APPENDICES

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RECORD OF AMENDMENTS

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ACCOUNTABLE OFFICER MEMORANDUM FOR CHIEF EXECUTIVES OF NHS TRUSTS

1. You are hereby appointed as the NHS officer responsible and accountable for funds entrusted to your Trust. This memorandum describes your responsibilities as an Accountable Officer, and relates them to my overall accountability for funds voted by Parliament for the National Health Service. In fulfilling your role as Accountable Officer you will also wish to bear in mind your responsibilities to the Trust Board of which you are a member. The corporate role of the Board is clearly set out in the Codes of Conduct and Accountability issued by the Secretary of State in April 1994.

Functions of NHS Trusts

2. The functions of Trusts are:-

   - to enter into and fulfil service agreements with commissioning bodies;
   - to meet their statutory duties;
   - to maintain and develop their relationships with patients, local partner organisations and the wider local community, their commissioning agencies and their suppliers.

   The essence of your role as Accountable Officer is to see that the Trust carries out these functions in a way which ensures the proper stewardship of public money and assets. The paragraphs below set out this responsibility in more detail.

Relationship between the Accounting Officer and Accountable Officers

3. My responsibilities as Accounting Officer are set out in a memorandum sent to me on appointment. In essence, I am responsible for the propriety and regularity of public finances in the NHS; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources in my charge.

4. Your role as Accountable Officer for your Trust is very similar to mine as Accounting Officer for the NHS in England. I require you to observe the same general requirements as are laid on me, and to ensure that the Trust's officers also abide by them. Your Trust is an integral part of the NHS and is largely dependent on public funding even though this is routed through contracts with purchasers.

5. Trusts have the following key relationships:-

   - with commissioning bodies, through service agreements to deliver health services to agreed specifications;
   - with their local partners and wider communities, through working in partnership to promote the objectives of the local Health Improvement Programme, holding at least one public meeting a year, through publishing business plans, an annual report and accounts; and through compliance with the Code of Practice on Openness in the NHS issued in 1995;
   - with patients, through the management of standards of patient care;
   - accountability to the Secretary of State and to Parliament for the performance of their functions and meeting statutory financial duties.

6. This memorandum deals with the fourth relationship. The first three are covered in other guidance.

7. NHS Trusts are directly accountable to the Secretary of State for Health, who delegates to me responsibility for the supervision of trust performance. I am accountable both to the Secretary of State and, in my Accounting Officer role, directly to Parliament. A similar dual accountability applies to the Chief Executives of Trusts, who are responsible both to their Boards and, via the Accounting Officer, to Parliament. You are therefore accountable through me to Parliament for the stewardship of resources within your Trust.

Statutory Accounts

8. I sign the Summarised Accounts of health bodies in England, and the Appropriation Accounts of the Department of Health, and by virtue of this responsibility I can be summoned to appear before the Committee of Public Accounts (PAC) to deal with questions arising from those accounts or from reports made to Parliament by the Comptroller and Auditor General.

9. The summarised accounts are derived from the statutory accounts of individual Trusts. You are, together with the Director of Finance, (as set out in Part 1 of the Trust Finance Manual and in the booklet "The role of the Director of Finance in the NHS" - EL (94)18) responsible for ensuring that the accounts of the Trust which are presented to the Board for approval are prepared under principles and in a format directed by the Secretary of State with the approval of the Treasury. These accounts must disclose a true and fair view of the Trust's income and expenditure, cash flows, gains and losses, and of its state of affairs. You will sign these accounts, along with the Director of Finance, on behalf of the Board.

10. Reflecting your role as Accountable Officer, you will sign a statement in the accounts (as indicated in the Manual for Accounts) outlining your responsibilities as Accountable Officer.

11. The PAC will continue to regard me as the main respondent to any enquiries, especially where the issues are wider than an individual Trust. The Committee may however call other witnesses, and I may require you to accompany me at a hearing. I shall in any event look to you for support and information in my dealings with the PAC.

Effective management systems

12. You should ensure that the Trust has in place effective management systems which safeguard public funds. You should assist the Chairman to implement the requirements of corporate governance as exemplified in the Codes of Conduct and Accountability. Managers at all levels should:-

    - have a clear view of their objectives and the means to assess achievements in relation to those objectives;
    - be assigned well-defined responsibilities for making the best use of resources;
    - have the information, training and access to the expert advice they need to exercise their responsibilities effectively.

    Managers should be appraised and held to account for the responsibilities assigned to them under (a) and (b) above.

13. You are responsible for achieving value for money from the resources available to the Trust, for avoiding waste and extravagance in the organisation's activities. You are also responsible for following through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).

14. You should provide such information as is requested by the NAO. You should co-operate with external auditors in any enquiries into the use your trust has made of public funds. I may also ask you to provide information on any points raised by external auditors which generate public or Parliamentary interest. Your arrangements for internal audit should comply with those described in the NHS Internal Audit Manual. You must ensure prompt action is taken in response to concerns raised by both external and internal audit.

15. Effective and sound financial management and information are of fundamental importance. Whilst this is the operational responsibility of the Director of Finance you, as the Chief Executive and Accountable Officer, have a primary duty to see that these functions are properly discharged. As the Chief Executive of a trading body you are required to ensure the continuing financial viability of the Trust, in particular to ensure that expenditure is contained within available levels of income, and to achieve any other financial objectives set by the Secretary of State for Health with the consent of the Treasury, as appropriate. You should also ensure that the assets of the Trust are properly safeguarded.

Regularity and propriety of expenditure

16. You have a particular responsibility for ensuring that expenditure by the Trust complies with Parliamentary requirements. The basic principle which must be observed is that funds should be applied only to the extent and for the purpose authorised by Parliament. You must:-

- draw the attention of Parliament to losses or special payments by appropriate notation of the statutory accounts;
- obtain sanction from the NHS Executive for any expenditure which exceeds the limit delegated to the Trust; this includes any novel, contentious or repercussive expenditure, which is by definition outside your delegation;
- ensure that all items of expenditure, including payments to staff, fall within the legal powers of the Trust, exercised responsibly and with due regard to probity and value for money;
- comply with guidance issued by the NHS Executive on classes of payments which you should authorise personally, such as termination payments to general and senior managers.

17. The Codes of Conduct and Accountability issued to NHS Boards by the Secretary of State under cover of EL(94)40 on 28 April 1994 are fundamental in exercising your responsibilities for regularity and probity. As a Board member you have explicitly subscribed to the Codes; you must promote their observance by all staff.

18. As the Accountable Officer you have a responsibility to see that appropriate advice is tendered to the Board on all matters of financial probity and regularity, and more broadly on all considerations of prudent and economical administration, efficiency and effectiveness. The Director of Finance has a special responsibility to support you in this role; you should ensure that he or she is fully aware of this obligation and has the requisite skills and experience.

19. If the Board or the Chairman is contemplating a course of action which you consider would infringe the requirements of propriety and regularity, you should set out in writing to the Chairman and the Board your objection to the proposal and the reasons for it. If the Board decides nonetheless to proceed, you should seek a written instruction to take the action in question. You should ensure that the audit committee, which has specific terms of reference and delegated powers to inquire into matters of propriety and regularity, and which may require your attendance before it at any time, receives copies of the documents which describe your objections.

20. You should also inform the NHS Executive, if possible before the Board takes its decision or in any event before the decision is implemented so that the Executive can if necessary intervene with the Board and inform the Treasury.

21. If the Board is contemplating a course of action which raises an issue not of formal propriety or regularity but affects your responsibility for obtaining value for money from the Trust's resources, it is your duty to draw the relevant factors to the attention of the Board. If the outcome is that you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. If exceptionally you have given clear advice that the course proposed could not reasonably be held to represent good value for money and the Board seems likely to overrule you, you should inform the NHS Executive so that it can intervene if necessary. In such cases, and in those described in paragraph 19 above, the Accountable Officer should as a member of the Board vote against the course of action rather than merely abstain from voting.

CODE OF CONDUCT FOR NHS BOARDS

Public service values must be at the heart of the National Health Service. High standards of corporate and personal conduct based on a recognition that patients come first, have been a requirement throughout the NHS since its inception. Moreover, since the NHS is publicly funded, it must be accountable to Parliament for the services it provides and for the effective and economical use of taxpayers' money. There are three crucial public service values which must underpin the work of the health service.

- Accountability – everything done by those who work in the NHS must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.
- Probity – there should be an absolute standard of honesty in dealing with the assets of the NHS: integrity should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers, and in the use of information acquired in the course of NHS duties.
- Openness – there should be sufficient transparency about NHS activities to promote confidence between the NHS organisation and its staff, patients and the public.

General Principles

Public service values matter in the NHS and those who work in it have a duty to conduct NHS business with probity. Board members must act with due prudence and should take and consider professional advice on anything in which the board members do not have expertise themselves. They have a responsibility to respond to staff, patients and suppliers impartially, to achieve value for money from the public funds with which they are entrusted and to demonstrate high ethical standards of personal conduct. The success of this Code depends on a vigorous and visible example from boards and the consequential influence on the behaviour of all those who work within the organisation. Boards have a clear responsibility for corporate standards of conduct and acceptance of the Code should inform and govern the decisions and conduct of all board directors.

Openness and Public Responsibilities

Health needs and patterns of provision of health care do not stand still. There should be a willingness to be open with the public, patients and with staff as the need for change emerges. It is a requirement that major changes are consulted upon before decisions are reached. Information supporting those decisions should be made available, in a way that is understandable, and positive responses should be given to reasonable requests for information and in accordance with the Freedom of Information Act 2000. NHS business should be conducted in a way that is socially responsible. As a large employer in the local community, NHS organisations should forge an open and positive relationship with the local community and should work with staff and partners to set out a vision for the organisation in line with the expectations of patients and the public. NHS organisations should demonstrate to the public that they are concerned with the wider health of the population including the impact of the organisation's activities on the environment. The confidentiality of personal and individual patient information must, of course, be respected at all times.

Public Service Values in Management

It is unacceptable for the board of any NHS organisation, or any individual within the organisation for which the board is responsible, to ignore public service values in achieving results. Chairs and board directors have a duty to ensure that public funds are properly safeguarded and that at all times the board conducts its business as efficiently and effectively as possible. Proper stewardship of public monies requires value for money to be high on the agenda of all NHS boards.

Accounting, tendering and employment practices within the NHS must reflect the highest professional standards. Public statements and reports issued by the board should be clear, comprehensive and balanced, and should fully represent the facts. Annual and other key reports should be issued in good time to all individuals and groups in the community who have a legitimate interest in health issues to allow full consideration by those wishing to attend public meetings on local health issues.

Public Business and Private Gain

Chairs and board directors should act impartially and should not be influenced by social or business relationships. No one should use their public position to further their private interests. Where there is a potential for private interests to be material and relevant to NHS business, the relevant interests should be declared and recorded in the board minutes, and entered into a register which is available to the public. When a conflict of interest is established, the board director should withdraw and play no part in the relevant discussion or decision.

Hospitality and Other Expenditure

Board directors should set an example to their organisation in the use of public funds and the need for good

value in incurring public expenditure. The use of NHS monies for hospitality and entertainment, including hospitality at conferences or seminars, should be carefully considered. All expenditure on these items should be capable of justification as reasonable in the light of the general practice in the public sector. NHS boards should be aware that expenditure on hospitality or entertainment is the responsibility of management and is open to be challenged by the internal and external auditors and that ill-considered actions can damage respect for the NHS in the eyes of the community.

Relations with Suppliers

NHS boards should have an explicit procedure for the declaration of hospitality and sponsorship offered by, for example, suppliers. Their authorisation should be carefully considered and the decision should be recorded. NHS boards should be aware of the risks in incurring obligations to suppliers at any stage of a contracting relationship. Suppliers should be selected on the basis of quality, suitability, reliability and value for money.
The Department of Health has issued guidance to NHS organisations about Standards of Business Conduct (ref HSG (93)5).

Staff

NHS boards should ensure that staff have a proper and widely publicised procedure for voicing complaints or concerns about maladministration, malpractice, breaches of this code and other concerns of an ethical nature. The board must establish a climate:

- that enables staff who have concerns to raise these reasonably and responsibly with the right parties;
- that gives a clear commitment that staff concerns will be taken seriously and investigated; and
- where there is an unequivocal guarantee that staff who raise concerns responsibly and reasonably will be protected against victimisation.
  (Ref: Whistleblowing in the NHS, letter dated 25 July 2003 from the Director of HR in the NHS)

Compliance

Board directors should satisfy themselves that the actions of the board and its directors in conducting board business fully reflect the values in this Code and, as far as is reasonably practicable, that concerns expressed by staff or others are fully investigated and acted upon. All board directors of NHS organisations are required, on appointment, to subscribe to the Code of Conduct.

CODE OF ACCOUNTABILITY FOR NHS BOARDS

This Code of Practice is the basis on which NHS organisations should seek to fulfil the duties and responsibilities conferred upon them by the Secretary for Health.

Status
NHS authorities and trusts are established under statute as corporate bodies so ensuring that they have separate legal personality. Statuses and regulations prescribe the structure, functions and responsibilities of the boards of these bodes and prescribe the way chairman and members of boards are to be appointed.

Code of Conduct
All board members of NHS authorities and trusts are required, on appointment, to subscribe to the Code of Conduct. Chairman and non-executive directors of NHS boards are responsible for taking firm, prompt and fair disciplinary action against any executive director in breach of the Code of Conduct. Breaches of the Code of Conduct by the chairman or non-executive member of the board should be drawn to the attention of the non-executive regional Policy Board member.

All staff should subscribe to the principles of the NHS Code of Conduct and chairmen, directors and their staff should be judged upon the way the code is observed.

Statutory Accountability
The Secretary of State for Health has statutory responsibility for the health of the population of England and uses statutory powers to delegate functions to NHS authorities and trusts, who are thus accountable to the Secretary of State and to Parliament. The Chief Executive and NHS Executive are responsible for directing the NHS, ensuring national policies are implemented and for the effective stewardship of NHS resources.

NHS Trusts assume responsibility for ownership and management of hospitals or other establishments or facilities defined in an order transferring them by authority of the Secretary of State to whom they are accountable through the NHS Executive.

NHS authorities are responsible for procuring health services and administering provision of general medical, dental ophthalmic and pharmaceutical services in accordance with regulations made by the Secretary of State to whom they are accountable through the NHS Executive.

