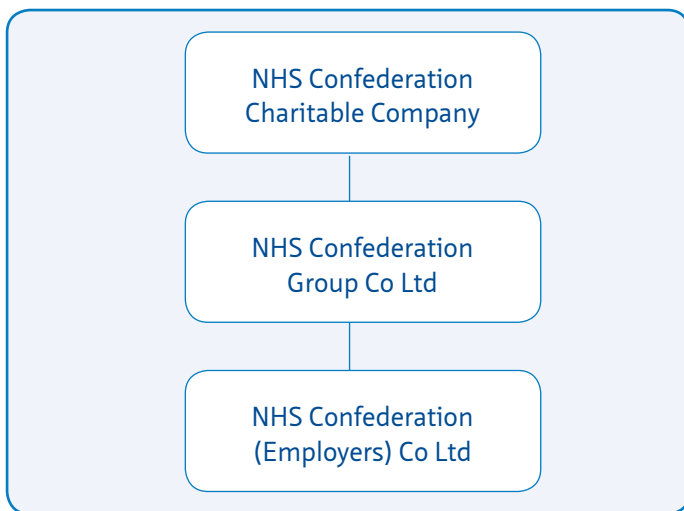


Our business

Governance

The NHS Confederation is comprised of three legal entities.



Most of the work of the Charity is conducted through the two trading subsidiaries – the NHS Confederation Group Co Ltd and the NHS Confederation (Employers) Co Ltd.

The NHS Confederation Charity is regulated by the Charity Commission, the independent regulator for charitable activity. Each year we submit information to the Charity Commission in accordance with legal requirements for charities with income over £1 million, including a copy of our trustees' annual report and accounts. The trustees' annual report and accounts are published on the Charity Commission's website at www.charitycommission.gov.uk.

The NHS Confederation Group Co Ltd and the NHS Confederation (Employers) Co Ltd are also subject to company law and are registered with Companies House. Each year we submit annual return and accounting records to Companies House in accordance with legal requirements. The annual return and accounting records are published on the Companies House website at www.companieshouse.gov.uk.

The board of trustees

The NHS Confederation Charity is managed by a board of eleven trustees, the members of which are drawn from our specialist networks, the NHS Employers organisation, the Northern Ireland Confederation for Health and Social Care and the Welsh NHS Confederation. There are also two independent trustees.

All of the trustees, with the exception of the chair, are voluntary and receive no remuneration apart from necessary travel expenses which trustees may claim in line with the NHS Confederation's expenses policy. The chair is a part-time remunerated post.

The members of the board of trustees are:

- Sir Keith Pearson JP (chair)
- Phil Taylor (independent chair of audit committee)
- Heather Strawbridge (Ambulance Service Network)
- Paul Sabapathy (Primary Care Trust Network)
- Mike Parish (NHS Partners Network)
- Shaun Clee (Mental Health Network)
- Steve Warburton (NHS Employers organisation)
- Trevor Purt (Welsh NHS Confederation)
- Pat McCartan (Northern Ireland Confederation for Health and Social Care)
- Lisa Rodrigues, co-opted independent member.

Jim Birrell represented the NHS Employers organisation as a trustee and non-executive director during 2010/11 and retired at the beginning of 2011. We would like to thank Jim for his time and commitment, and in particular for the huge contribution he made in supporting the work of the audit committee. Peter Griffiths represented the Foundation Trust Network (FTN) as a trustee until May 2011 when the FTN started operating as an independent entity.

The board of trustees is responsible for approving:

- the Memorandum and Articles of Association for the NHS Confederation Group Co Ltd
- the appointment of the auditors
- the appointment of executive directors of the NHS Confederation Group Co Ltd
- the strategic direction, aims and objectives of the NHS Confederation Group Co Ltd
- business, commercial and acquisition strategies
- standing financial instructions and standing orders
- corporate business plans and budgets
- contracts and projects worth more than £1m
- single tenders over £250k.

The board has two accountable committees; the audit committee and the remuneration committee.

Audit committee

The NHS Confederation's audit committee provides assurance across the whole of the NHS Confederation Charitable Company and reports to the board of trustees. The members are:

- Phil Taylor (independent chair)
- Shaun Clee (trustee)
- Hattie Llewelyn Davies (independent member)
- Peter Wood (independent member).

The NHS Confederation's external audit is provided by Grant Thornton Ltd and the internal audit function is provided by PKF Ltd. Legal advice is provided by Capsticks Solicitors.

Remuneration committee

The remuneration committee decides on the remuneration of the chief executive and the Company directors. The members are:

- Heather Strawbridge
- Lisa Rodrigues
- Sir Keith Pearson JP.

NHS Confederation Group Co Ltd

The NHS Confederation Group Co Ltd is led by a corporate board, chaired by Sir Keith Pearson. The board is comprised of four executive directors and eight trustees acting as non-executive directors. Members of the corporate board are:

Non-executive directors:

- Sir Keith Pearson JP (chair)
- Heather Strawbridge (Ambulance Service Network)
- Paul Sabapathy (Primary Care Trust Network)
- Mike Parish (NHS Partners Network)
- Shaun Clee (Mental Health Network)
- Steve Warburton (NHS Employers organisation)
- Trevor Purt (Welsh NHS Confederation)
- Pat McCartan (Northern Ireland Confederation for Health and Social Care)
- Lisa Rodrigues, co-opted independent trustee.

