

# Code of Corporate Governance

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1.0		Director of Strategic Planning and Performance	15th July 2014
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# Introduction

## 1. Code of Corporate Governance

The Code of Corporate Governance includes the following sections:

Section A - How business is organised

Section B - Members Code of Conduct

Section C - Standards of Business Conduct for NHS Staff

Section D - Schedule of Decisions Reserved for the NHS Board

Section E - Standing Financial Instructions

Section F - Scheme of Delegation: Financial

Section G - Scheme of Delegation: Healthcare Quality Assurance and Improvement

Section F - Scheme of Delegation - Staff Governance

Section H - Risk Management

The Board keeps the Code of Corporate Governance under review and will undertake a comprehensive review annually.

## 2. The NHS in Scotland

The National Health Service (NHS) was established in Britain in 1948. Despite a growth in private health provision and insurance, the NHS provides the vast majority of Healthcare in Scotland.

'The purpose of the NHS is to secure through the resources available the greatest possible improvement in the physical and mental health of the Nation by: promoting health; preventing ill health; diagnosing and treating injury and disease, and caring for those with long term illness and disability who require the services of the NHS'. (Department of Health 1996).

Health Policy was, in the main, devolved to the Scottish Parliament under the Terms of the Scotland Act 1998 (the '1998 Act'). However, there are some areas of Health Policy which remain reserved. These are:

- Abortion
- Xenotransplantation (the use of non human organs (the use of non human organs for transplantation)
- Embriology, Surrogacy and Genetics
- Licensing of Medicines, Medicines Supplies and Poisons (although decisions on whether the NHS should fund licensed medicines are devolved)
- Welfare foods
- The Regulation of Health Professions (although Regulation of professions not regulated prior to the 1998 Act is devolved).
- Health and Safety

The NHS in Scotland carries on the principle of collective responsibility by the State for the provision of comprehensive Health Services free at the point of

use for all. Services are funded from central taxation and access should be based on need.

### **3. NHS Boards**

The National Health Service (Scotland) Act 1972 allows for the establishment of area Health Boards to assess health needs and administer the provision of relevant healthcare. There are 14 territorial NHS Boards in Scotland, one of which is Lanarkshire NHS Board.

The main legislation providing the legal framework for the NHS in Scotland is the National Health Service (Scotland) Act 1978.

The Functions of Health Boards (Scotland) Order 1991 sets out the requirements of Scottish Ministers in terms of the functions that Health Boards have to provide for healthcare to their local population. This Order details the high level functions which the Health Board is directed by the Minister to provide. The Board is a Board of Governance, not a representative body, nor a management body.

### **4. Role of the Lanarkshire NHS Board**

Lanarkshire NHS Board (the Board) is a strategic body, accountable to the Scottish Government Health and Social Care Directorate and to Scottish Ministers for the functions and performance of NHS Lanarkshire. The Board consists of the Chair, Non-Executive and Executive Members, who are appointed by the Scottish Ministers.

The Board will not concern itself with day-to-day operational matters, except where they have an impact on the overall performance of the system.

#### **The overall purpose of the Lanarkshire NHS Board is:**

- To ensure the efficient, effective and accountable governance of the NHS Lanarkshire health system, and to provide strategic leadership and direction for the system as a whole, focusing on agreed outcomes.

#### **The Role of the Board is:**

- To undertake comprehensive health needs assessment for the population served.
- To develop strategies and action plans to reduce health inequalities and create and protect health and health equity, working closely with key partners.
- To establish a range of illness prevention, health improvement and health and care services that are designed to protect and improve the health status of the people of Lanarkshire.
- To ensure that health services are designed, delivered and evaluated in a manner that assures patient safety.

- To focus clearly on health outcomes and people's experience of NHS Lanarkshire.
- To contribute to strategic planning and ensure delivery of integrated health and social care services.
- To be accountable for the scrutiny and performance of NHS Lanarkshire as a whole.
- To involve the public and community planning partners in the design and delivery of healthcare services.
- To involve staff in the design, delivery and evaluation of services.
- To ensure that resources are allocated in a manner that supports the delivery of strategic priorities and the achievement of agreed outcomes including national and local targets.
- To ensure that best value principles are adhered to in delivering and commissioning services.

**The Functions of the Board are:**

- Provision of strategic leadership and direction for the local health system as a whole.
- Resource allocation to address local priorities.
- Oversight of implementation of the Annual Operational Plan.
- Management of ensuring the performance of NHS Lanarkshire, including risk management, quality assurance and improvement.
- Ensuring that there is a robust governance and accountability framework to monitor compliance with all necessary standards, targets and outcomes.

**Responsibilities of members of Lanarkshire NHS Board include:**

- Shared responsibility for the discharge of the functions of the Board.
- Independent judgement on issues of strategy, performance management, key appointments and accountability to Scottish Ministers and to the local community.
- Responsibility for the overall performance of NHS Lanarkshire, using information on the performance of the organisation to assess and challenge the quality of services.

Board Members support the Chair and work with other Members to discharge the functions of the Board, which comprise:

- Strategy Development - to develop a Annual Operational Plan which addresses the health priorities and health care needs of the resident population;
- Monitoring the effective performance of the Board's activities and ensuring achievement of its aims;
- Ensuring that resources (staff, finance and premises) are used effectively and responsibly to support local priorities and strategic objectives.

- Ensuring that Governance arrangements are robust, rigorous and effective; and
- Ensuring probity and propriety in the workings of the organisation.

**In addition, Board Members should:**

- Actively participate in collective decision-making, and Chair or participate in, where required, one or more of the Committees of the Board;
- Act on the principle of collective responsibility for decisions of the Board; question intelligently, challenge rigorously and debate constructively and dispassionately; listen to the views of others, inside and outside the Board Room;
- Be an Ambassador for the NHS and have a unique opportunity to help the Board focus on peoples' experience of their local Health Services and support public involvement and engagement.
- Work with and fully represent the Board's activities, in an honest and positive way, whilst encouraging and maintaining good relationships with interested parties, including:
  - NHS Scotland
  - Patients, The Public and Local Communities
  - MSPs, MPs, MEPs and Councillors
  - Local Authorities
  - Integration Joint Boards
  - The Business Sector
  - The Voluntary Sector
  - The Media
- Actively work with the Scottish Government, other NHS Boards, Health Organisations and Local Service Providers to ensure an integrated approach to providing the functions of the Board and to putting Government Health Policy into practice.
- Put into action the Scottish Government's Policies and Priorities.
- Develop an effective working relationship with members of the Board and staff within the NHS system.
- Gain the trust and respect of other Board Members and adhere to NHS Lanarkshire's Dignity at Work principles.
- Commit to ongoing personal development activities
- Uphold the highest ethical standards of integrity and probity and comply with the Board's Code of Conduct.
- Uphold the 9 principles of public life set out by the Committee on Standards in Public Life (based on the Nolan principles).

**In addition, Non-Executive Members of the Board will:**

- Ensure they are sufficiently informed in order to hold Executives to account for the implementation of Board decisions, in particular the implementation of strategy;



- Maintain a focus on Strategy Performance rather than a detailed involvement in the day to day management of the organisation;
- Challenge and support Executives in their leadership of the business while monitoring performance.

## Values

The Purpose, Role, Functions and Responsibilities of the NHS Board and Board Members, will be delivered in a way which upholds the organisational values.

NHS Lanarkshire's values represent the care our patients can expect, and how this care should be delivered by our staff. Our local values in NHS Lanarkshire are:

- Respect
- Fairness
- Quality
- Working Together

Our values should be visible in everything we do and drive the improvement of our services.

NHS Lanarkshire's values are closely aligned to the NHS Scotland's values, which are shared by all staff throughout Scotland:

- Care and Compassion
- Dignity and Respect
- Openness, Honesty and Responsibility
- Quality and Teamwork

Both sets of values underpin and support NHS Scotland's national quality ambitions:

- Person-centred
- Safe
- Effective

## 5. Composition of the Board

The Board will consist of the following Directors appointed by the Minister:

Non-Executive Directors	Executive Directors
<ul style="list-style-type: none"> <li>• Chair</li> <li>• 5 Non-Executive Lay Members</li> <li>• Chair - Area Clinical Forum</li> <li>• Chair - Area Partnership Forum</li> <li>• 2 Local Authority Elected</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Director of Public Health and Health Policy</li> <li>• Director of Finance</li> <li>• Director for Nurses, Midwives and Allied Health Professionals</li> </ul>

Members - 1 from North Lanarkshire Council and 1 from South Lanarkshire Council	<ul style="list-style-type: none"> <li>• Medical Director</li> </ul>
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## 6. Term of Office for Stakeholder Members

Subject to Ministerial appointment, the Term of Office of Stakeholder members, the Local Authority elected members, the Chair of the Area Clinical Forum and the Employee Director, shall be subject to continuing to serve in that capacity, and maintaining the support and nomination from the nominating body, North Lanarkshire Council, South Lanarkshire Council, the Area Clinical Forum and the staff side of the Area Partnership Forum.

## 7. Definitions

Any expressions to which a meaning is given in the Health Service Acts or in the Regulations or Orders made under the Acts shall have the same meaning in this interpretation and in addition:

Definition	Meaning
<b>The Accountable Officer</b>	Is the Chief Executive of NHS Lanarkshire, who is responsible to the Scottish Parliament for the economical, efficient and effective use of resources. The Chief Executive of NHS Lanarkshire is also accountable to the Board for clinical, staff and financial governance, including controls assurance and risk management, and for delivery of other statutory requirements. This is a legal appointment made by the Principal Accountable Officer of the Scottish Government. (Public Finance and Accountability (Scotland) Act 2000 Memorandum to Accountable Officers for other Public Bodies).
<b>The Act</b>	The National Health Service (Scotland) Act 1978 as amended.
<b>The 2001 Regulations</b>	The Health Board's (Membership and Procedure) (Scotland) Regulations 2011.
<b>The 1960 Act</b>	The Public Bodies (Admission to Meetings) Act 1960 as amended.
<b>Board Member</b>	A person appointed as a Member of the

	Board by Scottish Ministers and who is not disqualified from membership.
<b>Budget</b>	Money proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Board.
<b>Chair</b>	The person appointed by the Scottish Ministers to lead the Board and to ensure that it successfully discharges its responsibility as a whole. The Chair of a Committee is responsible for fulfilling the duties of a Chair in relation to that Committee only.
<b>Chief Executive</b>	The Accountable Officer of NHS Lanarkshire.
<b>Committee</b>	A Committee established by the Board and includes "Sub-Committee".
<b>Committee Members</b>	People formally appointed by the Board to sit on or to Chair specific committees.
<b>Contract</b>	Any arrangements including an NHS Contract.
<b>Co-opted Member</b>	An individual, not being a Member of the Board, who is appointed to serve on a Standing Committee, Special Committee, or Sub-Committee of the Board.
<b>Community Planning Partners</b>	Statutory Service providers, third and independent sector organisations with a stake in providing services and support to people in Lanarkshire.
<b>Integration Joint Board</b>	The constitutional arrangements for the establishment of Integration Joint Boards are set out within Scottish Statutory Instrument 2014 No. 285 The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.
<b>Lay Member</b>	An individual, not being an employee of the Board, who is appointed to serve on a Committee of the Board.

<b>Meeting</b>	A meeting of the Board or any Committee.
<b>Nominated Officer</b>	An officer charged with the responsibility for discharging specific tasks within the Code of Corporate Governance.
<b>Department of Health and Social Care</b>	The Scottish Government and is its legal name.
<b>SFIs</b>	Standing Financial Instructions.
<b>Vice Chair</b>	The Non-Executive Member appointed by the Board to take on the Chair's duties if the Chair is absent for any reason.

## 8. Corporate Governance

Corporate Governance is the term used to describe the overall control system. It details how functions are directed and controlled, and how we relate to our communities, and covers the following dimensions:

- Service delivery arrangements.
- Structures and processes.
- Risk management and internal control.
- Standards of conduct.

NHS Lanarkshire is responsible for:

- Giving leadership and strategic direction.
- Putting in place controls to safeguard public resources.
- Supervising the overall management of its activities.
- Reporting on management and performance

### **Governance in Relation to the Integration Joint Boards**

In light of the introduction of the Integration of Health and Social Care from April 2016, agreement has been reached on the framework for Support, Care and Clinical Governance.

Support, care and clinical governance is the process by which accountability for the quality of health, social work and social care is monitored and assurances provided for the relevant Organisations.

Central to any reporting structure that is put in place in relation to Lanarkshire Integration Authorities is the principle that accountability for any Health Governance issues is through the NHS Governance structures, with ultimate accountability resting with the NHS Lanarkshire Chief Executive. Similarly, accountability for issues relating to Governance of relevant Local Authority

services is through the Councils', Governance structures, with ultimate accountability resting with the Councils' Chief Executives.

NHS Lanarkshire, North and South Lanarkshire Councils and North and South Lanarkshire Health and Social Care Partnerships have agreed a Lanarkshire Support, Care and Clinical Governance Framework to ensure assurance to all stakeholders that:

- Quality of support and care, effectiveness and efficiency drives decision making about the planning, commissioning, provision, organisation and management of services.
- The planning, commissioning and delivery of services takes account of the perspective of patients and service users.
- Unacceptable support, care or clinical practice will be detected and addressed.

## **9. Conduct, Accountability and Openness**

Board Members and staff are expected to promote and support the principles in the Members' Code of Conduct (Section B) and the Standards of Business Conduct for NHS Staff (Section C), and to promote through their own personal conduct the values of Public Services;

- Leadership
- Selflessness
- Integrity
- Objectivity
- Openness
- Accountability and Stewardship
- Honesty
- Respect

## **10. Understanding our Responsibilities Arising from the Code of Corporate Governance**

It is the duty of the Chair and the Chief Executive to ensure that Board Members and staff understand their responsibilities. Board Members and relevant Managers shall receive copies of the Code of Corporate Governance and the Board Secretary will maintain a list of Managers to whom the Code of Corporate Governance has been issued. Managers are responsible for ensuring their staff understand their responsibilities. The Code of Corporate Governance will be published on the Board's Intranet, and on the Board's public website.

## **11. Endowment Funds**

The principles of this Code of Corporate Governance apply equally to Members of Lanarkshire NHS Board who have distinct legal responsibilities as Trustees of the Endowment Funds.

## **12. Advisory and Other Committees**

The principles of this Code of Corporate Governance apply equally to all NHS Lanarkshire Advisory Committees and all committees and groups which report directly to a Lanarkshire NHS Board Committee.

## **13. Review**

The Board will review the Code of Corporate Governance on an annual basis, and will revise the Code to reflect any National or Local changes which impact on the Board and its functions.

The Board may, on its own or if directed by the Scottish Ministers, vary and revoke Standing Orders for the regulation of the procedure of business of the Board and of any Committee.

## **14. Feedback**

NHS Lanarkshire aims to continuously improve the services we deliver and it is important that this Code remains relevant, we would therefore be happy to hear from you with regard to new operational procedures, changes to legislation, confusion regarding the interpretation of statements or any other matter connected with the Code.

Comments and suggestions for improvement are most welcome and should be sent to:

Board Secretary  
Kirklands Hospital  
Fallside Road  
Bothwell  
G71 8BB  
Lanarkshire

# **Section A**

## **How Business is Organised – Standing Orders**

This section explains how the business of NHS Lanarkshire Board and its Committees are organised

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**Annexes:** **Annex 1**  
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**Annex 2**  
Healthcare Quality Assurance and Improvement Committee Terms of Reference

**Annex 3**  
Staff Governance Committee Terms of Reference

**Annex 4**  
Remuneration Sub-Committee Terms of Reference

**Annex 5**  
Acute Governance Committee Terms of Reference

**Annex 6**  
Population Health, Primary Care and Community Services Governance Committee

**Annex 7**  
Area Clinical Forum Terms of Reference

**Annex 8**  
Planning, Performance and Resources Committee Terms of Reference

Whilst they are not committees of the NHS Board, the Integration Joint Boards are key to the partnership arrangements to jointly deliver the national outcomes for Health and Social Care Integration. The constitutional arrangements for the establishment of Integration Joint Boards are set out within Scottish Statutory Instrument 2014 No. 285 The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.

### **Integration of Health and Social Care**

The Public Bodies (Joint Working ) (Scotland) Act 2014 allowed for putting in place arrangements for integrating health and social care, in order to improve outcomes for patients, service users, carers and their families. The Act required Health Boards and Local Authorities to work together effectively to agree a model of Integration to deliver quality sustainable services. The Act allowed for the putting in place of either of two models, viz: a Body Corporate Model, or a Lead Agency Model. Where a Health Board and a Local Authority agreed to put in place a Body Corporate Model, an Integration Joint Board will be established. This will see Health Boards and Local Authorities delegate a significant number of functions and resources to the Integration Joint Board, which will be responsible for the planning of integrated arrangements and onward service delivery.

The Lanarkshire NHS Board and North and South Lanarkshire Councils have agreed to put in place a Body Corporate Model.

Lanarkshire NHS Board and North and South Lanarkshire Councils agreed with the Integration Joint Boards which of their functions are delegated to the Integration Joint Boards. These are set out within the North and South Lanarkshire Integration Schemes. This reflects the functions that must be delegated by the Health Board to the Integration Joint Board as per the Act, which are set out in The Public Bodies (Joint Working) (Prescribed Health Board Functions) (Scotland) Regulations 2014, and the functions that must be delegated by the Local Authority to the Integration Joint Board as per the Act, which are set out in the Public Bodies (Joint Working) (Prescribed Local Authority Functions) (Scotland) Regulations 2014.

The delegation of responsibility for Health and Social Care functions to the Integration Joint Boards supports the objective of creating a single system for local Joint Strategic Commissioning of Health and Social Care Services which is built around the needs of patients and service users, and which supports whole system redesign in favour of preventative and anticipatory care in communities.

Integration Joint Boards are required to produce Strategic Commissioning Plans. These set out how the Integration Joint Boards, working in partnership with the NHS Board and North and South Lanarkshire Councils, will deliver and evaluate services with local communities by using the resources to achieve the core aims of Integration. These are:

- To improve the quality and consistency of services for patients, carers, service users and their families;
- To provide seamless, integrated, quality health and social care services in order to care for people in their own homes or a homely setting, where it is safe to do so; and
- To ensure resources are used effectively and efficiently to deliver services that meet the needs of the increasing number of people with long term conditions and often complex needs, many of whom are older adults.

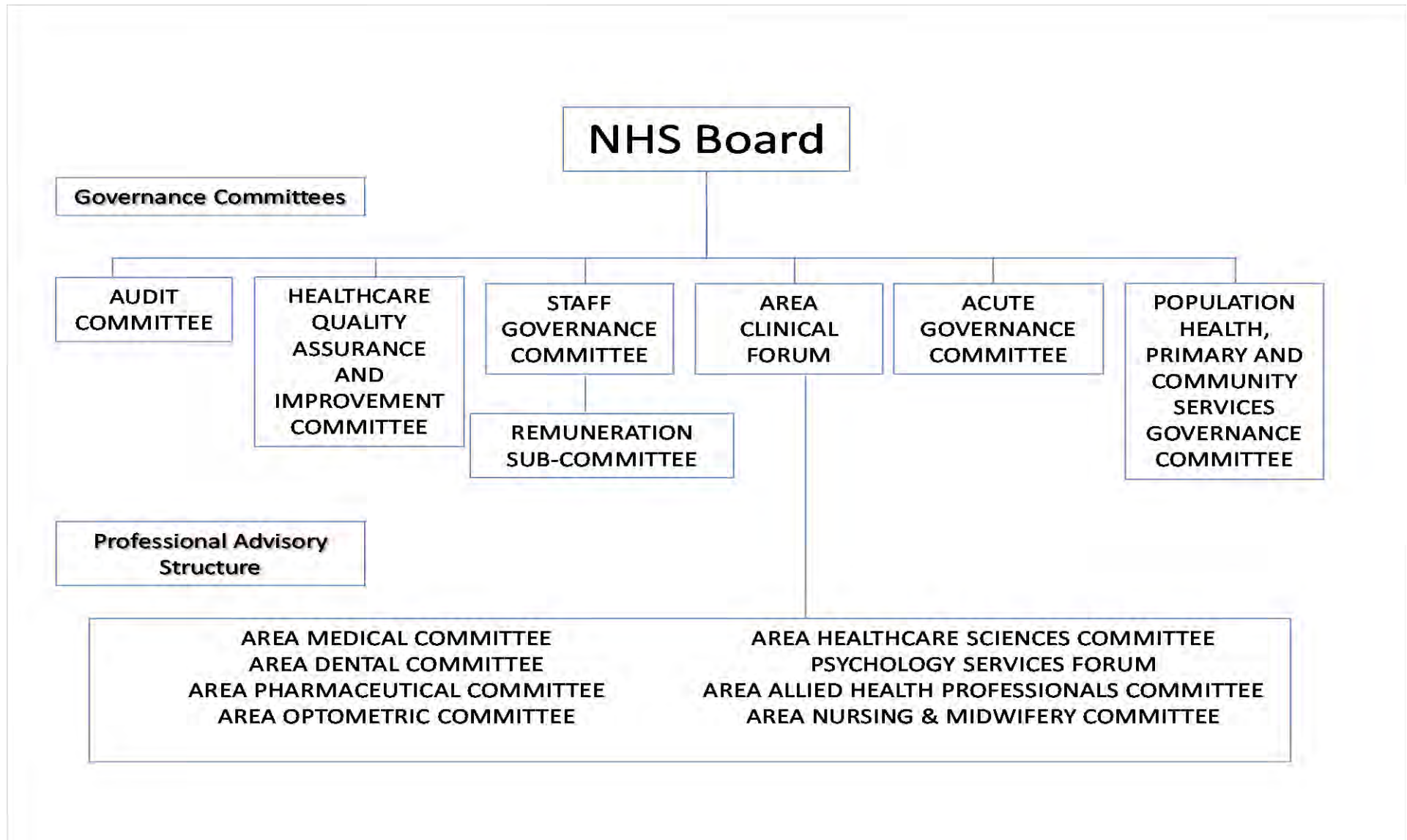
The membership and constitutional requirements for an Integration Joint Board are described within The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.

The Lanarkshire NHS Board will work in partnership with the North and South Lanarkshire Integration Joint Boards in demonstrating constant progress towards achievement of the 9 National Health and Wellbeing outcomes which underpin integration.

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. People, including with those with disabilities or long term conditions or who are frail, are able to live, as far as reasonably practicable, independently or at home or in a homely setting within their community.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.

4. Health and Social Care Services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and Social Care Services contribute to reducing health inequalities.
6. People who provide unpaid carer are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
7. People using health and social care services are safe from harm.
8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.
9. Resources are used effectively and efficiently in the provision of health and social care services.

**Item 1- The Board and Its Committees**



## **Item 2: How Board Meetings Must Be Organised**

This section regulates how the meeting and proceedings of the Board will be conducted and is referred to as “Standing Orders”. The Health Board (Membership and Procedure) (Scotland) Regulations 2001 confirms the matters to be included in the Standing Orders; this can be found at: [http://www.legislation.gov.uk/ssi/2001/302/pdfs/ssi\\_20010302\\_en.pdf](http://www.legislation.gov.uk/ssi/2001/302/pdfs/ssi_20010302_en.pdf).

The following is NHS Lanarkshire’s practical application of these Regulations.

### **1. Calling and Notice of Meetings of the Board**

- 1.1 Meetings of the Board shall be held on a day and at a place fixed by the Chair.
- 1.2 The Chair may call an extraordinary meeting of the Board at any time.
- 1.3 Ordinary meetings of the Board will be held in accordance with the timetable approved by the Board. Meetings of the Board will normally be held on 6 occasions per annum.
- 1.4 Meetings of the Board may be conducted in any way in which each member is enabled to participate such as video conferencing or teleconferencing.
- 1.5 A meeting of the Board may be called if one third of the Members make the request in writing. If the Chair does not call a meeting within seven days of the request, the Members who signed the request may call the meeting provided that only the requested business is transacted.
- 1.6 The notice (agenda and papers) must be distributed to each Member at least seven clear days before the date of the meeting, other than in exceptional circumstances when it must be delivered three clear days before the meeting.
- 1.7 Before each Board meeting a notice (agenda and papers) specifying the time, place and business to be transacted, shall be sent by email, or made available by means of an agreed electronic Board portal. Paper copies will be made available only to the Board / Committee Chair, if requested.
- 1.8 Notification of the time and place of the Board meeting shall be published on the NHS Lanarkshire website.
- 1.9 Lack of service of the notice on any Members shall not affect the validity of a Board meeting.