NHS authorities and trusts finances are subject to external audit by the Audit Commission. The chairman and Director of Finance are directly responsible for the organisation's annual accounts.

NHS Boards must continue to cooperate fully with the NHS Executive and the Audit Commission when required to account for the use they have made of public funds, the delivery of patient care and other services, and compliance with statutes, directions, guidance and policies of the Secretary of State. The Chief Executive of the NHS Executive, as Accounting Officer for the NHS, is accountable to Parliament through the Committee of Public Accounts.

The Board of Directors
NHS Boards comprise executive board members and part-time non-executive board members under a part-time chairman appointed by the Secretary of State. Together they share corporate responsibility for all decisions of the board. There is a clear division of responsibility between the chairman and the chief executive: the chairman's role and board functions are set out below; the chief executive is directly accountable to the chairman and non-executive members of the board for the operation of the organisation and for implementing the board's decisions. Boards are required to meet regularly and to retain full and effective control over the organisation: the chairman and non-executive board members are responsible for monitoring the executive management of the organisation and are responsible to the Secretary of State for the discharge of these responsibilities. The NHS Executive has a key role in maintaining the line of accountability to the Secretary of State. Regional non-executive members of the Policy Board will always be available to chairmen and non-executive

member on matters of grave concern to them relating to the effectiveness of the board.

NHS Boards have six key functions for which they are held accountable by the NHS Executive on behalf of the Secretary of State:

- to set the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer term objectives and agree plans to achieve them,
- to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary,
- to ensure effective financial stewardship through value for money, financial control and financial planning and strategy,
- to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation,
- to appoint, appraise and remunerate senior executives, and
- to ensure that there is effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.

In fulfilling these functions the Board should:

- specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the board can fully undertake its responsibilities,
- be clear what decisions and information are appropriate to the board and draw up standing orders, a schedule of decisions reserved to the board and standing financial instructions to reflect this,
- established performance and quality targets that maintain the effective use of resources and provide value for money,
- ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account,
- establish audit and remuneration committees on the basis of formally agreed terms of reference which set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main board, and
- act within statutory financial and other constraints.

The Role of the Chairman

The chairman is responsible for leading the board and for ensuring that it successfully discharges its overall responsibility for the organisation as a whole.

It is the chairman's role to:

- provide leadership to the board,
- enable all board members to make a full contribution to the board's affairs and ensure that the board acts as a team,
- ensure that key and appropriate issues are discussed by the board in a timely manner,
- ensure the board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions,
- lead non-executive board members through a formally-appointed remuneration committee of the main board on the appointment, appraisal and remuneration of the chief executive and (with the latter) other executive board members,
- appoint non-executive board members to an audit committee of the main board, and
- advise the Secretary of State through the regional member of the Policy Board on the performance of non-executive board members.

A complementary relationship between the chairman and chief executive is important. The chief executive is accountable to the chairman and other non-executive members of the board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship. The chief executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the board.

Non-executive Board Members

Non-executive board members are appointed by or on behalf of the Secretary of State to bring an independent judgement to bear on issues of strategy, performance, key appointments and accountability through the NHS Executive to Ministers and to the local community.

Non-executive board members will be able to contribute to board business from a wide experience and a critical detachment. They have a key role in working with the chairman in the appointment of the chief executive and other board members. With the chairman, they comprise the remuneration committee responsible for the appraisal and remuneration decisions affecting executive board members. Non-executive board members normally comprise the audit committee.

In addition, they undertake specific functions agreed by the board including functions including oversight of staff relations with the general public and the media, participation in professional conduct and competency enquiries, staff disciplinary appeals and procurement of information management and technology.

Members of NHS authority and trust boards currently play important roles in relation to the handling and monitoring of non-clinical complaints. Being both informed and impartial, non-executives are able to act effectively as lay conciliators or adjudicators in relation to individual complaints. With the chief executive, they can also take responsibility for ensuring that their authority or trust's complaints procedures are operated effectively and that lessons learned from them are implemented.

Reporting and Controls

It is the board's duty to present through the timely publication of an annual report, annual accounts and other means, a balanced and readily-understood assessment of the authority's or trust's performance to:

- the NHS Executive, on behalf of the Secretary of State,
- the Audit Commission and its appointed auditors, and
- the local community.

The detailed financial guidance issued by the NHS Executive, including the role of internal and external auditors, must be scrupulously observed. The Standing Orders of boards should prescribe the terms of which committees and sub-committees of the board may be delegated functions, and should include the schedule of decisions reserved for the board.

Declaration of Interests

It is a requirement that chairmen and all board members should declare any conflict of interest, that arises in the course of conducting NHS business. That requirement continues in force. Chairmen and board members should declare on appointment any business interests, position of authority in a charity or voluntary body in the field of health and social care and any connection with a voluntary or other body contracting for NHS services. These should be formally recorded in the minutes of the board, and entered into a register which is available to the public. Directorships and other significant interests held by NHS board members should be declared on appointment, kept up to date and set out in the annual report.

Employee Relations

NHS boards must comply with legislation and guidance from the NHS Executive on behalf of the Secretary of State, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money. Fair and open competition should be the basis for appointment to posts in the NHS.

The terms and conditions agreed by the board for senior staff should take full account of the need to obtain maximum value for money for the funds available for patient care. The board should ensure through the appointment of a remuneration and terms of service committee that executive board members' total remuneration can be justified as reasonable. All board members' total remuneration for the organisation of which they are a board member should be published in the annual report.

CODE OF CONDUCT FOR NHS MANAGERS

As an NHS manager, I will observe the following principles:

- make the care and safety of patients my first concern and act to protect them from risk;
- respect the public, patients, relatives, carers, NHS staff and partners in other agencies;
- be honest and act with integrity;
- accept responsibility for my own work and the proper performance of the people I manage;
- show my commitment to working as a team member by working with all my colleagues in the NHS and the wider community;
- take responsibility for my own learning and development.

This means in particular that:

1. I will:
   - respect patient confidentiality;
   - use the resources available to me in an effective, efficient and timely manner having proper regard to the best interests of the public and patients;
     - be guided by the interests of the patients while ensuring a safe working environment;
     - act to protect patients from risk by putting into practice appropriate support and disciplinary procedures for staff; and
     - seek to ensure that anyone with a genuine concern is treated reasonably and fairly.

2. I will respect and treat with dignity and fairness, the public, patients, relatives, carers, NHS staff and partners in other agencies. In my capacity as a senior manager within the NHS I will seek to ensure that no one is unlawfully discriminated against because of their religion, belief, race, colour, gender, marital status, disability, sexual orientation, age, social and economic status or national origin.

   I will also seek to ensure that:
   - the public are properly informed and are able to influence services;
   - patients are involved in and informed about their own care,
   - their experience is valued, and they are involved in decisions;
   - relatives and carers are, with the informed consent of patients, involved in the care of patients;
   - partners in other agencies are invited to make their contribution to improving health and health services; and
   - NHS staff are:
     – valued as colleagues;
     – properly informed about the management of the NHS;
     – given appropriate opportunities to take part in decision making.
     – given all reasonable protection from harassment and bullying;
     – provided with a safe working environment;
     – helped to maintain and improve their knowledge and skills and achieve their potential; and
     – helped to achieve a reasonable balance between their working and personal lives.

3. I will be honest and will act with integrity and probity at all times. I will not make, permit or knowingly allow to be made, any untrue or misleading statement relating to my own duties or the functions of my employer.

   I will seek to ensure that:
   - the best interests of the public and patients/clients are upheld in decision-making and that decisions are not improperly influenced by gifts or inducements;
   - NHS resources are protected from fraud and corruption and that any incident of this kind is reported to the NHS Counter Fraud Services;
   - judgements about colleagues (including appraisals and references) are consistent, fair and unbiased and are properly founded; and
   - open and learning organisations are created in which concerns about people breaking the Code can be raised without fear.

4. I will accept responsibility for my own work and the proper performance of the people I manage. I will seek to ensure that those I manage accept that they are responsible for their actions to:
   - the public and their representatives by providing a reasonable and reasoned explanation of the use of resources and performance;
   - patients, relatives and carers by answering questions and complaints in an open, honest and well researched way and in a manner which provides a full explanation of what has happened, and of what will

be done to deal with any poor performance and, where appropriate giving an apology; and

- NHS staff and partners in other agencies by explaining and justifying decisions on the use of resources and give due and proper consideration to suggestions for improving performance, the use of resources and service delivery.

I will support and assist the Accountable Officer of my organisation in his or her responsibility to answer to Parliament, Ministers and the Department of Health in terms of fully and faithfully declaring and explaining the use of resources and the performance of the local NHS in putting national policy into practice and delivering targets.

For the avoidance of doubt, nothing in paragraphs two to four of this Code requires or authorises an NHS manager to whom this Code applies to:

- make, commit or knowingly allow to be made any unlawful disclosure;
- make, permit or knowingly allow to be made any disclosure in breach of his or her duties and obligations to his or her employer, save as permitted by law.

If there is any conflict between the above duties and obligations and this Code, the former shall prevail.

5. I will show my commitment to working as a team by working to create an environment in which:
   - teams of frontline staff are able to work together in the best interests of patients;
   - leadership is encouraged and developed at all levels and in all staff groups; and
   - the NHS plays its full part in community development.

6 I will take responsibility for my own learning and development.
I will seek to:

- take full advantage of the opportunities provided;
- keep up to date with best practice; and
- share my learning and development with others.

IMPLEMENTING THE CODE

1. The Code should be seen in a wider context that NHS managers must follow the 'Nolan Principles on Conduct in Public Life', the 'Corporate Governance Codes of Conduct and Accountability', the 'Standards of Business Conduct', the 'Code of Practice on Openness in the NHS' and standards of good employment practice.

2. In addition many NHS managers come from professional backgrounds and must follow the code of conduct of their own professions as well as this Code.

   In order to maintain consistent standards, NHS bodies need to consider suitable measures to ensure that managers who are not their employees but who
   (i) manage their staff or services; or
   (ii) manage units which are primarily providing services to their patients also observe the Code.

3. It is important to respect both the rights and responsibilities of managers.
   To help managers to carry out the requirements of the Code, employers must provide reasonable learning and development opportunities and seek to establish and maintain an organisational culture that values the role of managers. NHS managers have the right to be:
   - treated with respect and not be unlawfully discriminated against for any reason;
   - given clear, achievable targets;
   - judged consistently and fairly through appraisal;
   - given reasonable assistance to maintain and improve their knowledge and skills and achieve their potential through learning and development; and
   - reasonably protected from harassment and bullying and helped to achieve a reasonable balance between their working and personal lives.

Breaching the Code

4. Alleged breaches of the Code of Conduct should be promptly considered and fairly and reasonably investigated. Individuals must be held to account for their own performance, responsibilities and conduct where employers form a reasonable and genuinely held judgement that the allegations have foundation. Investigators should consider whether there are wider system failures and organisational issues that have contributed to the problems. Activity, the purpose of which is to learn from and prevent breaches of the Code, needs to look at their wider causes.

5. Local employers should decide whether to investigate alleged breaches informally or under the terms of local disciplinary procedures. It is essential however that both forms of investigation should be, and be seen to be, reasonable, fair and impartial. If Chief Executives or Directors are to be investigated, the employing authority should use individuals who are employed elsewhere to conduct the investigation. The NHS Confederation, the Institute of Healthcare Management and the Healthcare Financial Management Association are among the organisations who maintain lists of people who are willing to undertake such a role.

Application of Code

6. This Code codifies and articulates certain important contractual obligations that apply to everyone holding management positions. These include Chief Executives and Directors who as part of their duties are personally accountable for achieving high quality patient care. The Department of Health will in the next few months issue a proposed new framework of pay and contractual arrangements for the most senior NHS managers. Under this framework the job evaluation scheme being developed as part of the 'Agenda for Change' negotiations is likely to be used as the basis for identifying which other managerial posts (in addition to Chief Executives and Directors) should be automatically covered by the Code. The new framework will also specify compliance with the Code as one of the core contractual provisions that should apply to all senior managers.

7. For all posts at Chief Executive/Director level and all other posts identified as in paragraph 6 above, acting consistently with the Code of Conduct for NHS Managers Directions 2002, employers should:
   - include the Code in new employment contracts;
   - incorporate the Code into the employment contracts of existing postholders at the earliest practicable opportunity.

Action

8. Employers are asked to:
   (i) incorporate the Code into the employment contracts of Chief Executives and Directors at the earliest practicable opportunity and include the Code in the employment contracts of new appointments to that group;
   (ii) identify any other senior managerial posts, i.e. with levels of responsibility and accountability similar to those of Director-level posts, to which they consider the Code should apply. (The new framework for pay and contractual arrangements will help more tightly define this group in due course.)
   (iii) investigate alleged breaches of the Code by those to whom the Code applies promptly and reasonably as at paragraphs four to five;
   (iv) provide a supportive environment to managers (see paragraph three above).

BOARD OF DIRECTORS CODE OF CONDUCT

1 Introduction

1.1 Public service values are and must remain at the heart of the National Health Service. High standards of corporate and personal conduct based on a recognition that patients come first are an essential component of public services. Moreover, since the NHS is publicly funded it must be accountable to Parliament for the services it provides and for the effective and economical use of those public funds.

1.2 As an NHS Trust, Southport and Ormskirk NHS Hospital Trust is required to comply with the principles of best practice applicable to corporate governance in the NHS/health sector and with any relevant code of practice.

1.3 The expectations of the NHS in respect of standards of corporate conduct are set out in guidance issued by the Department of Health and in a Code of Conduct and Code of Accountability in the NHS issued by the NHS Appointments Commission and Department of Health. This Code is consistent with that guidance and, together with the Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation, forms part of the framework designed to promote the highest possible standards of conduct and behaviour within the Trust. The Code applies at all times when directors and employees are carrying out the business of the Trust or representing the Trust.

2 Principles of Public Life

2.1 All directors and employees are expected to abide by the Nolan principles:

Selflessness
Holders of public office should act solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or friends.

Integrity
Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity
In carrying out public business, including making public appointments, awarding contracts, recommending individuals for rewards and benefits, holders of public office should make choices on merit alone.