Executive directors:

- Mike Farrar, chief executive, NHS Confederation
- David Stout, deputy chief executive, NHS Confederation and director of the Primary Care Trust Network
- Dean Royles, director, NHS Employers organisation
- Nigel Edwards, director of policy, NHS Confederation (until May 2011)
- Sheila McKenzie, acting director of finance, NHS Confederation

The corporate board meets every two months and is responsible for:

- approving amendments to the Memorandum and Articles of Association for the NHS Confederation (Employers) Co Ltd
- appointing the executive directors of the NHS Confederation (Employers) Co Ltd

- approving operational strategies such as communications; membership; business development; workforce; and IT
- approving key corporate policies such as raising concerns at work; risk management; gifts and hospitality; pay and reward; and health and safety
- recommending the corporate business plans and budgets
- approving the annual accounts for the Company
- approving contracts and projects between £250k and £1m
- approving single tenders between £100K–£250K.

NHS Confederation specialist networks

In January 2011, members of the Foundation Trust Network (FTN) supported a move for the FTN to become an independent organisation. The establishment of the FTN as an autonomous legal entity was effected in full in June.

Both the NHS Confederation and the FTN have worked together to develop a set of agreements that will govern their working relationship in the future and ensure that their mutual members have access to distinct but complementary services from each organisation.

The other specialist networks – including the Ambulance Service Network, the NHS Partners Network, the Mental Health Network and the Primary Care Trust Network – remain part of the NHS Confederation

NHS Confederation (Employers) Co Ltd

The work of the NHS Employers organisation is conducted through the NHS Confederation (Employers) Co Ltd which is a wholly owned trading subsidiary of NHS Confederation Group Co Ltd. The NHS Confederation (Employers) Co Ltd is led by a board of directors.

The board of directors are:

Non-executive directors:

- Sir Keith Pearson JP

- Jo Cubbon, chief executive, Taunton and Somerset NHS Foundation Trust
- Simon Pleydell, chief executive, South Tees NHS Foundation Trust
- Gerald Coteman, chair, Princess Alexandra Hospital NHS Trust.

Executive directors:

- Mike Farrar, chief executive, NHS Confederation
- Dean Royles, director, NHS Employers organisation
- Nigel Edwards, director of policy, NHS Confederation (until May 2011)
- Sheila McKenzie, acting director of Finance, NHS Confederation.

The board is responsible for:

- managing risk in the NHS Confederation (Employers) Co Ltd
- approving strategies for communications, engagement, workforce and organisational development
- approving the business plan and budget for the NHS Confederation (Employers) Co Ltd
- authorising contracts and projects worth between £100k and £250k.

Internal management

The NHS Confederation's senior management team (SMT) is led by the chief executive and is comprised of all of the directors of the NHS Confederation and the NHS Employers organisation. The SMT is responsible for the day-to-day running of the organisation. It meets weekly to share information and intelligence from members and agree the key policy issues for the week. It also:

- takes the lead in developing and implementing strategies, the business plan, and corporate policies and procedures
- monitors financial performance and performance against the business plan

- manages the assessment and control of risk
- ensures effective liaison, coordination and cooperation between the member networks and with the FTN.

The NHS Employers organisation is managed by a separate internal business team.

Corporate practice and policies

Governance

The NHS Confederation is committed to adhering to the highest standards of governance and voluntarily adheres to the governance principles contained in the *Combined Code of Corporate Governance* produced by the Financial Reporting Council and the *Good Governance Code* endorsed by the Charity Commission. During the coming 12 months a programme of board appraisals will be carried out including skills audits and 360 degree appraisals.

Risk management

The NHS Confederation has a policy for the management of risk across the organisation. The process has been developed with the help of our internal auditors who provided training sessions for members of staff during the year. The organisation captures risk and mitigating action through the use of a standard risk register. Corporate risks are managed by the senior management team and reported to the corporate board. The audit committee runs a programme to test the robustness of the mitigating action of key risks.

Data protection

The Data Protection Act allows a member of the public to see personal information held about them by organisations of all types, including the NHS Confederation. The NHS Confederation is registered with the Information Commissioner, and is responsible for ensuring that any personal information it holds is used fairly, is kept secure, is accurate and is up to date.

Transparency and accountability

The Freedom of Information Act gives the public the right to see official information held by public

authorities. The NHS Confederation is not currently subject to the Freedom of Information Act as it is not a public authority. However, the Ministry of Justice is considering whether the NHS Confederation is one of a number of organisations that could be considered to perform functions of a public nature.