### **2. Appointment of Chair of Lanarkshire NHS Board**

- 2.1 The Chair is appointed by the Cabinet Secretary for Health and Sport.

2.2 The regulations governing the period of terms of office and the termination or suspension of office of the Chair are contained in the National Health Service (Scotland) Act 1978.

### **3. Appointment of Vice Chair of Lanarkshire NHS Board**

3.1 To enable the business of the Board to be conducted in the absence of the Chair, a Non-Executive Member who is not an NHS employee (for example Employee Director, Chair of Area Clinical Forum) shall be appointed Vice Chair by the Chair.

3.2 The Vice-Chair will initially be appointed for up to two years, provided that the individual's membership of the Board continues throughout that period, and subject to satisfactory performance. However, this position will be subject to review during the annual appraisal which the Chair conducts with Non-Executive Directors.

3.3 The retiring Vice-Chair will be eligible to be reappointed as long as the individual remains a Non-Executive Member of the Board.

3.4 The Vice-Chair may resign from the office at any time by giving notice in writing to the Chair. The Chair may appoint another Non-Executive Member as Vice Chair in accordance with 3.1 above.

3.5 Where the Chair of the Board has ceased to hold office or has been unable to perform their duties as Chair, owing to illness, absence or any other cause, the Vice-Chair shall take the place of the Chair in the conduct of the business of the Board and references to the Chair shall be taken to include references to the Vice-Chair.

### **4. Duties of Chair and Vice-Chair**

4.1 At every meeting of the Board the Chair shall preside. If the Chair is absent the Vice-Chair shall preside. If the Chair and Vice-Chair are both absent, the Members present shall select a Non-Executive Member to act as Chair for that meeting.

4.2 If both the Chair and Vice-Chair (if any) of a Committee are absent from a meeting, the members shall elect a member to act a Chair for the meeting.

4.3 It shall be the duty of the Chair to:

- Ensure that Standing Orders are observed and to facilitate a culture of transparency, consensus and compromise.
- Preserve order and ensure that any Member wishing to speak is given due opportunity to do so and a fair hearing.
- Call Members to speak according to the order in which they caught their attention.
- Decide all matters of order, competence and relevance.

- 4.4 The Chief Executive and/or Board Secretary shall draw the attention of the Chair to any apparent breach of the terms of these Standing Orders.
- 4.5 The decision of the Chair on all matters referred to in this Standing Order shall be final and shall not be open to question or discussion in any meeting of the Board.
- 4.6 Deference shall at all times be paid to the authority of the Chair. When the Chair commences speaking they shall be heard without interruption.

## **5. Quorum**

- 5.1 The quorum of Board meetings is one-third of the whole number of Members, of which at least three are Non-Executive Members, all present and entitled to vote. No business shall be transacted at a meeting of the Board unless this is met.
- 5.2 If a quorum is not present ten minutes after the time specified for the start of a meeting of the Board, the Chair, subject to the business to be conducted, will seek agreement to adjourn the meeting or reschedule.
- 5.3 If during any meeting of the Board a Member or Members are called away and the Chair finds that the meeting is no longer quorate, the meeting shall be suspended. If a quorum is not present at the end of ten minutes, the Chair will seek agreement to adjourn the meeting or reschedule.
- 5.4 Where, due to the number of apologies received, it becomes apparent that a scheduled meeting of the NHS Board will not be quorate, the Chair will adjudge on the postponement and rescheduling of the meeting.

## **6. Order of Business**

- 6.1 For ordinary meetings of the Board, the business shown on the agenda shall normally proceed in the following order:
- Business determined by the Chair to be a matter of urgency by reason of special circumstances.
  - Apologies for Absence.
  - Declaration of Interest.
  - Board Executive Team Report
  - Minutes of Board Meeting.
  - Matters Arising.
  - Chair's Report
  - Quality
  - Performance
  - Decisions/Approval
  - Risk Management

- Corporate Governance
- Minutes for assurance / noting
- Items for noting
- Any Other Competent Business (items of which due notice has been given)
- Identification of new risks
- Date of Next Meeting

6.2 No item of business shall be transacted at a meeting of the Board, unless either:

- It is included on the agenda which has been published in advance.
- It has been determined by the Chair to be a matter of urgency by reason of special circumstances.

## **7. Order of Debate**

7.1 Any Board Member wishing to speak shall indicate this by raised hand, and when called upon, shall address the Chair and restrict their remarks to the matter being discussed.

## **8. Time Allowed for Speaking During Formal Debate**

8.1 The Chair is entitled to decide the time that Members may be allowed to speak on any one issue.

## **9. Amendments**

9.1 Following discussion of an item of business on the agenda a Member may seek amendments to the recommendation(s). The Chair and Chief Executive shall decide if the amendment is relevant and has merit.

9.2 If the amendment is deemed to have merit, the recommendation(s) as set out in the paper and amendments shall be read out and Board Members shall then consider both the recommendation and the amendment.

## **10. Reception of Deputations**

10.1 Every application for the reception of a deputation must be in writing, duly signed and delivered, faxed or e-mailed to the Board Secretary at least three clear working days prior to the date of the meeting at which the deputation wishes to be received. The application must state the subject and the action which it proposes the Board should take.

10.2 Ordinarily, the deputation shall consist of no more than 10 people, but this will be

10.3 Ordinarily, no more than two members of any deputation shall be permitted to address the meeting, and they may speak in total for no more than ten minutes at the discretion of the Chair.



10.4 At the Chair's discretion, relevant questions may be put to a deputation, but Members shall not express any opinion on the subject matter until the deputation has withdrawn. If the subject matter relates to an item of business on the agenda, no debate or discussion shall take place until the relevant minute or other item is considered in the order of business.

## **11. Receipt of Petitions**

11.1 Petitions should be highlighted to the next scheduled Board meeting by way of a single page report setting out the subject matter, the exact nature of the petition, the number of signatories and the date of receipt.

11.2 Petitions should be delivered to the Board Secretary at least three clear working days before the meeting at which the subject matter may be considered. The Chair will be advised and will decide whether the content of the petition should be discussed at the meeting or not.

## **12. Voting**

12.1 If a vote is required every question coming or arising before the Board shall be determined by a majority of the Members present and voting. There is no provision to take account of a vote, submitted either in writing by a non-attending Member, or verbally by a fellow Member or a Deputy. Neither will it be appropriate for an individual, deputising for a Member, to vote. Majority agreement may be reached by a consensus without a formal vote, but, where necessary, and as decided by the Chair, a formal vote will be taken.

12.2 In the case of an equality of votes, the Chair shall have a second or a casting vote.

12.3 Where a formal vote is taken, this shall be done by a show of hands except:

- Where the members present agree unanimously that it be taken by a roll call.
- Where the members present resolve by simple majority that it be taken by secret ballot.

12.4 Immediately before any vote is taken, the question on which the vote is to be held shall be read out. Thereafter, no-one shall interrupt the proceedings until the result of the vote has been announced.

## **13. Conflict of Interest**

13.1 If a Board Member or associate of theirs has any interest, direct or indirect, in any contract or proposed contract or other matter, they shall disclose the fact, and shall not take part in the consideration and discussion of the contract, proposed contract, or other matter or vote on any question with respect to it.

- 13.2 The Scottish Ministers may, subject to such conditions as they may think fit to impose, remove any disability imposed by the 2001 Regulations in any case in which it appears to them in the interests of the health service that the disability should be removed.
- 13.3 A Member or associate of theirs shall not be treated as having an interest in any contract, proposed contract or other matter if the interest is so remote or insignificant that they cannot reasonably be regarded as likely to effect any influence in the consideration or discussion of or in voting on, any question with respect to that contract or matter.
- 13.4 A Member must consider whether they have an interest to declare in relation to any matter which is to be considered as soon as possible. A Member should consider whether agendas for meetings raise any issue of declaration of interest. The declaration must be made as soon as practicable at a meeting where that interest arises. If the need for a declaration of interest is identified only when a particular matter is being discussed a Member must declare the interest as soon as they realise it is necessary.
- 13.5 The oral declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words "I declare an interest". The statement must be sufficiently informative to enable those at the meeting to understand the nature of the interest but need not give a detailed description of the interest.

#### **14. Submission of Papers**

- 14.1 Papers shall be submitted by the Directors when requested, or when, in the professional opinion of such an individual, a paper is required to enable compliance with any statute, regulation or Ministerial Direction, or other rule of law, or where the demands of the service under their control require.
- 14.2 Any paper to be submitted shall be provided not later than eight days prior to the meeting of the Board to the Board Secretary. The Director of Finance should be consulted on all proposals with significant financial implications. No paper with significant financial implications should be presented at a meeting when this has not been done. Any observations by those Directors on matters within their professional remit shall be incorporated into the paper.
- 14.3 Only those papers which require a decision to be taken by the Board, or are necessary to enable the Board to discharge its business or exercise its monitoring role, will normally be included on the agenda. It shall be delegated to the Chief Executive, in conjunction with the Chair, to make the final determination on whether or not an item of business should be included on an Agenda.
- 14.4 Matters requiring decisions will be submitted in writing. Verbal reports will only be accepted in exceptional circumstances, and with the prior approval of the Chair of the Board.

## **15. Suspension of Standing Orders**

- 15.1 So far as it is consistent with any statutory provisions, any one or more of the Standing Orders may be suspended at any meeting, but only as regards the business at such meeting, provided that two thirds of the Members present so decide.

## **16. Admission of Public and Press**

- 16.1 Members of staff, the public and representatives of the press will be admitted to ordinary meetings of the NHS Board, but will not be permitted to take part in discussion.
- 16.2 The Board may exclude staff, the public and press while considering any matter that is confidential.
- 16.3 Members of staff, the public and representatives of the press admitted to the Board meeting shall not be permitted to make use of photographic or recording apparatus of any kind unless agreed by the Board.
- 16.4 Members of staff, the public and press should leave when the Board meeting moves to reserved business.

## **17. Code of Conduct for Members**

- 17.1 All those who are appointed as Members of the Board must comply with the Code of Conduct for Members as incorporated into the Code of Corporate Governance and approved by the Scottish Government.
- 17.2 For the purpose of monitoring compliance with the Code of Conduct for Members, the Board Secretary has been designated Standards Officer.
- 17.3 Board Members having any doubts about the relevance of a particular interest should discuss the matter with the Board Secretary.
- 17.4 Board Members should declare on appointment any material or relevant interest and such interests should be recorded in the Board Minute. Any changes should be declared and recorded when they occur. Interests shall also be entered into a register that is available to the public, details of which will be disclosed on the Board's website. Arrangements for viewing the register shall also be publicised.

## **18. Suspension of Members from Meeting**

- 18.1 If any Board Member disregards the authority of the Chair, obstructs the meeting or, in the opinion of the Chair, acts in an offensive manner at a meeting, the Chair may suspend the Member for the remainder of the meeting.

18.2 A Member, who has been suspended in terms of this Standing Order, shall not re-enter the meeting except with the consent of the Chair.

## **19. Minutes, Agendas and Papers**

19.1 The Chair and Chief Executive's Office are responsible for ensuring that a Minute of the proceedings of a meeting of the Board, including the decision or resolution made at that meeting, shall be drawn up. The Minute shall be submitted to the next meeting of the Board for approval by Members as a record of the meeting, subject to any amendments proposed by Members. The same shall apply to the Lead Officer of each Committee.

19.2 The names of Members present at a meeting of the Board shall be recorded in the Minute, together with the apologies for absence from any member. Apologies should be advised by telephone or e-mail to the Board Secretary and a record of attendance shall be kept.

19.3 The Freedom of Information (Scotland) Act 2002 gives the public a general right of access to all recorded information held. Therefore, when minutes of meetings are created it should be assumed that what is recorded will be made available to the public. The Minute of the Board meeting, once approved, shall be placed on the Board's intranet and website.

19.4 The contents of a Minute will depend upon the purpose of the meeting. If the meeting agrees actions, they will be recorded and include:

- A description of the task, including any phases and reporting requirements.
- The person accepting responsibility to undertake the task.
- The time limits associated with the task, its phases and agreed reporting.
- An action log will be maintained by the Board and all of its standing committees and will be used to provide updates to the Board on the progress being made in achieving the required outcome. The action will only be removed from the log once the Board or the relevant committee has agreed that it has been delivered to member's satisfaction.

19.5 Board Business will, ordinarily, be conducted openly. Where, however, there is a requirement for any business to be taken privately, the Board Agenda should normally be divided into two sections.

- **Open Business** – where there would be no issue about the release of information.
- **Private Business** – where access is restricted and where information would not be routinely released.

19.6 There will be circumstances where some information is not appropriate for inclusion in the Minute of the meeting. The basis for exclusion will rely on the Exemptions specified in the Freedom of Information (Scotland) Act 2002.

- 19.7 In these circumstances, the information should be excluded from the Minute and placed in a separate document. The separate document, Private Minute, should be referred to in the Minute.
- 19.8 The Private Minute will be clearly marked and the exemption being relied upon will be recorded against each item recorded in the Private Minute.
- 19.9 Consideration will have to be given to recording individual items of Private Business separately where there are timing issues. Some information will be sensitive for longer than other information or may not be suitable for publication at all. For example, some policy decisions might be sensitive while they are being considered, but that sensitivity declines once the decision is announced. Information relating to security arrangements may remain sensitive for many years. There will be some Private Business that will remain confidential indefinitely, such as information on individual disciplinary matters.

## **20. Guide to the Exemptions Under the Freedom of Information (Scotland) Act**

- 20.1 All the exceptions operate in different ways, and when applying the individual exemptions, the Board may need to consider the following factors;
- The content of the information.
  - The effect that disclosure would have.
  - The source of the information.
  - The purpose for which the information was recorded.
- 20.2 The Act also recognises that the disclosure of certain categories of information may, at the time of the request, be harmful to the wider public interest, for example:
- Where disclosure might be harmful to an important public interest, such as national security or international relations.
  - Where disclosure is prohibited by statute.
  - Where responding to the request might breach a duty of confidentiality.
- 20.3 As the Act strikes a balance between different and important interests, a decision to withhold or release information will require careful consideration. Access to information legislation is about providing the framework within which decisions can be made on where the balance of public interest lies on the release or withholding information on the merits of each case. The Act contains a number of exemptions to the general right of access.
- 20.4 The exemptions ensure that decisions to release or withhold information are taken with the interest of the public as a whole firmly to the fore.
- 20.5 There are two types of exemptions under the Freedom of Information (Scotland) Act 2002:

**Absolute Exemptions:** if an absolute exemption applied, there is no obligation under the Act to consider the request for information further.

**Qualified Exemptions:** are subject to the public interest test. Qualified exemptions do not justify withholding information unless following a proper assessment the balance of the public interest comes down against disclosure.

20.6 Further information on Absolute and Qualified Exemptions can be obtained from the Freedom of Information Officer. The Board's performance in relation to compliance with the Act is monitored through the Information Assurance Group and is reported through the Health Quality Assurance and Information Committee chaired by the Executive Medical Director.

## **21. Records Management**

21.1 Under the Freedom of Information (Scotland) Act 2002, NHS Lanarkshire must have comprehensive records management systems and processes in place.

21.2 The management, retention and disposal of administrative records is set out in the Scottish Government NHS CEL 31 (2010), and the local NHS Lanarkshire Administrative Records Management Policy.

21.3 NHS Boards are required to comply with records management guidance set out in the Code of Practice on Records Management issued under Section 61 of the Freedom of Information (Scotland) Act 2002.

### **Item 3: How Committee Meetings Must Be Organised**

This section regulates how the meetings and proceedings of the Committees of the Board will be organised and continues the 'Standing Orders'.

#### **1. Establishing Committees**

- 1.1 The Board shall create such Committees as are required by statute, guidance and regulation and Ministerial direction and as are necessary for the economical, efficient and effective governance of its business.
- 1.2 The Board shall delegate to such Committees those matters it considers appropriate. The matters delegated shall be set out in the Terms of Reference of those Committees.

#### **2. Process of the Appointment of Non-Executive Members and Chairs to Board Committees and the appointment of NHS Board Members to Integration Joint Boards**

- 2.1 Appointment of Non-Executive Members and the Chair of a Board Committee, and NHS Board Members to Integration Joint Boards will be by invitation of the Board Chair, subject to matching of skills, competencies and experience. Appointments will be reviewed on a regular basis as part of the annual appraisal process, and will not necessarily extend for the Non-Executive Director's term of office.
- 2.2 Membership of Board Committees and the Integration Joint Boards will be by invitation of the Board Chair.
- 2.3 By virtue of their appointment the Chair of the Board is an ex officio member of all Committees except the Audit Committee.

#### **3. Duties of Chair of a Committee**

- 3.1 At every meeting of a Committee the Chair shall preside. If the Chair is absent the Members present shall select a Non-Executive Member to act as Chair for that meeting.
- 3.2 It shall be the duty of the Chair:
  - To ensure that Standing Orders are observed and to facilitate a culture of transparency, consensus and compromise;
  - To preserve order and ensure that any Member wishing to speak is given due opportunity to do so;
  - To call Members to speak according to the order in which they caught their attention, and;
  - To secede all matters of order, competence and relevance.

3.3 The Lead Director shall draw the attention of the Chair to any apparent breach of the terms of these Standing Orders.

3.4 Deference shall at all times be paid to the authority of the Chair. When the Chair commences speaking they shall be heard without interruption.

#### **4. Membership**

4.1 Any Committee shall include at least one Non-Executive Member of the Board, and may include persons who are co-opted, and may consist wholly or partly of Members of the Board.

4.2 In determining the membership of Committees, the Board shall have due regard to its role, remit and accountability requirements. Certain Members may not be appointed to serve on a particular Committee as a consequence of their positions. Specific exclusions are:

- Audit Committee – Chair of the Board
- Remuneration Sub Committee – any Executive Member

4.3 The Chair of the Board has the power to vary the membership of Committees at any time, provided that:

- In any case, this is not contrary to Statute, Regulation or Direction by Scottish Ministers;
- Each Member of the Board is afforded proper opportunity to serve on Committees

4.4 The person appointed as Chair of Committee shall usually be a Non-Executive Member of the Board and only in exceptional circumstances shall the Chair of the Board appoint Chair of Committee who is not a Non-Executive Member, when such circumstances will be recorded appropriately.

4.5 Casual vacancies occurring in any Committee shall be filled as soon as possible by the Chair of the Board after the vacancy takes place.

#### **5. Membership of Committees Due to Office Held**

5.1 Employee Director:

- Area Partnership Forum
- Staff Governance Committee
- Remuneration Sub-Committee
- Endowment Sub-Committee

5.2 Chair of Area Clinical Forum:

- Healthcare Quality Assurance and Improvement Committee



## **6. Resignation and Removal of Members of Committees**

- 6.1 A member may resign as a Committee Member at any time during the period of appointment by giving notice in writing to the Board Secretary to this effect.
- 6.2 If the Chair considers that it is not in the interests of NHS Lanarkshire that a Committee member should continue to be a member of a particular Committee, they can terminate that person's membership of the Committee.
- 6.3 If a Committee member has not attended any Committee of which they are a member for three consecutive meetings, the Chair will have the discretion to terminate that person's appointment, unless they are satisfied that:
  - The absence was due to illness or other reasonable cause;
  - The member will be able to attend meetings within such period as the Chair considers reasonable.

## **7. Calling and Notice of Meetings of Committees**

- 7.1 Committee meetings shall be held in accordance with the timetable approved annually.
- 7.2 The Chair of a Committee may call a meeting of that Committee at any time or when required to do so by the Board.
- 7.3 Before a Committee meeting a notice (agenda and papers) specifying the time, place and business to be transacted, shall be delivered to every Member of the Committee or sent by post to the home of every Member of the Committee or sent by email if requested.
- 7.4 Lack of service of the notice on any Member shall not affect the validity of a meeting.
- 7.5 Special meetings of Committees shall be held on the dates and times that the Chairs of those Committees determine. A special meeting of a Committee shall only consider the business requested.
- 7.6 It is within the discretion of the Chair of any Committee to cancel, advance or postpone an ordinary meeting if there is a good reason for doing so.

## **8. Functioning of Committee**

- 8.1 An Executive Member shall be appointed to support the functioning of each Committee.
- 8.2 Committees may seek the approval of the Board to appoint Sub-Committees for such purposes as may be necessary.
- 8.3 An Executive Member or another specified Lead Officer shall be appointed to support the functioning of each Sub-Committee.

- 8.4 Where the functions of the Board are being carried out by Committees, the membership, including those co-opted members who are not Members of the Board, is deemed to be acting on behalf of the Board.
- 8.5 During intervals between meetings of Committees or Sub-Committees, the Chair of a Committee shall, in conjunction with the Chief Executive and the Executive Director or Lead Officer have powers to deal with matters of urgency which fall within the Terms of Reference of the Committee and require a decision which would normally be taken by the Committee. All decisions so taken shall be reported to the next full meeting of the relevant Committee or Sub-Committee. It shall be for the Chair of the Committee or Sub-Committee, in consultation with the Chief Executive and Executive Director or Lead Officer concerned, to determine whether a matter is urgent in terms of this Standing Order.

## **9. Minutes**

- 9.1 The Minute of each Committee of the Board shall be submitted as soon as practicable to an ordinary meeting of the Board for information and for the consideration of any recommendations having been made by the Committee concerned.
- 9.2 The Minute of each Committee shall also be submitted to the next meeting for approval as a correct record.
- 9.3 Minutes of the proceedings at a meeting of a Special Committee shall be made but these proceedings may be reported to the Board or any Committee of the Board either by the Minute or in a report from the Special Committee as may be considered appropriate.

## **10. Frequency of Meetings**

- 10.1 The Committees of the Board shall meet no fewer than four times a year.

## **11. Delegation**

- 11.1 Each Committee shall have the delegated authority to determine any matter within its role and function.
- 11.2 Committees shall conduct their business within their role and function, and in exercising their authority, shall do so in accordance with the following provisions. However in relation to any matter either not specifically referred to in the role and function, or in this Standing Order, it shall be competent for the Committee, whose remit the matter most closely resembles, to consider such matter and to make appropriate recommendations to the Board.
- 11.3 Committee must conduct all business in accordance with NHS Lanarkshire policies and the Code of Corporate Governance.

- 11.4 The Board may deal with any matter falling within the role or function of any Committee with the requirement of receiving a report or Minute of that Committee referring to that matter.
- 11.5 The Board may at any time, vary, add to, restrict or recall any reference or delegation to any Committee. Specific direction by the Board to the remit of a Committee shall take precedence over the terms of any provision in the role and function
- 11.6 If a matter is of common or joint interest to a number of Committees, and is a delegated matter, no action shall be taken until all Committees have considered the matter.
- 11.7 In the event of a disagreement between Committees in respect of any such proposal or recommendation, which falls within the delegated authority of one Committee, the decision of that Committee shall prevail. If the matter is referred but not delegated to any Committee, a report summarising the views of the various Committees shall be prepared by the appropriate Director or Senior Manager and shall appear as an item of business on the agenda of the next convenient meeting of the Board.

## **12. Committees**

- a) Audit Committee
- b) Healthcare Quality Assurance and Improvement Committee
- c) Staff Governance Committee
- d) Remuneration Sub-Committee
- e) Acute Governance Committee
- f) Population Health, Primary Care & Community Services Governance Committee
- g) Area Clinical Forum
- h) Planning, Performance and Resources Committee

## **13. Non-Executive Membership**

- 13.1 The number of Non-Executive Members required for Committees is specified in the Terms of Reference of each Committee.