Accountability
Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness
Holders of public office should be as open as possible about all the decisions and action they take: they should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

3 General Principles

3.1 NHS Employees have a duty to conduct NHS business with probity, to respond to staff, patients and suppliers impartially, to achieve value for money from the public funds with which they are entrusted and to demonstrate high ethical standards of personal conduct. The general duty of the Board of Directors collectively, and of each Director individually, is to act with a view to promoting the success of the organisation so as to maximise the benefits for stakeholders as a whole, including the public. The Board of Directors undertakes to set a vigorous and visible example in the conduct of its business and to promote the highest corporate standards of conduct. The Board of Directors will lead in ensuring that the standing orders, standing financial instructions and scheme of reservation and delegation conform to best practice and serve to enhance standards of conduct. The Board of Directors accepts its clear responsibility for corporate standards of conduct and expects that this Code will inform and govern the decisions and conduct of all Board directors.

3.2 Openness and Public Responsibilities

Health needs and therefore health services do not stand still. There should be a willingness to be open with the public, patients and staff as services develop and change. It is a statutory requirement that major changes are consulted upon before decisions are reached. Information supporting those decisions, and other decisions made by the Board of Directors, should be made available in way that is understandable. Positive responses should be given to reasonable requests for information and in accordance with the Freedom of Information Act 2000 and other applicable legislation, and directors and employees must not seek to prevent a person from gaining access to information to which they are legally entitled.

NHS business should be conducted in a way that is socially responsible. As the largest employee in the local community the Trust wishes to maintain an open and positive relationship with the local community and work with staff and partners to set out a vision for the organisation in line with the expectations of patients and the public. The Trust will seek to demonstrate to the public that it is concerned with the wider health of the population including the impact of the Trust's activities on the environment.

The Trust has adopted policies and procedures to protect confidentiality of personal information and to ensure compliance with the Data Protection Act, the Freedom of Information Act and other relevant legislation which will be followed at all times by Board Directors and all staff. Directors and employees must not disclose any confidential information except in specified lawful circumstances.

3.3 Public Services Values in Management

It is unacceptable for the Board of any NHS organisation, or any individual within the organisation for which the board is responsible, to ignore public service value in achieving results. Board Members have a duty to ensure that public funds are properly safeguarded and that at all times the Board conducts its business as economically, efficiently and effectively as possible – as required by statute.

Accounting, tendering and employment practices within the Trust must therefore reflect the highest professional standards. Public statements and reports issued by or on behalf of the Board should be clear, comprehensive and balanced, and should fully represent the facts. Annual and other key reports should be issued in good time to all individuals and groups in the community who have a legitimate interest in health issues to allow full consideration by those wishing to attend public meetings on local health issues.

The standards of conduct expected by the Trust are set out in the Standing Financial Instructions and accompanying Scheme of Reservation and Delegation which will be followed at all times by Board directors and all staff.

3.4 Public Business and Private Gain

The Chair and Board directors should act impartially and not be influenced by social or business relationships. Directors have a statutory duty to avoid a situation in which they have (or can have) a direct or indirect interest that conflicts (or may conflict) with the interests of the Trust. None should use their public position to further their private interests. Where there is potential for private interests to be material and relevant to NHS business the nature and extent of the relevant interests must be declared at the earliest opportunity and recorded in the Board minutes and entered into the register of interests which is available to the public. When a conflict of interest is established the Board Director must withdraw and play no part in the relevant discussion or decision. The Chair will advise directors in respect of any conflicts of interest that arise during Board of Directors meetings, including whether the interest is such that the director should withdraw from the meeting for the period of the discussion. In the event of disagreement it is for the Board of Directors to decide whether a director must withdraw from the meeting. The company secretary will provide advice on any conflicts that arise between meetings.

The Standing Orders defines those interests which must be declared by Directors and will be followed at all times by Board directors and all staff. It is responsibility of each Director to update the register entry if their interests change. A pro forma is available from the Company Secretary. Failure to register a relevant interest in a timely manner may constitute a breach of this code.

3.5 Hospitality and Other Expenditure

The Board will set an example in the use of public funds and the need for good value in incurring public expenditure, including hospitality at conferences or seminars, will be carefully considered. All expenditure on these items should be capable of justification as reasonable in the light of the general practice in the public sector. The Board is conscious of the fact that expenditure on hospitality or entertainment is the responsibility of management and is open to be challenged by the internal and external auditors and that ill-considered actions can damage the reputation of the Trust and respect for the NHS in the eyes of the community.

The Board has adopted the Standards of Business Conduct Policy within its Standing Orders which will be followed at all times by Board directors and all staff. Directors must not accept gifts or hospitality other than in compliance with this policy.

3.6 Relations with Suppliers

The Board acknowledges the need for an explicit procedure for the declaration of hospitality and sponsorship offered by, for example, suppliers. Their authorisation should be carefully considered and the decisions recorded. The Board is mindful of the risks in incurring obligations to suppliers at any stage of a contracting relationship. Directors have a statutory duty not to accept a benefit from a third party by reason of being a Director or for doing (or not doing) anything in that capacity. Suppliers should be selected on the basis of quality, suitability, reliability and value for money.

The Board has adopted Standing Financial Instructions and the Standards of Business Conduct Policy which will be followed at all times by Board Directors and all staff.

3.7 Whistle blowing

The Board acknowledges that staff must have a proper and widely publicised procedure for voicing complaints or concerns about maladministration, malpractice, breaches of this Code and other concerns of an ethical nature.

The Board has adopted a whistle blowing policy on raising matters of concern which will be followed by the Board Directors and all staff when invoked.

The Board affirms that:

- Staff who have concerns should raise these reasonably and responsibly with the right parties as identified by the Trust.
- The Trust gives a clear commitment that staff concerns will be taken seriously and investigated.
- The Trust gives an unequivocal guarantee that staff who raise concerns responsibly and reasonably in accordance with its policies will be protected against victimisation.

The Board has adopted a Whistle blowing Policy on raising matters of concern which will be followed at all times by Board directors and all staff.

4 Code Provisions

4.1 Directors are expected to conduct themselves in a manner that reflects positively on the Trust and not to conduct themselves in a manner that could reasonably be regarded as bringing the Trust into disrepute.

Directors must:

- Act in the best interests of the Trust and adhere to its values and this Code of conduct.

- Uphold the SCOPE values of the Trust (see Appendix A) and ensure that their conduct is at all times:

  Supportive
  Caring
  Open and Honest
  Professional
  Efficient

- Respect others and treat them with dignity and fairness.

- Seek to ensure that no one is unlawfully discriminated against and promote equal opportunities and social inclusion.

- Be honest and act with integrity and probity.

- Contribute to the workings of the Board of Directors in order for it to fulfil its role and functions.

- Recognise that the Board of Directors is collectively responsible for the exercise of its powers and the performance of the Trust, but, where appropriate, raise concerns and provide appropriate challenge regarding the running of the Trust or a proposed action.

- Whilst operating as a unitary Board recognise the differing roles of the Chair, Senior Independent Director, Chief Executive, Executive Directors and Non Executive Directors.

- Make every effort to attend meetings where appropriate.
- Adhere to good practice in respect of the conduct of meetings and respect the views of others.

- Take and consider advice on issues where appropriate.

- Acknowledge responsibility of the Council of Governors (once in situ) to represent the interest of members and partner organisations in the governance and performance of the Trust, and to have regard to the views of the Council of Governors.

- Respect the confidentiality of the information they are made privy to as a result of their role as a director.

- Declare any conflict of interest to the Board of Directors as soon as they become aware of it.

- Not use their position for personal advantage or seek to gain preferential treatment.

- Comply with the Trust's Standard of Business Policy, as set out in the Standing Orders, in relation to the acceptance of gifts and hospitality.

- Conduct themselves in such a manner as to reflect positively on the Trust, and be ambassadors of the Trust when attending events in their role as a director.

- Accept responsibility for their performance, learning and development.

5 Compliance

5.1 The directors of the Board will satisfy themselves that the actions of the Board and its directors in conducting Board business fully reflect the values, general principles and provisions in this Code and, as far as is reasonably practicable, that concerns expressed by staff or others are fully investigated and acted upon.

5.2 All Board directors, on appointment, will be required to subscribe to this Code of Conduct. Compliance with the Code will be routinely monitored by the Chair and included as part of each Board director's annual appraisal.

Declaration:

I, (print name) agree to abide by the Board of Directors Code of Conduct of Southport & Ormskirk Hospital NHS Trust.

Signature:

Date:

Appendix A

Trust SCOPE values

Value	Description	Behaviours & Outcomes
Supportive	Teamwork, fairness, Helpful attitude, Respectful to colleagues, Tactfulness	Working together and valuing each other for the benefit of patients.
Caring	Compassionate, Desire for Best Care, Responsiveness, Sensitivity, Empathy, Thoughtfulness, Understanding	Caring for our patients as individuals, safely and with compassion.
Open and honest	Positively, Honesty, Frankness, Informative and knowledgeable, Transparency, Learning from Mistakes, Encouraging	Acting with highest standards of integrity, behaviour and accountability.
Professional	Recognition that working in Healthcare and undertaking Clinical Practice is a privilege, Good communication, Desirous of High Standards, Smartness, Well Mannered, Happy, Interested, Friendly, Helpful, Innovative	Aspiring to be the best in everything we do.
Efficient	Effectiveness, Timeliness, Willingness to look at new ways of working, Joined up working, Questioning, Desire for improvement	The best quality care within the resources available.

STANDARDS OF BUSINESS CONDUCT FOR NHS STAFF

Whilst the Standards for Business Conduct for NHS Staff remain in place since its publication some of the offences referred to have been superseded by more recent legislation. These standards should therefore be read in conjunction with the Staff Code of Personal and Business Conduct for more up-to-date advice and guidance.

Executive Summary

To assist NHS employers and staff in maintaining strict ethical standards in the conduct of NHS business, the Management Executive has prepared the attached guidance:-

- Brief summary of the main provisions of the Prevention of Corruption Acts 1906 and 1916 - ***Part A.***
- General policy guidelines - ***Part B.***

These cover:-

- the standards of conduct expected of all NHS staff where their private interests may conflict with their public duties; and
- the steps which NHS employers should take to safeguard themselves and the NHS against conflict of interest.
- Action checklist for NHS Managers -***Part C.*** (omitted from this extract)
- Short guide for staff - ***Part D.***
- Ethical Code of the Institute of Purchasing and Supply (IPS) (reproduced courtesy of IPS) - ***Part E.***

Action

NHS authorities and Trusts should:-

- ensure that these guidelines are brought to the attention of all staff, and are effectively implemented;
- develop local conflict of interest policies and the machinery to implement them, in consultation with staff and local staff representatives;
- satisfy themselves that their policies and implementation procedures are regularly reviewed and kept up to date.

Part A

Prevention of Corruption Acts 1906 - summary of main provisions

Acceptance of gifts by way of inducements or rewards Under the Prevention of Corruption Acts, 1906 and 1916, it is an offence for employees corruptly to accept any gifts or consideration as an inducement or reward for:-

- doing, or refraining from doing, anything in their official capacity; or
- showing favour or disfavour to any person in their official capacity.

Under the Prevention of Corruption Act 1916, any money, gift or consideration received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed by the courts to have been received corruptly unless the employee proves the contrary.

Part B[1]

NHS Management Executive (NHSME) - general guidelines

Introduction

These guidelines, which are intended by the NHSME to be helpful to all NHS employers and their employees, re-state and reinforce the guiding principles previously set out in Circular HM(62)21 (now cancelled), relating to the conduct of business in the NHS.

Responsibility of NHS employers

NHS employers are responsible for ensuring that these guidelines are brought to the attention of all employees; also that machinery is put in place for ensuring that they are effectively implemented.

Responsibility of NHS staff

It is the responsibility of staff to ensure that they are not placed in a position which risks, or appears to risk, conflict between their private interests and their NHS duties. This primary responsibility applies to *all NHS staff,* i.e. those who commit NHS resources directly (e.g. by the ordering of goods) or those who do so indirectly (e.g. by the prescribing of medicines). A further example would be staff who may have an interest in a private nursing home and who are involved with the discharge of patients to residential facilities.

Guiding principle in conduct of public business

It is a long established principle that public sector bodies, which include the NHS, must be impartial and honest in the conduct of their business, and that their employees should remain beyond suspicion. It is also an offence under the Prevention of Corruption Acts 1906 and 1916 for an employee corruptly to accept any inducement or reward for doing, or refraining from doing anything, in his or her official capacity, or corruptly showing favour, or disfavour, in the handling of contracts (see ***Part A***).

Staff will need to be aware that a breach of the provisions of these Acts renders them liable to prosecution and may also lead to loss of their employment and superannuation rights in the NHS.

Principles of conduct in the NHS

NHS staff are expected to:-

- ensure that the interest of patients remains paramount at all times;
- be impartial and honest in the conduct of their official business;
- use the public funds entrusted to them to the best advantage of the service, always ensuring value for money.

It is also the responsibility of staff to ensure that they do not:-

- abuse their official position for personal gain or to benefit their family or friends;
- seek to advantage or further private business or other interests, in the course of their official duties.

Implementing the guiding principles

Casual gifts

Casual gifts offered by contractors or others, e.g.) at Christmas time, may not be in any way connected with the performance of duties so as to constitute an offence under the Prevention of Corruption Acts. Such gifts should nevertheless be politely but firmly declined. Articles of low intrinsic value such as diaries or calendars, or small tokens of gratitude from patients or their relatives, need not necessarily be refused. In cases of doubt staff should either consult their line manager or politely decline acceptance.

Hospitality

Modest hospitality provided it is normal and reasonable in the circumstances, e.g.) lunches in the course of working visits, may be acceptable, though it should be similar to the scale of hospitality which the NHS as an employer would be likely to offer.

Staff should decline all other offers of gifts, hospitality or entertainment. If in doubt they should seek advice from their line manager.

Declaration of interests

NHS employers need to be aware of all cases where an employee, or his or her close relative or associate, has a controlling and/or significant financial interest in a business (including a private company, public sector organisation, other NHS employer and/or voluntary organisation), or in any other activity or pursuit, which may compete for an NHS contract to supply either goods or services to the employing authority.

All NHS staff should therefore declare such interests to their employer, either on starting employment or on acquisition of the interest, in order that it may be known to and in no way promoted to the detriment of either the employing authority or the patients whom it serves.

