



**CALDERDALE AND
HUDDERSFIELD
SOLUTIONS LIMITED**

**CORPORATE
GOVERNANCE
FRAMEWORK**

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1. Introduction

Sound corporate governance principles are the foundation upon which the company is built. Calderdale and Huddersfield Solutions Limited (CHS) has adopted the primary characteristics of corporate governance from UK and best practice standards.

Corporate governance facilitates fairness, accountability, responsibility and transparency across organisations. Corporate governance processes protects executives and employees in fulfilling their duties, and good corporate governance instils stakeholder confidence in the organisation.

The CHS Governance Framework will ensure continuous performance improvement while meeting its governance obligations and adhering to legislative requirements.

This Framework summarises the key principles and procedures used by CHS to support effective governance and ensure that the company operates in line with its vision and values.

This document provides guidance to CHS staff and stakeholders and is available on the CHS website.

2. Purpose

The purpose of the CHS Governance Framework ('the Framework') is to provide for the prudent management and oversight of CHS and to adequately protect the interests of all stakeholders. This Framework describes the governance structure and decision making processes applicable to CHS.

The Board of Directors recognises that corporate governance practices must be appropriate and relevant to the size, nature and complexity of the operations, whilst promoting robust practices within the context of commercial performance. This document only addresses CHS's overarching structure and decision making principles. Specific policies, terms of reference and other operational decision making processes are set out in separate documents. This document, does not therefore prescribe how these activities are conducted.

3. Scope

The Framework applies to CHS as defined.

4. Governance principles

The corporate governance model that CHS has implemented uses best practice which includes the following:

4.1 Three Lines of Defence

There are a number of routes of assurance corporate governance in CHS. These different types of assurance are referred to as the 'three lines of defence'. The key differentiating factor between the three lines of defence are their levels of independence from the entity's operational activities and to the entity itself.

The three lines of defence governance model therefore distinguishes between:

- Functions owning and managing risks as part of the day-to-day activities (first line of defence);
- Functions overseeing risks and providing robust challenge to the management teams (second line of defence); and
- Functions providing independent assurance (third line of defence).

1 st line of defence	2 nd line of defence	3 rd line of defence
Department Managers Operational Managers Compliance functions	Senior Management Team Board of Directors	Internal Audit External Audit Other independent 3rd party specialist

4.2 Fit and Proper Person Requirements for Directors

The Board of Directors is committed to ensuring that officers in key positions in the company are fit and proper. Accordingly, CHS has adopted the same Fit and Proper procedures as its shareholder – Calderdale and Huddersfield NHS Foundation Trust (CHFT).

4.3 Principles of Outsourcing and Insourcing

The CHS Board of Directors will have in place an outsourcing policy and an insourcing policy, which guides the accountability for any activity within CHS that is either outsourced or insourced.

5. Governance structure

CHS recognises the value of implementing a governance structure which supports leadership, sustainability and corporate citizenship. This includes establishing a Board of Directors with appropriate support provided either by the parent company or via Board Committees.

In support of a transparent organisational structure and these lines of responsibility, CHS has established the governance structure set out in Appendix 1.

The CHS Board of Directors retains full and effective control of the company and is ultimately accountable and responsible for its performance to the parent company. This includes responsibility for reviewing a guiding corporate strategy, through the establishment of key policies and objectives; understanding the key risks faced by the company; determining the risk appetite, tolerance and preferences of the company and the processes to mitigate these.

The Board has overall responsibility for the management of the company and for maximising shareholder value. In discharging its responsibilities, the Board is supported by senior management, together with various CHFT board committees and other governance groups and forums. These groups and committees have specific terms of reference, appropriately skilled members, senior management participation and access to specialist advice when considered necessary.

Various informal forums may be established for the purpose of gathering information, agreeing and tracking actions, and where necessary, escalating findings or recommendations to decision-making forums.

CHS has established the structure in Appendix 1, to assist and support the CHS Board, in discharging their duties. Through the Scheme of Delegation and Standing Orders, the parent company retains authority to approve the terms and conditions including the remuneration of and nominations to the CHS Board of Directors.

5.1 CHS Board

The Board acts at all times in the best interests of CHS and takes ultimate responsibility for the Company. The Board has an approved terms of reference, which includes details such as the duties and responsibilities of the Board and the composition of the Board. The roles and responsibilities, authority, operations, functioning and other related matters are defined and set out in the CHS Standing Orders.