## **14. Nomination of Substitutes for NHS Board Members on Integration Joint Boards**

- 14.1 Continuity of membership will be essential to the discharge of the roles and responsibilities of the Integration Joint Boards.
- 14.2 Where an appointed NHS Board Member on an Integration Joint Board is unable to participate in any formal proceedings of the IJB, they should notify the NHS Board Chair timeously, in order that consideration can be given to the need to nominate a substitute NHS Board Member to participate.
- 14.3 The nomination of a substitute NHS Board Member will be at the discretion of the NHS Board Chair.

**15. Quorum**

15.1 The number of Non-Executive Members required for the Committees to be quorate is specified in the Terms of Reference of each Committee.

**16. Roles and Remits of Committees**

16.1 Roles and remits of committees are set out within the Terms of Reference for each committee in Annexes 1 to 8.

## ANNEX 1

### NHS LANARKSHIRE



## COMMITTEE TERMS OF REFERENCE

### AUDIT COMMITTEE

#### 1. Purpose

The Board has established an Audit Committee as a Committee of the Board to support them in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge, including considering of the internal control environment governing the implementation of the 20:20 vision and associated route map. The role of the Audit Committee is mandated by the Scottish Public Finance Manual Audit Committee Handbook.

#### 2. Membership

Membership of the Audit Committee will be drawn from the Non Executive Director component of the NHS Board. There will be 5 Non Executive Director Members of the Audit Committee, one of whom will be designated as Chair of the Committee. The NHS Board Chair cannot be a member of the Audit Committee.

#### 3. Reporting Arrangements

- The Audit Committee reports to the Board and the Accountable Officer.
- The approved Minutes will be submitted to the NHS Lanarkshire Board.
- Should a meeting take place too close to a Board meeting to have a Summary Briefing and / or Minutes available the Chair of the Committee will provide a verbal report to the Board and the approved minutes will be submitted to the following Board meeting.
- An Annual Report on the work of the Committee will be submitted to the NHS Lanarkshire Board in May each year.
- A Mid-Year Review of the agreed workplan and Terms of Reference will take place and be reported to the NHS Lanarkshire Board.
- The Committee will work closely with other Governance Committees in areas of mutual interest where key responsibilities overlap.

#### 4. Key Responsibilities

The Audit Committee will advise the Board and Accountable Officer on:

- The strategic processes for risk, control and governance and the Governance Statement;
- The accounting policies, accounts, and governance statement of the organisation, prior to approval by the Board;
- the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;

- The planned activity and results of both internal and external audit;
- The adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- The adequacy and effectiveness of the internal control environment;
- The acceptability of any proposed changes to the Standing Orders, Scheme of Delegation or Standing Financial Instructions prior to approval by the Board;
- Anti-fraud policies and arrangements for special investigations.

Other issues to be considered by the Audit Committee include

- Proposals for purchase of non-audit services from contractors who provide audit services;
- Proposals to change the management arrangements, or means by which the internal audit function is delivered;
- Overseeing controls and risk assessment processes for Salus business-related activity.

The Audit Committee will also review its own effectiveness and report the results of that review to the Board and Accountable Officer.

## **5. Conduct of Business**

This should cover:

### **Declaration of Interest:**

A Member must consider whether they have an interest to declare in relation to any matter which is to be considered as soon as possible. A Member should consider whether any item on the agenda raises any issue of declaration of interest. The declaration should be made as soon as practicable at the meeting that the interest arises.

### **Meetings:**

- The Audit Committee will meet at least four times a year. The Chair of the Audit Committee may convene additional meetings, as he/she deems necessary;
- The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;
- The Board or Accountable Officer may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

### **Quorum:**

- A minimum of 3 members of the Audit Committee will be present for the meeting to be deemed quorate.
- A minimum of 3 members of the Audit Committee will be present for the meeting to be deemed quorate. In the event of a meeting becoming inquorate, once convened, the Chair may elect to continue to receive papers and presentations from those attending, and to

allow the members present the opportunity to ask questions. The minute will clearly state the point at which the meeting became inquorate, but notes of the presentation and discussion will be included with the minute. Every item discussed once the meeting became inquorate will be brought back in summary form under matters arising to the next meeting and ratified as appropriate.

**Absence of Chair:**

- In the event of the Chair of the Committee being unable to attend, another member of the Committee will be designated the Chair for the meeting. Normally the Chair of the Committee would arrange this in advance.

**Agenda Papers:**

- The Workplan for the year will map to the Terms of Reference of the Committee;
- The agenda will be set by the Director of Finance in discussion with the Audit Committee Chair;
- Papers will be submitted to the Director of Finance at least 7 working days before the date of the meeting;
- Agenda papers will be issued to Audit Committee members and attendees at least 6 days before the date of the meeting.

**Action Points Note and Minutes:**

- An Action Points note should be produced and circulated to all Members within 5 working days.
- All meetings will be minutes and copied to members within 4 weeks of the meeting being held. The minutes will clearly record decisions, actions, responsibilities, actions against identified risks and follow-up.
- Approved minutes along with minute summary will be submitted to the NHS Lanarkshire Board and will be published on the NHS Lanarkshire website.

**Action Log:**

- A rolling action log will be produced and updated at each Committee meeting. This allows the Committee to track progress of particular issues and ensures that a scheduled for follow up reports is kept.

**Annual Workplan:**

- The Committee will produce an Annual Workplan that sets out the business and activities to be covered during the year and will submit this to the Board for approval by March of the preceding financial year.

**Mid Year Review:**

- The Committee will conduct a midyear review of progress made against the Workplan, to ensure that it is delivering on its plan, and that additional actions are put in place to ensure full delivery of any slippage by the business year end. As part of the midyear review, the Committee will also review its Terms of Reference, and the need for any amendment or update, which, in the event, will require to be submitted to and approved by the NHS Board. The mid year review will be submitted to and approved by the NHS Board. The mid year review will be submitted to the NHS Board no later than November each year.

**Annual Report:**

In accordance with Best Value for Board and Committee working, the Committee will prepare, and submit to the Board in May each year, an Annual Report that will include:

- The name of the Committee, the Committee Chair, Membership, Executive Lead and Officer support/attendees;
- Frequency, dates of meetings and attendance;
- The activities of the Committee over the year, including confirmation of delivery of the Annual Workplan and review of the Committee Terms of Reference. Where such a review results in an amendment, a revised Terms of Reference must be submitted to the NHS Board for approval;
- Improvements overseen by the Committee;
- Matters of concern to the Committee;
- Confirmation that the Committee has fulfilled its remit, and of the adequacy and effectiveness of Internal Control;
- Additionally, the Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Governance Statement.

**Submissions to Board following each meeting:**

- A draft minute of each meeting of the Committee, formatted to clearly highlight key decisions, actions and risk management, should be produced and should be available to the Chair of the Committee and the Director of Finance for consideration within three weeks of the meeting date. Once agreed with the Chair of the Committee and Director of Finance the minute will be submitted to the next scheduled meeting of the NHS Board for information. Prior to that, the key issues considered by the Committee will, as appropriate, be the subject of reporting to the NHS Board, either verbally or through the submission of a Summary Report. Minutes of meetings of the Committee do not need to be approved by the Committee prior to their submission to the NHS Board for information. Agendas and papers for meetings of the Committee will, routinely, be uploaded to the relevant 'Meetings' section on Firstport.

**6. Information Requirements**

For each meeting the Audit Committee will be provided with:



- A report summarising any significant changes to the organisation's Risk Register;
- A progress report from the Chief Internal Auditor summarising:
  - work performed (and a comparison with work planned);
  - key issues emerging from Internal Audit work;
  - management response to audit recommendations;
  - significant changes to the audit plan;
  - any resourcing issues affecting the delivery of Internal Audit objectives;
- A progress report from the External audit representative summarising work done and emerging findings;
- A report on any fraud investigations or fraud prevention activity since the previous meeting;
- A report on risk management activity and agreed indicators
- An updated workplan showing achievement to date.

Annually the Committee will be provided with the NHS Scotland guidance on the Governance Statement and will determine the information it required in order to conclude on the adequacy and effectiveness of internal control and endorse the NHS Lanarkshire governance statement for approval by the Accountable Officer and Board. Currently these are:

- Reports from all standing governance committees of the board confirming whether they have fulfilled their remits and, based on assurances received, that there are adequate and effective governance arrangements in place. This includes matters relating to clinical, staff and information governance and risk management.
- Formal assurance from executive directors and senior managers that adequate and effective internal controls and risk management have been in place across their areas of responsibility and that any breaches of Standing Orders or Standing Financial Instructions and all significant failures of internal control have been reported to the Chief Executive;
- Report from the Chief Internal Auditor or equivalent confirming whether:
  - Based on the work undertaken, there were adequate and effective internal controls in place throughout the year;
  - The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role; and
  - The Internal Audit plan has been delivered in line with Public Sector Internal Audit Standards.
- Advice from both Internal and External Audit on whether there are any exceptions around the following:
  - Consistency of the Governance Statement with the information they are aware of from their work;
  - The process adopted in reviewing the adequacy and effectiveness of the system of internal control;
  - The format and content of the Governance Statement in relation to the relevant guidance; and
  - The disclosure of all relevant issues
- Quality assurance reports on the Internal Audit function;
- The draft Annual Accounts of the organisation;

- The draft Governance Statement;
- The risk management annual report and key lines of enquiry;
- A report on any changes to accounting policies;
- A summary (or full text if appropriate) of any reports by external assessment bodies (such as Healthcare Improvement Scotland or the Health and Safety Executive) which will not be considered by another governance committee of the Board and which contain significant issues which the committee needs to take into account directly in its assessment of internal control arrangements;
- Confirmation that the Chief Executive has discharged his responsibilities as Accountable Officer as set out in the Accountable Officer Memorandum last issued May 2012;
- External audit Interim management Report;
- Board Self Assessment;
- Output from Best Value Assurance Framework;
- Patient Exemption Checking from Counter Fraud Services.

As and when appropriate the Committee will also be provided with:

- External Audit's management letter/report;
- External audit's annual plan;
- Proposals for the Terms of Reference of Internal Audit;
- The Internal Audit strategy;
- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and External Audit;
- The executive summary of any relevant national Audit Scotland reports, the key implications for the Board and assurances as to how these will be actioned;
- Reports from the Salus Commercial Business Management Group.

The above list suggested minimum requirements for the inputs which should be provided to the Audit Committee. In some cases more may be provided.

## **7. Executive Lead and Attendance**

### **Executive Director Lead**

Generally, the designated Executive Lead will support the Chair of the Committee in ensuring that the Committee operates according to/in fulfilment of, its agreed Terms of Reference. Specifically, he or she will:

- support the Chair in ensuring that the Committee Remit is based on the latest guidance and relevant legislation, and the Board's Best Value framework;
- liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit; to oversee the development and ongoing monitoring of an Annual Workplan for the Committee which is congruent with its remit and the need to provide appropriate assurance at the year-end
- agree with the Chair an agenda for each meeting, having regard to the Committee's Remit and Workplan;

- oversee the production of an Annual Report on the delivery of the Committee's Remit and Workplan, for endorsement by the Committee and submission to the NHS Board

Audit Committee meetings will normally be attended by the Finance Director, the NHS Board Chair, the Chief Internal Auditor and a representative of External Audit and by the Accountable Officer as appropriate.

The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

The Committee shall reserve the right to ask all attendees to withdraw from meetings at any time and shall meet in private with the internal and external auditors at least annually.

The Audit Committee will be provided with a secretariat function by the Director of Finance, NHS Lanarkshire.

#### **8. Access**

The designated Chief Internal Auditor and the representative of External Audit will have free and confidential access to the Chair of the Audit Committee.

#### **9. Rights**

The Audit Committee may procure specialist adhoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

#### Version Control

Authors:	Tony Gaskin, Chief Internal Auditor and Laura Ace, Director of Finance
Reviewed by Committee:	5 September 2017
Ratified by Lanarkshire NHS Board:	27 September 2017
Review Date:	August 2018

## ANNEX 2

### NHS LANARKSHIRE

#### COMMITTEE TERMS OF REFERENCE



### HEALTHCARE QUALITY ASSURANCE & IMPROVEMENT COMMITTEE

#### 1. Purpose

The Board has established a Healthcare Quality Assurance and Improvement Committee as a Committee of the Board to support the Board in its responsibilities for issues of clinical risk, control and governance and associated assurance in the area of Clinical Governance, through a process of constructive challenge. The Committee's purpose will be set within a context for the overall implementation of the 20:20 Vision for the NHS in Scotland and the associated Route Map.

NHS Lanarkshire's quality vision is to achieve transformational improvement in the provision of safe, person-centred and effective care for patients, and for patients to be confident that this is what they will receive, no matter where and when they access services.

To achieve our quality vision, the Board is committed to transforming the quality of health care in Lanarkshire through investment in and continuous reliable implementation of patient safety processes. Through this, the Board aims to:

- ▶ be the safest health and care system in Scotland
- ▶ have no avoidable deaths
- ▶ reduce avoidable harm
- ▶ deliver care in partnership with patients that is responsive to their needs
- ▶ meet the highest standards of evidence based best practice
- ▶ be an employer of choice
- ▶ develop a culture of learning and improvement, characterised by our values of Fairness, Respect, Quality and Working Together
- ▶ ensure equity of access so that all individuals, whatever their background, achieve the maximum benefit from services and interventions provided, within available resources

The Healthcare Quality Assurance and Improvement Committee is responsible for providing assurance at all levels across the organisation that the health improvement and care we provide fulfils the Quality Ambitions of being Safe, Effective and Person-Centred and that staff at all levels, are given the necessary support to identify areas for quality improvement and the training and development to implement change. Or, as the Berwick Review<sup>1</sup> eloquently put it;

*"Place the quality of patient care, especially patient safety, above all other aims. Engage, empower, and hear patients and carers at all times. Embrace transparency unequivocally and everywhere, in the service of accountability, trust, and the growth of knowledge"*

<sup>1</sup> *A promise to learn - a commitment to act. Improving the Safety of Patients in England. National Advisory Group on the Safety of Patients in England. 2013*

## **2. Membership**

Membership of the Healthcare Quality Assurance and Improvement Committee will be drawn from the Non-Executive Director component of the NHS Board. There will be 4 Non-Executive Director Members of the Healthcare Quality Assurance and Improvement Committee, one of whom will be the Chair of the Area Clinical Forum. One of the Non-Executive Director Members will be designated as Chair of the Committee. The appointment of the Chair of the Committee will be decided by the NHS Board Chair, in discussion with Non-Executive Directors about the assignment of Committee portfolios.

## **3. Reporting Arrangements**

The Healthcare Quality Assurance and Improvement Committee will report to the NHS Board following each meeting. This will be through a verbal report or a written Summary Report on the key issues considered by the Committee, and by the submission of minutes of meetings to the NHS Board. The Committee will work closely with other Governance Committees in areas of mutual interest where key responsibilities overlap.

The Committee will prepare an Action Log that will be monitored and updated at each subsequent meeting.

The Committee will conduct a mid-year review of progress against the annual Work Programme, as part of the process to ensure that the Work Programme is delivered. This mid-year review will be aligned to the Committee Terms of Reference.

In accordance with Best Value for NHS Board and Committee working, the Committee will submit to the NHS Board in May an Annual Report, encompassing: the name of the Committee; the Committee Chair; Members; the Executive Lead and officer supports/attendees; frequency and dates of meetings; the activities of the Committee during the year, including confirmation of delivery of the Work Programme, and review of the Committee Terms of Reference; improvements overseen by the Committee; matters of concern to the Committee; confirmation that the Committee has fulfilled its remit, and confirmation of the adequacy and effectiveness of the Healthcare Quality Assurance and Improvement arrangements in NHS Lanarkshire.

The Committee Annual report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Governance Statement.

Where the review by the Committee of its Terms of Reference results in amendment, the revised Terms of Reference must be submitted to the NHS Board for approval.

## **4. Key Responsibilities**

To provide systems of assurance that healthcare quality assurance and improvement mechanisms including those relating to clinical risk management are in place and effective throughout NHS Lanarkshire. This remit includes:

- Endorsing the Transforming Patient Safety and Quality of Care Strategy prior to approval from

the NHS Board

- Bringing to the attention of the Lanarkshire NHS Board regular reports on the operation of the system, and specific reports on any problems that emerge and necessary corrective actions being taken
- Ensuring leadership, strategic direction and implementation of quality improvement as well as demonstrating its impact
- Ensuring equity in the provision of care, treatment and access to services, which incorporates the diverse needs of individuals and population sub-groups, and is appropriate and sensitive to the delivery of person-centred care
- As appropriate, critically reviewing reports and action plans arising from the work of internal audit, external audit, review agencies and inspectorates, as they relate to assurance on the effectiveness of clinical risk management and quality improvement
- Ensuring that recommendations made by the Scottish Public Services Ombudsman are implemented, including those recommendations applicable to independent practitioners
- Providing oversight on, behalf of the Board, of key governance groups and arrangements responsible for compliance with the Scottish Government Health and Social Care Directorate's directions, including, Healthcare Associated Infection, Information Governance, Equality and Diversity, Independent Sector Monitoring, Research and Development, Organ Donation, Area Drug & Therapeutics and Duty of Candour preparedness.
- Consider how populations are served by and benefit from specific services and interventions; particularly whether some population sub-groups might experience service gaps or barriers to access
- Being assured that NHS Lanarkshire has in place a managed system for clinical policies.
- Ensuring the Healthcare Quality Assurance and Improvement Committee discharges its role in relation to Assuring Best Value.

## **5. Conduct of Business**

### **Declaration of Interest:**

A Member must consider whether they have an interest to declare in relation to any matter which is to be considered as soon as possible. A Member should consider whether any item on the agenda raises any issue of declaration of interest. The declaration should be made as soon as practicable at the meeting that the interest arises.

### **Meetings:**

- The Committee will meet at least 5 times a year. The Chair of the Committee may convene additional meetings as he/she deems necessary.

### **Quorum:**

- To be quorate, meetings will require the attendance of 2 Non-Executive Director Members. In the absence of the designated Chair, the remaining Members will appoint a Chair from amongst their number. Although not a requirement for Quoracy, it is expected that one of the following Executive Directors will be in attendance at Meetings, viz: the Medical Director; the Director for

Nurses, Midwives and the Allied Health Professions; the Director of Public Health and Health Policy.

- In the event of a meeting becoming inquorate once convened, the Chair may elect to continue to receive papers and presentations from those attending, as described in the agenda for the meeting, and to allow the Members present the opportunity to ask questions. The minute of the meeting will clearly state the point at which the meeting became inquorate, but notes of the presentation and discussion will be included with the Minute. Every item discussed once the meeting became inquorate will be brought back in summary from matters arising to the next meeting, and ratified, as appropriate.

#### **Absence of Chair:**

- In the event of the designated Chair of the Healthcare Quality Assurance and Improvement Committee being unable to attend, another member of the Committee will be designated by the Chair for the meeting. Normally, the Chair of the Committee will arrange this in advance.

#### **Agenda and Papers:**

- Agenda for meetings of the Committee will be formulated having regard to: Matters Arising from the previous meeting; the Committee Work Programme and reporting schedule; and the Committee Terms of Reference. The agenda will be agreed at an agenda-setting meeting involving the Medical Director and the Chair of the Committee, with other officer input, as appropriate. Agenda papers, should be submitted to the Board Secretary, or other designated officer(s) in sufficient time to enable the agenda and papers for meetings to be issued not later than one week before meetings of the Committee.

#### **Action Points and Minutes:**

- An Action Points note should be produced and circulated to all Members within 5 working days. A draft minute of each meeting of the Committee, formatted to clearly highlight key decisions, actions and risk management, should be produced and should be available to the Chair of the Committee and the Medical Director for consideration within three weeks of the meeting date. Once agreed with the Chair of the Committee and the Medical Director, the minute will be submitted to the next scheduled meeting of the NHS Board for information. Prior to that, the key issues considered by the Committee will, as appropriate, be the subject of reporting to the NHS Board, either verbally or through the submission of a Summary Report. Minutes of meetings of the Committee do not need to be approved by the Committee prior to their submission to the NHS Board for information. Agendas and papers for meetings of the Committee will, routinely, be uploaded to the relevant 'Meetings' section on Firstport.

#### **Action Log:**

- An Action Log, setting out the key actions agreed at each meeting of the Committee will be produced, and agreed with the Committee Chair and the Medical Director. The Medical Director, with officer support provided by the Director of Quality and the Board Secretary, will

ensure that actions are followed through timeously to completion. Updated action logs will be provided to each meeting of the Committee.

**Annual Workplan:**

- The Committee will produce an Annual Workplan that sets out the business and activities to be covered during the year and will submit this to the Board for approval by March of the preceding financial year.

**Mid Year Review:**

- The Committee will conduct a mid-year review of progress in the delivery of the Annual Workplan and reporting schedule. This mid-year review will also be aligned to the Committee's Terms of Reference. Indicatively, the mid-year review will be undertaken by the Committee at its meeting in October, with the outcome being reported to the NHS Board in November.

**Annual Report:**

In accordance with Best Value for Board and Committee working, the Committee will prepare, and submit to the Board in May each year, an Annual Report that will include:

- The name of the Committee, the Committee Chair, Membership, Executive Lead and Officer support/attendees;
- Frequency, dates of meetings and attendance;
- The activities of the Committee over the year, including confirmation of delivery of the Annual Workplan and review of the Committee Terms of Reference. Where such a review results in an amendment, a revised Terms of Reference must be submitted to the NHS Board for approval;
- Improvements overseen by the Committee;
- Matters of concern to the Committee;
- Confirmation that the Committee has fulfilled its remit, and of the adequacy and effectiveness of Internal Control;
- Additionally, the Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Governance Statement.

**Submissions to Board following each meeting:**

- Summary briefing and approved Minute.
- Procedure in event of Committee meeting taking place too close to Board to allow written submission (see Board Secretary Schedule of Reporting on this) - verbal report followed by written at next Board.

**6. Information Requirements**

The Committee will consider information, as appropriate, in order to fulfil its remit and deliver its work programme. This will include:



- a) Consistent, focussed data and risk driven Performance Management Reports.
- b) Triangulated data on feedback and complaints, staff feedback, quality, analysis of incidents and critical incidents, and operational performance data.
- c) Additional information and requirements that may arise and be required in year, in order to enable the Committee to properly fulfil its purpose.