One particular area of potential conflict of interest which may directly affect patients, is when NHS staff hold a self beneficial interest in private care homes or hostels. While it is for staff to declare such interests to their employing authority, the employing authority has a responsibility to introduce whatever measures it considers necessary to ensure that its interests and those of patients are adequately safeguarded. This may for example take the form of a contractual obligation on staff to declare any such interests. Advice on professional conduct issued by the General Medical Council recommends that when a doctor refers a patient to a private care home or hostel in which he or she has an interest, the patient must be informed of that interest before referral is made.

In determining what needs to be declared, employers and employees will wish to be guided by the principles set out in paragraph 5 above, also the more detailed guidance to staff contained in ***Part D***.

NHS employers should:-

- ensure that staff are aware of their responsibility to declare relevant interests (perhaps by including a clause to this effect in staff contracts:;
- consider keeping registers of all such interests and making them available for inspection by the public;
- develop a local policy, in consultation with staff and local staff interests, for implementing this guidance. This may include the disciplinary action to be taken if an employee fails to declare a relevant interest, or is found to have abused his or her official position, or knowledge, for the purpose of self-benefit, or that of family or friends.

Preferential treatment in private transactions

Individual staff must not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which they have had, or may have, official dealings on behalf of their NHS employer. (This does not apply to concessionary agreements negotiated with companies by NHS management, or by recognised staff interest, on behalf of all staff - for example, NHS staff benefits schemes.)

Contracts

All staff who are in contact with suppliers and contractors (including external consultants), and in particular those who are authorised to sign Purchase Orders, or place contracts for goods, materials or services, are expected to adhere to professional standards of the kind set out in the Ethical Code of the Institute of Purchasing and Supply (IPS), reproduced at ***Part E***.

Favouritism in awarding contracts

Fair and open competition between prospective contractors or suppliers for NHS contracts is a requirement of NHS Standing Orders and of EC Directives on Public Purchasing for Works and Supplies. This means that:-

- no private, public or voluntary organisation or company which may bid for NHS business should be given any advantage over its competitors, such as advance notice of NHS requirements. This applies to all potential contractors, whether or not there is a relationship between them and the NHS employer, such as a long-running series of previous contracts;
- each new contract should be awarded solely on merit, taking into account the requirements of the NHS and the ability of the contractors to fulfil them.

NHS employers should ensure that no special favour is shown to current or former employees or their close relatives or associates in awarding contracts to private or other businesses run by them or employing them in a senior or relevant managerial capacity. Contracts may be awarded to such businesses where they are won in

fair competition against other tenders, but scrupulous care must be taken to ensure that the selection process is conducted impartially, and that staff who are known to have a relevant interest play no part in the selection.

Warnings to potential contractors

NHS employers will wish to ensure that all invitations to potential contractors to tender for NHS business include a notice warning tenderers of the consequences of engaging in any corrupt practices involving employees of public bodies.

Outside employment

NHS employees are advised not to engage in outside employment which may conflict with their NHS work, or be detrimental to it. They are advised to tell their NHS employing authority if they think they may be risking a conflict of interest in this area: the NHS employer will be responsible for judging whether the interests of patients could be harmed, in line with the principles of conduct in the NHS noted above. NHS employers may wish to consider the preparation of local guidelines on this subject.

Private practice

Consultants (and associate specialists) employed under the Terms and Conditions of Service of Hospital Medical and Dental Staff are permitted to carry out private practice in NHS hospitals subject to the conditions outlined in the handbook (A Guide to the Management of Private Practice in the NHS". (See also PM(79)11). Consultants who have signed new contracts with Trusts will be subject to the terms applying to private practice in those contracts.

Other grades may undertake private practice or work for outside agencies, providing they do not do so within the time they are contracted to the NHS, and they observe the conditions in paragraph 20 above. All hospital doctors are entitled to fees for other work outside their NHS contractual duties under "Category 2" (paragraph 37 of the TCS of Hospital Medical and Dental staff) e.g.) examinations and reports for life insurance purposes. Hospital doctors and dentists in training should not undertake locum work outside their contracts where such work would be in breach of their contracted hours. Career grade medical and dental staff employed by NHS Trusts may agree terms and conditions different from the National Terms and Conditions of Service.

Rewards for Initiative

NHS employers should ensure that they are in a position to identify potential intellectual property rights (IPR), as and when they arise, so that they can protect and exploit them properly, and thereby ensure that they receive any rewards or benefits (such as royalties) in respect of work commissioned from third parties, or work carried out by their employees in the course of their NHS duties. Most IPR are protected by statute; e.g.) patents are protected under the Patents Act 1977 and copyright (which includes software programmes) under the Copyright Designs and Patents Act 1988. To achieve this NHS employers should build appropriate specifications and provisions into the contractual arrangements which they enter into *before* the work is commissioned, or begins. They should always seek legal advice if in any doubt in specific cases.

With regard to patents and inventions, in certain defined circumstances the Patents Act gives *employees a right* to obtain some reward for their efforts, and employers should see that this is affected. Other rewards may be given voluntarily to employees who within the course of their employment have produced innovative work of outstanding benefit to the NHS. Similar rewards should be voluntarily applied to other activities such as giving lectures and publishing books and articles.

In the case of collaborative research and evaluative exercises with manufacturers, NHS employers should see that they obtain a fair reward for the input they provide. If such an exercise involves additional work for an NHS employee outside that paid for by the NHS employer under his or her contract of employment, arrangements should be made for some share of any rewards or benefits to be passed on to the employee(s) concerned from the collaborating parties. Care should however be taken that involvement in this type of arrangement with a manufacturer does not influence the purchase of other supplies from that manufacturer.

Commercial sponsorship for attendance at courses and conferences

Acceptance by staff of commercial sponsorship for attendance at relevant conferences and courses is acceptable, but only where the employee seeks permission in advance and the employer is satisfied that acceptance will not compromise purchasing decisions in any way.

On occasions when NHS employers consider it necessary for staff advising on the purchase of equipment to inspect such equipment in operation in other parts of the country (or exceptionally, overseas), employing authorities will themselves want to consider meeting the cost, so as to avoid putting in jeopardy the integrity of subsequent purchasing decisions.

Commercial sponsorship of posts - "linked deals"

Pharmaceutical companies, for example, may offer to sponsor, wholly or partially, a post for an employing authority. NHS employers should not enter into such arrangements, unless it has been made abundantly clear to the company concerned that the sponsorship will have no effect on purchasing decisions within the authority. Where such sponsorship is accepted, monitoring arrangements should be established to ensure that purchasing decisions are not, in fact, being influenced by the sponsorship agreement.

Under no circumstances should employers agree to "linked deals" whereby sponsorship is linked to the purchase of particular products, or to supply from particular sources.

"Commercial in-confidence"

Staff should be particularly careful of using, or making public, internal information of a "commercial in-confidence" nature, *particularly if its disclosure would prejudice the principle of a purchasing system based on fair competition. This principle applies whether private competitors or other NHS providers are concerned,* and whether or not disclosure is prompted by the expectation of personal gain (see paragraphs 16 18 above and ***Part E***).

However, NHS employers should be careful about adopting a too restrictive view on this matter. It should certainly not be a cause of excessive secrecy on matters which are not strictly commercial per se. For example, the term "commercial in confidence" should not be taken to include information about service delivery and activity levels, which should be publicly available. Nor should it inhibit the free exchange of data for medical audit purposes, for example, subject to the normal rules governing patient confidentiality and data protection. In all circumstances the overriding consideration must be the best interests of patients.

Part C – Action checklist for NHS Managers (Omitted from this extract)

Part D

Short guide for staff

References are to paragraphs in Part B of "Standards of business conduct for NHS staff" (Annex to HSG(93)5).

Do:-

- make sure you understand the guidelines on standards of business conduct, and consult your line managers if you are not sure;
- make sure you are not in a position where your private interests and NHS duties may conflict (3);
- declare to your employer any relevant interests (10-14). If in doubt, ask yourself:-
  i. am I, or might I be, in a position where I (or my family/friends) could gain from the connection between my private interests and my employment?
  ii. do I have access to information which could influence purchasing decisions?
  iii. could my outside interest be in any way detrimental to the NHS or to the patients' interests?
  iv. do I have any other reasons to think I may be risking a conflict of interest?

  If still unsure - **Declare it!**
- adhere to the ethical code of the Institute of Purchasing and Supply if you are involved in any way with the acquisition of goods and services (16);
- seek your employer's permission before taking on outside work, if there is any question of it adversely affecting your NHS duties (20). (Special guidance applies to doctors);
- obtain your employer's permission before accepting any commercial sponsorship (26).

Do not:-

- accept any gifts, inducements or inappropriate hospitality (see 7 - 9);
- abuse your past or present official position to obtain preferential rates for private deals (15);
- unfairly advantage one competitor over another (17) or show favouritism in awarding contracts (18);
- misuse or make available official "commercial in confidence" information (29).

Part E

Institute of Purchasing and Supply - Ethical Code (Reproduced by kind permission of IPS)

Introduction

The code set out below was approved by the Institute's Council on 26th February 1977 and is building on IPS members.

Precepts

Members shall never use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Purchasing and Supply profession and the Institute by:-

a) maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the organisations in which they are employed;

b) fostering the highest possible standards of professional competence amongst those for whom they are responsible;

c) optimising the use of resources for which they are responsible to provide the maximum benefit to their employing organisation;

d) complying both with the letter and the spirit of:-

   i. the law of the country in with they practice;

   ii. such guidance on professional practice as may be issued by the Institute from time to time;

   iii. contractual obligations.

e) rejecting any business practice which might reasonably be deemed improper.

Guidance

In applying these precepts, members should follow the guidance set out below:-

- Declaration of interest. Any personal interest which may impinge or might reasonably be deemed by others to impinge on a member's impartiality in any matter relevant to his or her duties should be declared.
- Confidentiality and accuracy of information. The confidentiality of information received in the course of duty should be respected and should never be used for personal gain; information given in the course of duty should be true and fair and never designed to mislead.
- Competition. While bearing in mind the advantages to the member's employing organisation of maintaining a continuing relationship with a supplier, any relationship which might, in the long term, prevent the effective operation of fair competition, should be avoided.
- Business gifts. Business gifts other than items of very small intrinsic value such as business diaries or calendars should not be accepted.
- Hospitality. Modest hospitality is an accepted courtesy of a business relationship. However, the recipient should not allow him or herself to reach a position whereby he or she might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality; the frequency and scale of hospitality accepted should not be significantly greater than the recipient's employer would be likely to provide in return.
- When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the member's superior.

STAFF CODE OF PERSONAL AND BUSINESS CONDUCT

1. INTRODUCTION

1.1 Scope

a) The purpose and aim of this Code of Conduct is to raise awareness and provide guidance regarding the standards of personal and business conduct and behaviour that Southport and Ormskirk Hospital NHS Trust ('the Trust') expects from all of those working for it.

b) Consequently, this Code applies to all staff and volunteers, regardless of role or position, and forms part of the Trust's corporate governance arrangements. It should be seen as complementary to local or departmental procedures or codes, which may give more detailed guidance, as well to relevant professional codes of conduct.

c) The Code is consistent with other Trust policies and rules including the Trust's Standing Orders and Financial Instructions. Staff should make themselves aware of other such policies.

d) The Trust Code supplements the NHS Code of Conduct for Managers (2002), as well as endorsing and updating the NHS Standards of Business Conduct (1993) which are applicable to all NHS personnel. Staff should familiarise themselves with these documents, which are available at:
http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4005410 (NHS Code of Conduct for Managers)
http://www.dh.gov.uk/en/PublicationsAndStatistics/LettersAndCirculars/HealthServiceGuidelines/DH_4017845 (NHS Standards of Business Conduct)

1.2 Principles

Staff are reminded of the Committee on Standards in Public Life's First Report which established *The Seven Principles of Public Life*, also known as the 'Nolan principles'. These over-arching principles underpin this Code and apply to all aspects of public life and to all those who serve the public in any way. These are: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and, Leadership.

Staff should also observe the more specific principles set out in the 2004 NHS Code of Conduct for Managers, but which are relevant to all NHS personnel. These are included in the following:

a) Make the care and safety of others your primary concern and act to protect them from risk or harm.

b) Respect and safeguard the interests of others in all that you do.

c) Act as a positive ambassador for, and representative of, the Trust and NHS at all times.

d) Be honest and act with integrity at all times, justifying public trust and confidence;

e) Accept responsibility for your own work and proper performance and (where appropriate) for that of line managed staff;

f) Show commitment to working as a team member by working with all colleagues in the Trust, the NHS, and the wider community; and,

g) Take responsibility for personal learning and development.

Staff are to uphold the SCOPE values of the Trust and ensure that their conduct is at all times:

Supportive
Caring
Open and Honest
Professional
Efficient

2. IMPLEMENTATION

a) Implementation of the Code will be supported through a variety of communication mechanisms, including team briefings and departmental communications.

b) All new employees will receive a copy of the Code within Induction information and further advice will be provided by departmental managers.

c) Staff who have questions regarding the Code, or require more detailed guidance, are advised to contact their manager or the Company Secretary.

d) The Trust acknowledges that this Code cannot spell out appropriate conduct and behaviour for every possible situation. However, staff are expected to make informed judgements about what is right and proper using the information and principles contained within this Code as a basis.

e) Failure to meet the standards and requirements of this Code may result in disciplinary action against an employee, or action for breach of their employment contract. In some instances, breaches of this Code may also equate to criminal offences and the Trust's Counter Fraud Specialist or other relevant authorities may be notified.

f) Staff have an obligation to report suspected breaches of this Code. The Trust is an open and learning organisation in which concerns about people breaking the Code can be raised without fear.

g) For the avoidance of doubt, nothing in this Code requires or authorises an NHS employee to whom this Code applies to:

- Make, commit or knowingly allow to be made any unlawful disclosure;
- Make, permit or knowingly allow to be made any disclosure in breach of his or her duties and obligations to his or her employer, save as permitted by law.

If there is any conflict between the above duties and obligations and this Code, the former shall prevail.

3. CODE OF CONDUCT

The following standards of conduct are expected of all staff and volunteers.

3.1. Act always in such a manner as to promote and safeguard the interests and well being of patients, relatives, carers, members of the public and Trust colleagues.

3.2. Always treat patients with the dignity and respect they deserve.

3.3. Respect patient confidentiality at all times.

3.4. Uphold and enhance the good standing, reputation and interests of the Trust in the provision of services to the local community and beyond;

3.5. Ensure that no action or omission on your part, or within your sphere of work, is detrimental to the interests, condition or safety of patients.

