

## Conflicts of Interest Policy

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## Review and Amendment Log

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V.1.0	Document first produced	June 2012	
V.2.0	Amendments	March/June 2013	<i>Amendments to escalation process, with the inclusion of an escalation flowchart and examples of conflicts of interest</i>

## Document Status

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## INTRODUCTION & PURPOSE

- 1.1. It is a principle that public sector bodies must be impartial and honest in the conduct of their business, and that their employees should remain beyond suspicion. NHS Health Education England and its committees, the governing bodies of its Local Education and Training Boards, therefore adopt a transparent approach to all its activities, which are undertaken in line with the seven Nolan Principles (Appendix A) of:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

- 1.2. A conflict of interest can be defined as ‘a set of conditions in which professional judgement concerning a primary interest tends to be unduly influenced by a secondary interest’ or as a situation in which ‘one’s ability to exercise judgement in a role is impaired by one’s obligation in another’.
- 1.3. On behalf of NHS Health Education England staff, its Board and Committee members, including those of LETB governing bodies and Advisory Group members, it is crucial that an interest and involvement in the education and healthcare system does not involve a vested interest in terms of financial or professional bias towards or against particular solutions or decisions. Therefore, in order to ensure that employees and appointees are protected against potential conflicts of interest, this document provides the tools and support to identify, declare and record conflicts through clear guidelines, with measures to be taken to manage conflicts of interest when they arise.

## 2. LEGISLATION & GUIDANCE

- 2.1. Under *NHS Health Education England: Standing Orders and Codes of Conduct and Accountability*, Chairs and Board/Committee members should act impartially and should not be influenced by social or business relationships (Appendix B). No one should use their public position to further their private interests.
- 2.2. Under the *Bribery Act 2010* any money, gift or consideration received by an Employee or Board/Committee member from a person or company seeking a contract with Health Education England will have been deemed to have been received under a bribe. Any gift received from a supplier such as pens, pencils or calendars may not be declared but if unsure, clarification should be sought from your line manager or Local Education and Training Board Managing Director. Any

hospitality other than meals or buffets provided by suppliers must be declared in writing, Health Education England Code of Practice for Declaring and Dealing with gifts and Hospitality provides full guidance.

- 2.3. The General Medical Council's *Good Medical Practice* guidance includes a section for doctors working as managers, which will apply to those doctors who take up leadership roles in NHS Health Education England and/or the Local Education and Training Boards, stating that:

*“You must declare any interest you have that could influence or be seen to influence your judgement in any financial or commercial dealings you are responsible for. In particular you must not allow your interests to influence:*

- *the treatment of patients*
- *purchases from funds for which you are responsible*
- *the terms or awarding contracts*
- *the conduct of research”*

### 3. SCOPE

- 3.1. This policy covers the correct procedure to follow in the event of identifying, declaring and recording conflicts of interest. This policy applies to:
- 3.1.1. members of staff that are directly employed by NHS Health Education England and for whom NHS Health Education England has legal responsibility;
  - 3.1.2. those staff covered by a letter of authority/honorary contract or work experience this policy is also applicable whilst undertaking duties on behalf of NHS Health Education England or working on NHS Health Education England premises and forms part of their arrangements with NHS Health Education England; and
  - 3.1.3. Anyone appointed to the HEE Board, a Committee (e.g. LETB Governing Body) or HEE Advisory Group.
- 3.2. Through the remainder of this Code of Practice these groups will collectively be referred to as employees and appointees.
- 3.3. As part of good employment practice, agency workers are also required to abide by NHS Health Education England policies and procedures, as appropriate, to ensure their health, safety and welfare whilst undertaking work for NHS Health Education England.

### 4. AIMS & OBJECTIVES

- 4.1. The aims of this policy are:-
- 4.1.1. To provide guidance to employees and appointees in identifying and declaring conflicts of interest
  - 4.1.2. To provide guidance on how to document, monitor and report on conflicts of interest

- 4.1.3. To ensure that all employees and appointees are aware of the correct procedure and forms to complete in the event of a conflict of interest.
- 4.1.4. To encourage openness and transparency in the declaration process.