## **Work Programme and Reporting Schedule**

The Committee will oversee an annual work programme to progress the Board's Quality Assurance and Improvement Strategy, and a reporting schedule to provide assurance to the Committee. This reporting schedule will include (in line with the Quality Ambitions):

### **Quality Planning and Professional Governance**

- Quality Planning and Professional Governance (to include Medical Staffing) - Highlight Report at every meeting

### **Operational Performance and Governance**

- Acute Clinical Governance & Risk Management Group - Highlight Report at every meeting
- North HSCP Support, Care & Clinical Governance Group - Highlight Report at every meeting
- South HSCP Support, Care & Clinical Governance Group - Highlight Report at every meeting

### **Quality Governance**

- Quality & Safety Dashboard - at every meeting
- Transforming Patient Safety & Quality of Care Strategy Implementation Plan – at every meeting

### **Safe Care**

- Extract of Corporate Risk Register (Clinical) – at every meeting Incident Management - Update Report at every meeting
- Patient Safety Strategic Steering Group – 6 Monthly
- Lanarkshire Infection Control Committee - 6 Monthly
- Radiation Safety Committee - 1 x Year
- Resuscitation Committee - 1 x Year
- Transfusion Governance Committee - 1 x Year

### **Effective Care**

- Clinical Effectiveness Group - 6 Monthly
- Information Governance Committee - 6 Monthly
- Area Drug & Therapeutics Committee - 6 Monthly
- CAAS Steering Group - 6 Monthly
- Child Health Commissioner's Steering Group - 6 Monthly
- Independent Sector Governance Group (Previously Contract Monitoring Group) - 6 Monthly
- Prescribing Quality & Efficiency Programme Board - 6 Monthly
- Research & Development Committee - 6 Monthly
- Food, Fluid & Nutrition Steering Group - 1 x Year

### **Person centred Care**

- SPSO & High-Value Claims - Update Report at every Meeting
- Report on Feedback, Comments, Concerns & Complaints - 6 Monthly
- Person Centred Health & Care Report (inclusive of Public Reference Forum) - 6 Monthly

- Bereavement Care Group - 1 x Year
- Older People/Dementia Steering Group - 1 x Year
- Organ Donation Committee - 1 x Year

**Committee Assurance**

- Committee Workplan - Every Meeting
- HQAI Committee Annual Report (including Self-assessment & Effectiveness Review Checklist & Terms of Reference - 1 x Year

**Ad Hoc**

- Operational Issues by Exception
- Contract Monitoring Issues by Exception
- Audits Internal/External by Exception
- Safety Issues by Exception

**7. Executive Support and Attendance**

**Executive Lead :**

Medical Director

**Other Executive Support :**

Director for Nurses, Midwives and the Allied Health Professions  
 Director of Public Health and Health Policy

**Other Attendees :**

NHS Board Chair  
 Chief Executive  
 Director of Human Resources  
 Director of Quality  
 Corporate Risk Manager  
 Divisional Medical Director, Acute Services  
 Medical Director, North HSCP  
 Medical Director, South HSCP  
 Head of Assurance  
 Head of Improvement  
 Staff Partnership Representative

**Expert External Attendees :**

Andy Crawford, Head of Clinical Governance, NHS Greater Glasgow and Clyde  
 Professor Kay Currie, Professor of Nursing and Applied Healthcare Research, Glasgow Caledonian University

**Executive Director Lead**

The designated Executive Lead will support the Chair of the Healthcare Quality Assurance and Improvement Committee in ensuring that the Committee operates according to/in fulfillment of, its

agreed Terms of Reference. Specifically, they will:

- Support the Chair in ensuring that the Committee Remit is based on the latest guidance and relevant legislation, and the Board's Best Value framework;
- Liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit;
- Oversee the development of an Annual Work Programme for the Committee which is congruent with its remit and the need to provide appropriate assurance at the year-end, for endorsement by the Committee and approval by the NHS Board;
- Agree with the Chair an agenda for each meeting, having regard to the Committee's Remit and Work Programme;
- Lead a mid-year review of the Committee Terms of Reference and progress against the Annual Work Programme, as part of the process to ensure that the Work Programme is fulfilled;
- Oversee the production of an Annual Report on the delivery of the Committee's Remit and Work Programme, for endorsement by the Committee and submission to the NHS Board.

#### **8. Access**

The designated Chief Internal Auditor and the representative of External Audit will have free and confidential access to the Chair of the Healthcare Quality Assurance and Improvement Committee.

#### **9. Rights**

The Healthcare Quality Assurance and Improvement Committee may approve adhoc advice at the expense of the organisation, subject to budgets agreed by the NHS Board or the Accountable Officer.

#### Version Control

Ratified by:	Lanarkshire NHS Board
Reviewed by Committee:	Agreed by Committee on 12 <sup>th</sup> June 2014 & Revisions agreed on 11 <sup>th</sup> December 2014 on 11 <sup>th</sup> May 2017 – further revisions made March 2018
Ratified by NHS Board:	27 <sup>th</sup> August 2014 & Revisions ratified on 28 <sup>th</sup> January 2015 Further revisions ratified 28 March 2018
Authors:	Paul Cannon, Board Secretary
Review date:	Next Review in October 2018

# NHS Lanarkshire Strategic Healthcare Quality Assurance and Improvement Structure



## ANNEX 3

### NHS LANARKSHIRE

#### COMMITTEE TERMS OF REFERENCE



#### STAFF GOVERNANCE COMMITTEE

##### **1. Purpose**

The Staff Governance Committee exists to ensure that the workforce elements of A Healthier Future and Everyone Matters the Workforces 2020 Vision are enabled for NHS Lanarkshire.

In addition the Staff Governance Committee will develop, support and maintain the existence of a culture and employment arrangements across NHS Lanarkshire to achieve the highest possible standards in people management.

The SGC will promote acceptance of collective rights and responsibilities, the importance of effective partnership and collaborative working and will energise continuous improvement to make NHS Lanarkshire the employer of choice in recruitment and retention of staff.

Staff Governance is enshrined in legislation as part of the NHS Reform (Scotland) Act 2004, the standard calls for an informed and participative workforce, working in a safe environment. The health board has a legal duty in relation to the governance of staff. It shall be the duty of each Health Board and Special Health Board and of the Agency to put and keep in place arrangements for the purposes of: (a) improving the management of the officers employed by it; (b) monitoring such management; and (c) workforce planning.

Key responsibility:

1. Well informed;
2. appropriately trained and developed
3. involved in decisions;
4. treated fairly and consistently, with dignity and respect
5. provided with a safe working environment, promoting the health and wellbeing of staff, patients and the wider community

##### **2. Membership**

Membership of the Staff Governance Committee will consist of 4 non-Executive Directors, one of which must be the Employee Director and 6 Staff Side Chairs of Operating Divisions (1 Acute, 2 IJBs, 1 PSSD, Chair HRF and Corporate).

One of the Non-Executive Director Members will be designated as Chair of the Committee. The appointment of the Chair of the Committee will be decided by the Board Chair, in discussion with the Non Executive Director about the assignment of Committee portfolios.

To be quorate meetings will require the attendance of two non-executive Directors of Lanarkshire NHS Board.

### **3. Reporting Arrangements**

The Staff Governance Committee will report to the Board following each meeting. This will be through a verbal report or a written summary report on the key issues submitted by the Committee and by the submission of minutes of the meetings to NHS Lanarkshire Board.

The Committee will prepare an Action Log that will monitor and update at each subsequent meeting.

The Committee will conduct a mid-year review of progress against the Annual Workplan, as part of the process to ensure that the Work Programme is delivered. This mid-year review will be aligned to the Committee Terms of Reference.

In accordance with Best Value for NHS Lanarkshire Board and Committee working, the Committee will submit to the NHS Board in May an Annual Report, encompassing: the name of the Committee; the Committee Chair; Members; the Executive Lead and officer supports/attendees; frequency and dates of meetings; the activities of the Committee during the year, including confirmation of delivery of the Work Programme, and review of the Committee Terms of Reference; improvements overseen by the Committee; matters of concern to the Committee; confirmation that the Committee has fulfilled its remit, and confirmation of the adequacy and effectiveness of the Staff Governance Committee and improvement arrangements in NHS Lanarkshire.

The Committee Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Governance Statement.

Where the review by the Committee of its Terms of Reference results in amendment, the revised Terms of Reference must be submitted to the NHS Board for approval.

### **4. Key Responsibilities**

The specific responsibilities of the SGC are to:

- Ensure a robust workforce plan is prepared and monitored that enables effective service delivery and achievement of the workforce 2020 vision
- Through routine receipt of reports and minutes from the Area Partnership Forum and focused agenda management, monitor progress and achievement against the 5 component parts of the Staff Governance Standard and progress in enabling a positive and engaging staff experience:
  1. Well informed
  2. Appropriately trained and developed
  3. Involved in decisions which affect them
  4. Treated fairly and consistently, with dignity and respect
  5. provided with a safe working environment, promoting the health and wellbeing of staff, patients and the wider community
- Approve and monitor and evaluate strategies and plans developed to deliver continuous improvement in people management, including annual Staff Governance Action Plans.
- Monitor the effectiveness of partnership and people management structures and

processes to ensure delivery against the Staff Governance Standard.

- Monitor and influence the effectiveness of policy development and the development and deployment of people management strategies across NHS Lanarkshire, this to include oversight of implementation of the workforce implications of the NHS Lanarkshire Single Equality Scheme.
- Exercise oversight of the effective discharge of responsibility by the NHS Lanarkshire Remuneration Committee.
- Monitor the arrangements and content of the timely submission of Staff Governance information and evidence for national monitoring arrangements.
- Exercise oversight in the production of Staff Governance information for the annual governance statement.
- Key risks to the Board
- Everyone Matters

## **5. Conduct of Business**

### **Declaration of Interest:**

- A Member must consider whether they have an interest to declare in relation to any matter which is to be considered as soon as possible. A Member should consider whether any item on the agenda raises any issue of declaration of interest. The declaration should be made as soon as practicable at the meeting that the interest arises.

### **Meetings:**

- Meetings will be held quarterly. Additional meetings will be held as required with the agreement of the Chairperson and 2 members of the Committee.

### **Quorum:**

- To be quorate meetings will require the attendance of two non-executive Directors of Lanarkshire NHS Board. If the meeting is inquorate the Committee will continue to go through the agenda for the Staff Governance Committee. However, no decisions will be taken until a quorate meeting is convened.

### **Absence of Chair:**

- A non Executive Member would be asked to Chair the meeting.

### **Agenda Papers:**

- Papers and reports should be submitted to the admin support one week prior to the meeting for the issuing of papers. The agenda is agreed and set by the Secretary and Chair of the Staff Governance Committee. Papers will be circulated one week in advance of the meeting.

### **Action Points Note and Minutes:**

- An Action Points note should be produced and circulated to all Members within 5 working days.

- All meetings will be minutes and copied to members within 3 weeks of the meeting being held.
- Approved minutes along with minute summary will be submitted to the NHS Lanarkshire Board and will be published on the NHS Lanarkshire website.

**Action Log:**

- A rolling action log will be produced and updated at each Committee meeting. This allows the Committee to track progress of particular issues and ensures that a scheduled for follow up reports is kept.

**Annual Workplan:**

- The Committee will produce an Annual Workplan that sets out the business and activities to be covered during the year, and will submit this to the Board for approval by March of the preceding financial year.

**Mid-Year Review:**

- The Committee will conduct a midyear review of progress made against the Workplan, to ensure that it is delivering on its plan, and that additional actions are put in place to ensure full delivery of any slippage by the business year end. As part of the midyear review, the Committee will also review its Terms of Reference, and the need for any amendment or update, which, in the event, will require to be submitted to and approved by the NHS Board. The midyear review will be submitted to and approved by the NHS Board. The midyear review will be submitted to the NHS Board no later than November each year.

**Annual Report:**

In accordance with Best Value for Board and Committee working, the Committee will prepare, and submit to the Board in May each year, an Annual Report that will include:

- The name of the Committee, the Committee Chair, Membership, Executive Lead and Officer support/attendees;
- Frequency, dates of meetings and attendance;
- The activities of the Committee over the year, including confirmation of delivery of the Annual Workplan and review of the Committee Terms of Reference. Where such a review results in an amendment, a revised Terms of Reference must be submitted to the NHS Board for approval;
- Improvements overseen by the Committee;
- Matters of concern to the Committee;
- Confirmation that the Committee has fulfilled its remit, and of the adequacy and effectiveness of Internal Control;
- Additionally, the Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Governance Statement.

**Submissions to Board following each meeting:**

- Summary briefing and approved Minute.



- Procedure in event of Committee meeting taking place too close to Board to allow written submission (see Board Secretary Schedule of Reporting on this) - verbal report followed by written at next Board.

## **6. Information Requirements**

The Committee will consider information, as appropriate, in order to fulfil its remit and deliver its work programme.

The Committee will oversee an Annual Workplan to progress the Staff Governance Standard and a reporting schedule to provide assurance to the Committee.

- NHS Lanarkshire's Workforce Plan
- Staff Governance Audits
- NHS Scotland Annual Staff Survey
- Staff Governance Action Plans
- NHS Scotland Shared Services Programme
- HR Performance Dashboard
- Equality and Diversity Group Annual Report
- Annual Organisational and Development Training Plan
- Reports from the Remuneration Committee
- Updates on 2020 Workforce Vision and Implementation Plan
- Patient Safety Issues
- Local Delivery Plan
- NHS Lanarkshire's Healthier Future
- NHS Lanarkshire's Equality Strategy
- Staff Governance Standard Monitoring Framework (Compliance)
- NHS Lanarkshire's Communication Strategy
- Medical Education Annual Report
- NMAHP Practice Development Annual Report
- Libraries Annual Report
- Disclosure Annual Report
- Annual Learning Plan
- Health and Safety Report

## **7. Executive Lead and Attendance**

The Director of HR is the designated Executive Lead will support the Chair of the Committee in ensuring that the Committee operates according to / in fulfilment of its agreed Terms of Reference.

Support the Chair in ensuring that the Committee Remit is based on the latest guidance and relevant legislation, and the Board's Best Value framework.

Liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit.

Oversee the development of an Annual Workplan for the Committee which is congruent with its remit and the need to provide appropriate assurance at the year-end, for endorsement by the Committee and approval by the NHS Board.

Agree with the Chair an agenda for each meeting, having regard to the Committee's Remit and Workplan.

Lead a mid-year review of the Committee Terms of Reference and progress against the Annual Workplan, as part of the process to ensure that the Workplan is fulfilled.

Oversee the production of an Annual Report on the delivery of the Committee's Remit and Workplan for endorsement by the Committee and submission to the NHS Board.

**8. Access**

**Does anyone (including from outwith the Committee membership) have the right of free and confidential access to the Chair.**

No.

**9. Rights**

**Does the Committee have the right to procure specialist ad hoc advice, at the expense of the organization?**

Yes, but in accordance with Standing Financial Instructions.

Version Control

Authors:	Lilian Macer, Employee Director and Kenny Small, Director of HR
Reviewed by Committee:	August 2017
Ratified by Lanarkshire NHS Board:	August 2017
Review Date:	August 2018

**COMMITTEE TERMS OF REFERENCE****REMUNERATION COMMITTEE**

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**Title**

1. The Committee shall be known as the Remuneration Committee of NHS Lanarkshire. It will be a standing Committee of NHS Lanarkshire and will make decisions on behalf of NHS Lanarkshire.

**Composition**

2. Members of the Remuneration Committee will be appointed by the Board of NHS Lanarkshire and will comprise:
  - The Chair of NHS Lanarkshire (Chair of Committee)
  - The Employee Director
  - 3 other Non-Executive Directors
3. The Director of Human Resources will be the Executive Director Lead and will attend meetings of the Remuneration Committee as Advisor and to provide administrative support. He/she, nor any other employee of the Board, will be present when the Terms and Conditions for their own post are being discussed.

**Executive Director Lead**

4. Generally, the designated Executive Lead will support the Chair of the Committee in ensuring that the Committee operates according to / in fulfilment of its agreed Terms of Reference. Specifically, they will:
  - support the Chair in ensuring that the Committee Remit is based on the latest guidance and relevant legislation, and the Board's Best Value framework;
  - liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit;
  - oversee the development of an Annual Workplan for the Committee which is congruent with its remit and the need to provide appropriate assurance at the year-end, for endorsement by the Committee and approval by the Board;
  - agree with the Chair an agenda for each meeting, having regard to the Committee's Remit and Workplan;
  - lead a mid-year review of the Committee Terms of Reference and progress against the Annual Workplan, as part of the process to ensure that the Workplan is fulfilled;

- oversee the production of an Annual Report , informed by self assessment of performance against the Remuneration Committee Self Assessment Handbook, on the delivery of the Committee's Remit and Workplan for endorsement by the Committee and submission to the Board.
5. The Chief Executive will only attend Remuneration Committees when issues of performance other than his/her own are being discussed although he/she may be invited to attend for other specific issues. It should be made clear in the agenda and in the minutes the reason for the Chief Executive's attendance. Where issues with financial implications are to be discussed at the Remuneration Committee the implications will first have been discussed with the Director of Finance and, where appropriate, the Director of Finance may be invited to attend meetings of the Remuneration Committee.
  6. The quorum for the Remuneration Committee will be attendance by 3 Non-Executive Directors, inclusive of the Chair.

### **Functions**

7. To oversee and agree the remuneration arrangements and terms and conditions of employment of Executive Directors and Senior Managers of NHS Lanarkshire, to include:
  - content and format of job descriptions
  - terms of employment including tenure
  - remuneration
  - benefits including pension or superannuation arrangements
  - annual salary review
  - involvement in appeals hearings for Senior Manager or Clinicians
  - oversight of process for implementation of organisational change
  - involvement in the design and implementation of the appointments process for executive appointments
8. To ensure arrangements are in place for the assessment of the performance of NHS Lanarkshire and to monitor the performance of NHS Lanarkshire against pre-determined performance criteria to inform oversight of Objective setting and support for decisions on individual performance appraisal.
9. To agree NHS Lanarkshire's arrangements for performance management and ensure that the performance of the Executive Directors is rigorously assessed against agreed Objectives within the terms of the performance management arrangements referred to above.
10. To ensure that clear Objectives are established for Executive Directors of NHS Lanarkshire before the start of the year in which performance is assessed by
  - receiving a report from the Chairman on the agreed Objectives for the Chief

## Executive

- receiving a report from the Chief Executive on the agreed Objectives for the other Executive Directors of the Board.
11. To monitor arrangements for the pay and conditions of service of other Senior Managers on Executive Pay arrangements and on Professional/Management Transitional pay arrangements in accordance with appropriate guidance and to implement annual pay uplifts and pay progression in accordance with national guidance.
  12. To approve NHS Lanarkshire's arrangements for the grading of posts and to oversee these arrangements by receiving regular reports from the Director of Human Resources.
  13. To ensure that arrangements are in place to determine the remuneration, terms and conditions and performance assessment for staff employed under the Executive and Senior Management Pay arrangements. To receive formal reports (at least annually) providing evidence of the effective operation of these arrangements.
  14. To be the source of governance monitoring and approval for all other terms and conditions of service issues not covered by Direction or Regulation - such as Discretionary Points for Medical Staff, Voluntary Severance, Early Retirements, Removal Expenses and use of Compromise Agreements.
  15. To fulfil its functions, the Remuneration Committee will take into account a range of factors which will include
    - regular reports from the Director of Human Resources
    - the Remuneration Committee Self Assessment Handbook
    - guidance issued by the Scottish Government Health Department
    - an annual report on the application of pay awards and pay movements
    - the need to recruit and retain appropriately qualified and skilled Directors, General and Senior managers
    - equitable pay and benefits for the level of work performed

## **Conduct of business**

16. Meetings of the Committee will be called by the Chairman of NHS Lanarkshire with items of business circulated to members one week before the date of the meeting.
17. The Committee will seek specialist guidance and advice as appropriate.
18. All business of the Committee will be conducted in strict confidence.

## **Regularity of meetings**

19. Meetings of the Remuneration Committee will be held as necessary to conduct its business. At a minimum, the Committee should meet twice per annum, once to approve the performance assessments and annual Objectives of the Executive

20. Directors and once to approve the annual application of pay awards and pay progression.

### **Reporting arrangements**

21. The Remuneration Committee will report to the Board. Regular reports on meetings and activity will be submitted to the Board through the Staff Governance Committee.
22. Membership of the Remuneration Committee will be reported to and agreed by the Board. Appropriate details of Executive Members remuneration will be published in NHS Lanarkshire's Annual Report.

### **Mid-Year Review of Terms Of Reference and Annual Workplan**

23. In order to ensure that the Committee functions in accordance with its agreed Terms of Reference / Remit and delivers its Annual Workplan, both documents will be subject to a mid-year review by the Committee.
24. The review will identify any areas of slippage on timescales / tasks and put in place any additional actions to ensure full delivery of the Committee's Remit and Workplan by the business year end.
25. This review will also provide an opportunity for the Committee to consider the need for any amendment / update to the Terms of Reference which, in the event, will require to be approved by the Board.

### **Annual Report**

26. In accordance with Best Value for Board and Committee Working, the Committee will submit to the Board in May each year an Annual Report, encompassing : the name of the Committee; the Committee Chair; members; the Executive Lead and officer supports / attendees; frequency and dates of meetings; the activities of the Committee during the year, including confirmation of delivery of the Annual Workplan and review of the Committee Terms of Reference; improvements overseen by the Committee; matters of concern to the Committee.
27. Where the review by the Committee of its Terms of Reference results in amendment the revised Terms of Reference must be submitted to the Board for approval. The Committee Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Statement of Internal Control.
28. Details of the business conducted by the Committee will be made available to the Scottish Government Health Department, the form and content being determined by the latter.
29. A Report on meetings of the Remuneration Committee will be issued to the Non Executive Directors of the Board and members of the Staff Governance Committee.

**May 2017**

## ACUTE GOVERNANCE COMMITTEE

<p><b>1. Purpose</b></p> <p>The Acute Governance Committee is responsible for monitoring and reviewing the provision of services by the Acute Division.</p> <p>The Committee operates as a sub-Committee of the NHS Lanarkshire Board.</p>
<p><b>2. Membership</b></p> <p>Membership as Appendix 1.</p>
<p><b>3. Reporting Arrangements</b></p> <ul style="list-style-type: none"> <li>• The Acute Governance Committee reports to the Board.</li> <li>• The approved Minutes will be submitted to the NHS Lanarkshire Board.</li> <li>• Should a meeting take place too close to a Board meeting to have a Summary Briefing and / or Minutes available the Chair of the Committee will provide a verbal report to the Board and the approved minutes will be submitted to the following Board meeting.</li> <li>• An Annual Report on the work of the Committee will be submitted to the NHS Lanarkshire Board in May each year.</li> <li>• A Mid-Year Review of the agreed workplan and Terms of Reference will take place and be reported to the NHS Lanarkshire Board.</li> <li>• The Committee will work closely with other Governance Committees in areas of mutual interest where key responsibilities overlap.</li> </ul>
<p><b>4. Key Responsibilities</b></p> <ul style="list-style-type: none"> <li>• The Committee will monitor and review the provision of services by the Acute Division, to ensure that services are provided as efficiently and effectively as possible to meet recognised standards, within available resources, and that services, increasingly, are designed and operated to deliver an integrated patient service.</li> <li>• The Committee will develop and generate internal performance management and reporting systems to ensure a comprehensive structure is in place to monitor the delivery of targets in relation to the HEAT targets which are contained within the NHS Lanarkshire Annual Operational Plan and support the delivery of the Board's Corporate Objectives.</li> <li>• Develop systems of assurance that demonstrate that the Division has an improvement culture in place, and is regularly reviewing the Divisional Risk Register.</li> <li>• Promote financial governance in supporting financial balance within the Division, ensuring all CRES Plans for the Division are identified and delivered.</li> <li>• Monitor and scrutinise the Acute Division in delivery of the quality strategy.</li> </ul>

including complaints and Ombudsman cases.

- Ensuring an appropriate governance route for clinical governance/risk management, HAI, business continuity by working closely with other Governance Committees of the Board.
- Review the progress being made in the delivery of patient centred care and the patient safety agenda.
- To consider any aspect of the work of the Acute Division, pertaining to the provision of health services, and to seek any information the committee requires to assist in the discharge of its remit.
- To function to ensure that the NHS Lanarkshire Board can operate as a strategic Board of Governance and avoid involvement in day to day management issues in particular regarding Unscheduled Care and Planned Care activity.
- To ensure that budgetary and decision-making powers are devolved to the most appropriate level within the Acute Division and that delegated budget holders are held to account for such delivery.

## **5. Conduct of Business**

### **Declaration of Interest:**

- A Member must consider whether they have an interest to declare in relation to any matter which is to be considered as soon as possible. A Member should consider whether any item on the agenda raises any issue of declaration of interest. The declaration should be made as soon as practicable at the meeting that the interest arises.

### **Meetings:**

- 5 meetings will be held each year.

### **Quorum:**

- Meetings will be deemed quorate when a minimum of 2 Non-Executive Directors and 3 Acute Divisional Directors are in attendance.
- In the event of a meeting becoming inquorate once convened, the Chair may elect to continue to receive papers and presentations from those attending, as described in the agenda for the meeting, and to allow the Members present the opportunity to ask questions. The minute of the meeting will clearly state the point at which the meeting became inquorate, but notes of the presentation and discussion will be included with the Minute. Every item discussed once the meeting became inquorate will be brought back in summary from matters arising to the next meeting, and ratified, as appropriate.