3.6. Decline any duties or responsibilities unless you are able to perform them in a safe manner. Ensure your manager is notified in such circumstances.

3.7. Adopt a pro-active, responsible and co-operative attitude towards Health and Safety and take every reasonable precaution to avoid personal injury and injury to patients, relatives, carers, members of the public and Trust colleagues. (Health & Safety Policy)

3.8. Use the Trust and NHS resources available to you in an effective, efficient and timely manner, having proper regard to the best interests of patients.

3.9. Accept responsibility for your own work and performance, and for all your decisions and actions in relation to your duties and responsibilities.

3.10. Ensure that all decisions are made fairly without bias, prejudice or adverse influence.

3.11. Work in a collaborative and co-operative manner with health care professional staff and colleagues, recognising and respecting their particular skills, supporting the right of all people to be treated with dignity and respect at work.

3.12. Ensure that no-one you come into contact with in the course of your work receives less favourable treatment, or is victimised or harassed, on the grounds of race, creed, colour, ethnic origin, gender, disability, marital status, sexual orientation, age, religion or any other unjustifiable grounds.

3.13. Be aware of and respect the customs, values and spiritual beliefs of patients and colleagues.

3.14. Where it is possible to influence, ensure that your colleagues are:

- Valued;
- Properly informed;
- Given opportunities to take part in decision-making;
- Helped to maintain and improve their knowledge and skills and to achieve their potential; and,
- Helped to achieve a reasonable balance between their working and personal lives.

3.15. Take responsibility for your own learning and development by keeping up to date with mandatory training, seeking to take full advantage of the opportunities provided; keeping up to date with best practice; and sharing learning and development with others.

3.16. Seek to ensure that anyone with a genuine concern is treated reasonably and fairly.

3.17. Avoid any abuse of the privileged relationship which exists with patients and of the privileged access allowed to their person, property or residence.

3.18. Refuse politely to accept any gift, favour or hospitality from patients, carers or any other party which might be interpreted as seeking to exert undue influence to obtain preferential consideration. Staff should not accept significant personal gifts or hospitality from contractors and outside suppliers. (see Appendix 1, NHS Standards of Business Conduct)

3.19. Be aware of the potential for conflict of interests between private obligations outside work and the requirements of your NHS role. (see Appendix 1, NHS Standards of Business Conduct)

3.20. Be alert to any conduct or behaviour which may constitute criminal offences against the Trust's assets or resources, such as fraud, bribery or corruption, and report your concerns or suspicions appropriately. (see Anti Fraud and Bribery Policy)

3.21. Act with honesty and integrity and do not make, permit or knowingly allow to be made, any untrue or misleading statement relating to your own duties or activities, or to any of the functions or services of Trust.

3.22. Respect confidential information obtained in the course your work and refrain from disclosing such information without the consent of the data controller, or a person entitled to act on their behalf (except where a disclosure is required under the terms of the relevant safeguarding procedures, or by law, or by the order of a court, or is a qualifying disclosure made in accordance with the Public Interest Disclosure Act 1998).

3.23. Be aware of the potential to provide good role models for health promotion in the community. Specifically, be aware of and comply with the following policy(ies):

- Alcohol, Drugs and Substance Misuse Policy.

3.24. Dress in a manner that is consistent with the requirements of your job, utilising uniforms and/or protective clothing when provided, ensuring safety for patients and other staff and presenting a good public image of yourself and the Trust.

3.25. Through agreed procedures and without fear of recrimination, bring to the attention of the appropriate level of management any deficiency in the provision of service, impropriety or breach of procedure.

3.26. Be aware of, and adhere to, current Trust policies and procedures relevant to your sphere of work, as well as corporately.

3.27. Be punctual, both in starting work on time and in returning from breaks.

Further specific guidance is contained in Appendix 1.

4. MONITORING AND COMPLIANCE

The HR Department will monitor those matters which are brought to their attention. Other departments and colleagues will be duly notified where matters relate to their areas of responsibility.

5. REVIEW

This Code of Conduct will be reviewed by the Company Secretary within 2 years of ratification by the Audit Committee. It may be reviewed at an earlier date to update it in line with employment law or good practice.

6. REFERENCES

Code of Conduct for NHS Managers, DoH 2002
NHS Standards of Business Conduct, DoH 1993, [HSG (93)5]
Code of Conduct: Code of Accountability in the NHS, DoH 2004
Trust Governance Manual
Gifts & Hospitality Policy
Declaration of Interests Policy
Dignity at Work Policy
Alcohol and Substance Misuse Policy
Disciplinary Policy
Health & Safety Policy
Anti Fraud & Bribery Policy
Whistleblowing Policy

Appendix 1

NHS STANDARDS OF BUSINESS CONDUCT [HSG (93)5] - STAFF GUIDANCE

Scope of Responsibility

This section refers to the requirements contained within the 1993 NHS Standards of Business Conduct [HSG (93)5] which remains in force and which all Trust staff and volunteers are expected to familiarise themselves with and adhere to. Indeed, for many NHS bodies, compliance with these standards forms part of the employee's contract of employment.

It is the responsibility of all Trust staff and volunteers to personally ensure that they are not, by their conduct or actions, placed in a position which risks, or appears to risk, conflict between their private interests and their NHS duties and responsibilities.

Staff and volunteers should also be aware that the behaviour of immediate family members and partners (either personal or business) could also create potential conflicts.

Interests may be financial or non-financial (i.e. political or religious). Similarly, the receipt of gifts or hospitality may not be conducive to NHS roles and requirements.

Guiding Principle in the Conduct of Public Business

The NHS, along with other public sector bodies, must be fair, impartial and honest in the conduct of business and decision-making and therefore, staff should act with probity, integrity and transparency at all times, remaining beyond suspicion.

Clarifications to the 1993 NHS Standards of Business Conduct

The Business Standards were first issued in 1993 and much has changed in the NHS and beyond since then, not least the introduction of relevant, new legislation relating to Fraud and Bribery. This section updates guidance relating to the original Standards document and makes reference to the new legislation which must also be considered when reviewing compliance against the requirements contained in the Business Standards.

Parts A & B

Bribery Act 2010
For any relevant activities undertaken prior to 1st July 2011, the Standards state that it is an offence under the Prevention of Corruption Acts 1906 and 1916 for an employee to accept an inducement or reward for doing, or refraining from doing anything in his or her official capacity, or corruptly showing favour or disfavour in the handling of contracts.

From the 1st July 2011, such activities undertaken by anyone associated with the Trust would now be offences under the more extensive Bribery Act 2010. This Act creates a number of specific offences including:

- the offering, promising or giving a bribe;
- the requesting, agreeing to receive or accepting a bribe;
- bribing a foreign public official;
- the new corporate offence for commercial organisations (including NHS bodies) where they fail to prevent bribery by those acting on their behalf.

A bribe may be defined as ***"an inducement or reward offered, promised or provided to someone to perform their functions or activities improperly in order to gain a personal, commercial, regulatory and/or contractual advantage."***

A bribe may take the form of payment, gifts, hospitality, promise of contracts or employment, or some

other form of benefit or gain. The individuals engaged in the actual bribery activity do not have to be those who instigate the offence(s), or ultimately benefit from it. All parties involved are potentially subject to prosecution.

Paragraphs 7, 8 and 15 to 19 of Part B of the Business Standards expressly relate to areas of NHS functions and activity where breaches may lead to prosecution for potential bribery or corruption-related offences.

Fraud Act 2006

In January 2007, the Fraud Act 2006 came into force. This introduced new, specific fraud offences. Consequently, a person is guilty of fraud if he/she is in breach of any of the following, which provide the three main ways of committing the offence:

- Fraud by false representation;
- Fraud by failing to disclose information;
- Fraud by abuse of position.

For example, failing to disclose information (such as a conflicting personal business or outside interest) when under a legal obligation to do so (as may be required by an NHS contract of employment) may constitute a fraud offence. Paragraphs 10 to 14 and 20 of the Business Standards (Part B) expressly relate to the requirement of NHS staff to declare all relevant interests.

Similarly, as noted in Paragraphs 6 and 29 of Part B, using commercially confidential NHS information for private gain (either by oneself or another) could also constitute a criminal abuse of position offence under the Fraud Act.

Summary

Staff should be aware that a breach of any provision of the Acts referred to above renders them potentially liable for prosecution and may also lead to disciplinary action, as well as loss of employment and pension rights in the NHS.

Offences under both the Fraud Act 2006 and the Bribery Act 2010 carry sanctions including up to 10 years imprisonment and/or an unlimited fine.

In addition, those in the public sector should be mindful that additional sanctions are also occasionally brought under the common law offence of Misconduct in Public Office, which also carries a potential 10 year sentence.

Further advice and guidance on fraud, bribery or corruption may be obtained from the Trust's Local Counter Fraud Specialist and reference may also be made to the Trust's Anti Fraud and Bribery Policy.

The paragraph references in Parts A and B of the Business Standards referred to above should not be considered definitive or exhaustive and any potential breach of any of the principles and requirements contained in the Standards of Business Conduct would be reviewed on a case-by-case basis to identify which offences (under various Acts) may or may not have been committed.

What Staff Should Do:

- Make sure you understand the guidelines; consult your line manager if you are not sure.
- Adhere to the ethical code of the Institute of Purchasing and Supply if you are involved in any way with the acquisition of goods and services.
- Make sure you are not in a position where your private interests and NHS duties may conflict. Declare to your employer any relevant interests.
- Seek your employer's permission before taking on other employment which may adversely affect your ability to fulfil your NHS employment obligations or which conflict (or may be seen to conflict) with your obligation to the Trust.
- Refuse and report any gifts or hospitality which is either inappropriate, excessive or which could be seen to compromise or influence your judgement and or NHS duties.

- The Trust maintains Registers of Interests and Gifts/Hospitality and it is the personal responsibility of each member of staff to notify any relevant interests/activities and report any offer of hospitality or gifts accordingly.

If In Doubt, Ask Yourself…

- Am I, or might I be, in a position where, I, or my family/friends/partner, could gain from the connection between my interests and my NHS employment?
- Do I have access to information which could influence purchasing decisions?
- Could my outside interests be in any way detrimental to the Trust or to patient interests?
- Do I have any other reason to think I may be risking a conflict of interest?
- If I read about my private interest, or my receipt of a gift or hospitality, in a newspaper would I feel embarrassed about it? (*The Newspaper Test*)
- **If you are still unsure – Declare It!**

Do Not:

- Accept any inappropriate gift or hospitality. (There may be circumstances where modest hospitality and casual gifts are acceptable – seek advice from your line manager). Staff should refer to the Gifts and Hospitality policy.
- Abuse your NHS position to obtain preferential treatment for yourself, family or friends.
- Unfairly advantage one competitor over another or show favouritism awarding contracts.
- Misuse, make available or make inappropriate reference to official 'commercial' or ''in confidence' information.

CODE OF CONDUCT FOR PAYMENT BY RESULTS

Introduction - the purpose of the Code of Conduct

1. The effective implementation of Payment by Results (PbR) will depend on constructive relationships between all parties operating within the system.
2. PbR introduces a degree of transparency in NHS financial flows that is almost unprecedented. The new system challenges organisations to manage successfully in a dynamic environment and creates incentives for increasing productivity and making efficient use of resources.
3. This Code of Conduct ('the Code') is aimed at all commissioners and providers – and other bodies with regulatory and/or performance management responsibilities – operating within the PbR system (as defined in the glossary of terms), but without prejudice to any future Government decision on extending the scope of PbR (*In 2006, PbR applies to acute services provided by NHS Trusts, NHS Foundation Trusts and to Independent Sector providers operating under the Extended Choice Network*). Its purpose is to establish the underpinning principles that should govern organizational behaviour under PbR and set expectations as to how the system should operate. In this way, the Code of Conduct should minimise as well as guide the resolution of disputes under PbR.
4. However, the Code must be effective both now and in the context of any future changes to roles and responsibilities in the NHS. Therefore, the Code will form part of the Operating Framework (as defined in the Glossary) and will be reviewed from time to time, subject to consultation in line with Cabinet Office guidelines.
5. PbR should be implemented according to the principles laid out in the Code and complying with relevant guidance. Moreover, it is essential for organisations operating under PbR to recognise their ongoing relationships as part of a wider healthcare system. This means taking a dynamic and long-term view that facilitates improvements to quality and service innovation, fitting with other key policy goals (e.g. transforming care pathways for people with long-term conditions).
6. Under PbR, activity is paid for on the basis of the number and complexity (i.e. casemix) of cases treated. Importantly, the casemix classifications, prices and payment rules are set at national level and are not subject to local negotiation except as specifically defined in PbR guidance. However, PbR does not negate the need for contracts between commissioners and providers, which must continue to specify the range of services commissioned as well as any referral or treatment protocols (i.e. care pathway description) and relevant performance criteria.
7. The Code is not intended to deal with outstanding policy issues or give detailed guidance although the Department recognises the need for consistency between the Code and the wider policy framework. Furthermore, the Code will rely on effective contractual, regulatory and performance management mechanisms for its enforcement.

The scope and objectives of Payment by Results (PbR)

8. PbR has been designed to contribute towards the achievement of several of the key objectives of health system reform. These objectives are complementary but at times need careful management to ensure they work together successfully in practice.
9. The key objectives are summarised as follows:
    - improve *efficiency and value for money* through enhanced service quality, as both commissioners and providers can retain and invest surpluses and savings to improve services;
    - facilitate *choice*, by enabling funds to go to the services chosen by patients;
    - facilitate *plurality* and increase *contestability*, enabling funds to go to any provider (whether NHS or Independent Sector) who can treat patients at tariff (*Through the development of its Competition Policy, the Department of Health will critically examine the 'fitness for purpose' of the current tariff as a pricing mechanism consistent with the overarching objective of creating a level playing field under Free Choice from 2008*) and at NHS standards, and enabling providers to compete on an equal basis to provide services;
    - enable service *innovation* and improve *quality*, by rewarding providers whose services attract patients and focussing negotiations between providers and commissioners on quality and innovation, because the price is fixed;
    - drive the introduction of *new models of care* closer to where people live and work, by enabling funds to go to providers offering care in non-traditional and community based settings;
    - *reduce waiting times*, by rewarding providers for the volume of work done;
    - make the system *fairer* and *more transparent*, through consistent fixed price payments to providers based on volume and complexity of activity; and
    - *get the price 'right' for services*, by paying a price that ensures value for money for the taxpayer and incentivises the provision of innovative, high quality patient care.
10. PbR can and should be implemented in way that contributes towards achieving the above objectives. However, it is important that all parties operating in the system are also clear what the policy is not designed to achieve. This includes increasing the overall amount of cash in the system. The NHS works within fixed

spending limits at national and local level. PbR is not, of itself, a mandate for providers to supply activity. The impact of PbR locally will therefore be on the technical efficiency of service provision and on the flow of funds under contracts between commissioners and providers.