## **5. ACCOUNTABILITY & RESPONSIBILITIES**

- 5.1. In accordance with the NHS Codes of Conduct and Accountability, NHS Health Education England employees and appointees should take responsibility as a member of NHS Health Education England and/or Local Education and Training Boards both during the meetings and outside them to conduct the business of NHS Health Education England as a whole rather than representing any specific interests.
- 5.2. Members with a declared interest should apply best endeavours to ensure that any conflict of interest is not affected by their conduct as a member between meetings.
- 5.3. The Chief Executive of NHS Health Education England is ultimately responsible for ensuring there is an effective system in place for employees and appointees to declare sponsorship, gifts, hospitality, outside income and any other interests, and also to minimise professional liability risks.
- 5.4. All Directors, Chairs, Board Members, Managers, employees and other appointees are responsible for ensuring compliance with this policy.
- 5.5. Where there is uncertainty regarding the contents of this Policy, confirmation should be sought from your Line Manager or Local Education and Training Board Managing Director.

## **6. POTENTIAL FOR CONFLICTS OF INTEREST**

- 6.1. The following types of conflicts of interest are likely to affect members of NHS Health Education England and/or the Local Education and Training Boards.

### **6.2. A Direct Financial Interest**

- 6.2.1. A clear conflict of interest arises when an individual involved in taking or influencing the decisions of NHS Health Education England and/or the Local Education and Training Boards could receive a direct financial benefit as a result of the decisions being taken. This may arise as a result of holding an office or shares in a private company or business, or a charity or voluntary organisation that may do business with the NHS.

### **6.3. An Indirect/ Pecuniary Interest**

- 6.3.1. Indirect (financial) interest arises when a close relative of a Director or other key person benefits from a decision of the organisation.

6.3.2. **“Spouse”** shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known, to the other spouse, be deemed to be an interest of that other spouse);

6.3.3. **“Contract”** shall include any proposed contract or other course of dealing;

6.3.4. Subject to the exceptions set out in this Standing Order, a person **shall** be treated as having an indirect pecuniary interest in a contract if:

6.3.4.1. he/she, or a nominee of his/her, is a member of a company or other body (not being a public body), with which the contract is made, or to be made or which has a direct pecuniary interest in the same, or

6.3.4.2. he/she is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the same.

6.3.5. A person shall **not** be regarded as having a pecuniary interest in any contract if:

6.3.5.1. Neither he/she or any person connected with him/her has any beneficial interest in the securities of a company of which he/she or such person appears as a member, or

6.3.5.2. Any interest that he/she or any person connected with him/her may have in the contract is so remote or insignificant that it cannot reasonably be regarded as likely to influence him/her in relation to considering or voting on that contract, or

6.3.5.3. Those securities of any company in which him/her (or any person connected with him/her) has a beneficial interest do not exceed £5,000 in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is less.

6.3.5.4. Provided however, that where paragraph (c) above applies the person shall nevertheless be obliged to disclose/declare their interest in accordance with the NHS Health Education England Standing Orders.

## 6.4. Non Financial or Personal Interests

6.4.1. These occur where directors or other key persons receive no financial benefit, but are influenced by external factors such as gaining some other tangible benefit, for example through awarding contracts to friends or personal business contacts. Individuals who do not have any commercial or other direct interests in a particular service or provider are likely to have long-standing professional relationships with colleagues to whom they may have allegiances as peers, and whom they have developed particular ways of working over a period of time. Personal conflicts could therefore exist when decisions are being taken that would affect such relationships in some way.

## 6.5. Conflicts of Loyalty

- 6.5.1. Decision makers may have competing loyalties between the organisation to which they owe a primary duty and some other person or entity. For healthcare and academic professionals, this could include loyalties to a particular professional body, society or special interest group, and could involve an interest in a particular condition or treatment due to an individual's own experience or that of a family member.

## 6.6. Preferential Treatment in Private Transactions

- 6.6.1. Staff should not seek or accept any preferential benefits from private companies with which they have had or may have dealings with on behalf of NHS Health Education England and its Local Education and Training Boards. Every employee has a duty to ensure that they are not put in a position of risk of conflict between private interests and their NHS Health Education England duties.
- 6.6.2. All contractual obligations must be completed before any extra work is undertaken. If the employee believes that they have a conflict of interest due to engaging in any other work then they should contact their Line Manager or Local Education and Training Board Managing Director for clarification.
- 6.6.3. With prior agreement staff may undertake private work for other agencies, providing they do so outside of the times they are contracted to NHS Health Education England and the Local Education and Training Boards, and to ensure compliance with the code of conduct.

## 6.7. Contracts

- 6.7.1. 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).
- 6.7.2. 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.
- 6.7.3. Employees 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.