The NHS Confederation is committed to going beyond its legal obligations to put information into the public domain to ensure that it is open and transparent to the public and accountable to its members. In doing so the NHS Confederation voluntarily seeks to comply with the spirit of the Freedom of Information Act. The board of trustees has agreed a new Transparency and Accountability policy which will be implemented from Autumn 2011. We will:

- publish our annual report and accounts on our website
- publish our business plan and annual review
- develop a voluntary publication scheme setting out how we will publish information about:
 - who we are and what we do
 - what we spend and how we spend it
 - what our priorities are and how we are doing
 - how we make decisions
 - our policies and procedures
 - lists and registers
 - the services we offer.

Procurement

The NHS Confederation is committed to achieving the best value for money as well as being open and transparent in its procurement of goods and services. Competitive tendering is required for all goods and services with a total life value in excess of £10k. We maintain a contracts register and all contracts over 10k are signed off centrally.

Expenses policy

The NHS Confederation operates an expenses policy in line with the NHS. Staff are reimbursed for essential expenses incurred as part of their work.

Raising concerns at work

The NHS Confederation has a policy to enable staff to raise concerns at work which has been updated and reviewed by the audit committee. A toolkit for staff is being developed.

Register of interests

All directors and trustees are required to declare any interests in the register of interests which is presented at every board meeting. Directors have a legal duty to act in the best interests of the company and during 2011 a new Code of Conduct policy will be developed.

Gifts, hospitality and declaration of interest

This policy is to ensure the integrity and probity of the NHS Confederation, its staff, and those acting on its behalf are not compromised by the offering, acceptance or rejection of gifts or hospitality. The policy states that employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the NHS Confederation by maintaining an unimpeachable standard of honesty, impartiality and integrity in their business relationships.

- **Gifts** under £20 do not have to be recorded, unless an employee receives gifts from a single source within one year that exceeds £100. Any gifts over £20 should not normally be accepted by an individual.
- Offers of **hospitality** must be reasonable and suitable to the circumstances and a number of tests must be applied:
 - Would NHS Confederation members or the public question the appropriateness of hospitality received or given?
 - Would a reasonable person, assessing the hospitality provided by the NHS Confederation, judge that it was appropriate and represented reasonable value for money for members' subscriptions or the public purse?
 - All instances of receipt or provision of corporate hospitality should be recorded in the Register of Gifts and Hospitality along with the cost or estimated value.

- **Loyalty schemes:** Staff should not directly benefit from travel paid for by the NHS Confederation. If air miles, free train tickets or similar are received they should be recorded in the register of gifts and hospitality and surrendered to the head of governance for corporate travel use.
- Offers of **fees for speaking engagements** should only be accepted on the basis that they are payable to the NHS Confederation.

The NHS Confederation adheres to the seven principles of public life as set out by the Committee on Standards in Public Life (the Nolan Committee). These include:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership.

Business planning

The organisation has developed a more member-focused approach to business planning and implemented improved mechanisms for monitoring and reporting on its organisational performance.

The NHS Confederation has committed to conducting an independent survey towards the end of each membership year to identify and prioritise the needs of its membership for the following year.

The survey results are used to inform the business planning process so that our NHS-wide work programmes, member products and services are designed in direct response to member feedback. This year, research showed that:

- 63 per cent of health service leaders said that finance was one of their top three concerns for the year

- 46 per cent of members said that trying to maintain, protect and improve the quality of services would be one of their top three issues
- 32 per cent of members said that understanding the Government's white paper reforms, the transition and reconfiguration would be one of their top three issues.

Our business plan for 2011/12 focuses on supporting members in these key areas. You can read in detail about our work programmes for this year under the 'our priorities for 2011/12' section.

The strategic objectives set out in the 2011/12 business plan are as follows:

- 1 we will make sense of the whole health and social care system, monitoring and helping members to understand and respond to the changes that are set out in the health and social care reform programme
- 2 we will deliver NHS-wide work programmes that bring people from across the health and social care system together to tackle the issues that matter most to members
- 3 we will make sure that members' voices are heard on issues of shared concern including the implementation of the changes set out in the health and social care reform programme
- 4 we will work with national partners from across health and social care to influence and respond to proposals for developing a deliverable and joined-up approach to funding and providing long term care
- 5 we will develop regionally focused services to support members from April 2012 onwards following the abolition of strategic health authorities

- 6 we will develop attractive membership offers for a range of new membership groups including:
 - GP consortia for 2012 and beyond so that the NHS Confederation can continue to represent commissioners as well as providers
 - other potential new members such as third sector providers or social enterprises which do not clearly fit within the existing network structure
- 7 we will continually review and improve the way we work to ensure best use of all of our resources and seek appropriate ways of generating income in order to deliver the greatest value for money for members.

Monitoring our performance

The business plan sets out the key deliverables for each quarter, for each of our strategic objectives and NHS-wide work programmes.

A new programme board has been established which is responsible for governing and leading on these areas of work. The programme board reports to the senior management team (SMT) on a regular basis which in turn reports into the corporate board.

Clear and regular reporting enables us to effectively review our organisational performance but also enables us to make swift and timely adjustments to our business plan where necessary to respond to changes in the external environment and the subsequent needs of our members.

We are committed to reporting back to members on a regular basis to keep them updated on how we are performing in each area and what we are delivering on their behalf.