Tariff Setting

11. The following principles shall apply to tariff setting:
    - The Secretary of State will be responsible for maintaining the system of Payment by Results – including The tariff setting function
        - consistent with his/her obligations to provide a national health service in England and other applicable Law (*As defined under National Health Service Act 1977*)
    - The Department of Health will involve key stakeholders in establishing or reviewing the tariff setting function
    - The remit and responsibilities of the tariff setting function will be set out in published Terms of Reference
    - The tariff setting process shall be open and transparent
    - The Department of Health will ensure that exercise of the tariff setting function involves key stakeholders
    - In exceptional circumstances and only to the extent necessary in pursuit of his/her obligations to provide a health service in England, the Secretary of State may require particular, in-year changes to the national tariff and will ensure that:
        - proposals for such changes take account of input from key stakeholders;
        - the process for implementing such changes is open and transparent; and,
        - commissioners and providers are given reasonable notice of the details of such changes
12. For the purposes of this Code, 'key stakeholders' shall include a representative group of commissioners and providers as well as those bodies responsible for performance management and regulation, including Monitor and the Healthcare Commission.

General conduct of commissioners, providers and other organisations participating in Payment by Results (PbR)

13. PbR should support the provision of a service that is
    - Responsive to the needs of patients and public
    - Responsible and accountable to patients and public
    - High quality, striving for excellence
    - Efficient and effective in its use of resources
14. This means that all organisations operating PbR, and individuals working within them, will:
    - Put patients' interests first, balancing the needs of individuals with those of the wider population served
    - Ensure that patients get appropriate, responsive, high quality care, close to home where possible and when it's needed
    - Ensure that patients have a choice when it is appropriate
    - Provide appropriate and transparent information for patients, their carers and the wider public
    - Ensure care is provided efficiently with the best possible outcome
    - Work together to innovate, developing better services, closer to where people live and work
    - Behave and treat each other transparently, openly and fairly
    - Share information with each other wherever appropriate
    - Work together to anticipate and resolve problems
    - Consult and involve each other in decisions and changes wherever appropriate
15. In implementing PbR, commissioners and providers jointly will also observe the following principles:
    - PbR is a national, rules-based system maintained by the Secretary of State and defined in Department of Health guidance as amended from time to time
    - All casemix classifications, prices, payment rules, data definitions, information standards and reporting obligations applicable to PbR are as defined in national guidance, as amended from time to time
    - PbR is a prospective payment system and therefore in individual cases, the applicable tariff will be greater or less than the actual cost of activity and such differences shall not prejudice the commissioning or provision of services under this Code.
    - The tariff is not intended to subsidise the cost of activities outside the scope of PbR. Equally, any funding for activities outside the scope of PbR shall not be intended to subsidise the costs of activity to which the tariff applies. The only exception to this general principle is where funding is agreed to reimburse specific costs that are incurred incidentally in the provision of services under PbR, but are excluded from the tariff, in line with national guidance (e.g. 'pass through' payments for new technologies).
    - Providers have the autonomy to retain and invest surpluses gained under PbR.
    - The national guidance that constitutes PbR is not subject to local negotiation, except for, and only to the extent afforded by, any local flexibilities specified in such guidance, including the Operating

Framework.

Commissioner responsibilities

16. The following principles shall apply to commissioners under PbR:

- 'Commissioning' is the process that determines how the health and healthcare budget is used and must result in a good deal, both for patients and taxpayers.
- Commissioning will not be the responsibility of a single organisation, but will be a partnership between PCTs, general practice ('practices') and local government.
- Commissioners will undertake regular health needs assessment and forecast demand for health services and keep these under review, taking account of advice from providers and the accuracy of previous assessments and forecasts
- PCTs will collaborate with practices to ensure that taxpayers' money is used to best effect on behalf of patients. PCTs will carry out the analysis to support assessment of local needs and to provide the clinical and management information that will be needed by their practices.
- Practices will look to identify gaps in existing services and pathways that need improvement. PCTs will use the aggregated intelligence of their practices and their local needs assessment to identify broader requirements for service change or development. PCTs will signal the future service needs to providers and engage with clinical networks to ensure effective delivery of complex care pathways.
- PCTs will act as agents of their practices and secure contracts with providers for the provision of health services – including elective and unscheduled care – in line with their health needs assessment and demand forecasts having regard to patient preferences and the impact of Patient Choice. Such contracts will reflect minimum performance requirements as specified from time to time by the Department of Health in line with national standards and targets (*The Department of Health will develop a national template contract that will incorporate national standards (quality, safety and service levels), the national tariff and penalty schedules (Health Reform in England: update and next steps, Department of Health, December 2005; Annex D*)
- PCTs will remain responsible for the actions of their practices and other primary care professionals in referring patients to providers and for services under PbR
- Commissioners will specify care pathways – including referral and treatment protocols – in line with patient preferences and on the basis of available evidence as to clinical and cost effectiveness
- Commissioners will adhere to, and ensure that their agents adhere to, any specified care pathways in line with the principle set out above
- Under PbR, PCTs will pay for all activity that is delivered on behalf of their populations and as per their contractual or statutory obligations (or as otherwise implied by the terms of previous contracts or by commissioners' actions)
- Commissioners will not discriminate against or disadvantage particular patients or providers in exercising their responsibilities under this Code, including when contracting for services or authorising activity on behalf of their populations.
- Participants who are both commissioners and providers of services will act transparently to avoid conflict of interests.

Provider Responsibilities

17. The following principles shall apply to providers under PbR:

- Providers will remain responsible for developing and maintaining services and for the performance of those services
- Providers will secure contracts with commissioners or otherwise obtain authority to provide services to patients as a condition of claiming payment under PbR. The exception to this general principle is for Non-Contract Activity as defined under national guidance as it applies to unscheduled care.
- In consideration of the prices paid for services under PbR, providers will deliver high quality care in line with good clinical practice and any specific performance requirements enshrined in their contracts with commissioners (see 16.6 above)
- Providers will specify any clinical criteria that they intend to apply systematically and in order to decline to treat particular groups of patients, either in their Directory of Services (*A provider's Directory of Services must therefore include any Service Specific Booking Guidance to be used to determine the eligibility of patients for services*) where appropriate, or in contracts with commissioners. These criteria will be used to ensure the clinical appropriateness of referrals and treatments and
- should not be manipulated for purely financial reasons. Furthermore, providers should not make unilateral changes to such criteria without having agreed corresponding changes to contracts with commissioners.
- Providers will adhere to, and ensure their agents adhere to, any specified care pathways in line with their contractual obligations and consistent with commissioners' responsibilities set out above
- In support of the commissioners responsibilities regarding health needs assessment and demand forecasting, providers will supply information about demand and activity, including demand for unscheduled care, in line with their contracts.

- Providers will be responsible for the timeliness and accuracy of data required as part of the transaction process under PbR and in support of commissioners responsibilities in reviewing health needs assessment and demand forecasts
- Providers will not discriminate against or disadvantage particular patients or commissioners when operating PbR, including when accepting or declining to treat individual patients and in the provision of services generally.
- Participants who are both commissioners and providers of services will act transparently to avoid conflict of interests.

Information sharing

18. The following principles shall apply to all parties within the system:
    - Commissioners will give patients the support and information they need to make the right healthcare choices and providers will support commissioners in this by maintaining an up-to-date Directory of Services.
    - The Department of Health and commissioners will make available to all providers, including Independent Sector providers, the same information about forecast demand, capacity and performance requirements, proposed service changes/developments, and other procurements to ensure equity of access across the system.
    - Providers will make available to commissioners information about capacity and quality, in accordance with their contracts.
    - Providers may implement changes to clinical coding and counting (i.e. classifications) practices in pursuit of improvements in data quality and the accuracy of transactions under PbR.
    - Changes to coding and counting practices will be implemented in good faith and at all times comply with national data definitions and information standards.
    - Providers will notify commissioners of the details of any proposed changes to coding and counting practices in advance and confirm the date from which such changes are implemented.
    - Any changes to coding and counting practices by individual providers shall not affect the information basis upon which contracts have been agreed or result directly in claims for additional payment, or loss of income, under PbR until the start of the next financial year.
    - The Department of Health will keep under review the risk of activity inflation (i.e. volume or casemix) associated with improved coding and counting.

Activity Specification, Demand Management and Capacity

19. The following principles shall apply to commissioners and providers operating PbR:
    - Demand Management is a joint responsibility. Decisions on the use of healthcare resource should be made in the best interests of patients, the public, and not the financial interests of individual organisations.
    - It is the commissioner's responsibility to manage demand from primary care referrals and attendances at A&E. Providers should co-operate with commissioners in this and will take steps to mitigate the risk of supplier-induced demand (*6 Supplier-induced demand may include any lowering of admission or treatment thresholds and/or non-compliance with referral and treatment protocols*), including:
        - periodically reviewing admission/intervention thresholds, length of stay and consultant-to-consultant referrals; and,
        - by participating in periodic utilisation reviews.
    - Providers are responsible for managing their capacity, for honouring patient appointments and for their obligations in meeting demand for unscheduled care. Commissioners should co-operate with providers in this and will be responsible for the accuracy of their demand forecasts and keep these under regular review to mitigate the risk of 'under-commissioning'. In addition, PCTs will be responsible for the actions of their agents both in referring patients to hospital and in providing unscheduled or 'out of hours' care as these affect the accuracy of demand forecasts and therefore capacity management and risk across the system.
    - Under PbR, planned activity volumes are important management tools, but will not determine payment or the allocation of financial risk between commissioners and providers. Nevertheless, the Department of Health may seek to mitigate the risk of demand volatility by setting a differential tariff for activity above and/or below a pre-defined threshold. In such cases, both the differential tariffs and the thresholds will be set nationally in line with the principles outlined at Paragraph 11 above.
    - The use of 'caps and floors' on activity is inconsistent with the fundamental principle of PbR that payment should be based on the number and complexity of cases treated.
    - Instead, PCTs will establish demand management strategies. The aim will be to enhance quality and efficiency and to ensure that budgets are not breached. The tools of demand management are
    - likely to include:
        - benchmarking information for all GP practices;
        - clinical pathways and protocols that are developed by local clinicians, covering areas

vulnerable to volatile demand or supplier-induced demand;
• clinical advice and support for struggling GP practices;
• facilitating clinical groups to agree training and development, and clinical protocols reflecting agreed clinical priorities locally;
• appropriate use of preventative intervention strategies to improve health and efficiency;
• target conversion ratios from outpatient to inpatient/day case lists for specific procedures and agreement on a sustainable and affordable profile for reducing overall waiting list size.

- It is good practice for commissioners and providers to specify trigger points in the monitoring of activity as part of an overall strategy for managing demand and capacity. Where activity levels exceed these trigger points, commissioners and providers should work together to identify the causes of excess demand and commissioners should revise their forecasts and demand management strategies accordingly. Where activity levels significantly exceed these trigger points, commissioners and providers should work together to prioritise patients on the basis of clinical need. Such action may include changes to referral and treatment protocols to ensure that limited resources are targeted effectively. However, such action shall not extend to withholding payment to providers for activity duly delivered.

20 While these principles will continue to apply as PbR is expanded to cover emergency, ambulance, long-term conditions and mental health, it is important to bear in mind that appropriate casemix classifications may not always be based on individual patient attendances, procedures or hospital admissions.

Patient choice, referrals and treatment thresholds

22. Under payment by results (PbR) in 2006/7, patient choices for elective care, and where patients are treated in emergencies, will determine how around 30% of NHS funds are spent.

23 The following principles shall apply to all parties within the system:

- Providers may offer a restricted range of services to patients only to the extent this is consistent with their contracts with commissioners and based on the provider's Directory of Services on the date the contract was agreed or subsequently amended. For NHS Foundation Trusts any restrictions on the range of services offered to patients must be consistent with their Terms of Authorisation.
- For services provided under Patient Choice, once a patient appointment has been booked this must be honoured and appropriate treatment subsequently provided – in line with contracts
  - irrespective of whether the tariff covers the costs of doing so.
- Furthermore, patients choosing a particular provider must be treated by that provider as long as this is in the patient's interest.
- Finally, providers will work with commissioners to monitor treatment thresholds and ensure patients are treated appropriately.