## 6.8. Materiality of Interests

- 6.8.1. Interests that should be regarded as relevant and material are:
  - 6.8.1.1. Directorships, including non-executive directorships held in private companies or PLCs (with the exception of those of dormant companies);
  - 6.8.1.2. Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS;
  - 6.8.1.3. Majority or controlling share holdings in organisations doing or possibly seeking to do business with the NHS;
  - 6.8.1.4. A position of authority in another health or social care body or a charity or voluntary organisation in the field of health and social care;
  - 6.8.1.5. Any connection with a voluntary or other organisation contracting for NHS services;
  - 6.8.1.6. Research funding/grants that may be received by an individual or their department;
  - 6.8.1.7. Interests pooled funds that are under separate management (any relevant company included in this fund that has a potential relationship with NHS Health Education England and the Local Education Training Boards must be declared);
  - 6.8.1.8. Membership of an organisation that may seek to influence how health care is managed;
  - 6.8.1.9. Potential employment by a body that could result from organisational change in the NHS.

## 7. DECLARING A CONFLICT OF INTEREST

### 7.1. Declarations of Interest

- 7.1.1. It is a requirement that Chairman and all Board members should declare any conflict of interest that arises in the course of conducting business on behalf of NHS Health Education England. This applies to the HEE Board, LETB Governing Bodies and HEE Advisory Groups. That requirement continues in force.
- 7.1.2. All employees and appointees are to declare on appointment any business interests, position of authority in a charity or voluntary body in the field of health and social care and/or education, and any connection with a voluntary or other body contracting for NHS services.
- 7.1.3. Additional Declarations of Interest should be made as and when a new Conflict of Interest becomes known to the employee or appointee.

- 7.1.4. Individuals are to complete a Declaration of Interest form (Appendix C), which should be submitted to your line manager or Local Education and Training Board Managing Director.
- 7.1.5. Where a conflict of interest has been declared, this will be monitored via a Local Conflict of Interest Register.
- 7.1.6. Upon declaration, the Local Education and Training Board Managing Director shall escalate conflicts of interest declared by the four mandated members from each Local Education and Training Board to the NHS Health Education England Board via the Corporate Secretary.
- 7.1.7. The NHS Health Education England Board and/or Corporate Secretary may request details of conflicts of interest declared by non-mandated members of the Local Education and Training Boards.

## **7.2. Declaration of interest in items on NHS Health Education England and Local Education and Training Board Agendas**

- 7.2.1. Each NHS Health Education England and Local Education and Training Board meeting will have an item at the beginning of the agenda asking members to declare any interests in any item on the agenda.
- 7.2.2. Such declarations will not be required where an agenda item talks in principle about funding streams or contractual issues to all such providers but must be made where an agenda item is explicitly about a specific provider.
- 7.2.3. NHS Health Education England and the Local Education and Training Board papers should only cover issues concerning a single provider where there are specific valid reasons to do so.
- 7.2.4. Where a member has declared an interest in an item of business, this will be noted in the minutes of the meeting and added to the Local Conflicts of Interest Register. The Chair will then decide whether the following actions will be taken;
  - 7.2.4.1. The member will receive no further papers for the item, will not be able to contribute to the discussion and will be excluded from contributing to a Board decision (they will be excluded from the meeting for that item);
  - 7.2.4.2. The member will receive papers for the item, will be able to contribute to the discussion but will be excluded from contributing to a Board decision;
  - 7.2.4.3. The conflict is deemed insignificant as to conflict the individual or the decision of the Board in such a way that is deemed inappropriate.
- 7.2.5. A log of actions taken should be maintained for inspection upon request.