### **Absence of Chair:**

- Designation of alternative Chair will be agreed in advance between the Chair and another Non-Executive Director

### **Agenda Papers:**

- The Agenda will be set by the Chair with the support of the Director of Acute



Services and Secretariat.

- The Agenda and accompanying papers will be issued to members, as far as possible, one week in advance. It is acknowledged that on occasion and in the effort in providing the most up to date information to the Committee, papers particularly relating to Waiting Times may be delayed.

#### **Action Points Note and Minutes:**

- An Action Points note should be produced and circulated to all Members within 5 working days.
- All meetings will be minutes and copied to members within 3 weeks of the meeting being held.
- Approved minutes along with minute summary will be submitted to the NHS Lanarkshire Board and will be published on the NHS Lanarkshire website.

#### **Action Log:**

- A rolling action log will be produced and updated at each Committee meeting. This allows the Committee to track progress of particular issues and ensures that a scheduled for follow up reports is kept.

#### **Annual Workplan:**

- The Committee will produce an Annual Workplan that sets out the business and activities to be covered during the year, and will submit this to the Board for approval by March of the preceding financial year.

#### **Mid Year Review:**

- The Committee will conduct a midyear review of progress made against the Workplan, to ensure that it is delivering on its plan, and that additional actions are put in place to ensure full delivery of any slippage by the business year end. As part of the midyear review, the Committee will also review its Terms of Reference, and the need for any amendment or update, which, in the event, will require to be submitted to and approved by the NHS Board. The midyear review will be submitted to and approved by the NHS Board. The midyear review will be submitted to the NHS Board no later than November each year.

#### **Annual Report:**

In accordance with Best Value for Board and Committee working, the Committee will prepare, and submit to the Board in May each year, an Annual Report that will include:

- The name of the Committee, the Committee Chair, Membership, Executive Lead and Officer support/attendees;
- Frequency, dates of meetings and attendance;
- The activities of the Committee over the year, including confirmation of delivery of the Annual Workplan and review of the Committee Terms of Reference. Where such a review results in an amendment, a revised Terms of Reference must be submitted to the NHS Board for approval;
- Improvements overseen by the Committee;

- Matters of concern to the Committee;
- Confirmation that the Committee has fulfilled its remit, and of the adequacy and effectiveness of Internal Control;
- Additionally, the Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Governance Statement.

**Submissions to Board following each meeting:**

- Summary briefing and approved Minute.
- Procedure in event of Committee meeting taking place too close to Board to allow written submission (see Board Secretary Schedule of Reporting on this) - verbal report followed by written at next Board.

**6. Information Requirements**

Information on performance in keeping with the NHS Lanarkshire Annual Operational Plan, Acute Divisional Management Team and other relevant reporting requirements will be made available at the Committee. This will also include information on patient safety, patient centered care, cultural survey and complaints.

**7. Executive Lead and Attendance**

The Executive Lead will support the Chair of the Committee in ensuring that the Committee operates according to/in fulfilment of the Terms of Reference. Specifically, they will:

- liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit
- oversee the development of an Annual Workplan for the Committee which is congruent with its remit and the need to provide appropriate assurance at the year-end, for endorsement by the Committee and approval by the NHS Board
- agree with the Chair an agenda for each meeting, having regard to the Committee's Terms of Reference and Workplan
- lead a mid-year review of the Committee Terms of Reference and progress against the Annual Workplan, as part of the process to ensure that the Workplan is fulfilled
- oversee the production of an Annual Report on the delivery of the Committee's Terms of Reference and Workplan, for endorsement by the Committee and submission to the NHS Board
- support the Chair in ensuring that the Committee Terms of Reference is based on the latest guidance and relevant legislation, and the Board's Best Value framework
- provide dedicated secretarial support

**8. Access**

Access to the Chair is available to all.

**9. Rights**

The Committee has the right to procure specialist ad hoc advice within recognised SFI allowances.

Version Control

Reviewed by Committee:	March 2018
Ratified by Lanarkshire NHS Board:	March 2018
Review Date:	October 2018

**APPENDIX 1**

**Acute Governance Committee Membership - March 2018**

<b>Name</b>	<b>Represents</b>
Avril Osborne	Non-Executive Director, NHSL Board (Chair)
Michael Fuller	Non-Executive Director, NHSL Board
Paul Kelly	Non-Executive Director, NHSL Board
Margaret Morris	Non-Executive Director, NHSL Board
Heather Knox	Director of Acute Services
Jane Burns	Divisional Medical Director
Frances Dodd	Deputy Nursing Director
Derek Yuille	Divisional Finance Director
Ann Marie Campbell	Divisional HR Director
Judith Park	Director of Access
Andrea Fyfe	Hospital Site Director, Monklands
Marion Mark	Hospital Site Director, Wishaw
Joanne Edwards	Hospital Site Director, Hairmyres
Vacant Post	Head of Patient Affairs
Marysia Waters	Divisional Communications Manager
Margaret Anne Hunter	Divisional Partnership Representative
Donald Masterton	North Health & Social Care Representative
Anne Lindsay	South Health & Social Care Representative
Fiona Watson	Secretariat

**POPULATION HEALTH, PRIMARY CARE & COMMUNITY SERVICES  
GOVERNANCE COMMITTEE**

**1. Purpose**

The Population Health, Primary Care & Community Services Governance Committee (hereinafter referred to as 'The Committee') will

- govern the actions of NHS Lanarkshire in protecting and improving the health of the population with particular emphasis on addressing inequalities and on delivering effective primary care services. The focus will be on populations and the actions of organisations;
- provide support to the governance and delivery of Community based services by Health and Social Care Partnerships given their role in the delivery of programmes and services that impact on public health; and
- be responsible for monitoring the governance of mental health (including learning disability) services.

**2. Membership**

- 4 x Non-Executive Directors NHSL;
- Operational Delivery Director, North Lanarkshire HSCP;
- Operational Delivery Director, South Lanarkshire HSCP;
- Health & Social Care Partnership Medical Director (North & South);
- Health & Social Care Partnership Nurse Director (North & South);
- Board Director of Public Health;
- Medical Director
- Director of NMAHPs
- Two Consultants/Specialists in Public Health;
- Head of Health Promotion/Health Improvement;
- Head of Planning, Performance & Assurance, North Lanarkshire HSCP;
- Head of Commissioning & Performance, South Lanarkshire HSCP;
- Representative from Mental Health
- Staff Partnership Representation; and
- Voluntary Sector Representation.

Attendees may be invited to the Committee at the discretion of the Chair.

The Lead Directors for the Committee shall be the Board Director of Public Health and the Operational Delivery Directors for North Lanarkshire HSCP and South Lanarkshire HSCP.

### **3. Meetings**

The Committee will normally meet 5 times per year, and conduct its proceedings in compliance with the Standing Orders of the Board.

Meeting dates will be set taking account of the meeting cycle for business meetings of the NHS Board, to enable timely reporting from the Committee to the NHS Board.

One of the Non-Executive Director Members will be designated as Chair of the Committee. The appointment of the Chair of the Committee will be decided by the NHS Board Chair, in discussion with Non-Executive Directors about the assignment of Committee portfolios.

### **4. Key Responsibilities**

The remit of the Committee will reflect three key domains, as follows:

#### **Public Health & Health Inequalities**

To provide assurance to the NHS Board that public health governance is being discharged in relation to the Board's statutory duty for quality of care and to ensure the development, implementation and monitoring of a strategic public health plan with a focus on inequalities, and reshaping NHSL's services to have a greater emphasis on prevention and inequalities.

Key Duties of the Committee:-

- Ensure the development, implementation and monitoring of a strategic plan for public health ensuring that the three domains of public health are covered: health protection, health improvement and improving services;
- Monitor the implementation of the Board's prioritised Health Inequalities Action Plan;
- Support Public Health in its advocacy role with stakeholders, partners, national bodies and Governments in promoting health;
- Oversee the funding allocated to Public Health activities;
- Consider funding applications for the development of public health interventions (approved by the CMT) and to make recommendations to the NHS Board;
- Review and scrutinise the delivery of the Board Public Health Department's work plan;
- Undertake scrutiny of individual topics/projects/work-streams to promote the health of the population, including NHS Lanarkshire staff;
- Ensure there are effective partnership working arrangements between NHS Lanarkshire and both Health and Social Care Partnerships, and with both Community Planning Partnerships;
- Ensure that Public Health is fully embedded in other key areas of work of the Board such as "Achieving Excellence" and Realistic Medicine;
- Ensure that policy and practice are effectively and consistently informed by public health intelligence and underpins implementation of "Achieving Excellence" and both Health and Social Care Strategic Commissioning Plans; and
- Receive regular updates from the Public Health Delivery Workplan Group.

**Primary Care and Community Services** (including Independent Contractors\*)

\* Medical, Dental, Ophthalmic and Pharmaceutical services

*NHS Lanarkshire and North & South Lanarkshire Councils have established Integrated Joint Boards under the Public Bodies (Joint Working) (Scotland) Act 2014 to create a single system for the Joint Strategic Commissioning of Health & Social Care Services.*

*However, notwithstanding the above, NHS Lanarkshire and Councils must ensure that there are mechanisms in place to provide the necessary assurance that integrated services are being delivered in line with their responsibilities. The Integration Scheme does not provide a framework for this reporting.*

*The establishment of the Population Health & Primary Care Governance Committee, covering Primary Care service delivery, will fulfil the Board's obligation to seek assurance on the quality of these services.*

The Committee will develop reporting systems to ensure a comprehensive performance management structure is in place to link with key Scottish Government, NHS Board, and Health & Social Care Partnership objectives.

Key Duties of the Committee:-

- Receive assurance that the operational delivery of primary care and community services are meeting national standards, meeting financial, clinical and staff governance requirements and that robust mitigating actions are in place to address very high risks in the Board's Corporate Risk Register.
- Receive assurance that there is equity in the provision of care, treatment and access to services, which incorporates the diverse needs of individuals and population sub-groups, is appropriate and sensitive to the delivery of person-centred care, across a range of primary care and community based services.

**Mental Health inpatient and community services** (including Learning Disability services)

The Committee will ensure the alignment of local reporting systems to provide for a comprehensive performance management structure across NHS Lanarkshire, linked with the Scottish Government Mental Health Strategy (2017-2027), by working to improve:

- Prevention and early intervention;
- Access to treatment, and joined up accessible services;
- The physical wellbeing of people with mental health problems; and
- Rights, information use, and planning.

By focussing on:-

- Urgent Care Transformation;
- Child and Adolescent Mental Health Services (CAMHS);
- the delivery of learning disability services;
- Prevention and early intervention for pregnant women and new mothers;
- Prevention and early intervention for infants, children and young people;
- New models of supporting mental health in primary care;
- Supporting people to manage their own mental health;
- Improving access to mental health services and make them more efficient, effective and safe – which is also part of early intervention;
- Improving the physical health of people with severe and enduring mental health

problems to address premature mortality;

- ‘All of Me’ - to ensure parity between mental health and physical health; and
- The human rights of people with mental health problems.

## **5. Conduct of Business**

### **Declarations of Interest:**

A Member must consider whether they have an interest to declare in relation to any matter which is to be considered as soon as possible. A Member should consider whether any item on the agenda raises any issue of declaration of interest. The declaration should be made as soon as practicable at the meeting that the interest arises.

### **Meetings:**

The Committee will normally meet at least 5 times a year. The Chair of the Committee may convene additional meetings, as they deem necessary. The NHS Board or Accountable Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee’s advice.

### **Quorum:**

- A quorum is one third of the whole number of Members, of which at least two are Non-Executive Members. No business shall be transacted at a meeting unless this is met. Deputies should also attend where the named officer is unable to attend such that the committee remains quorate. No business shall be transacted at a meeting unless this is met.
- If a quorum is not present ten minutes after the time specified for the start of a meeting, the Chair, subject to the business to be conducted, will seek agreement to adjourn the meeting or reschedule.
- If during any meeting, a Member or Members are called away, and the Chair finds that the meeting is no longer quorate, the meeting shall be suspended. If a quorum is not present at the end of ten minutes, the Chair will seek agreement to adjourn the meeting or reschedule.
- Where, due to the number of apologies received, it becomes apparent that a rescheduled meeting will not be quorate, the Chair will adjudge on the postponement and rescheduling of the meeting.

### **Absence of Chair:**

- In the event of the Chair of the Committee being unable to attend, the NHS Board Vice-Chair or another member of the Committee will be designated the Chair for the meeting. Normally the Chair of the Committee would arrange this in advance.

### **Agenda papers:**

- Administrative support will be provided by a member of the Public Health Department, with professional support provided by the Board Secretary.

- The Agenda and accompanying papers will be sent to members one week in advance of the meeting. The Chair will set the Agenda with the support of the Chief Executive and the Director of Public Health. The agenda will be aligned to the remit of the Committee. Progress reports against Matters Arising will be submitted in accordance with an agreed Reporting Schedule. Members wishing to raise agenda items should forward them to the Committee Secretary within the agreed timescale.

**Action Points Note and Minutes:**

- An Action Points note should be produced and circulated to all Members within 5 working days.
- All meetings will be minutes and copied to members within 3 weeks of the meeting being held.
- Approved minutes along with minute summary will be submitted to the NHS Lanarkshire Board and will be published on the NHS Lanarkshire website.

**Action Log:**

- A rolling action log will be produced and updated at each Committee meeting. This allows the Committee to track progress of particular issues and ensures that a scheduled for follow up reports is kept.

**Annual Workplan:**

- The Committee will produce an Annual Workplan that sets out the business and activities to be covered during the year and will submit this to the Board for approval by March of the preceding financial year.

**Mid Year Review:**

- The Committee will conduct a midyear review of progress made against the Workplan, to ensure that it is delivering on its plan, and that additional actions are put in place to ensure full delivery of any slippage by the business year end. As part of the midyear review, the Committee will also review its Terms of Reference, and the need for any amendment or update, which, in the event, will require to be submitted to and approved by the NHS Board. The midyear review will be submitted to and approved by the NHS Board. The midyear review will be submitted to the NHS Board no later than November each year.

**Annual Report:**

In accordance with Best Value for Board and Committee Working, the Committee will prepare, and submit to the Board in May each year, an Annual Report that will include:

- Name of Committee, Committee Chair, membership, Executive Lead and officer supports / attendees;
- Frequency, dates of meetings and attendance;
- The activities of the Committee over the year including confirmation of delivery of the Annual Workplan and Review of the Committee Terms of Reference. Where such a review results in amendment, a revised Terms of Reference must be submitted to the NHS Board for approval;;



- Improvements overseen by the Committee;
- Matters of concern to the Committee;
- Confirmation that the Committee has fulfilled its remit and of the adequacy and effectiveness of internal control in NHS Lanarkshire;
- Additionally, the Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end as part of the Governance Statement.

**Submissions to Board following each meeting:**

- Summary briefing and approved Minute.
- Procedure in event of Committee meeting taking place too close to Board to allow written submission (see Board Secretary Schedule of Reporting on this) - verbal report followed by written at next Board.

**6. Information Requirements**

The Committee will be provided with:

- Performance reports from key groups;
- A report on risk management activity; and
- An updated workplan showing achievement to date.

**7. Executive Lead and Attendance**

The Director of Public Health & Operational Delivery Directors for North Lanarkshire HSCP and South Lanarkshire HSCP will support the Chair of the Committee in ensuring that the Committee operates according to / in fulfilment of its agreed Terms of Reference.

The Committee will be provided with a secretariat function by the Board Secretary.

Deputies may represent any member of the Committee unable to attend meetings.

The Committee may ask any other officers of NHS Lanarkshire and North and South Lanarkshire Health & Social Care Partnerships to attend to assist with its discussions on any particular matter.

**10. Access**

No special rights of access are necessary.

**11. Rights**

The Committee may procure specialist ad hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

Version Control

Reviewed by Committee:	March 2018
Ratified by Lanarkshire NHS Board:	March 2018
Review Date:	October 2018

**COMMITTEE TERMS OF REFERENCE****AREA CLINICAL FORUM****Introduction**

The Area Clinical Forum is constituted under 'Rebuilding our National Health Service' – A Change Programme for Implementing 'Our National Health' Plan for Action, A Plan for Change, A Framework for Reform: Devolved Decision Making: Moving Towards Single System Working and CEL16 (2010) which clearly sets out the roles and responsibilities of Area Clinical Forums and their Chairs in NHS Scotland. These documents emphasise the importance of establishing an effective Area Clinical Forum and Professional Advisory Committee structures within NHS Boards ensuring:

- Effective systematic clinical engagement is established,
- The profile and status of the Area Clinical Forum is raised, maximising the contribution clinicians of all disciplines to the planning and delivery of services harnessing their knowledge, skills and commitment to the delivery of effective and efficient healthcare.
- They play a significant role in progressing the key dimensions of the NHSScotland Healthcare Quality Strategy.

**Remit**

To support the NHS Lanarkshire Board in the conduct of its business through the provision of multi-professional advice maximising the contribution of clinicians in all aspects of the NHS Boards work. In doing so represent the integrated multi-professional view of the advisory structures for: Allied Health Professions, Dental, Healthcare Sciences, Medical; Nursing and Midwifery; Optometric, Pharmaceutical and Psychology.

**Functions**

The core functions of the Area Clinical Forum will be to support the work of the Lanarkshire NHS Board by:

- Reviewing the business of the Area Professional Advisory Committees to ensure a co-ordinated approach is achieved on clinical matters across professions and within the component parts of the organisation;
- The provision of a clinical perspective on the development of the Local Delivery Plan and the strategic objectives of the NHS Board
- Sharing best practice and encouraging multi-professional working in healthcare and health improvement
- Ensuring effective and efficient engagement of clinicians in service design, development and improvement playing an active role in advising the NHS Board on potential prioritise for service improvement.
- Contributing, materially, to planning and development through engagement in the Modernisation Board, ensuring and monitoring that there is appropriate Clinical

engagement in the Service Improvement Boards, the Clinical Service Improvement Groups and associated activity.

- Providing an integrated local clinical and professional perspective on national policy issues
- Ensuring local strategic and corporate developments fully reflect clinical service delivery
- Taking an integrated clinical and professional perspective on the impact of national policies at local level,
- Engaging widely with local clinicians and other professionals, with a view to encouraging broader participation in the work of the Area Professional Committees;

At the request of the Lanarkshire NHS Board, the Area Clinical Forum may also be called upon to perform one or more of the following functions:

- Investigate and take forward particular issues on which clinical input is required on behalf of the Board, taking into account the evidence-base, best practice, Clinical Governance, etc; and make proposals for their resolution;
- Advise the Lanarkshire NHS Board on specific proposals to improve the integration of services, both within the local NHS systems and across health and social care.

The Area Clinical Forum will review its functions bi annually, in collaboration with the Lanarkshire NHS Board, to ensure that the Forum continues to be fit for purpose, reflects local circumstances and provides authoritative advice to the NHS Board on relevant matters.

### **Composition**

The Forum will comprise 17 members, 2 from each professional committee (Allied Health Professions, Dental, Healthcare Sciences, Medical, Nursing and Midwifery, Optometric, Pharmacy, Psychology) and third from the Committee which the Chairperson is a member. Eight of the members will be the chairs of the professional committees. The remaining members will be appointed by each Professional Committee.

### **Deputies**

In order to improve attendance at the Forum meetings any 2 members may represent the parent Committee, it is no longer restricted to the Chair or Vice Chair.

Deputies attending meetings will have voting rights.

### **Quorum**

No business shall be transacted unless at least 5 of the professional committees are in attendance.

### **Term of Office**

The term of office for members will, ordinarily, be 4 years, with eligibility for reappointment for a further 4 year term, subject to serving a maximum of 8 years, before a break of 2 years, beyond which, they will again be eligible to serve as members of the Forum. Individuals shall cease to be members of the Area Clinical Forum on ceasing to be members of their professional Committee.

## **Chairperson**

The Chair of the Area Clinical Forum will be chosen by members of the Forum from the chairs of the professional committees, in consultation with the Chair of the Lanarkshire NHS Board. Selection of the Chair will be an open process, and all professional committee chairs may put themselves forward as candidates for the position.

Election of the Chairperson will be based on a majority of votes cast, by a set date.

The Chair of the Area Clinical Forum will, subject to formal appointment by the Minister for Health and Community Care, serve as a Non Executive Director of the NHS Lanarkshire Board.

Membership of the Lanarkshire NHS Board is specific to the office rather than to the person. The normal term of appointment for Board members is for periods up to 4 years. Appointments may be renewed, subject to Ministerial approval.

The Appointee as Chair will serve for a period of 4 years, regardless of how long they have left to serve as Chair of their Professional Advisory Committee, provided that they remain a member of that Professional Advisory Committee.

Where the members of the Area Clinical Forum chose to replace the Chair before the expiry of their term of appointment as a member of the Board of NHS Lanarkshire, the new Chair will require to be formally appointed by the Minister as a member of the Board of NHS Lanarkshire. In the same way, if Board membership expires, and is not renewed, the individual must resign as Chair of the Area Clinical Forum, but may continue as a member of the Forum - in this eventuality, the Area Clinical Forum will appoint a new chair, in consultation with the chair of the Lanarkshire NHS Board, with that individual's nomination to the Lanarkshire NHS Board being formally submitted to the Minister.

## **Remit of The Chairperson**

The Chairperson is a Non Executive member of the NHS Board and will be subject to the annual appraisal process for Non Executive Directors by the Chairman of NHS Lanarkshire. The post holder is responsible for:

- Providing a multi-professional clinical perspective on strategy development and service delivery issues considered by the NHS Board
- Explaining the work of the NHS Board and promoting opportunities for clinicians to be involved in decision making locally
- Championing multi-professional co-operation across the clinical disciplines and providing a vital link between the NHS Board and Area Clinical Forum
- Actively participating in national arrangements to promote and develop the role of Area Clinical Forums

## **Vice Chairperson**

A Vice Chairperson of the Area Clinical Forum will be chosen by the members of the Forum from among their number. Selection of the Vice Chair of the Forum will be an open process, and all members of the Forum may put themselves forward as candidates for the position.

Election of the Vice Chairman will be based on a majority of votes cast, by a set date.

The Vice Chairman will deputise, as appropriate, for the Chairman, but where this involves participation in the business of the Board of NHS Lanarkshire, they will not be functioning as a Non Executive member.

The Vice Chairman will serve for a period of 4 years, and will be eligible for reappointment for a further 4 years, subject to serving a maximum of 8 years, before a break of 2 years, beyond which they will again be eligible to serve on the Forum.

### **Frequency of Meetings**

The Area Clinical Forum will meet 5 times per annum.

### **Notice of Meetings**

An annual meetings schedule will be established in March each year for the following year.

### **Agenda for Meetings**

The Agenda for meetings will be set 1 week in advance of the meeting. Standing items will include updates of key issues from the professional committees, national chairs of the Area Clinical Forums, NHS Board, Modernisation Board, progress against the Area Clinical Forum Annual Work plan and local implementation of the NHS Scotland Healthcare Quality Strategy.

### **Annual Work plan**

An annual work plan will be developed in March of each year for the following year and submitted to the NHS Board for approval. This will cover all aspects of the Forums remit and ensure it continues to effectively fulfil its role and function as outlined in CEL16 (2010). Progress against the workplan will be reviewed at least midyear ensuring it is achieved in full.

### **Executive Director Lead (Sponsor)**

The Forum and professional committees will have an identified Executive Director Lead (Sponsor). The Lead will be responsible for attending at least 3 meetings per annum.