Innovation to improve access to, or quality of, services

23. The following principles shall apply to all parties operating within the system:

- Commissioners and providers will collaborate to innovate in services and care pathways.
- The Tariff is a fixed price and should not be subject to local negotiation. However, certain 'local flexibilities' may be provided for under PbR guidance and should be used to support technical innovation and/or improved access to services in the interest of NHS patients.
- Examples of local flexibilities under PbR may include:
  •**Tariff sharing** (i.e. 'unbundling) to support improved access to services (e.g. by funding elements of acute care outside a hospital setting)
  • **Pass through payments** to support the use of new technology (e.g. minimally invasive procedures)
  • **'One stop shop' payments** for outpatient clinics involving multidisciplinary or multi-specialty teams and/or multiple diagnostic tests.
- As a point of principle, local flexibilities under PbR must be applied as defined in national guidance as amended from time to time.
- Moreover, such arrangements should only occur if they
  • are agreed in advance;
  • have agreed, quantified outcomes;
  • define who carries the financial risk if planned changes are not delivered with standard tariff applying in default.
- The procurement of services by commissioners under PbR must be open and transparent to ensure contestability and equity of access among providers.
- Commissioners and providers will make information available about services procured using local flexibilities under PbR to inform patients' choices (e.g. as part of a commissioner's advice to patients about the choice of services available and in a provider's Directory of Services) and will publish the tariffs used for local flexibilities to ensure transparency across the system.
-

Billing and Payment

24. The following principles shall apply to all parties operating within the system:

- Billing and payments will be prompt, fair and accurate.
- Providers and commissioners will agree definitions of activity, and timescales within which activity is paid for, through contracts.
- Providers will code and bill for activity fairly, accurately and promptly in line with national guidance on reporting under PbR. This guidance will be reviewed annually and reporting timescales will be reduced in support of the principle that billing and payment should be 'right first time'.
- Commissioners will pay invoices promptly, as defined in their contracts. Any queries raised about an invoice shall be confined to specific items and should not delay payment for the remaining items. Any query that remains outstanding at the point an invoice becomes due shall be referred to dispute resolution and will not be grounds for delaying payment of the undisputed amount.
- Commissioners and providers will agree processes for resolving disputes in line with the cross-government pledge on alternative dispute resolution, as illustrated by national model contracting
- arrangements. (*The process for resolving disputes should be set out in contracts. SHAs will be the final arbiter of disputes between NHS Trusts. For disputes involving NHS Foundation Trusts, the national model contract includes a dispute resolution procedure. Looking ahead, the Department will introduce a national template that will form the basis of contracts for all providers of NHS services (Health Reform in England: Update & Next Steps; Department of Health, December 2005))*
- Commissioners and providers will collaborate to resolve disputes in a timely fashion and by the end of the next quarterly billing period or after three separate monthly billing periods as appropriate to their contracts. Regulators and performance managers will monitor instances of dispute and take action to address risks associated with organisations involved in frequent or protracted disputes.(*The monitoring of disputes will be at the discretion of regulators and performance managers and any subsequent intervention against organisations will be proportionate to the risk to either the commissioning or provision of NHS services or the wider public interest in minimising NHS transaction costs may provide for payment of interest on such sums, for the period held in an escrow account, as part of any settlement of a dispute and in favour of either the commissioner or provider.*)In addition, the Department of Health will consider the merits of collecting data on disputes so that details of organisations involved in frequent or protracted disputes may be made public.
- The number of payment disputes will be kept to a minimum.
- Disputes should not take place where the financial sums or other matters concerned are not material.
- When a payment is disputed, the undisputed amount should be paid forthwith and only the disputed amount should be held in an escrow account until the dispute has been resolved. In addition, contracts

25. As a general principle, billing and payment should not be disputed in bad faith or to manage cash flow.

Enforcement

26. The following principles shall apply to all parties operating within the system:

- It is an overarching principle of this Code that it should be enforceable through contracts and embedded in NHS regulatory and performance management arrangements
- The Department of Health will work with the Healthcare Commission and Monitor to explore how compliance with the Code may be included in assessment criteria for *Standards for Better Health* standards on corporate governance.
- The boards of all participants in PbR should formally adopt the Code. In particular, all organisations providing and commissioning care for NHS patients will comply with this Code.
- Contracts for services provided under PbR should be consistent with this Code.
- The Secretary of State requires compliance with the Code by all NHS Bodies operating PbR, including Health Authorities, NHS Trusts and PCTs. The Department of Health will therefore ensure that compliance with the Code is integrated into performance management arrangements and may publish details of non-compliance on an exception basis. Moreover, organizations responsible for performance management will be expected to take action to address non-compliance. Persistent non-compliance by individual NHS Trusts or PCTs may be penalised through intervention and/or direction on behalf of the Secretary of State. (*The question of sanctions is under active consideration and will be the subject of a separate statement early in the new financial year.*)
- Independent Sector providers will sign up to the Code as part of any relevant accreditation or procurement process and so that compliance with the Code is a condition of their contracts to provide NHS services.
- Non-compliance will be addressed through the relevant mechanisms outlined above and in a manner proportionate to the extent and impact of the non-compliance.
- An assurance framework will be established to underpin improvements to data quality under PbR and will include an appropriate audit regime
- Any cases of suspect fraud involving an organisation operating PbR activity will be referred to and dealt with by the appropriate authorities.

Glossary of Terms

All parties operating within the system - Parties include all commissioners and providers (as defined below) the

tariff setting body, Department of Health, and all other bodies involved in the administration of PbR and/or with relevant regulatory or performance management responsibilities.

Caps and floors - The term 'cap' refers to a pre-agreed limit on the amount of activity for which a commissioner will pay a provider. The term 'floor' refers to a pre-agreed minimum amount of activity for which a commissioner commits to pay a provider.

Code (i.e. 'the Code) - The PbR Code of Conduct as amended from time to time

Commissioners - The term commissioners covers all organisations operating under PbR to the extent they participate in the procurement of services for NHS patients including Primary Care Trusts, Primary Care Practices participating in Practice Based Commissioning, Local Authorities and their authorised agents, including Commissioning Consortia and any Procurement Agency (e.g. Shared Service)

Contracts - These are relationships of rights and obligations between (at least) two parties operating under PbR and normally including a commissioner and a provider. A contract is formed by the parties (or their authorised agents') offer and acceptance (i.e. agreement) and its terms and conditions may be specified in writing, or otherwise defined by the parties' actions, and amended from time to time by agreement. For the purposes of this Code, contracts shall include Service Level Agreements (SLAs) subject to arbitration by the Secretary of State and/or a delegated authority (i.e. NHS Contracts as defined under the NHS and Community Care Act 1990); and, legally binding contracts subject to determination in the courts.

Directory of Services - A list and description of each provider's services – including any Service Specific Booking Guidance – compiled and made available to commissioners and patients to underpin the operation of Patient Choice and as required by Department of Health guidance as amended from time to time.

Independent Sector Providers - All providers other than NHS Trusts, PCTs, NHS Foundation Trusts or other statutory body providing NHS services

Law - The law in England, including any enforceable community right within the meaning of S2 (1) European Communities Act 1972

Monitor - The independent regulator of NHS Foundation Trusts established under the Health & Social Care (Community Health & Standards) Act 2003

Operating Framework - From 06/07, an annual statement will be published on the 'rules' governing how the system should operate during implementation of Health Reform in England (*Health Reform in England: Update & Next Steps;* Department of Health, December 2005)

PCT (Primary Care Trust)- Any Primary Care Trust in England

Providers- The term providers covers all organisations who either currently, or in future may provide services within the scope of PbR, including: NHS Acute Trusts, NHS Foundation Trusts, Mental Health Trusts, Consultants, Independent Sector Providers, Primary Care Practices, GPs, Pharmacies, community services, social services and the voluntary sector.

Service Specific Booking Guidance- Guidance for use by commissioners and their agents in making referrals and bookings on behalf of patients that details any criteria to be used systematically by a provider to determine patients' eligibility for specific services. SHA (Strategic Health Authority) A Strategic Health Authority in England

Stakeholders- The term stakeholders covers all parties operating within the system, and groups within those stakeholders, including clinicians and managers. It also includes patients and members of the public.

Tariff sharing- Tariff sharing refers to the splitting of the fixed tariff price between one or more providers who are providing different elements of the treatment covered by the fixed price.

Terms of Authorisation- The terms under which NHS Foundation Trusts may be authorised to provide services under the Health and Social Care

Treatment thresholds- Treatment thresholds refer to the clinical threshold above which a specific treatment is judged appropriate for a specific condition.

Trigger points- The term trigger points refer to pre-agreed levels of referrals and/or activity indicating unplanned increases in demand.

FRAUD, BRIBERY AND CORRUPTION REPORTING ARRANGEMENTS

INTRODUCTION

The purpose of this document is to inform all employees of the Trust of their responsibility to report any matter of concern which they may have regarding any acts, events or circumstances of fraud, bribery or corruption which involve, or which they believe involve or impact upon the Trust or NHS.

Examples of such issues include losses and thefts of goods or money, false claims for expenses, obtaining contracts, services or benefits by deception, accepting or offering payments to influence corporate decisions (particularly in respect of procurement), or any other dishonest act resulting or likely to result, in financial loss to the Trust or NHS.

NHS Protect & Local Counter Fraud Specialists

NHS Protect is the body with responsibility for combating, amongst other things, fraud, bribery and corruption in the NHS. Almost every health body is required to maintain its own appointed Local Counter Fraud Specialist (LCFS) who is responsible for undertaking a range of anti fraud and corruption activities in the health body. These activities include investigating suspected or actual instances of fraud, bribery or corruption. The LCFS works closely NHS Protect and, if required, the Police and other law enforcement agencies.

Notifying Suspected or Actual Fraud, Bribery or Corruption

There are a number of ways which employees, members of the public or anyone else can report suspicions or concerns that they may have. These are listed below.

The Local Counter Fraud Specialist (LCFS)

The Trust has a nominated officer, who is trained to conduct investigations to a criminal standard. Suspicions may be reported directly to them via telephone number 0151 285 4500. This is the number for Mersey Internal Audit Agency (MIAA) who provide the Trust with its LCFS service, under contract.

Direct of Finance

The Director of Finance has a responsibility for ensuring that matters of actual or suspected fraud, bribery and corruption in the Trust are appropriately dealt with. The LCFS reports to the Director of Finance.

The National Fraud and Corruption Reporting Line

Tel: 0800 028 40 60 (Free phone Mon-Fri 8am-6pm). Suspicions and concerns can be reported in confidence and, if required, anonymously. All calls are handled professionally and discreetly.

NHS Fraud & Corruption Confidential Reporting Form (online)

http://www.reportnhsfraud.nhs.uk/

Concerned individuals may also refer to the Trust's Counter Fraud and Corruption Policy, Whistleblowing Policy. Further information for staff may also be obtained via the Counter Fraud page on the Trust intranet.

Responsibilities

Whichever route is taken, the responsibility for agreeing the most appropriate course of action lies with the Director of Finance. The responsibility for investigating reported issues lies with the Local Counter Fraud Specialist in association with the NHS Protect.

Protection of Notifying Individuals

The Trust recognises its responsibilities under the Public Interest Disclosure Act 1998, an outline of which can be found in the Trust Whistle Blowing Policy. It is important to understand that the Trust is required by law to protect employees who do report matters of genuine concern for investigation and is committed to take appropriate measures to support and protect them. However, the Trust may be required to disclose the identity of anyone making a referral or alleging criminality, if required to do so under an appropriate legal obligation or instruction.

Summary

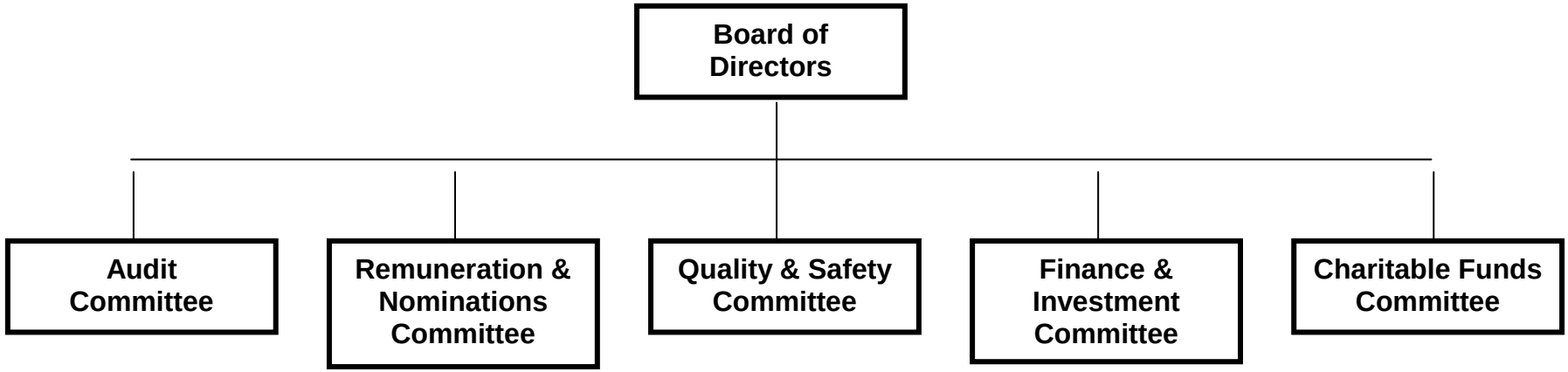
It is everybody's responsibility to report suspicions of Fraud, Bribery and Corruption. All matters will be dealt with in the strictest confidence.

TRUST POLICIES

A copy of all Trust policies are available on the Trust Intranet including the following key documents:

- Risk Management Strategy
- Records Management Strategy
- Purchasing & Logistics Strategy
- Counter Fraud & Corruption Policy
- Tendering and Quotation Policy
- Records Management Strategy
- Research Governance Policy
- Intellectual Property Policy
- Acceptance of Gifts & Hospitality Policy
- Declaration of Interests Policy
- Whistleblowing Policy

COMMITTEE STRUCTURE



BOARD COMMITTEE TERMS OF REFERENCE

Terms of Reference for the Audit Committee

1 Authority

1.1 The Board hereby resolves to establish a Committee of the Trust to be known as the Audit Committee (the Committee). The Committee is a non executive committee of the Board and has no executive powers, other than those limited to these Terms of Reference.

1.2 The Audit Committee has the delegated authority to:

a) seek any information it requires from any employee of the Trust in order to perform its duties as set out below
b) obtain, within the limits set out in the Trust Scheme of Delegation, outside professional advice on any matter within its terms of reference
c) call any employee to be questioned at a meeting of the committee as and when required.

1.3 Approved minutes of the committee are submitted to the Board by the Company Secretary at the first formal Board meeting following approval by the Committee Chair. The Chair of the Committee escalates items to the Board as appropriate.

1.4 The Committee operates within the Trust Standing Orders and Standing Financial Instructions.

2 Purpose

The Committee is established to critically review governance and assurance processes on which the Board place reliance with particular regard to the Assurance Framework and public disclose statements, such as the Annual Governance Statement. Its role is to satisfy itself that the same level of scrutiny and independent audit over controls and assurances is applied to the risks to all strategic objectives, be they clinical, financial or operational.

3 Principal Duties

In order to achieve its purpose the duties of the Committee are:

Governance, risk and internal control:
The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non clinical), that supports the achievement of the organisation's objectives.

In particular the Committee will review the adequacy and effectiveness of:

a) All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board.

b) The underlying assurance processes that indicate the degree of achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.
c) The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification.
d) The policies and procedures for all work related to fraud and corruption as set out in the Secretary of State Directions and as required by NHS Protect.

In carrying out this work the Committee will primarily utilise the work of internal audit, external audit and other assurance functions, but will not be limited to these sources. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

This will be evidenced through the Committee's use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it.

Internal Audit
The Committee shall ensure that there is an effective internal audit function that meets the mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:

a) Consideration of the provision of internal audit service, the cost of the audit and any questions of resignation and dismissal.
b) Review and approval of the internal audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Assurance Framework.
c) Considering the major findings of internal audit work (and management's response), and ensuring co-ordination between the internal and external auditors to optimise audit resources.
d) Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation.
e) An annual review of the effectiveness of internal audit.