- 7.2.6. Further to action (7.2.4.1), on the advice of the Chief Executive or Local Education and Training Board Managing Director, NHS Health Education England Board or a Local Education Training Board may ask a member to answer questions or clarifications on the agenda item should that be required, but they should be absent during the discussion and decision taking for that item.
- 7.2.7. When a member's interest is not directly associated with the issue under discussion but could be construed as having potential influence on the outcome of the discussion due to the interest, the member will also be excluded from the discussions.
- 7.2.8. Should the Chair of the NHS Health Education England Board or Local Education and Training Board declare a conflict of interest to an agenda item, members will agree to nominate a deputy to continue chairing the meeting for that item. Where arrangements have been previously confirmed in the eventuality of a Chair declaring a conflict of interest, the meeting must follow these.
- 7.2.9. The minutes of the meeting, and the Board's Register of Declared Conflicts of Interest, will record all declarations of interest and actions taken in mitigation.
- 7.2.10. Where over half of members withdraw from a part of a meeting the Chair (or Deputy) will determine whether or not the discussion can proceed. In making this decision the Chair will consider whether the meeting is quorate in accordance with the required number/ balance of membership.
- 7.2.11. Where the meeting is not quorate the Chair will suspend Standing Orders, and members will continue to discuss the item. The Board will then write to the Audit Chair, informing the Audit Committee of this suspension.
- 7.2.12. These arrangements used must be recorded in the minutes.
- 7.2.13. The Chief Executive of NHS Health Education England and/or Managing Directors of the Local Education and Training Boards will take such steps as judged by them to be appropriate, and request information deemed appropriate from individuals, to ensure that all conflicts of interest and potential conflicts of interest are declared.

## 7.3. Escalation through the management of Conflicts of Interest

- 7.3.1. Where a NHS Health Education England member is concerned about another member's conflict of interest, this should be raised with the NHS Health Education England Chief Executive. Where a Local Education and Training Board member is concerned about another member's conflict of interest, this

should be raised with the Local Education and Training Board Managing Director

- 7.3.2. Where there are conflicts of interest between Local Education Training Boards, this will be resolved by reference to the NHS Health Education England Chief Executive.

## **8. REGISTER OF INTERESTS**

- 8.1. A Local Declaration of Conflict of Interest Register shall be held by each Local Education and Training Board and by NHS Health Education England for locally declared interests. The Corporate Secretary shall maintain the Conflict of Interest Register for HEE and Local Education & Training Board Managing Directors shall ensure that a Register is held and maintained within the LETB.
- 8.2. For mandated Local Education and Training Board members, declarations of interest will also be escalated to NHS Health Education England Board by the Local Education and Training Board Managing Director.
- 8.3. NHS Health Education England and the Local Education Training Boards will maintain Registers of Interest which will be open to public inspection and be published on the relevant website, in addition to publication in the NHS Health Education England and Local Education and Training Board's annual report.
- 8.4. The Registers will contain any real or perceived interests that may produce a conflict of interest for members of NHS Health Education England or Local Education and Training Board. In the absence of doubt, members may request clarification from the NHS Health Education England Chief Executive, Local Education and Training Board Managing Director or Corporate Secretary, but the default position would be to declare.
- 8.5. For Local Education and Training Board members the declaration of interests should contain any personal interests but should also give the value and nature of MPET funding that their employing organisation receives from that Local Education and Training Board and other Local Education and Training Boards.
- 8.6. Members will be asked to annually make a declaration of interests in a form to be determined by the NHS Health Education England Corporate Secretary. Any new members will be asked to make a declaration upon joining.
- 8.7. Individual employees are responsible for ensuring that their registered interests are kept up to date at all times. Although the interest is declared, this does not negate the individuals' personal responsibilities of removing themselves from a position or situation which may result in a potential breach of this policy.

- 8.8. If an employee or member feels that they have been offered an incentive or bribe to place an order or contract, this should be declared in writing immediately to their Line Manager or Local Education and Training Board Managing Director.

## 9. FAILURE TO MAKE A DECLARATION

- 9.1. Should it be suspected that an employee or appointee has failed to appropriately declare an interest, or failed to demonstrate compliance with the conduct outlined in this policy, it may be deemed appropriate to take action in line with NHS Health Education England's Disciplinary Policy and/or make a referral to the organisation's Local Counter Fraud specialist.

## 10. TRAINING

- 10.1.1. Staff will receive instruction and direction regarding the Conflicts of Interest Policy from a number of sources:
- Policy/Strategy and Procedural Manuals
  - Line Managers
  - Trust Website and Intranet
  - Training Sessions
  - Other communication methods
  - Corporate/ Local Induction

## 11. REVIEW AND DISSEMINATION

- 11.1. The Conflicts of Interest Policy will be reviewed every three years, or before if considered necessary by the NHS Health Education England Board.

## 12. EQUALITY IMPACT ASSESSMENT

- 12.1. This policy applies to those listed at paragraph 3.1 irrespective of age, race, colour, religion, disability, nationality, ethnic origin, gender, sexual orientation or marital status, domestic circumstances, social and employment status, HIV status, gender reassignment, political affiliation or trade union membership.