Generally the designated Executive Lead (Sponsor) will support the Chair of the Forum in ensuring that the Forum operates according to / in fulfilment of, its agreed Terms of Reference. Specifically they will:

- Support the chair in ensuring that the Forums remit is based on the latest guidance and relevant legislation, and the Boards best value framework;
- Liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit;
- Oversee the development of an Annual Work plan which is congruent with its remit and the need to provide appropriate assurance at the year end for endorsement by the Forum and approval by the NHS Board;

- Agree with the Chair and agenda for each meeting, having regard to the Forums remit and work plan;
- Lead a midyear review of the Forums terms of reference and progress against the Annual Work plan as part of the process to ensure the work plan is fulfilled;
- Oversee the production of an annual report on the delivery of the Forums Remit and Work plan for endorsement by the Forum and submission to the NHS Board.

### **Attendees**

In recognition of the Forums responsibility for championing the local implementation of the NHS Scotland Healthcare Quality Strategy the Clinical Effectiveness Manager will be a standing attendee at Forum meetings.

It is important that the Forum develops strong linkages with the Corporate Management Team; Executive Directors will be standing attendees at Forum Meetings and invited to attend meetings

### **Secretariat**

Secretariat support to the Area Clinical Forum will be provided by the office of the Board Secretary.

### **Minutes**

Minutes of Meetings of the Area Clinical Forum will be produced in draft within one week of the meeting date and will be agreed with the Chairman of the Forum, prior to submission to the next Forum meeting, for approval.

Minutes will be submitted to the next formal meeting of the Lanarkshire NHS Board. Minutes will also be circulated to each Professional Committee and logged on the Area Clinical Forum section of the intranet.

### **Mid Year Review Of Terms Of Reference And Annual Workplan**

In order to ensure that the Forum functions in accordance with its agreed Terms of Reference/Remit, and delivers its Annual Workplan, both documents will be the subject of a mid-year review by the Forum, to identify any areas of slippage on timescales / tasks, and put in place any additional actions to ensure full delivery of the Forums Remit and Workplan, by the business year end. This review will also provide an opportunity for the Forum to consider the need for any amendment/update to the Terms of Reference, which, in the event, will require to be approved by the NHS Board.

### **Annual Report**

In accordance with Best Value for Board and Committee Working, the Forum will submit to the NHS Board in May an Annual Report, encompassing : the name of the Forum; the Forum Chair; members; the Executive Lead (Sponsor) and officer supports/attendees; frequency and dates of meetings; the activities of the Forum during the year, including confirmation of delivery of the Annual Work plan and review of the Forums Terms of Reference; improvements overseen by the Forum; matters of concern to the rum. Where the review by the Forum of its Terms of Reference results in amendment, the revised Terms of Reference

must be submitted to the NHS Board for approval. The Forums Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Statement of Internal Control.

In addition the annual report which will be circulated to the professional committees, heads of professions for further dissemination across the organisation and logged on the Area Clinical Forum section of the intranet.

## ANNEX 8

### NHS LANARKSHIRE

#### COMMITTEE TERMS OF REFERENCE



#### PLANNING, PERFORMANCE & RESOURCES COMMITTEE

<b>1. Purpose</b>
<ul style="list-style-type: none"><li>• To oversee policy and strategy development, including the development of the Financial Strategy</li><li>• To endorse strategies and refer them to the NHS Board for approval</li><li>• To act as the Performance Management Committee of the Board</li><li>• To have strategic oversight of the Service Redesign Programme of the Board and act as the Service Redesign Committee</li><li>• To influence the early development of the strategic direction of the Board</li></ul>
<b>2. Membership</b>
<ul style="list-style-type: none"><li>• Membership of the Planning, Performance and Resources Committee (hereinafter referred to as 'The Committee'), will include all Board Members.</li><li>• Attendees may be invited to the Committee at the discretion of the Chair.</li><li>• The Lead Officer for the Committee shall be the Chief Executive.</li></ul>
<b>3. Reporting Arrangements</b>
<ul style="list-style-type: none"><li>• The Committee reports to the Board, through the submission of a summary report to the Board on key issues considered by the Committee at each meeting.</li><li>• The minute of Planning, Performance and Resources Committee meetings will be submitted to the next meeting of the Committee for approval.</li><li>• The minute will then be presented to the following Ordinary Meeting of the Board for noting.</li></ul>
<b>4. Key Responsibilities</b>
<b>4.1 Strategy Development</b> <p>The Committee will have an important role in shaping the development of the Strategic Framework of the Board through Achieving Excellence (April 2017).</p> <ul style="list-style-type: none"><li>• The Committee will ensure detailed and appropriate scrutiny of the development of all strategies, including the Annual Operational Plan and, following endorsement, refer them to the NHS Board for approval</li><li>• The Committee will work closely with the Standing Committees of the Board in discharging their functions.</li><li>• The Committee will ensure that strategies are compliant with the duties of the Board in respect of meeting legislative and good practice requirements.</li></ul>



- The Committee will also ensure that there is an integrated approach to workforce, finance and service planning.

## **4.2 Service Redesign**

The Committee will act as the Service Redesign Committee of the Board. The Committee will ensure that there is a robust Service Redesign Programme for the Board, with particular emphasis on ensuring collaborative working across health, social care and other organisations, and explicit links between the service redesign programme, workforce planning and the strategic priorities for NHS Scotland.

## **4.3 Financial Framework**

The Committee will oversee the development of a Financial Strategy that is consistent with national and local priorities, and specifically:

- The Committee shall oversee the development of the Board Financial Strategy in support of the Annual Operational Plan.
- The Committee shall recommend to the Board annual revenue and capital budgets, and financial plans consistent with its statutory financial responsibilities.
- The Committee shall, at every meeting, examine in detail the financial plan for NHS Lanarkshire to ensure that planning assumptions are soundly based and reflect known pressures, potential investments and opportunities for cost reduction.
- The Committee shall review the financial impact of planned future policies and known or foreseeable future developments.
- The Committee shall review the capital plan of NHS Lanarkshire no less frequently than twice per year and consider the impact of development opportunities and any risks arising from the delivery of the current programme.
- The Committee shall review the Asset Management Strategy (including the acquisition and disposal of property).

## **4.4 Performance Management**

The Committee shall have oversight of systems and processes to secure economy, efficiency and effectiveness in the use of resources. The Committee will, from time to time, review individual services in relation to performance management, ensuring that health care is delivered to an efficient and cost-effective level. Specifically, the Committee will:

- Ensure a rigorous and systematic approach to the monitoring of delivery of national and local priorities, including monitoring of Corporate Objectives.
- Promote an integrated approach to performance management and risk.
- Oversee an effective approach to prioritisation of resources, supported by appropriate and relevant benchmarking and comparative information to inform decision-making.
- Ensure the organisation works with other partners to secure effective and integrated systems of performance management.

In tandem with the Remuneration Sub-Committee, the Committee will ensure that there is a well-defined and integrated approach to the development and monitoring of corporate and individual objectives.

#### **4.5 Best Value**

The Committee is responsible for reviewing those aspects of the Best Value work plan which are delegated to it from the Board. The Committee will put in place arrangements which will provide assurance to the Chief Executive as Accountable Officer, that NHS Lanarkshire has systems and processes in place to secure best value for these delegated areas.

#### **5. Conduct of Business**

##### **Declaration of Interest:**

- A Member must consider whether they have an interest to declare in relation to any matter which is to be considered as soon as possible. A Member should consider whether any item on the agenda raises any issue of declaration of interest. The declaration should be made as soon as practicable at the meeting that the interest arises.

##### **Meetings:**

- The Committee will normally meet at least 5 times a year. The Chair of the Committee may convene additional meetings, as they deem necessary. The NHS Board or Accountable Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice

##### **Quorum:**

- A quorum is one third of the whole number of Members, of which at least three are Non-Executive Members. No business shall be transacted at a meeting unless this is met.
- If a quorum is not present ten minutes after the time specified for the start of a meeting, the Chair, subject to the business to be conducted, will seek agreement to adjourn the meeting or reschedule.
- If during any meeting, a Member or Members are called away, and the Chair finds that the meeting is no longer quorate, the meeting shall be suspended. If a quorum is not present at the end of ten minutes, the Chair will seek agreement to adjourn the meeting or reschedule.
- Where, due to the number of apologies received, it becomes apparent that a rescheduled meeting will not be quorate, the Chair will adjudge on the postponement and rescheduling of the meeting.

##### **Absence of Chair:**

- In the event of the Chair of the Committee being unable to attend, the NHS Board Vice-Chair or another member of the Committee will be designated the Chair for the meeting. Normally the Chair of the Committee would arrange this in advance.

**Agenda papers:**

- The Agenda and accompanying papers will be sent to members one week in advance of the meeting. The Chair will set the Agenda with the support of the Chief Executive and the Director of Strategic Planning & Performance. The agenda will be aligned to the remit of the Committee. Progress reports against Matters Arising will be submitted in accordance with an agreed Reporting Schedule. Members wishing to raise agenda items should forward them to the Committee Secretary within the agreed timescale.

**Action Points Note and Minutes:**

- An Action Points note should be produced and circulated to all Members within 5 working days.
- All meetings will be minutes and copied to members within 3 weeks of the meeting being held.
- Approved minutes along with minute summary will be submitted to the NHS Lanarkshire Board and will be published on the NHS Lanarkshire website.

**Action Log:**

- A rolling action log will be produced and updated at each Committee meeting. This allows the Committee to track progress of particular issues and ensures that a scheduled for follow up reports is kept.

**Annual Workplan:**

- The Committee will produce an Annual Workplan that sets out the business and activities to be covered during the year and will submit this to the Board for approval by March of the preceding financial year.

**Mid Year Review:**

- The Committee will conduct a midyear review of progress made against the Workplan, to ensure that it is delivering on its plan, and that additional actions are put in place to ensure full delivery of any slippage by the business year end. As part of the midyear review, the Committee will also review its Terms of Reference, and the need for any amendment or update, which, in the event, will require to be submitted to and approved by the NHS Board. The midyear review will be submitted to and approved by the NHS Board. The midyear review will be submitted to the NHS Board no later than November each year.

**Annual Report:**

In accordance with Best Value for Board and Committee Working, the Committee will prepare, and submit to the Board in May each year, an Annual Report that will include:

- Name of Committee, Committee Chair, membership, Executive Lead and officer support/ attendees;
- Frequency, dates of meetings and attendance;
- The activities of the Committee over the year including confirmation of delivery of the

Annual Workplan and Review of the Committee Terms of Reference. Where such a review results in amendment, a revised Terms of Reference must be submitted to the NHS Board for approval;

- Improvements overseen by the Committee;
- Matters of concern to the Committee;
- Confirmation that the Committee has fulfilled its remit and of the adequacy and effectiveness of internal control in NHS Lanarkshire;
- Additionally, the Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end as part of the Governance Statement.

**Submissions to Board following each meeting:**

- Summary briefing and approved Minute.
- Procedure in event of Committee meeting taking place too close to Board to allow written submission (see Board Secretary Schedule)

**6. Information Requirements**

In order to fulfil its remit the Committee may obtain whatever professional advice it requires, and require other individuals to attend meetings as required.

The Committee is authorised by the Board to investigate any activity within its terms of reference, and is authorised to seek any information it requires from any employee. The Committee is required to review its Terms of Reference on an annual basis.

The Committee will be provided with:

- Performance reports from key groups (Property Strategy Group, Capital Investment Group, eHealth Strategy Executive Action Group, Prescribing Quality & Efficiency Programme Board Prescribing Management Board, *Achieving Excellence* Strategic Delivery Team.
- A performance report on the progression of the Annual Operational Plan and JSCPs.
- A report on risk management activity.
- An updated workplan showing achievement to date.

**7. Executive Lead and Attendance**

- The Chief Executive will support the Chair of the Committee in ensuring that the Committee operates according to / in fulfilment of its agreed Terms of Reference.
- The Committee will be provided with a secretariat function by the Board Secretary.
- Deputies may represent any member of the Committee unable to attend meetings.
- The Committee may ask any other officers of NHS Lanarkshire and North and South Lanarkshire Health & Social Care partnerships to attend to assist with its discussions on any particular matter.

<b>8. Access</b>
No special rights of access are necessary.
<b>9. Rights</b>
The Committee may procure specialist ad hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

Version Control

Reviewed by Committee:	25 April 2018
Ratified by Lanarkshire NHS Board:	March 2018
Review Date:	October 2018

# **Section B**

**CODE of CONDUCT**

**for**

**MEMBERS**

**of**

**LANARKSHIRE NHS BOARD**

**(Approved by the Scottish Government in September 2014)**

# **CODE OF CONDUCT for MEMBERS of LANARKSHIRE NHS BOARD**

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## **SECTION 1: INTRODUCTION TO THE CODE OF CONDUCT**

1.1 The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties. You must meet those expectations by ensuring that your conduct is above reproach.

1.2 The Ethical Standards in Public Life etc. (Scotland) Act 2000, “the Act”, provides for Codes of Conduct for local authority councillors and members of relevant public bodies; imposes on councils and relevant public bodies a duty to help their members to comply with the relevant code; and establishes a Standards Commission for Scotland, “The Standards Commission” to oversee the new framework and deal with alleged breaches of the codes.

1.3 The Act requires the Scottish Ministers to lay before Parliament a Code of Conduct for Councillors and a Model Code for Members of Devolved Public Bodies. The Model Code for members was first introduced in 2002 and has now been revised in December 2013 following consultation and the approval of the Scottish Parliament. These revisions will make it consistent with the relevant parts of the Code of Conduct for Councillors, which was revised in 2010 following the approval of the Scottish Parliament.

1.4 As a member of Lanarkshire NHS Board “the Board”, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct which has now been made by the Board.

### **Appointments to the Boards of Public Bodies**

1.5 Public bodies in Scotland are required to deliver effective services to meet the needs of an increasingly diverse population. In addition, the Scottish Government’s equality outcome on public appointments is to ensure that Ministerial appointments are more diverse than at present. In order to meet both of these aims, a board should ideally be drawn from varied backgrounds with a wide spectrum of characteristics, knowledge and experience. It is crucial to the success of public bodies that they attract the best people for the job and therefore it is essential that a board’s appointments process should encourage as many suitable people to apply for positions and be free from unnecessary barriers. You should therefore be aware of the varied roles and functions of the public body on which you serve and of wider diversity and equality issues. You should also take steps to familiarise yourself with the appointment process that your board will have agreed with the Scottish Government’s Public Appointment Centre of Expertise.

1.6 You should also familiarise yourself with how the public body’s policy operates in relation to succession planning, which should ensure public bodies have a strategy to make sure they have the staff in place with the skills, knowledge and experience necessary to fulfil their role economically, efficiently and effectively.

## **Guidance on the Code of Conduct**

1.7 You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.

1.8 The Code has been developed in line with the key principles listed in Section 2 and provides additional information on how the principles should be interpreted and applied in practice. The Standards Commission may also issue guidance. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the public body. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

1.9 You should familiarise yourself with the Scottish Government publication “On Board – a guide for board members of public bodies in Scotland”. This publication will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

### **Enforcement**

1.10 Part 2 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 sets out the provisions for dealing with alleged breaches of this Code of Conduct and where appropriate the sanctions that will be applied if the Standards Commission finds that there has been a breach of the Code. Those sanctions are outlined in **Annex A**.

## **SECTION 2: KEY PRINCIPLES OF THE CODE OF CONDUCT**

2.1 The general principles upon which this Code is based should be used for guidance and interpretation only. These general principles are:

### **Duty**

You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of the public body of which you are a member and in accordance with the core functions and duties of that body.

### **Selflessness**

You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

### **Integrity**

You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

### **Objectivity**

You must make decisions solely on merit and in a way that is consistent with the functions of the public body when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

### **Accountability and Stewardship**

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

### **Openness**

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

### **Honesty**

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.

### **Respect**

You must respect fellow members of your public body and employees of the body and the role they play, treating them with courtesy at all times. Similarly you must respect members of the public when performing duties as a member of your public body.

2.2 You should apply the principles of this Code to your dealings with fellow members of the public body, its employees and other stakeholders. Similarly you should also observe the principles of this Code in dealings with the public when performing duties as a member of the public body.

## **SECTION 3: GENERAL CONDUCT**

3.1 The rules of good conduct in this section must be observed in all situations where you act as a member of the public body.

### **Conduct at Meetings**

3.2 You must respect the chair, your colleagues and employees of the public body in meetings. You must comply with rulings from the chair in the conduct of the business of these meetings.

## **Relationship with Board Members and Employees of the Public Body (including those employed by contractors providing services)**

3.3 You will treat your fellow board members and any staff employed by the body with courtesy and respect. It is expected that fellow board members and employees will show you the same consideration in return. It is good practice for employers to provide examples of what is unacceptable behaviour in their organisation. Public bodies should promote a safe, healthy and fair working environment for all. As a board member you should be familiar with the policies of the public body in relation to bullying and harassment in the workplace and also lead by exemplar behaviour.

## **Remuneration, Allowances and Expenses**

3.4 You must comply with any rules of the public body regarding remuneration, allowances and expenses.

## **Bribery**

3.5 The Bribery Act 2010 came into force on 1st July 2011 and makes it a criminal offence to take part in active bribery (receiving a bribe) (see definitions below).

(a) Active Bribery: Section 1 of the Act makes it an offence for a person to offer, give or promise to give a financial or other advantage to another individual in exchange for improperly performing a relevant function or activity.

(b) Passive Bribery: Section 2 of the Act makes it an offence for a person to request, accept or agree to accept a financial or other advantage in exchange for improperly performing a relevant function or activity.

3.6 You must be committed to the prevention of bribery and all forms of corruption. You should note that NHS Lanarkshire operates a zero tolerance approach to bribery committed by any person working at NHS Lanarkshire and any person who provides services for or on behalf of NHS Lanarkshire and that any allegation of bribery by a Board member will be investigated in accordance with relevant processes and procedures and may be reported to the authorities, as appropriate.

3.7 NHS Lanarkshire has a justified reputation for acting with integrity, transparency and honesty. You must be committed to the prevention of bribery, in recognition of the importance of maintaining the reputation of NHS Lanarkshire and the confidence of the public, partner organisations and other stakeholders.

3.8 You should note that NHS Lanarkshire will not work with other organisations who it considers do not share its commitment to preventing bribery and corruption.

## **Gifts and Hospitality**

3.9 You must not accept any offer by way of gift or hospitality which could give rise to real or substantive personal gain or a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift

received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term “gift” includes benefits such as relief from indebtedness, loan concessions or provision of services at a cost below that generally charged to members of the public.

3.10 You must never ask for gifts or hospitality.

3.11 You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in your public body. As a general guide, it is usually appropriate to refuse offers except:

- (a) isolated gifts of a trivial character, the value of which must not exceed £50;
- (b) normal hospitality associated with your duties and which would reasonably be regarded as appropriate; or
- (c) gifts received on behalf of the public body.

3.12 You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision your body may be involved in determining, or who is seeking to do business with your organisation, and which a person might reasonably consider could have a bearing on your judgement. If you are making a visit in your capacity as a member of your public body then, as a general rule, you should ensure that your body pays for the cost of the visit.

3.13 You must not accept repeated hospitality or repeated gifts from the same source.

3.14 Members of devolved public bodies should familiarise themselves with the terms of the Bribery Act 2010 which provides for offences of bribing another person and offences relating to being bribed.

### **Confidentiality Requirements**

3.15 There may be times when you will be required to treat discussions, documents or other information relating to the work of the body in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. You must always respect the confidential nature of such information and comply with the requirement to keep such information private.

3.16 It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purposes of

personal or financial gain, or for political purposes or used in such a way as to bring the public body into disrepute.

### **Use of Public Body Facilities**

3.17 Members of public bodies must not misuse facilities, equipment, stationery, telephony, computer, information technology equipment and services, or use them for party political or campaigning activities. Use of such equipment and services etc. must be in accordance with the public body's policy and rules on their usage. Care must also be exercised when using social media networks not to compromise your position as a member of the public body.

### **Appointment to Partner Organisations**

3.18 You may be appointed, or nominated by your public body, as a member of another body or organisation. If so, you are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.

3.19 Members who become directors of companies as nominees of their public body will assume personal responsibilities under the Companies Acts. It is possible that conflicts of interest can arise for such members between the company and the public body. It is your responsibility to take advice on your responsibilities to the public body and to the company. This will include questions of declarations of interest.

## **SECTION 4: REGISTRATION OF INTERESTS**

4.1 The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. These are called "Registerable Interests". You must, at all times, ensure that these interests are registered, when you are appointed and whenever your circumstances change in such a way as to require change or an addition to your entry in the body's Register. It is your duty to ensure any changes in circumstances are reported within one month of them changing.

4.2 The Regulations<sup>2</sup> as amended describe the detail and timescale for registering interests. It is your personal responsibility to comply with these regulations and you should review regularly and at least once a year your personal circumstances. **Annex B** contains key definitions and explanatory notes to help you decide what is required when registering your interests under any particular category. The interests which require to be registered are those set out in the following paragraphs and relate to you. It is not necessary to register the interests of your spouse or cohabitee.

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<sup>2</sup> SSI - The Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003 Number 135, as amended.

## **Category One: Remuneration**

4.3 You have a Registerable Interest where you receive remuneration by virtue of being:

- employed;
- self-employed;
- the holder of an office;
- a director of an undertaking;
- a partner in a firm; or
- undertaking a trade, profession or vocation or any other work.

4.4 In relation to 4.3 above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.

4.5 If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under category two, "Related Undertakings".

4.6 If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.

4.7 When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.

4.8 When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.

4.9 Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication, and the frequency of articles for which you are paid.

4.10 When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and the nature of its business.

4.11 Registration of a pension is not required as this falls outside the scope of the category.

## **Category Two: Related Undertakings**

4.12 You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.

4.13 You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or

other undertaking in which you are a director and from which you receive remuneration.

4.14 The situations to which the above paragraphs apply are as follows:

- you are a director of a board of an undertaking and receive remuneration declared under category one – and
- you are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

### **Category Three: Contracts**

4.15 You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in paragraph 4.19 below) have made a contract with the public body of which you are a member:

- (i) under which goods or services are to be provided, or works are to be executed; and
- (ii) which has not been fully discharged.

4.16 You must register a description of the contract, including its duration, but excluding the consideration.

### **Category Four: Houses, Land and Buildings**

4.17 You have a registerable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed.

4.18 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision making.

### **Category Five: Interest in Shares and Securities**

4.19 You have a registerable interest where you have an interest in shares comprised in the share capital of a company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) the body to which you are appointed and (b) the **nominal value** of the shares is:

- (i) greater than 1% of the issued share capital of the company or other body; or
- (ii) greater than £25,000.



Where you are required to register the interest, you should provide the registered name of the company in which you hold shares; the amount or value of the shares does not have to be registered.

### **Category Six: Gifts and Hospitality**

4.20 You must register the details of any gifts or hospitality received within your current term of office. This record will be available for public inspection. It is not however necessary to record any gifts or hospitality as described in paragraph 3.7 (a) to (c) of this Code.

### **Category Seven: Non-Financial Interests**

4.21 You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed. It is important that relevant interests such as membership or holding office in other public bodies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

4.22 In the context of non-financial interests, the test to be applied when considering appropriateness of registration is to ask whether a member of the public might reasonably think that any non-financial interest could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making.

## **SECTION 5: DECLARATION OF INTERESTS**

### **General**

5.1 The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of the public body. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.

5.2 Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in the public body and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.

5.3 In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the **objective test** (“the objective test”) which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of a public body.

5.4 If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exists, they should seek advice from the board chair.

5.5 As a member of a public body you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies and other organisations, you must decide, in the particular circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and, in particular, a possible divergence of interest between your public body and another body. Keep particularly in mind the advice in paragraph 3.15 of this Code about your legal responsibilities to any limited company of which you are a director.

### **Interests which Require Declaration**

5.6 Interests which require to be declared if known to you may be financial or non-financial. They may or may not cover interests which are registerable under the terms of this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration. The paragraphs which follow deal with (a) your financial interests (b) your non-financial interests and (c) the interests, financial and non-financial, of other persons.

5.7 You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role as a member of a public body. In the context of any particular matter you will need to decide whether to declare an interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is too remote or without significance. In reaching a view on whether the objective test applies to the interest, you should consider whether your interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member of a public body as opposed to the interest of an ordinary member of the public.

