

## NHS Health Scotland

### Report to the Accountable Officer at 27 April 2017

#### ANNUAL STATEMENT OF ASSURANCE OF THE REMUNERATION COMMITTEE FOR 2016/17

##### **Purpose of annual assurance statement**

To provide the Audit Committee with assurance that the Remuneration Committee has fulfilled its stated purpose as per its Terms of Reference during the financial year. This will allow the Audit Committee to prepare its own overview report to the Board as part of its Annual Report in asking the Board to approve the Annual Accounts.

##### **Committee Purpose**

The role of the Remuneration Committee is to ensure the application and implementation of fair and equitable pay systems and other related employment matters as set out in paragraph 15 of the Committee Terms of Reference, on behalf of the Board, as determined by Ministers and Scottish Government and described in MEL (1993) 114 and subsequent amendments. MEL (1993) 114 concerns arrangements for the pay of executive members of the Board and managers who are employed on Senior Manager Terms and Conditions.

##### **Membership**

Chair	-	Mr D Crichton
Non Executive Members	-	Ms A Jarvis Mr R Pettigrew Dr. A Wallace (to 31 May 2016) Dr. P Stollard (from 1 June 2016) Mr M Craig

Meeting attendance details of members are attached in Appendix 1.

##### **Terms of Reference, Effectiveness Review, Schedule of Business & Approval of Minutes**

The Terms of Reference were last reviewed by the Committee electronically prior to the Board meeting on 24 March 2017.

The Committee last reviewed its effectiveness on 24 March 2017. The Committee also addressed an internal audit recommendation by reviewing the schedule of business to ensure that is covered the full range of matters identified in its Terms of Reference are being addressed.

The Committee's workcycle for 2016/17 was approved on 23 September 2016

The Committee's business for the year was as follows:

Date	Discussion Items
6 May 2016	<ul style="list-style-type: none"> <li>• Review and approval of personal objectives for CEO and Executive Team</li> <li>• Early Departures from NHS Health Scotland</li> <li>• Medical Revalidation National Report</li> </ul>
22 June 2016	<ul style="list-style-type: none"> <li>• Final approval of personal objectives for CEO</li> <li>• Performance Management Outcomes for Staff in Executive Cohort 2015/16</li> <li>• Discretionary Points</li> <li>• Medical Revalidation update</li> </ul>
23 September 2016	<ul style="list-style-type: none"> <li>• Discretionary Points</li> <li>• Reporting Early Departures from NHS Health Scotland</li> <li>• Review of Committee Work Cycle</li> </ul>
24 March 2017	<ul style="list-style-type: none"> <li>• Terms of Reference</li> <li>• Forward Schedule of business 2017/18</li> <li>• Review of Effectiveness of Committee</li> </ul>

Minutes of the meetings of the Committee (redacted where necessary) are reviewed by the Staff Governance Committee. The minutes of meetings held during 2016/17 are presented to the Staff Governance Committee. The dates the minutes were (or will be) sent to the Staff Governance Committee for approval are as follows:

- May 2016 - SGC 12<sup>th</sup> August 2016
- June 2016 – SGC 21<sup>st</sup> October 2016
- September 2016 minutes – SGC 12<sup>th</sup> May 2017
- March 2017 minutes – SGC 18<sup>th</sup> August 2017

### **Best Value**

For 2016/17 and future years the Board is required to provide overt assurance on Best Value. A Best Value/EFQM framework was approved by the Audit Committee in June 2014 and an update provided to the 8 June 2016 Audit Committee meeting.

### **Risk Management**

The Remuneration Committee considers risks in relation to all subjects discussed. To help mitigate risk and ensure best governance practice, a bespoke decision assurance template is also completed at the end of each substantive decision-making item.

### **Conclusion**

As Chair of the Remuneration Committee during financial year 2016/17, I am satisfied that the integrated approach, the frequency of meetings, the breadth of the business undertaken and the range of attendees at meetings of the Committee has allowed us to fulfil our Corporate Governance remit as detailed in the Scottish Public Finance Manual (SPFM).

I would like to pay tribute to the dedication and commitment of fellow members of the Committee and to all attendees. I would thank all those members of staff who have prepared reports and attended meetings of the Committee.

Signed:

**David Crichton**

**Chair**

on behalf of the NHS Health Scotland Remuneration Committee

## Appendix 1

### Meeting attendance of Members 2016/17

March 2016	Mr D Crichton (Chair) Ms A Jarvis Dr A M Wallace
June 2016	Mr D Crichton (Chair) Ms A Jarvis Mr R Pettigrew Mr M Craig
November 2016	Mr D Crichton (Chair) Ms A Jarvis Mr R Pettigrew Mr P Stollard
March 2017	Mr D Crichton (Chair) Ms A Jarvis Mr R Pettigrew Mr P Stollard

## Appendix 2

### SPFM Extract from SPFM re. Corporate Governance March 2016

#### Scope

1. This section gives guidance on the governance statements to be provided by Accountable Officers as part of the annual accounts of all organisations to which the Scottish Public Finance Manual (SPFM) is directly applicable.

#### Background

2. A governance statement, for which the Accountable Officer takes personal responsibility, is a key feature of the organisation's annual report and accounts. It should cover the accounting period and the period up to the date of signature and provide the reader with a clear understanding of the organisation's internal control structure and its management of resources. The statement should be informed by work undertaken throughout the period to gain assurance about performance and risk management, providing an insight into the organisation's risk profile and its responses to identified and emerging risks.

#### Format

3. There is no set format for a governance statement. Essential features, however, are as follows:

- the governance framework of the organisation, including information about the committee structure of the governing board (or equivalent) and the coverage of its work;
- the operation of the governing board (or equivalent) during the period;
- an assessment of corporate governance with reference to compliance with generally accepted best practice principles and relevant guidance\*, and explanations where a different approach has been adopted;
- an assessment of the organisation's [risk management](#) arrangements and risk profile, including, subject to a public interest test, details of significant risk-related matters arising during the period;
- a record of any written authorities provided to the Accountable Officer; and
- details of any significant lapses of data security.

4. Any personal or confidential matters should be mentioned in suitably careful terms, with details reported to the external auditor.

#### Preparation

5. Preparation of the governance statement should be informed by:

- the views of the organisation's audit (and risk) committee on the assurance arrangements;
- the opinion of internal (and external) audit on the quality of the systems of governance, management and risk control;
- assurances from senior staff along the lines of the framework described in the section of the SPFM on [Certificates of Assurance](#); and
- feedback from the delegation chain(s) within the organisation about its business, its use of resources, its responses to risks, and the extent to which in-year budgets and other targets have been met.

## Significant Issues

6. In putting together the governance statement the Accountable Officer needs to take a view on the extent to which issues are significant enough to warrant recording. Questions that may be helpful in exercising that judgement include:

- might the issue prejudice achievement of the business plan or other priorities?
- could the issue undermine the integrity or reputation of the organisation?
- what view does the audit committee take on the issue?
- what advice or opinions have internal audit and/or external audit given?
- might the issue make it harder to resist fraud or other misuse of resources?
- does the issue put a significant programme or project at risk?
- could the issue divert resources from another significant aspect of the business?
- could the issue have a material impact on the accounts?
- might financial stability, security or data integrity be put at risk?

## External Audit

7. The organisation's external auditor (normally persons acting on behalf of the Auditor General for Scotland) will review the governance statement for its consistency with evidence collected in the course of auditing the financial statement and with other work undertaken by the external auditor during the period.

\*includes relevant guidance in the SPFM and any sector specific guidance such as Section 2 of [On Board: A Guide for Board Members of Public Bodies in Scotland](#).