5.2 Board Committees/Groups

CHFT Nominations and Remuneration Committee (Board of Directors)

The CHFT Nominations and Remuneration Committee (Board of Directors) oversees the process by which suitable Board directors are identified and appointed. The Committee also approves changes to director and senior manager remuneration and terms and service. Where such changes affect employees beyond the remit of the terms of reference of the Nominations and Remuneration Committee as well as Directors, then the parent company Board (CHFT) will approve such changes.

CHFT Audit and Risk Committee

The Audit and Risk Committee of CHFT provides oversight of the audit and risk management processes governing CHS on behalf of CHFT. The Audit and Risk Committee discharges its responsibilities by reviewing the findings of significant assurance functions (including counter-fraud); both internal and external audit; and the risk management framework and considering the risk implications for the governance of CHS.

Joint Liaison Committee

The Group comprises CHS directors and CHFT directors. Its main focus is to provide oversight of the performance of CHS via scrutiny of the key performance indicators and to ensure CHFT is delivering in line with the service level agreements. The Joint Liaison Committee assists the respective boards in forming an opinion regarding financial, operational, quality and commercial performance.

CHS Operational Committee

Senior management of CHS have the responsibility for the day-to-day management of the company. The CHS Operational Committee serves as an executive function and is responsible for the delivery of the CHS business plan as approved by the CHS Board. The CHS Operational Committee provides the CHS Board with sound information, advice and recommendations on the organisational structure, objectives, plans and policies of CHS to enable the CHS Board to make informed decisions.

5.3 Internal Control System

The internal control system acts as an enabler for the delivery of effective governance and to demonstrate that adequate internal controls are in place and operating effectively.

The CHS internal control system outlines the various elements influencing and contributing to a sound internal control environment to ensure adequate control over operations, compliance and financial reporting.

The internal control system is designed to assist the CHS Board, senior management and other management within CHS, and provides reasonable assurance from a control perspective that the business is being operated consistently within the:

- Risk appetite set;
- Agreed business objectives;
- Agreed policy and processes; and
- Laws and regulations.

CHS's internal control environment includes three control functions, namely:

- Risk management control function;
- Compliance control function; and
- Internal audit control function.

The control functions are subject to periodic internal review by the internal audit function as set out in the annual internal audit workplan.

5.3.1 Risk Management

Risk management focusses on the relationship between risk and its impact on achieving objectives.

CHS's risk management system includes the establishment of various policies, plans, processes and tools for identifying, measuring, monitoring, managing and reporting of all material risks to which CHS is exposed.

The CHFT risk management function assists CHS via the General Services Agreement in managing and monitoring the risk management system, and maintaining an organisation wide view of the risk profile.

5.3.2 Compliance

CHS has a robust compliance function supported by the CHFT Risk and Compliance team who provides guidance and oversight to CHS via the General Services Agreement, on the level of compliance to the CHS Board and relevant management groups.

5.3.3 Internal Audit

CHS procures an internal audit function that provides independent, objective assurance to the CHS Board in respect of its governance, risk management and internal controls. The internal audit function complies with the regulatory compliance standards. It has established and implemented an approved charter. The internal audit function follows a risk based approach and the internal audit plan is informed by the business plan and risks to the company.

6. Code of conduct

CHS has an approved Code of Conduct and a values-based culture has been established in the organisation based on the four pillars of behaviour. The four pillars play a key role in shaping the culture of CHS and all its client-facing brands. These are

described in the staff handbook however they are not exhaustive of all ethical norms that guide the behaviour of staff and the company.

CHS aims to treat all its stakeholders fairly and will strive to enhance and develop its services and communication channels to meet their expectation.

7. Governance of frameworks, policies and procedures

The development of various other frameworks, policies and procedures within CHS are to make clear what their aims are, explain how it will achieve them and contribute to the overall direction of CHS. In providing for good governance these documents are finalised after consultation with all impacted management. The policy owner will then ensure that any proposed changes to an existing policy will be submitted to the relevant Committee or Group for approval. A list of approved policies will be shared with the CHS Board.

8. Governance of this framework

8.1 Ownership of this Framework

Ownership of this Framework is vested with the Company Secretary.

