

Board of Directors (in Public)

Item 5.3

Subject: Review of Corporate Governance Manual
Date of meeting: Tuesday 24th November 2020
Prepared by: Laura Hunter Cross, Head of Financial Services
Presented by: Lucy Lavan, Director of Corporate Affairs
Karen Edge, Chief Finance Officer
Purpose of Report: For Approval

BAF Ref	Impact on BAF
WC7	Meet the requirements of the regulators

1. Executive Summary

The purpose of the paper is to ask the Board to review the recommendations of the Audit Committee and top approve a series of updates to the Corporate Governance Manual as described in Section 2.

In addition the establishment of a new Committee of the Board of Directors to consider recommendations in respect of organisations hosted by LHCH is proposed and a terms of reference has been set out for the Board's consideration (Refer Section 3 below and attached ToR document).

2. Corporate Governance Manual Updates

Following the annual review of the Corporate Governance Manual (July 2020), a number of further updates have been reviewed by the Audit Committee and are recommended for Board approval:

i) Virement Policy

While virement limits are set out in the SORD, there is little detail behind how they are to be applied and how records are to be kept. The attached Virement Policy has been set out to make it clearer to budget holders how virements can take place, the approval process that needs to be followed and the information required to complete the transaction. Refer Appendix a.

ii) Treasury Management Policy

The Treasury Management Policy has been reviewed and updated to reflect personnel changes and updated information regarding Moody's ratings. (Refer Appendix B)

As at the 30th June 2020 the Trust had £47m in its bank account with the Nat

West Government Banking Service (GBS). The interest rate applied to this account is 0.1% from the 19th March 2020.

Although interest rates are low, it is still in the Trust's best interest to keep cash in Government bank accounts. This is because in the calculation to derive the Trust's Public Dividend Capital (PDC) payment the average cash balances held in a government bank account are net off against the Trust's asset value, before the 3.5% charge is applied. There are no banks with a Moody's rating of A1 or above that are offering interest rates above 3.5%. The National Loans Fund can sometimes provide an opportunity as it is classified as a government bank account and sometimes offers interest rates above the GBS NatWest account. However the NLF is currently closed to new investors, while all the staff are working from home. We have asked to be notified once this changes and will keep a watching brief on opportunities for investment for the Trust.

iii) Data Quality Strategy

Following a recommendation from internal audit, the approved Data Quality Strategy has been re-presented in the Trust policy document template.

The document addresses the requirement for a review date (October 2022), acknowledges the previous strategy is now replaced and adds additional documentation control items. An equality impact assessment (EIA) has also been completed. The executive ownership of the document is transferred from Claire Wilson to Kate Warriner.

The content of the Strategy itself is unchanged. (Refer Appendix C).

iv) Conflicts of Interest Policy

The Anti-Fraud Specialist (AFS) recommended that the Trust reference contact details to the AFS, NHS Counter Fraud Authority and the Reporting Hotline number be included in the Trusts Managing Conflicts of Interest Policy. This has been actioned. (Refer Appendix D).

v) Scheme of Reservation and Delegation (SORD)

The SORD has been amended to reflect the following:

1. Charity office petty cash approval of over £100 by the Director of Corporate Affairs. This omission was identified by MIAA in last year's audit of the charity.
2. Detailed approval limits for Liverpool Health Partners and the Innovation Agency. Their staff structures do not follow Agenda for Change and so separate tables are required to make the approval limits clear.

Refer appendix E.

All of the above were considered by the Audit Committee on 19th October 2020 and the Audit Committee supported the amendments for approval by the Board.

3. Further Addition to Corporate Governance Manual

The need has arisen to establish a new Committee of the Board – this recommendation has not been considered by Audit Committee but is a matter for the Board of Directors:

Terms of Reference - Board Committee - Hosted Organisations

This Committee is established as a Committee of the Board of Directors in order to ensure effective governance in respect of organisations which are hosted by the Trust, in circumstances where members of the hosted organisation's Board / Governing body is conflicted. E.g. consideration of Chair / NED appointments and remuneration. The proposed Terms of Reference is attached for approval. Refer Appendix F.

4. Recommendations

The Board of Directors is asked to :

- i) Consider the recommendations of the Audit Committee and approve the amendments to the Corporate Governance Manual as described in Paragraph 2 above (Appendices A-E).
- ii) Approve the establishment of and terms of reference for a new Committee of the Board to ratify recommendations from the Boards / Governing Bodies of organisations hosted by LHCH, where this is required (eg when the Chair / Senior Officer is conflicted) – Appendix F.

Subject to approval by the Board, the revised Corporate Governance Manual will come into immediate effect and the content will be uploaded onto the staff intranet, in accordance with the Trust's document control procedure.