## **APPENDIX A**

### **THE NOLAN PRINCIPLES**

#### **The Seven Principles of Public Life**

**1. Selflessness**

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

**2. Integrity**

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

**3. Objectivity**

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

**4. 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.

**5. Openness**

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

## **6. 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.

## **7. Leadership**

Holders of public office should promote and support these principles by leadership and example.



## APPENDIX B

### NHS Health Education England Codes of Conduct and Accountability

#### Health Education England

These codes are applicable to Health Education England and Local Education and Training Boards

#### Code of Conduct for NHS Boards

##### 1 Public Service Values

- 1.1 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.
- 1.2 There are three crucial public service values which must underpin the work of the health service.
- 1.3 **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.
- 1.4 **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.
- 1.5 **Openness** - there should be sufficient transparency about NHS activities to promote confidence between the NHS body and its staff, patients and the public.

##### 2 General Principles

- 2.1 Public service values matter in the NHS and those who work in it have a duty to conduct NHS business with probity. 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 members.



## **3 Openness and Public Responsibilities**

- 3.1 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 essential that major changes are consulted upon before decisions are reached. Information supporting those decisions should be made available and positive responses should be given to reasonable requests for information.
- 3.2 NHS business should be conducted in a way that is socially responsible. As a large employer in the local community, NHS bodies should forge an open relationship with the local community and should conduct a dialogue about the service provided. 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.
- 3.3 The confidentiality of personal and individual patient information must be respected at all times.

## **4 Public Service Values in Management**

- 4.1 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. Chairmen and Board members 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.

## **5 Public Business and Private Gain**

- 5.1 Chairmen and Board members 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 member should withdraw and play no part in the relevant discussion or decision.

## 6 Hospitality and Other Expenditure

- 6.1 Board members 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.

## 7 Relations with Suppliers

- 7.1 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.
- 7.2 Suppliers should be selected on the basis of quality, suitability, reliability and value for money.

## 8 Staff

- 8.1 NHS Boards should ensure that staff have a proper and widely publicised procedure for voicing complaints or concerns about maladministration, breaches of this Code and other concerns of an ethical nature. The Board and non-executive directors in particular must establish a climate that enables staff to have confidence in the fairness and impartiality of procedures for registering their concerns. (See Standing Order 8 Standards of Business Conduct.)

## 9 Compliance

- 9.1 Board members should satisfy themselves that the actions of the Board and its members 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 members of NHS bodies are required, on appointment, to subscribe to the Code of Conduct.

## CODE OF ACCOUNTABILITY FOR NHS BOARDS

### 1 Introduction

- 1.1 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 of State for Health.

### 2 Status

- 2.1 NHS bodies are established under statute as corporate bodies so ensuring that they have separate legal personality. Statutes and regulations prescribe the structure, functions and responsibilities of the boards of these bodies and prescribe the way the Chairman and members of boards are to be appointed.

### 3 Code of Conduct

- 3.1 All board members of NHS bodies are required, on appointment, to subscribe to the Code of Conduct.
- 3.2 Chairmen 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 appropriate DoH Directorate of Health and Social Care.
- 3.3 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.

### 4 Statutory Accountability

- 4.1 The Secretary of State for Health has statutory responsibility to promote a comprehensive health service to secure improvement of the health of the people of England and to improve the prevention, diagnosis and treatment of illness. He uses statutory powers to delegate functions to strategic health authorities, NHS trusts, primary care trusts and care trusts, who are thus accountable to the Secretary of State and to Parliament. The Chief Executive and the Department of Health are responsible for directing the NHS, for ensuring national policies are implemented and for the effective stewardship of NHS resources.
- 4.2 **NHS Trusts** have responsibility to provide goods and services for the purpose of the health service.



## 4.3 Strategic Health Authorities are responsible for:

- Creating a coherent strategic framework
- Agreeing annual performance agreements and performance management
- Building capacity and supporting performance improvement.

*The oversight of strategic health authorities is set out in the NHS Act 1977 [now also the Health and Social Care Act 2001] and subject to any directions or guidance issued by the Secretary of State.*

## 4.4 Primary Care Trusts (PCTs) are responsible for:

- improving the health of the community,
- securing the delivery of high quality services either directly or via other providers,
- integrating health and social care locally.

## 4.5 With the introduction of the National Health Service Reform and Healthcare Professions Act 2002, PCTs assume responsibility for administering the provision of general medical, dental, ophthalmic and pharmaceutical services in accordance with regulations made by the Secretary of State.