8.2 Drafting and Amendments

The Company Secretary is responsible for the co-ordination, drafting of, and amendment to, the Framework. Any proposed changes to the Framework will be submitted to the relevant Committee or Group for approval, and ultimately to the CHS Board, as and when necessary.

8.3 Approval

This Framework must be approved by the CHS Board.

9. Compliance

Non-compliance with any CHS policies, standards, procedures, or the like, will be managed in accordance with the staff disciplinary procedures set out in the Staff Handbook.

10. Implementation

The CHS Operational Committee and heads of support functions within CHS are responsible for adherence to and implementation of this Framework in the operational areas.

11. Review

This Framework will be reviewed in conjunction with the CHS Standing Orders

Calderdale and Huddersfield Solutions Limited—Governance Structure



Key – Black Meetings, Blue Shared Meetings, Green CHFT Meetings

CHFT
Finance
and
Perform
ance
Commi
tee

CHFT/CHS Joint Liaison Committee
(Quarterly 4th Monday)
Attendance: CHS: Chair, Managing Director, Non Exec Director, Director of Finance, Company Secretary, CHFT Non-Executive Director Chair of one of the Trust’s Assurance Committees. NED, Director of Finance, Chief Nurse or Chief Operating Officer, Company Secretary, Contracts & Compliance Manager
Purpose: Integrated Performance Monitoring (including Finance) reports, Variation to business plan & Commercial Strategy, Compliance Register, Variation/Exception Reports, Governance Report, Joint Trust/CHS Risks, Capital Report, Service Requests Change Notices, Eric Returns (Annual)

CHFT Board of Directors
(Bi-Monthly) - Jan 2020—1st Thursday)
Attendance: Execs, NEDs, CHS Managing Director, Company Secretary.

CHFT/CHS Contracts and Performance review Meeting
(3rd Wednesday of each month)
Attendance: CHFT: Contracts and Compliance Manager, CHFT Service Performance, Corporate Matron, Heads of Services.
CHS: Heads of Service: Estates, Facilities and Procurement, Company Secretary, Finance Manager
Purpose: Risks, Incidents, CHS—CHFT SLA’s review, Audits & Monitoring, Shared Learning, CHFT—CHS SLA’s review, Future Planning (BC/Ward moves/ Capital plans)

CHS Board of Directors
(Bi-Monthly Jan 2020– Last Tuesday)
Attendance: Chairman, Managing Director, Director of Finance, NEDs, Company Secretary

CHS Operational Committee
(3rd Monday each month)
Attendance: Managing Director, Heads of Services, : Estates, Facilities & Procurement, Finance manager, HR Business Partner, Company Secretary, Capital Manager, Property Manager, Corporate Matron & Infection Control Lead
Purpose: Performance report (SMT Level), Training, Directorate updates, infection control update, Communication Updates, Updates from other forums, PSQC, H&S and F&P

CHS Patient Quality & Safety Committee
(2nd Monday in each month)
Attendance: CHFT: Contracts & Compliance Manager, CHFT Service Performance, Corporate Matron
CHS: Head of Services, Estates, Facilities, Procurement, Company Secretary, Finance Manager.
Purpose: Risks, Incidents
CHS—CHFT SLA’s review, Audits & Monitoring, Shared Learning
CHFT—CHS SLA’s, Future Planning (BC/Ward moves/ Capital Plans)

CHS Finance & Performance
(3rd Tuesday of the month)
Attendance: Managing Director, Finance Manager, HR Business Partner, Company Secretary , General Managers & Heads of Service—Estates, Facilities and Procurement
Purpose— Discussion/monitoring of: Finance/Budgets, CIP, HR, Contracts, Performance, Commercial, Procurement, Productivity & Efficiencies

CHFT Health
and Safety
Committee

CHS Health & Safety Committee
(2nd Wednesday in each month)
Attendance: Managing Director, Heads of Service: Estates, Facilities and Procurements, Leads for: Medical Engineering, Fire, H&S and Waste
Purpose: Policies and procedures, Training—Mandatory and Job Specific, Legislation and Guidance, performance monitoring (audits, risk assessments, claims, statistics), department updates, shared learning, staff side)

CHS Sub-Committees
Medical Engineering
Facilities
Estates
Procurement