### **Your Financial Interests**

5.8 You must declare, if it is known to you, any financial interest (including any financial interest which is registerable under any of the categories prescribed in Section 4 of this Code). If, under category one (or category seven in respect of non-financial interests) of section 4 of this Code, you have registered an interest

- (a) as an employee of the Board; or
- (b) as a Councillor or a Member of another Devolved Public Body where the Council or other Devolved Public Body, as the case may be, has nominated or appointed you as a Member of the Board;

you do not, for that reason alone, have to declare that interest.

There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

### **Your Non-Financial Interests**

5.9 You must declare, if it is known to you, any non-financial interest if:

- (i) that interest has been registered under category seven (Non-Financial Interests) of Section 4 of the Code; or
- (ii) that interest would fall within the terms of the objective test.

There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

### **The Financial Interests of Other Persons**

5.10 The Code requires only your financial interests to be registered. You also, however, have to consider whether you should declare any financial interest of certain other persons.

You must declare if it is known to you any financial interest of:-

- (i) a spouse, a civil partner or a co-habitee;
- (ii) a close relative, close friend or close associate;
- (iii) an employer or a partner in a firm;
- (iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
- (v) a person from whom you have received a registerable gift or registerable hospitality;
- (vi) a person from whom you have received registerable expenses.

There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of and voting on the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

5.11 This Code does not attempt the task of defining “relative” or “friend” or “associate”. Not only is such a task fraught with difficulty but is also unlikely that such definitions would reflect the intention of this part of the Code. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of the public body and, as such, would be covered by the objective test.

### **The Non-Financial Interests of Other Persons**

5.12 You must declare if it is known to you any non-financial interest of:-

- (i) a spouse, a civil partner or a co-habitee;
- (ii) a close relative, close friend or close associate;
- (iii) an employer or a partner in a firm;
- (iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
- (v) a person from whom you have received a registerable gift or registerable hospitality;
- (vi) a person from whom you have received registerable election expenses.

There is no need to declare the interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

There is only a need to withdraw from the meeting if the interest is clear and substantial.

### **Making a Declaration**

5.13 You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.

5.14 The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words “I declare an interest”. The statement must be sufficiently informative to enable those at the

meeting to understand the nature of your interest but need not give a detailed description of the interest.

### **Frequent Declarations of Interest**

5.15 Public confidence in a public body is damaged by perception that decisions taken by that body are substantially influenced by factors other than the public interest. If you would have to declare interests frequently at meetings in respect of your role as a board member you should not accept a role or appointment with that attendant consequence. If members are frequently declaring interests at meetings then they should consider whether they can carry out their role effectively and discuss with their chair. Similarly, if any appointment or nomination to another body would give rise to objective concern because of your existing personal involvement or affiliations, you should not accept the appointment or nomination.

### **Dispensations**

5.16 In some very limited circumstances dispensations can be granted by the Standards Commission in relation to the existence of financial and non-financial interests which would otherwise prohibit you from taking part and voting on matters coming before your public body and its committees.

5.17 Applications for dispensations will be considered by the Standards Commission and should be made as soon as possible in order to allow proper consideration of the application in advance of meetings where dispensation is sought. You should not take part in the consideration of the matter in question until the application has been granted.

## **SECTION 6: LOBBYING AND ACCESS TO MEMBERS OF PUBLIC BODIES**

### **Introduction**

6.1 In order for the public body to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which the public body conducts its business.

6.2 You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.

## Rules and Guidance

6.3 You must not, in relation to contact with any person or organisation that lobbies do anything which contravenes this Code or any other relevant rule of the public body or any statutory provision.

6.4 You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon the public body.

6.5 The public must be assured that no person or organisation will gain better access to or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of the public body.

6.6 Before taking any action as a result of being lobbied, you should seek to satisfy yourself about the identity of the person or organisation that is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.

6.7 You should not accept any paid work:-

(a) which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation.

(b) to provide services as a strategist, adviser or consultant, for example, advising on how to influence the public body and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of the public body, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

6.8 If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of the public body.

## ANNEX A

### SANCTIONS AVAILABLE TO THE STANDARDS COMMISSION FOR BREACH OF THE CODE

- (a) Censure – the Commission may reprimand the member but otherwise take no action against them;
- (b) Suspension – of the member for a maximum period of one year from attending one or more, but not all, of the following:
  - i) all meetings of the public body;
  - ii) all meetings of one or more committees or sub-committees of the public body;
  - (iii) all meetings of any other public body on which that member is a representative or nominee of the public body of which they are a member.
- (c) Suspension – for a period not exceeding one year, of the member's entitlement to attend all of the meetings referred to in (b) above;
- (d) Disqualification – removing the member from membership of that public body for a period of no more than five years.

Where a member has been suspended, the Standards Commission may direct that any remuneration or allowance received from membership of that public body be reduced, or not paid.

Where the Standards Commission disqualifies a member of a public body, it may go on to impose the following further sanctions:

- (a) Where the member of a public body is also a councillor, the Standards Commission may disqualify that member (for a period of no more than five years) from being nominated for election as, or from being elected, a councillor. Disqualification of a councillor has the effect of disqualifying that member from their public body and terminating membership of any committee, sub-committee, joint committee, joint board or any other body on which that member sits as a representative of their local authority.
- (b) Direct that the member be removed from membership, and disqualified in respect of membership, of any other devolved public body (provided the members' code applicable to that body is then in force) and may disqualify that person from office as the Water Industry Commissioner.

In some cases the Standards Commission do not have the legislative powers to deal with sanctions, for example if the respondent is an executive member of the board or appointed by the Queen. Sections 23 and 24 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 refer.

Full details of the sanctions are set out in Section 19 of the Act.

## ANNEX B

### DEFINITIONS

“**Chair**” includes Board Convener or any person discharging similar functions under alternative decision making structures.

“**Code**” code of conduct for members of devolved public bodies

“**Cohabitee**” includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.

“**Group of companies**” has the same meaning as “group” in section 262(1) of the Companies Act 1985. A “group”, within s262 (1) of the Companies Act 1985, means a parent undertaking and its subsidiary undertakings.

“**Parent Undertaking**” is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of the rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking’s memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of the rights in the undertaking.

“**A person**” means a single individual or legal person and includes a group of companies.

“**Any person**” includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.

“**Public body**” means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000, as amended.

“**Related Undertaking**” is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.

“**Remuneration**” includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.

“**Spouse**” does not include a former spouse or a spouse who is living separately and apart from you.

“**Undertaking**” means:

- a) a body corporate or partnership; or
- b) an unincorporated association carrying on a trade or business, with or without a view to a profit.



## Lanarkshire NHS Board

### DECLARATION OF INTERESTS

Sections 4 and 5 of the National *Model Code of Conduct for Members of Devolved Public Bodies*, (February 2014), give guidance on 'Registerable Interests'. Registerable interests fall into the categories of: Remuneration; Related Undertakings; Contracts; Houses, Land and Buildings; Interest in Shares and Security; Gifts and Hospitality and Non-Financial Interests.

#### Category 1: Remuneration

You receive remuneration by virtue of being: Employed; Self-employed; the holder of an office; the Director of an undertaking; a partner in a firm; or undertaking a trade, profession or vocation or any other work.

#### Category 2: Related Undertakings

You hold Directorships which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated Directorship.

#### Category 3: Contracts

You, (or a firm in which you are a partner, or an undertaking in which you are a Director or in which you have shares of a value as described in paragraph 4.19 of the Code of Conduct for members of the Lanarkshire NHS Board), have made a contract with the Lanarkshire NHS Board or NHS Lanarkshire:

- i) Under which goods or services are to be provided, or works are to be executed  
and
- ii) Which has not been fully discharged.

#### Category 4: Houses, Lands and Buildings

You own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of the Lanarkshire NHS Board or NHS Lanarkshire.

#### Category 5: Interest in Shares and Securities

You have an interest in Shares and/or Securities comprised in the share capital of a Company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) the Lanarkshire NHS Board or NHS Lanarkshire, and (b) the **Nominal Value** of the shares is:

- i) Greater than 1% of the issued share capital of the Company or other bodies;  
or
- ii) Greater than £25,000.

#### Category 6: Gifts and Hospitality

You have received any gifts or hospitality within your current term of office. It is not, however, necessary to record any gifts or hospitality as described in paragraph 3.7 (a) to (c) of the Code of Conduct for members of the Lanarkshire NHS Board.

#### Category 7: Non-Financial Interests

You have Non-Financial Interests which may be significant to, of relevance to, or bear upon, the work and operation of the Lanarkshire NHS Board or NHS Lanarkshire. It is important that relevant interests, such as membership or holding office in other public bodies, clubs, societies and organisations such as Trades Unions and voluntary organisations, are registered and described.

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

PC/MB  
April 2018

# SECTION C

## Standards of Business Conduct Code of Conduct

This section is for all staff and all staff are required to adhere to the Standards of Business Conduct for NHS staff.

<b>Author:</b>	<b>Divisional HR Director</b>
<b>Responsible Lead Executive Director:</b>	<b>Director of HR</b>
<b>Endorsing Body:</b>	<b>Human Resources Forum</b>
<b>Governance or Assurance Committee</b>	<b>Staff Governance Committee</b>
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<b>Responsible Person</b>	<b>Geraldine Reilly, HR Manager</b>

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### **Appendices**

**Appendix 1 – Register of Employees’ Private Interests Declaration Form**

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i) **CONSULTATION AND DISTRIBUTION RECORD**

<b>Contributing Author / Authors</b>	<ul style="list-style-type: none"> <li>• Ruth Hibbert – Divisional HR Director</li> </ul>
<b>Consultation Process / Stakeholders:</b>	<ul style="list-style-type: none"> <li>• David Boyd – GMB</li> <li>• Tom Bryce – General Manager, South West Unit</li> <li>• Frances Dodd – Associate Director of Nursing</li> <li>• Susan Friel - Associate Director of Nursing</li> <li>• Alex Rankin – Unison</li> <li>• Geraldine Reilly – Head of HR Practice</li> <li>• Mary Samson – Unison</li> <li>• Annette Shorts – Lead Occupational Health Nurse Advisor</li> <li>• Donald Spence – Unite</li> </ul>
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ii) **CHANGE RECORD**

<b>Date</b>	<b>Author</b>	<b>Change</b>	<b>Version No.</b>

## 1. INTRODUCTION

It is important that NHS Lanarkshire and its employees maintain strict ethical standards in the conduct of NHS business and are protected from allegations of conflict of interest, acting improperly or breach of impartiality.

This Code of Conduct reflects the three public service values which are;

**Accountability** – *all work undertaken by NHS Lanarkshire staff must be able to stand the test of 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 NHS Lanarkshire, its staff and the public.*

Under the Prevention of Corruption Acts 1906 and 1916 it is an offence for Health Service employees to corruptly accept any gifts or consideration as an inducement or reward for;

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

Under the Acts 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.

It should be clearly understood therefore that:-

- a breach of the provisions of the Acts renders staff liable to prosecution, will lead to disciplinary action and may provide grounds for dismissal
- anyone convicted of corruption may forfeit their superannuation rights
- anyone holding qualifications which are subject to registration by a statutory body may be subject to removal from the register if convicted of corruption, forfeiting their right to practise professionally

## 2. AIM, PURPOSE AND OUTCOMES

The purpose of this Code of Conduct is to provide guidance to managers and employees of NHS Lanarkshire regarding the acceptance of gifts and hospitality and on other matters relevant to standards of business conduct. This Code, and the

related NHS Lanarkshire Corporate Governance policies are based on legislation and NHS Circulars and Guidance documents;

- **The Legislative Framework** is contained in the Prevention of Corruption Acts 1906 and 1916 and the Ethical Standards in Public Life (Scotland) Act 2000.
- **NHS Circulars, - MEL (1994) 80** entitled Corporate Governance in the NHS, **and MEL (2000) 13**, entitled Fundraising, Income Generation and Sponsorship within the NHSiS.
- **Guidance** contained in the **Code of Accountability for Boards 1994** and **A Common Understanding; Guidance on Joint working between NHS Scotland and the Pharmaceutical Industry 2003**
- **The Bribery Act 2010**

A range of policy documents have been developed in NHS Lanarkshire to address the requirements related to business conduct, as follows;

- The Code of Conduct for Board members
- The Standing Financial Instructions
- Theft, Fraud and Other Financial Irregularities
- Procurement Strategy
- The Staff Learning Leave Policy
- The Whistleblowing Policy
- Staff Guidance relating to contact between NHS Lanarkshire staff and Company Representatives.

### **3. SCOPE**

This Code will affect all employees of NHS Lanarkshire

### **4. PRINCIPAL CONTENT**

#### **4.1 Declaration of Interests**

- a) Staff are required to declare all cases where they or a close relative or associate of theirs has a controlling and/or significant financial interest in a private company, public organisation, other NHS employer or voluntary organisation which might leave the employee or NHS Lanarkshire vulnerable.
- b) NHS Lanarkshire holds a Register of Interests and staff should declare any interests as defined above to the appropriate General Manager, using Appendix 1 (Register of Employee's Private Interests – Declaration Form).
- c) Board members should declare any interests using Appendix 2 and this should be retained by the Board secretary.

## 4.2 Acceptance of Gifts

Staff must never canvass or seek gifts or hospitality. Under no circumstances can staff accept personal gifts of cash. All donations of cash must be processed through the Board's Endowment arrangements.

It is acceptable for staff to receive small tokens of gratitude from a relative or carer in appreciation of care and treatment received. These are typically cards, chocolates or biscuits. Where staff are offered gifts of greater value these must be politely refused. If this is difficult they must refer the matter to their line manager.

It is acceptable for staff to receive small promotional items, e.g. post its, pens, calendars, diaries. However,

- staff must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision NHS Lanarkshire may be involved in determining, or who is seeking to do business with NHS Lanarkshire.
- staff must not accept any offer, by way of gift or hospitality, which could give rise to a reasonable suspicion of influence on their part to show favour, or disadvantage, to any individual, organisation or company.
- staff should consider whether there may be a reasonable perception that any gift received by their spouse or partner or by any company in which they have an interest, or by a partnership of which they are a partner, can or would influence their judgement.

Note - the term 'gift' includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.

## 4.3 Hospitality

Modest hospitality may be acceptable provided it is normal and reasonable in the circumstances e.g. lunches in the course of a working visit. Any hospitality accepted should be similar in scale to that which the NHS as an employer would be likely to offer. **All other offers of hospitality should be declined.**

Staff should register with their line manager all such modest hospitality which they wish to accept, using the hospitality register declaration form (Appendix 3). In cases of doubt, staff should seek advice from their line manager.

It may not always be clear whether an individual is being invited to an event involving the provision of hospitality (e.g. formal dinner) in a personal/private capacity or as a consequence of the position which they hold with NHS Lanarkshire.

- (i) If the invitation is the result of the individual's position within NHS Lanarkshire, only hospitality which is modest and normal and reasonable in the circumstances should be accepted. If the nature of the event dictates a level of hospitality which exceeds this, then the individual should ensure that their line manager is fully aware of the circumstances and approves their attendance. An example of such an event might be an awards ceremony involving a formal dinner. If the line manager grants approval to attend, the

individual should declare their attendance in the register of hospitality held by their line manager. The approving manager must ensure that this will not result in any future conflict of interest.

- (ii) If the individual is invited to an event in a private capacity (e.g. as result of their qualification or membership of a professional body), they are at liberty to accept or decline the invitation without referring to their line manager. The following matters should however be considered before an invitation to an individual acting in a private capacity is accepted.
    - a) The individual should not do or say anything at the event that could be construed as representing the views and/or policies of NHS Lanarkshire.
    - b) If the body issuing the invitation has (or is likely to have, or is seeking to have) commercial or other financial dealings with NHS Lanarkshire, then it could be difficult for an individual to demonstrate that their attendance was in a private and not an official capacity. Attendance could create a perception that the individual's independence had been compromised, especially where the scale of hospitality is lavish. Individuals should therefore exercise caution before accepting invitations from such bodies and must inform their line manager.
    - c) Where suppliers of clinical products provide hospitality it should only be accepted in association with scientific meetings, clinical educational meetings or equivalent, which must be modest, normal and reasonable in the circumstances and in line with what the NHS would normally provide. Any such hospitality should be held in appropriate venues conducive to the main purpose of the event, e.g. the sponsorship is clearly disclosed in any papers relating to the meeting; products discussed should be described in relation to the Scottish Medicines Consortium, Formulary or equivalent clinical product catalogue and the active promotion of clinical products is restricted to those in the Board's Formulary and equivalent clinical product catalogues. Any educational meetings hosted by suppliers must be approved by the line manager.
    - d) Before accepting an offer of hospitality the individual concerned should fill in a Registering Hospitality Declaration Form (attached as appendix 3) and have it approved by their line manager. A copy of the request form will be held as part of a Hospitality Register which will be available for scrutiny by the NHS Board, Corporate Management Team, members of the public or press should they request such information. The arrangements for the administration of the process will be set out locally.
- NHS Lanarkshire as a public body must be able to demonstrate good value when incurring expenditure. Particular consideration must be given to the use of NHS Lanarkshire venues for hospitality and entertainment including hospitality at conferences and other external events.



- All NHS Lanarkshire staff who participate in or authorise the provision of hospitality involving external organisations must be able to ensure that their conduct is capable of justification in the light of the public service values outlined.

#### **4.4 Bribery Act 2010**

NHS Lanarkshire will uphold all laws relevant to countering bribery and corruption, including the Bribery Act 2010 (the Act). This commitment applies to every aspect of NHS Lanarkshire's activity, including dealings with public and private sector organisations and the delivery of care to patients.

The Act recognises a number of offences including the following:-

- The offering, promising or giving of a bribe (active bribery);
- The requesting, agreeing to receive or accepting of a bribe (passive bribery).

Any employee who commits active or passive bribery will be subject to disciplinary action. In addition, the matter will be referred to relevant authorities for criminal investigation.

The Act also recognises a further offence of corporate liability for failing to prevent bribery on behalf of a commercial organisation. (For the purposes of the Act, NHS Boards are considered commercial organisations.) NHS Lanarkshire has put in place a range of measures intended to prevent bribery and these are subject to formal and regular review to ensure they remain fit for purpose.

#### **4.5 Assessment and training visits for new equipment**

It is not acceptable for individuals within NHS Lanarkshire to accept offers of travel or overnight accommodation except where such visits do not relate to the purchase of equipment but are rather to do with training or familiarisation of equipment which it has already been determined will be purchased. In these circumstances it is acceptable for the cost to be met by the manufacturer or supplier.

Whilst it will be necessary for staff advising on the purchase of equipment to inspect such equipment in operation in other parts of the country or exceptionally overseas, acceptance of an offer by the manufacturer to meet the costs of such visits may cast doubts on the integrity of subsequent purchasing decisions. NHS Lanarkshire will therefore meet the costs of any visits which are considered necessary. Any such visits will require to be authorised by the appropriate line manager.

#### **4.6 Commercial 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 as set out in the Ethical Code of the Institute of Purchasing and Supply.

## 4.7 Secondary Employment

Staff should seek permission from their line manager if they are planning to undertake paid work outwith their employment with NHS Lanarkshire to ensure there is no conflict of interest with their post in NHS Lanarkshire.

## 5. ROLES AND RESPONSIBILITIES

### 5.1 All staff

a) It is a basic principle in all parts of the public service that public servants must be scrupulously impartial and honest, that they must be seen to be so and that they must be beyond suspicion in all aspects of business conduct.

b) This primary responsibility applies to **all NHS staff** - those who commit NHS resources directly e.g. by the ordering of goods, those who do so indirectly e.g. by the prescribing of medicines or those who advise on the commitment of resources. Therefore, all staff must comply with the following responsibilities;

- 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.
- to ensure that the interests of patients remains paramount at all times
- to be impartial and honest in the conduct of their official business
- to use public funds entrusted to them to the best advantage of the service, always ensuring value for money
- not to abuse their official position for personal gain or to benefit their family or friends
- not to seek to advantage or further their private business or other interests in the course of their official duties
- not to accept gifts or bequests which will directly or indirectly benefit them, or put pressure on patients, or others to make donations to other people or organisations.
- not to accept gifts or hospitality liable to raise any questions regarding their judgement or impartiality. Staff should decline all offers of gifts, hospitality or entertainment except as defined in paragraph 4.2 above.

### 5.2 Line Managers

Line managers are required:

- to approve Hospitality requests using the standard paperwork;
- to maintain the Hospitality register for their area of responsibility;

- to maintain a register of employee's private interests.

**6. RESOURCE IMPLICATIONS**

None identified

**7. COMMUNICATION PLAN**

- This Code will be launched using the weekly staff briefing and it will be available on Firstport.
- This Code will also be discussed at the appropriate management team meetings and local partnership fora.

**8. QUALITY IMPROVEMENT – Monitoring and Review**

This Code will be reviewed every three years via the Joint Policy Forum.

**9. EQUALITY AND DIVERSITY IMPACT ASSESSMENT**

This Code meets NHS Lanarkshire's EDIA



## Register of Employees' Private Interests

### Declaration Form

I hereby declare the following private interests, which may be material and relevant to NHS business. This declaration is made in accordance with the terms of NHS Lanarkshire's Code of Conduct.

<u>Registerable interest</u>	<u>Description of interest</u>
<b>Remuneration</b>	
<b>Related undertakings</b>	
<b>Contracts</b>	
<b>Houses, land and buildings</b>	
<b>Shares and securities</b>	
<b>Non-financial interests</b>	

I understand these interests will be entered into a register held by the general manager or equivalent and which is available to the public. Any material change to my circumstances will be notified to the general manager or equivalent, so that the information held can be updated.

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Name (please print):** \_\_\_\_\_

## Register of NHS Lanarkshire Board member's private interests

### Declaration Form

I hereby declare the following private interests, which may be material and relevant to NHS business. This declaration is made in accordance with the terms of the Ethical Standards in Public Life etc (Scotland) Act 2000 (Register of Interests) Regulations 2003 as amended.

<u>Registerable interest</u>	<u>Description of interest</u>	<u>Initials</u>
<b>Remuneration</b>		
<b>Related undertakings</b>		
<b>Contracts</b>		
<b>Houses, land and buildings</b>		
<b>Shares and securities</b>		
<b>Non-financial interests</b>		
<b>Election expenses</b>		

I understand these interests will be formally recorded in NHS Lanarkshire's minutes, and entered into a register, which is available to the public. Any material change to my circumstances will be notified to the Board Secretary so that the information held can be updated.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**To be retained by the Board Secretary**

## Registering of Hospitality Declaration Form

<b>Hospitality offered to: (Name, title, department)</b>	
<b>Person/Organisation offering or providing the Hospitality and date:</b>	
<b>Nature of Hospitality:</b>	
<b>Estimated or actual value of Hospitality:</b>	
<b>Any reasons for accepting, returning or refusing the Hospitality:</b>	
<b>Authorised by: [please print name &amp; title]</b>	

**Please complete this form for any hospitality received and return to your line manager, who will retain it for a period of six months.**

# Section D

## **Schedule of Decisions Reserved for the NHS Board**

This section sets out matters which can be decided only by the NHS Board and are not delegated to a Board Committee or a Board officer.