## 4.6 Care Trusts are Primary Care Trusts or NHS Trusts which have been designated as a Care Trust. In addition to their NHS functions such organisations are responsible for prescribed health-related functions of a Local Authority for a specified area, as set out in the Health and Social Care Act 2001.

## 4.7 Strategic Health Authorities', PCTs', NHS Trusts' and Care trusts' finances are subject to external audit by the Audit Commission. The Chief Executive and Director of Finance are directly responsible for the organisation's annual accounts.

## 4.8 NHS boards must co-operate fully with the Department of Health 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 comply with statutes, directions, guidance and policies of the Secretary of State.

## 4.9 Chief Executives of NHS bodies are accountable officers whose duties are laid out in a memorandum signed on appointment. See Accountable Officer Memorandum, [insert ref]. The Chief Executive of the Department of Health, as Accounting Officer for the NHS, is accountable to Parliament through the Committee of Public Accounts.

# 5 The Board of Directors

## 5.1 NHS boards comprise executive board members, or officer members, and part-time non-executive board members, or non-officer members, under a part-time Chairman appointed by the Secretary of State as advised by the Independent Appointments Commission.

5.2 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 Department of Health has a key role in maintaining the line of accountability to the Secretary of State.

5.3 NHS boards have six key functions for which they are held accountable by the Department of Health on behalf of the Secretary of State:

- 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,
- on the recommendation of the Chief Executive [and Senior Management Team] to ratify 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 dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.

5.4 In fulfilling these functions each Strategic Health Authority, NHS Trust, PCT or Care Trust board should:

1. act within statutory financial and other constraints
2. establish the Executive Committee
3. 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 these,

4. 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,
5. establish performance and quality targets that maintain the effective use of resources and provide value for money.
6. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the board can fully undertake its responsibilities,
7. 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,.

## 6 The Role of the Chairman

- 6.1 The Chairman is responsible for leading the board and for ensuring that it successfully discharges its overall responsibility for the organisation as a whole.
- 6.2 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 NHS Appointments Commission on the performance of non-executive board members.
- 6.3 For strategic health authorities and trusts a complementary relationship between the Chairman and Chief Executive is important. The Chief Executive is accountable to the Chairman and 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. The other duties of the Chief Executive as accountable officer are laid out in the Accountable Officer Memorandum, (section 1.2).

## 7 Non-Officer Board and Lay Members

- 7.1 Non-officer (non executive) board i.e. lay members are appointed by the Secretary of State as advised by the Independent Appointments Commission to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.
- 7.2 Non-executive board members will be able to contribute to board business from wider 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.
- 7.3 In addition, they undertake specific functions agreed by the board 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.
- 7.4 [Members of Strategic Health Authority, NHS Trust, PCT and Care Trust boards play important roles in relation to the handling and monitoring of 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 organisation's complaints procedures are operated effectively and that lessons learned from them are implemented.]

## 8 Reporting and Controls

- 8.1 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, PCT's or NHS Trust's performance to:
  - the Department of Health, on behalf of the Secretary of State,
  - the Audit Commission and its appointed auditors, and
  - the local community
- 8.2 The detailed financial guidance issued by the Department of Health, including the role of internal and external auditors, must be scrupulously observed. The Standing Orders of boards should prescribe the terms on which committees

and sub-committees of the board may be delegated functions, and should include the schedule of decisions reserved for the board.

## 9 Declaration of Interests

- 9.1 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. Chairman 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.

## 10 Employee Relations

- 10.1 NHS boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or 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.
- 10.2 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 remuneration and terms of service committee that executive board members' total remuneration could 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.



## Appendix C

### Declaration of Interest Form

For advice on what items should and should not be declared on this form refer to the Code of Practice for Declaring and Dealing with Conflicts of Interest. Further advice can also be obtained from the Corporate Secretary.

**Employee/Appointee Name:**

**Directorate/Area of business:**

**Declaration submitted for the period:**

Please tick the statement which applies to your declaration for this period:

I submit a nil return, neither having outside interests, direct nor indirect which require declaring. ☐

I have outside interests which require me to submit a completed Declaration of Interest form. ☐

**Declaration submitted by**

**Signed**

**Position**

**Date**

Position	Organisation	Direct / Indirect	Pecuniary / Non-pecuniary	Date of in year appointment / resignation

Only where a declaration is made is acceptance from a manager required.

**Accepted by (signature):**

**Date:**