External Audit
The Committee shall review the work and findings of the external auditors and consider the implications and management's responses to their work. This will be achieved by:

a) Consideration of the appointment and performance of the external auditors, as far as the rules governing the appointment permit.
b) Discussion and agreement with the external auditors, before the audit commences, of the nature and scope of the audit as set out in the annual plan, and ensuring co-ordination, as appropriate, with other external auditors in the local health economy.
c) Discussion with the external auditors of their local evaluation of audit risks and assessment of the Trust and associated impact on the audit fee.
d) Review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the Board and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

Other assurance functions
The Audit Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications for the governance of the organisation.

These will include, but will not be limited to, any reviews by Department of Health arm's length bodies or regulators/inspectors (for example, the Care Quality Commission, NHS Litigation Authority, etc.) and professional bodies with responsibility for the performance of staff or

functions (for example, Royal Colleges, accreditation bodies, etc.)

In addition, the Committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the Audit Committee's own scope of work. In particular, this will include the Quality and Safety Committee, and Finance and Investment Committee. This will be achieved by the consideration of minutes submitted from the aforementioned Committees and through common membership.

In reviewing the work of the Quality and Safety Committee, and issues around clinical risk management, the Audit Committee will wish to satisfy itself on the assurance that can be gained from the clinical audit function.

The Committee will also review the Trust's Losses and Special Payments report twice per annum.

Counter Fraud
The Committee shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work.

Management
The Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

The Committee may also request specific reports from individual functions within the organisation (for example, clinical audit) as they may be appropriate to the overall arrangements.

Financial Reporting
The Audit Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.

The Committee should ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board.

The Audit Committee shall review the annual report, and financial statements before submission to the Board, focusing particularly on:

a) The wording in the Annual Governance Statement and other disclosures relevant to the terms of reference of the Committee.
b) Changes in, and compliance with, accounting policies, practices and estimation techniques.
c) Unadjusted mis-statements in the financial statements.
d) Significant judgements in preparation of the financial statements.
e) Significant adjustments resulting from the audit.
f) Letter of representation.
g) Qualitative aspects of financial reporting.

3 Constitution

3.1 Chair
One of the members shall be appointed Chair of the Committee by the Board.

3.2 Membership
The committee shall be appointed by the Board from amongst the non executive directors of the Trust and shall consist of not less than three non executive directors. The Chairman of the Trust may not be a member of the Audit Committee.

Only members of the committee have the right to attend committee meetings and have a single vote for any decisions to be taken by the committee. However, other officers of the Trust may be invited to attend all or part of any meeting as and when appropriate and necessary.

The following persons shall be expected to normally be in attendance at the committee:

- Deputy Chief Executive/Director of Finance
- Director of Nursing, Midwifery & Quality
- Company Secretary
- Internal Audit representative(s)
- External Audit representative(s)

Other executive directors may be invited to attend, particularly when the committee is discussing areas of risk or operation that are the responsibility of that director.

The Chief Executive will be invited to attend at least annually to discuss with the committee the process for assurance that supports the Annual Governance Statement, and when the Committee considers the draft internal audit plan and the annual accounts.

The Company Secretary shall attend to provide appropriate support to the Chair and Committee members.

At least once a year the Committee will meet privately with Internal and External Auditors.

All members are required to attend 75% of meetings held.

3.3 Quorum

A quorum will be no less than two members. In order for the decisions of the committee to be valid the meeting must be quorate.

3.4 Frequency of meetings

The Committee will meet no less than six times a year. The external auditors or Head of Internal Audit may request a meeting if they consider that one is necessary.

3.5 Organisation and Reporting to Board

The minutes of Audit Committee meetings shall be formally submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

The Committee will report to the Board at least annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and 'embeddedness' of risk management in the organisation, the integration of governance arrangements, the appropriateness of the evidence compiled to demonstrate fitness to register with the CQC and the robustness of the processes behind the Quality Accounts.

The Committee will produce an annual workplan for the Board to approve at the beginning of each financial year, mapping out how the Committee will fulfil its delegated duties.

The Committee shall be supported by the Company Secretary, whose duties in this respect will include:

- Agreement of the agenda with the Chair and attendees
- Advising the Chair on pertinent issues/areas
- Enabling the development and training of Committee members
- Facilitating the Committees' review of it's own effectiveness

The PA to the Director of Finance shall provide administrative support to the meeting and

duties with include:

- Formally recording the minutes of the Committee
- Collation and distribution of papers
- Keeping a record of matters arising and issues to be carried forward

The agenda and papers for the meeting shall be distributed no less than 4 days in advance of the meeting.

3.6 Review

The Terms of Reference shall be reviewed annually or in light of changes in practice or legislation. This shall include a review by the committee of its own performance.

Approved by: Board
Date of approval: April 2013
Date for review: March 2014

Terms of Reference for the Remuneration and Nomination Committee

1 Authority

1.1 The Board hereby resolves to establish a Committee of the Trust to be known as the Remuneration and Nomination Committee, hereafter referred to within this document as the Committee.

1.2 The Committee has the delegated authority to:

d) seek any information it requires from any employee of the Trust in order to perform its duties as set out below
e) obtain, within the limits set out in the Trust Scheme of Delegation, outside professional advice on any matter within its terms of reference
f) call any employee to be questioned at a meeting of the committee as and when required.

1.3 Approved minutes of the Committee are circulated to the Board for information at the first formal Board meeting following approval. The Chair of the Committee shall provide a brief verbal update on key issues to the Board at the Board meeting.

1.4 The Committee operates within the Trust Standing Orders and Standing Financial Instructions.

1.5 The Committee will operate at a strategic level as the Executive are responsible for the day to day operational delivery and management.

2 Purpose

The purpose of the Committee is to advise the Board on the appropriate remuneration and terms of service for Chief Executive and Executive Directors, ensure a formal, rigorous and transparent procedure for Board appointments is followed and consider Board succession planning.

3 Principal Duties

In order to meet its purpose the Committee will:

Remuneration

a) Determine and agree the framework for the remuneration of the Chief Executive and Executive Directors including performance related elements, pensions and cars as well as arrangements for termination of employment and other contractual terms.
b) Take into consideration when determining performance related elements the performance of individual directors and senior managers
c) Oversee appropriate calculation and scrutiny of termination payments.

Nomination

a) Regularly review the structure, size and composition of the Board and make recommendations to the Board with regards to any changes.
b) Give full consideration to succession planning for Directors and other senior managers, taking into account current challenges and future opportunities.
c) Ensure appropriate job specifications are prepared for Board vacancies

d) Be responsible for identifying and nominating for approval of the Board, candidates to fill Board vacancies as and when they arise.
e) Review the results of Board performance evaluation as they relate to the composition of the Board.

3 Constitution

3.7 Chair

The Committee will be chaired by a Non Executive Director considered to be independent by the Board. The Chair of the Board may not Chair the Remuneration Committee. In the absence of the Chair another Non Executive Director member will be nominated to Chair the meeting in advance of the meeting.

3.8 Membership

The following will be members of the Committee:

- x3 Non-Executive Directors, including the Chair of the Trust, all of whom should be considered independent

In attendance at the invitation of the Committee for all or part of any meeting:

- Chief Executive
- Director of Human Resources & Communications
- Company Secretary

The Chief Executive and Director of HR & Communications may not be present when the Committee is considering their remuneration.

Only members of the committee have the right to attend Committee meetings and have a single vote for any decisions to be taken by the Committee.

All members are required to attend 75% of meetings held.

3.9 Quorum

A quorum will be no less than two Members.

In order for the decisions of the Committee to be valid the meeting must be quorate.

3.10 Frequency of meetings

The Committee will meet no less than twice a year.

3.11 Organisation and Reporting to Board

The minutes of Remuneration and Nominations Committee meetings shall be formally submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

The Company Secretary shall provide administrative support to the meeting and duties with include:

- Formally recording the minutes of the Committee
- Collation and distribution of papers
- Keeping a record of matters arising and issues to be carried forward

The agenda and papers for the meeting shall be distributed no less than 4 days in advance of the meeting.

The agenda for the meeting shall be drawn up by the Chair of the Committee in consultation with the Director of Human Resources & Communications and Company Secretary. The agenda and papers for the meeting shall be distributed no less than 4 days in advance of the meeting. Meetings are not open to members of the public.

3.12 Review

The Terms of Reference shall be reviewed annually or in light of changes in practice or legislation. This shall include a review by the Committee of its own performance.

Approved by: Board
Date of approval: April 2013
Date for review: March 2014

Terms of Reference for the
Finance & Investment Committee

Under review to be inserted once amendments have been approved by the Board of Directors.

Terms of Reference for the Quality & Safety Committee

1 Authority

1.1 The Board hereby resolves to establish a Committee of the Trust to be known as the Quality & Safety Committee, hereafter referred to within this document as the Committee.

1.2 The Committee has the delegated authority to:

g) seek any information it requires from any employee of the Trust in order to perform its duties as set out below
h) obtain, within the limits set out in the Trust Scheme of Delegation, outside professional advice on any matter within its terms of reference
i) call any employee to be questioned at a meeting of the committee as and when required.

1.3 Approved minutes of the Committee are circulated to the Board for information at the first formal Board meeting following approval. The Chair of the Committee shall provide a brief verbal update on key issues to the Board at the Board meeting.

1.4 The Committee operates within the Trust Standing Orders and Standing Financial Instructions.

1.5 The Committee will operate at a strategic level as the Executive are responsible for the day to day operational delivery and management.

2 Purpose

2.1 The overall responsibility for risk management, patient safety and quality of care delivery lies with the Trust Board, however, the Committee is established to provide the Board with assurance regarding the effectiveness of all aspects of the clinical governance arrangements of the Trust, with a particular focus on quality and risk management.

2.2 The Committee will triangulate patient safety, quality and risk issues with operational, financial and workforce performance addressing areas of concern or deteriorating performance as required.

3 Principal Duties

The duties of the Committee can be categorised as follows:

- Seeking and providing assurance to the Board in respect of the effectiveness of the Trust's Integrated Governance arrangements underpinned by organisational development
- Overseeing the development and implementation of the Trusts Risk Management, Quality and Organisational Development Strategies
- Reviewing forecasts of future performance and lessons learned from past performance

Clinical Effectiveness & Patient Safety

e) Reviewing key performance indicators in order to monitor and evaluate clinical quality and performance within the trust

f) Reviewing the Trust Quality Account and recommending it to the Board
g) Assessing the clinical and quality impact assessments of financial decisions within the Trust eg the impact of quality and efficiency programmes (QEPs)
h) Ensuring the identification, management and control of risk is robust and cohesive, taking action where necessary and alerting the Board to any areas of concern
i) Monitoring the Board Assurance Framework ensuring that all risks are appropriately prioritised, adequately controlled and appropriately reported to the Board.
j) Considering the resource implications for quality monitoring and risk control and advising the Board accordingly
k) Reviewing the outcomes of Action Plans associated with serious incidents, accidents, claims and litigation and ensuring learning is embedded across the Trust.
l) Overseeing compliance with the Essential Standards of Quality and Safety and ensuring sufficient evidence of compliance is available to the Board.
m) Ensuring that the Trust by gathering, analysing and using information effectively takes action to improve patient safety and creates a climate of continuous learning and improvement

Patient Experience

a) Receive the results of surveys relating to the patients' care experience in order to improve quality of experience across the Trust.
b) Ensure the effectiveness of the organisational arrangements for measuring and acting on feedback from service users

Performance

a) Review key performance indicators as they relate to quality of care provision, effectiveness and safety and monitor achievement against performance forecasts.

3 Constitution

3.13 Chair

The Committee will be chaired by a Non Executive Director with a Clinical background and qualification. In the absence of the Chair another Non Executive Director member will be nominated to Chair the meeting in advance of the meeting.

3.14 Membership

The following will be members of the Committee:

- x3 Non-Executive Directors, one of whom shall have a clinical background and Chair the Committee
- Chief Executive
- Director of Nursing & Quality
- Medical Director
- Director of Finance / Deputy Chief Executive
- Chief Operating Officer
- Director of Human Resources & Communications

In attendance:

- Deputy Director of Finance
- Deputy Director of Performance
- Deputy Director of Nursing
- Associate Medical Directors
- Assistant Director Integrated Governance

Only members of the committee have the right to attend Committee meetings and have a single vote for any decisions to be taken by the Committee. However, other officers of the Trust may be invited to attend all or part of any meeting as and when appropriate and necessary.

All Board Members have a standing invitation to attend any Committee meetings.

Each member is required to nominate a deputy to attend in their absence. Deputies shall not count towards the quorum of a meeting.

All members are required to attend 75% of meetings held.

3.15 Quorum

A quorum will be no less than three Members including 2 non executive directors (one of whom must be either the Chair of the Committee or the Vice Chair) and one Executive Director who must be either the Director of Nursing & Quality or the Medical Director.

In order for the decisions of the Committee to be valid the meeting must be quorate.

3.16 Frequency of meetings

The Committee will meet no less than ten times a year, usually once a calendar month.

3.17 Organisation and Reporting to Board

The minutes of Quality and Safety Committee meetings shall be formally submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

The Committee will report to the Board at least annually on its work in support of the Quality Governance Framework self certification and relevant Board Statements required by Monitor and the Care Quality Commission.

The Committee will produce an annual workplan for the Board to approve at the beginning of each financial year, mapping out how the Committee will fulfil its delegated duties.

The PA to the Director of Nursing & Quality shall provide administrative support to the meeting and duties with include:

- Formally recording the minutes of the Committee
- Collation and distribution of papers
- Keeping a record of matters arising and issues to be carried forward

The agenda and papers for the meeting shall be distributed no less than 4 days in advance of the meeting.

The agenda for the meeting shall be drawn up by the Chair of the Committee in consultation with the Director of Nursing and Medical Director. The agenda and papers for the meeting shall be distributed no less than 4 days in advance of the meeting. Meetings are not open to members of the public.

3.18 Review

The Terms of Reference shall be reviewed annually or in light of changes in practice or legislation. This shall include a review by the Committee of its own performance.

Approved by: Board
Date of approval: April 2013
Date for review: March 2014

Terms of Reference for the Charitable Funds Committee

Under review to be inserted once amendments have been approved by the Board of Directors.