</li> <li>• Financial Delegations (<b>Appendix 3</b>) version 2-0</li> <li>• Financial Limits (<b>Appendix 4</b>) version 2-0</li> <li>• Executive Committee Terms of Reference (<b>Appendix 5</b>) version 2-0</li> <li>• Quality &amp; Safety Committee Terms of Reference (<b>Appendix 6</b>) version 2-0</li> <li>• Finance, Performance &amp; Investment Committee Terms of Reference (<b>Appendix 7</b>) version 2-0</li> <li>• Audit Committee Terms of Reference (<b>Appendix 8</b>) version 2-0</li> <li>• Governance Structure (<b>Appendix 9</b>) version 2-0</li> </ul>

Acronyms and abbreviations explained	
<p>SoRD - Scheme of Reservation and Delegation            SFIs – Standing Financial Instructions            SOP - Standard Operating Procedures            IFR – Individual Funding Request</p>	
<b>Sponsor/approving director</b>	<p>Claire Riley, Executive Director of Corporate Governance, Communications, and Involvement            David Chandler, Interim Executive Director of Finance</p>
<b>Report author</b>	<p>Richard Henderson, Director of Finance (Corporate) and Irene Walker, Head of Governance</p>
Link to ICB corporate aims (please tick all that apply)	
CA1: Improve outcomes in population health and healthcare	<input type="checkbox"/>
CA2: tackle inequalities in outcomes, experience and access	<input type="checkbox"/>
CA3: Enhance productivity and value for money	<input checked="" type="checkbox"/>
CA4: Help the NHS support broader social and economic development	<input type="checkbox"/>
Relevant legal/statutory issues	
<p>Note any relevant Acts, regulations, national guidelines etc</p>	

Item: 8.1

Official

<b>Any potential/actual conflicts of interest associated with the paper?</b> (please tick)	<b>Yes</b>		<b>No</b>	✓	<b>N/A</b>	
If yes, please specify						
<b>Equality analysis completed</b> (please tick)	<b>Yes</b>		<b>No</b>		<b>N/A</b>	✓
<b>If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken?</b> (please tick)	<b>Yes</b>		<b>No</b>	✓	<b>N/A</b>	
<b>Key implications</b>						
<b>Are additional resources required?</b>	n/a					
<b>Has there been/does there need to be appropriate clinical involvement?</b>	n/a					
<b>Has there been/does there need to be any patient and public involvement?</b>	n/a					
<b>Has there been/does there need to be partner and/or other stakeholder engagement?</b>	n/a					