## **DECISIONS RESERVED FOR NHS BOARD**

- Any property transactions (acquisitions, disposals and leases) with a lifetime value in excess of £2m.
- The approval of Full (or Standard) Business Cases with a capital value greater than £2.5m (or £2m for IM&T projects)
- The approval of Initial Agreements, and Outline Business Cases with a capital value greater than the Scottish Government prescribed delegated limit (in 2014 this is £3m (£2m for IM & T projects)).
- Approval of healthcare contracts with non-NHS providers with lifetime value greater than £2m
- Entering into Contracts with a lifetime value in excess of £2m with Non-NHS Providers for Income Generation other than Healthcare Agreements.
- Condemning and Disposal of Assets (excluding property) with a value over £500k which are obsolete, obsolescent, redundant, irreparable, or cannot be repaired cost effectively.
- Approval of arrangements for consultation and engagement on proposals for strategic service change, and approval of the proposed strategic direction following consultation and engagement
- Approval of the 5 year Financial Plan
- Approval of the 5 year Capital Investment Plan
- Approval of the Workforce Plan
- Approval of the Annual Operational Plan
- Approval of Annual Operational Plan Performance Reports
- Approval of the Corporate Objectives
- Approval of the Performance Management arrangements to ensure delivery of the Annual Operational Plan and the Corporate Objectives
- Approval of the Annual Accounts
- Approval of the Annual Report
- Endorsement of Minutes of the Pharmacy Practices Committee and the Governance Committees, viz : Area Clinical Forum; Audit Committee; Healthcare Quality Assurance and Improvement Committee; Staff Governance Committee; Acute



Governance Committee; Population Health, Primary Care and Community Services Governance Committee;

- Approval of the Code of Corporate Governance, which encompasses: Standing Orders and Committee Administrative Arrangements, including : Committee arrangements and membership and Terms of Reference for the Governance Committees; the Schemes of Delegation for Financial Governance, Clinical Governance, Staff Governance; and the Schedule of Decisions Reserved for the NHS Board
- Approval of an Annual Report on Governance, which encompasses: (a) a Review of the Code of Corporate Governance and its constituent elements (Schemes of Delegation for: Financial Governance; Clinical Governance; Staff Governance and a Schedule of Decisions Reserved for the NHS Board); (b) Annual Reports and Terms of Reference for the Governance Committees; (c) the Code of Conduct for Board Members; (d) Declarations of Interests from Members.
- Approval of the Standing Financial Instructions
- Approval of a Strategic Business Continuity Plan
- Approval of Minutes of Board Meetings
- Approval of Single Outcome Agreements and the Change Plans for North and South Lanarkshire
- Approval of the Annual Review Self-Assessment Submission

#### **Decisions Reserved for the Chair and (Non-Officer) Non-Executive Directors**

- The appointment, discipline and dismissal of the Chief Executive

#### **Decisions Reserved for the Chair (Non-Officer) Non-Executive Directors and the Chief Executive**

- The appointment, discipline and dismissal of Executive Directors
-

# Section E

## STANDING FINANCIAL INSTRUCTIONS

**THIS SECTION EXPLAINS HOW STAFF WILL CONTROL THE FINANCIAL AFFAIRS OF NHS LANARKSHIRE AND ENSURE PROPER STANDARDS OF FINANCIAL CONDUCT.**

<b>Author:</b>	<b>Laura Ace</b>
<b>Responsible Lead Executive Director:</b>	<b>Laura Ace</b>
<b>Endorsing Body:</b>	<b>Board</b>
<b>Governance or Assurance Committee</b>	<b>Audit Committee</b>
<b>Implementation Date:</b>	<b>April 2018</b>
<b>Version Number:</b>	<b>8</b>
<b>Review Date:</b>	<b>April 2019</b>
<b>Responsible Person:</b>	<b>Calum Campbell</b>

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<b>CONSULTATION AND DISTRIBUTION RECORD</b>	
<b>Contributing Author / Authors</b>	<ul style="list-style-type: none"> <li>• Laura Ace</li> <li>• Morag Holmes</li> <li>• Gordon Smith</li> <li>• Terry Dunthorne</li> </ul>
<b>Consultation Process / Stakeholders:</b>	<ul style="list-style-type: none"> <li>• Corporate Management Team</li> <li>• Audit Committee</li> <li>• Board</li> </ul>
<b>Distribution:</b>	<ul style="list-style-type: none"> <li>• Firstport</li> <li>• All budget holders</li> </ul>

<b>CHANGE RECORD</b>			
<b>Date</b>	<b>Author</b>	<b>Change</b>	<b>Version No.</b>
March 2010			1
September 2011			2
October 2012			3
August 2013			4
August 2014			5
March 2016			6
March 2017			7
March 2018			8

## **CONTENTS**

- i) Consultation and Distribution Record**
- ii) Change Record**

### **1. INTRODUCTION**

These Standing Financial Instructions (SFI's) are issued in accordance with the financial directions provided by the Scottish Government Health and Social Care Directorate (SGHSCD) under National Health Service in Scotland (NHSiS) Statutes and Circulars. The SFI's are also in accordance with all other enabling powers for the regulation of the conduct of NHS Boards, their members, officers and agents in relation to all financial matters.

### **2. AIM, PURPOSE AND OUTCOMES**

These SFI's are issued for the regulation of the conduct of the Board, its directors, officers and agents in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders of the Board. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.

### **3. SCOPE**

#### **3.1 Who is the Policy Intended to Benefit or Affect?**

These SFI's are issued for the regulation of the conduct of the Board, its directors, officers and agents in relation to all financial matters.

#### **3.2 Who are the Stakeholders?**

Standing Orders, Scheme of Delegation and SFI's provide a comprehensive governance framework. All Executive Directors, non-Executive Directors, and all members of staff, should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions. The Scheme of Delegation supporting these SFIs is attached as Annex A.

### **4. PRINCIPLE CONTENT**

Financial Instructions as detailed below.

### **5. ROLES AND RESPONSIBILITIES**

It is the duty of the Chief Executive to ensure that existing members of the Board and employees and all new appointees are notified of, and understand, their responsibilities within these instructions.

**6. RESOURCE IMPLICATIONS**

None

**7. COMMUNICATION PLAN**

Firstport, staff briefing, and cascade through line management structure.

**8. QUALITY IMPROVEMENT – MONITORING AND REVIEW**

To be reviewed by April 2017 or earlier if change of legislation.

**9. EQUALITY AND DIVERSITY IMPACT ASSESSMENT**

This policy meets NHS Lanarkshire’s EDIA. A completed copy has been sent to [hina.sheikh@lanarkshire.scot.nhs.uk](mailto:hina.sheikh@lanarkshire.scot.nhs.uk)

(tick box)

**10. Summary or Frequently Asked Questions (FAQs)**

Please ensure you send a summary of your policy or a frequently asked questions with your completed policy

**11. REFERENCES**

None.

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1. Introduction
2. Key Responsibilities for Financial Governance
3. Audit Arrangements
4. Financial Management
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6. Aligned Pooled Budgets
7. Joint Investment Boards (Health & Social Care)
8. Investment Appraisal & Evaluation
9. Pay Expenditure
10. Non Pay Expenditure
11. Capital Investment and Private Financing
12. Asset Registers & Security of Assets
13. Banking & Cash Handling
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15. VAT
16. Stock Control
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18. Annual Accounts
19. Losses & Special Payments
20. Fraud, Bribery & Corruption
21. Patients' Funds & Property
22. Information Management & Technology
23. Retention of Records
24. Risk Management & Insurance
25. Funds Held on Trust (Endowments)

## **SECTION 1                    INTRODUCTION**

- 1.1 These Standing Financial Instructions (SFI's) are issued in accordance with the financial directions provided by the Scottish Government Health and Social Care Directorate (SGHSCD) under National Health Service in Scotland (NHSiS) Statutes and Circulars. The SFI's are also in accordance with the Scottish Public Finance Manual and all other enabling powers for the regulation of the conduct of NHS Boards, their members, officers and agents in relation to all financial matters. References to key legislative or SG codes regulating business conduct are listed at the end of this section.
- 1.2 These SFI's are issued for the regulation of the conduct of the Board, its directors, officers and agents in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders of the Board.
- 1.3 They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.
- 1.4 Standing Orders, Scheme of Delegation and SFI's provide a comprehensive governance framework. All Executive Directors, non-Executive Directors, and all members of staff, should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions. The Scheme of Delegation supporting these SFIs is attached as Annex A.
- 1.5 It is the duty of the Chief Executive, managers and heads of department, to ensure that existing members of the Board and employees and all new appointees are notified of, and understand, their responsibilities within these instructions.
- 1.6 Should any difficulties arise regarding the interpretation or application of any of the SFI's then the advice of the Director of Finance must be sought before acting. The user of these SFI's should also be familiar with and comply with the provisions of the NHS Lanarkshire Standing Orders.
- 1.7 All members of the Board and staff have a duty to disclose any non-compliance with these SFI's to the Director of Finance as soon as possible. Failure to comply with SFI's will be deemed a disciplinary matter. It may also result in authority to conduct transactions on behalf of the Board being revoked until assurance is obtained on full future compliance with the SFIs.

Minor, isolated and unintentional non compliance of the SFI's will be logged by the Director of Finance and dealt with as appropriate. For any other breaches full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification.



## **References**

Scottish Public Finance Manual

<http://www.gov.scot/Topics/Government/Finance/spfm>

NHS Circular MEL (1994) 48

Standards of Business Conduct for NHS Staff

NHS Circular MEL (1994) 80

Corporate Governance in the NHS,

NHS Circular MEL (2000) 13,

Fundraising, Income Generation and Sponsorship within the NHSiS

Ethical Standards in Public Life (Scotland) Act 2000.

Incorporating the Model Code of Conduct for Members of Devolved Bodies

<http://www.gov.scot/Resource/0044/00442087.pdf>

SG Publication 2001

Standards of conduct, accountability and openness

SG Publication

A Common Understanding; Guidance on Joint working between NHS Scotland and the Pharmaceutical Industry 2003

Prevention of Corruption Acts 1906 and 1916

The Bribery Act 2010

## **SECTION 2                    KEY RESPONSIBILITIES FOR FINANCIAL GOVERNANCE**

The Board will exercise financial supervision and control by:-

- 2.1. Formulating the financial strategy;
- 2.2. Requiring the submission and approval of annual budgets within approved allocations;
- 2.3. Approving Standing Financial Instructions;
- 2.4. Defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation;

The Chief Executive

- 2.5. The Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Scottish Minister, for ensuring that the Board meets its obligation to perform its functions within the available financial resources and in line with the principles of Best Value;
- 2.6. The Chief Executive has overall executive responsibility for NHS Lanarkshire activities and is responsible to the Chairperson and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for NHS Lanarkshire system of internal control;

The Director of Finance

- 2.7. As specified in the Scheme of Delegation, the Director of Finance, without prejudice to any other function of officers of Lanarkshire NHS Board, shall exercise financial supervision and control by:
  - 2.7.1 requiring the submission and approval of financial plans to predetermined timetables;
  - 2.7.2 supervising the implementation of the Board's financial strategies and for co-ordinating any corrective action necessary to further these strategies;
  - 2.7.3 the design, implementation and supervision of systems of financial control incorporating the principles of separation of duties, internal checks and the need to obtain value for money and wider Best Value;
  - 2.7.4 defining the specific financial responsibilities placed on officers;
  - 2.7.5 setting the Board's accounting policies consistent with Scottish Government, Treasury guidance and generally accepted accounting practice, incorporating International Financial Reporting Standards;
  - 2.7.6 the provision of financial advice to other members of the Board and employees;

- 2.7.7 ensuring that sufficient records are maintained to show and explain the Board's transactions, in order to disclose, with reasonable accuracy, the financial position of the Board at any time;
- 2.7.8 the preparation and maintenance of such accounts, certificates, estimates, records and reports as NHS Lanarkshire may require for the purpose of carrying out its statutory duties.
- 2.8 The Chief Executive and Director of Finance can delegate their detailed responsibilities where appropriate but will remain accountable to the Board for financial control.

### All Directors and Employees

- 2.9. All members of the Board and employees, severally and collectively, are responsible for:
- 2.9.1. the security of the property and resources of the Board;
- 2.9.2. avoiding loss;
- 2.9.3. exercising economy and efficiency in the use of resources;
- 2.9.4. conforming to the requirements of Standing Orders, Scheme of Delegation, Standing Financial Instructions and Financial Procedures;
- 2.9.5. securing Best Value;
- 2.9.6. being impartial and honest in their conduct of business, remaining beyond suspicion when committing NHS resources directly or indirectly;
- 2.9.7. demonstrating appropriate ethical standards of personal conduct.
- 2.10. All budget holders shall ensure that:-
- a) information is provided to the Director of Finance to enable budgets to be compiled;
- b) budgets are only used for their stated purpose; and
- c) budgets are never exceeded.
- 2.11. When a budget holder expects his expenditure will exceed his delegated budget, he must secure an increased budget, or seek explicit approval to overspend before doing so.
- 2.12. Furthermore employees shall not:
- Abuse their official position for the personal gain or to the benefit of their family or friends;
  - Undertake outside employment that could compromise their NHS duties;
  - Seek to advantage or further their private business or interest in the course of their official duties.
- 2.13. All employees must protect themselves and the Board from any allegations of impropriety by seeking advice from their line manager, or from the appropriate contact point, whenever there is any doubt as to the

interpretation of the Standing Orders, Scheme of Delegation, Standing Financial Instructions and Financial Procedures.

- 1.2 Any contractor or employee of a contractor who is empowered by the Board to commit the Board to expenditure or who is authorised to obtain income shall be covered by these SFI's. It is the responsibility of the Director of Finance to ensure that such persons are made aware of this.

## SECTION 3            AUDIT ARRANGEMENTS

### Audit Committee

3.1. An independent Audit Committee is the central means by which Lanarkshire NHS Board ensures effective internal control mechanisms are in place. As required by statute and laid down in MEL 1994(80) the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the Audit Committee Handbook to perform the following tasks:

<http://www.gov.scot/Publications/2008/08/08140346/0>

- 3.1.1. Ensuring that management, has established an effective internal audit function, that complies with Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board;
- 3.1.2. Reviewing the work and findings of the external auditor appointed by Audit Scotland and considering the implications of and management's responses to their work;
- 3.1.3. Reviewing the findings of other significant assurance functions, both internal and external to NHS Lanarkshire, and considering the implication for the governance of the organisation;
- 3.1.4. Ensuring 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;
- 3.1.5. Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;
- 3.1.6. Reviewing 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;
- 3.1.7. Monitoring compliance with Standing Orders, Standing Financial Instructions and all related detailed Financial Procedures;
- 3.1.8. Reviewing schedules of losses and compensations and making recommendations to the Board;
- 3.1.9. Reviewing the annual report and financial statements prior to submission to the Board focusing particularly on:
  - The wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
  - Changes in, and compliance with, accounting policies and practices;
  - Unadjusted mis-statements in the financial statements;
  - Major judgmental areas;
  - Significant adjustments resulting from audit.
  - Reviewing the annual financial statements and recommending their approval to the Board;
  - Reviewing the external auditors report on the financial statements and the annual management letter;

- Conducting a review of the NHS Lanarkshire major accounting policies;
  - Reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirement that could have a significant impact on NHS Lanarkshire published financial accounts or reputation;
  - Reviewing any objectives and effectiveness of the internal audit services including its working relationship with external auditors;
  - Reviewing major findings from internal and external audit reports and ensuring appropriate action taken;
  - Reviewing 'value for money' audits reporting on the effectiveness and efficiency of the selected departments or activities;
  - Investigating any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;
  - Reviewing waivers to Standing Orders, Standing Financial Instructions, Scheme of Delegation.
- 3.2. The minutes of the Audit Committee meetings shall be formally recorded by NHS Lanarkshire Board Secretary and 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 annually on its work in support of the Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the extent to which a comprehensive risk management process embedded in the organisation, the integration of governance arrangements and the self-assessment of the effectiveness of the Audit Committee.
- 3.3. Where the Audit Committee feels there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chairperson of the Audit Committee should refer the matter to a full meeting of the Lanarkshire NHS Board. Exceptionally, the matter may need to be referred to the Scottish Government Health and Social Care Directorate.

### **Director of Finance**

- 3.4. The Director of Finance is responsible for:-

- 3.4.1. Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control including the establishment of an effective internal audit function;
  - 3.4.2. Ensuring that Internal Audit is adequate and meets the mandatory audit standards;
  - 3.4.3. Deciding at what stage to involve the police in cases of fraud, misappropriation, and other irregularities;
  - 3.4.4. Ensuring that the Chief Internal Auditor prepares the following for approval by the Audit Committee [and the Board]:
    - A clear statement on the effectiveness of internal control;
    - Major internal control weakness discovered;
    - Progress on the implementation of internal audit recommendations;
    - A strategic audit plan;
    - A detailed plan for the coming year.
- 3.5. The Director of Finance or designated internal auditors are entitled without necessarily giving prior notice to require and receive:-
- (a) Access to all records, documents and correspondence relating to any transactions, including documents of a confidential nature;
  - (b) Access at all reasonable times to any land, premises or employee of the organisation;
  - (c) The production of any cash, stores or other property of each organisation under an employee's control;
  - (d) Explanations concerning any matter under investigation.

### **Internal Audit**

- 3.6. Internal audit is an independent and objective appraisal service within the organisation which provides:
- an independent assurance to the Accountable Officer, the Board and the Audit Committee on the whole system of internal control by measuring and evaluating its effectiveness in achieving the organisation's agreed objectives. The whole system of internal control comprises the procedures and operations established for the assessment of risk, the achievement of objectives, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and the behavioural and ethical standards set for the organisation.
  - an independent objective consulting activity to support line management in adding value and improving an organisation's internal control system. This is done by bringing a systematic and disciplined approach to the evaluation and improvement of the risk management, control and governance processes which are intended to support the achievement of organisational objectives. Such consultancy work contributes to the assurance which internal audit provides on the whole system of internal control.

## External Auditors

- 3.7. The External Auditor is concerned with providing an independent assurance of each organisation's financial stewardship including value for money, probity, material accuracy, compliance with guidelines and accepted accounting practice for NHS accounts. Responsibility for securing the audit of the Board rests with Audit Scotland. The appointed External Auditor's statutory duties are contained in the Public Finance and Accountability (Scotland) Act 2000.
- 3.8. The appointed auditor has a general duty to satisfy themselves that:
- a) The organisations' accounts have been properly prepared in accordance with directions given under the Public Finance and Accountability (Scotland) Act 2000;
  - b) Proper accounting practices have been observed in the preparation of the accounts;
  - c) The organisation has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- 3.9. In addition to these responsibilities, Audit Scotland's Code of Audit Practice requires the appointed auditor to consider whether the statement of accounts presents a true and fair view of the financial position of the organisation;
- 3.10. The Audit Committee provides a forum through which non-executive Directors can secure an independent view of any major activity within the appointed auditor's remit. The Audit Committee has a responsibility to ensure that NHS receives a cost-effective service and that co-operation with senior managers and Internal Audit is appropriate.
- 3.11. The appointment of external auditors for patients' funds and endowment funds requires to be approved by the Audit Committee.



## **SECTION 4 FINANCIAL MANAGEMENT**

This section applies to both revenue and capital budgets.

### **4.1. Allocations**

4.1.1. The Director of Finance of NHS Lanarkshire will:

- (a) At least on a six monthly basis review the basis and assumptions used for distributing allocations and ensure that these are reasonable and realistic and secure NHS Lanarkshire's entitlement to funds;
- (b) prior to the start of each financial year submit to the Board for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve; and
- (c) regularly update the Board on significant changes to the initial allocation and the uses of such funds.

### **4.2 Local Delivery Plan (LDP)**

4.2.1 The Chief Executive shall be responsible for leading an inclusive process, involving staff and partner organisations, to secure the compilation and approval by Lanarkshire NHS Board of the annual LDP for Lanarkshire. They will compile and submit to the Board an LDP which takes into account financial targets; forecast limits of available resources and spending proposals. The plan will contain:

- (a) a statement of the significant assumptions on which the plan is based;
- (b) details of major changes in workload, delivery of services or resources required to achieve the plan;
- (c) any potential risks to achieving the plan
- (d) plans which implement the directions issued by the Integrated Joint Boards under their strategic plan alongside plans for the non delegated functions including reviewing the regional dimension of healthcare and the scope for sharing resources with planning partners.

By concisely describing the key health and healthcare issues facing Lanarkshire, by setting out succinctly how these will be tackled and by whom, and by setting clear priorities, key milestones and other qualified improvement targets over time, the LDP will help to secure understanding of important health issues, a shared approach to taking action, and a common commitment to achieving results.

### **4.3. Budgetary Control**

4.3.1. The Director of Finance shall, on behalf of the Chief Executive, prepare and submit to the Board for its approval, an annual financial plan for all revenue funds and capital where applicable, within the limits of available funds as determined by the notified allocations.

- 4.3.2. In preparing this plan the Director of Finance will work with the Chief Finance Officer of the North and South Integrated Joint Boards to develop the proposals for uplifts to budgets for delegated functions.
- 4.3.3. The Financial Plan shall be submitted to the NHS Lanarkshire Corporate Management Team for detailed scrutiny and risk assessment, following which the Corporate Management Team shall be responsible for recommending approval of the Financial Plan by NHS Lanarkshire Board.
- 4.3.4. The Financial Plan shall be a component of the LDP, and shall be reconcilable to an annual update of the financial planning returns which the Director of Finance will prepare and submit to the Scottish Government Health and Social Care Directorate, in accordance with guidance or direction issued from time to time.
- 4.3.5. The Director of Finance shall ensure that adequate financial and statistical systems are in place to monitor and control income and expenditure and to facilitate the compilation of financial plans, estimates and any investigations which may be required from time to time.
- 4.3.6. The Director of Finance shall devise and maintain systems of budgetary control and all officers, whom the Lanarkshire NHS Board and Corporate Management Team may empower to engage staff or otherwise incur expenditure or to collect or generate income, shall comply with the requirements of those systems. The systems of budgetary control shall incorporate the reporting of (and investigation into) financial, activity or workforce variances from budget. The Director of Finance shall be responsible for providing budgetary information and advice to enable the Chief Executive and other officers to carry out their budgetary responsibilities.
- 4.3.7. The Chief Executive may, within limits approved by Lanarkshire NHS Board, delegate authority for a budget or a part of a budget to the individual officer or group of officers who will be responsible for the activities provided for within that budget.
- 4.3.8. The terms of delegation shall include a clear definition of individual and group responsibilities for:-
- the amount of budget;
  - the purpose(s) of each budget heading;
  - control of expenditure;
  - exercise of virement;
  - achievement of planned levels of service; and
  - the provision of regular monitoring reports.
- upon the discharge of those delegated functions to the Chief Executive.
- 4.3.9. Responsibility for overall budgetary control, however, shall remain with the Chief Executive.

- 4.3.10. Where Budgets for functions delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 have been issued to the Health Board via a direction of the IJBs the rules as to their use are as set out in the IJB Strategic Commissioning Plan and Financial Regulations. In other circumstances these SFIs applies.
- 4.3.11. Except where otherwise approved by the Chief Executive, taking account of the advice of the Director of Finance, budgets shall be used only for the purpose for which they were provided
- 4.3.12. Any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by powers of virement delegated by the Chief Executive.
- 4.3.13. Expenditure for which no provision has been made in an approved budget shall only be incurred after authorisation by the Chief Executive or Director of Finance, subject to their authorised virement limit.
- 4.3.14. The Director of Finance shall keep the Chief Executive and the Board informed of the financial consequences of changes in policy, pay awards, and other events and trends affecting budgets, and shall advise on the financial and economic aspects of future plans and projects.
- 4.3.15. There is a duty requiring the Chief Executive, other officers and all employees of NHS Lanarkshire not to exceed approved budgetary limits.
- 4.3.16. Any substantial funds arising from inability to action, or delay in the implementation of projects approved by Lanarkshire NHS Board, shall be reported in the first instance by the Chief Executive, together with advice on the use of such funds, to the NHS Lanarkshire Corporate Management Team, who shall report to Lanarkshire NHS Board.
- 4.3.17. The Director of Finance shall ensure the issue of timely, accurate and comprehensive advice, and monthly financial reports to each budget holder, covering the areas for which they are responsible.
- 4.3.18. The Director of Finance shall produce a regular Financial Report for submission to Lanarkshire NHS Board. This report shall highlight any significant in-year variance from the Financial Plan together with a forecast of the outturn position for the financial year concerned, and shall recommend any proposed corrective action.
- 4.3.19. The Director of Finance will ensure that the Chief Finance Officers of the IJBs are timeously provided with the information required in order to report to the IJBs.
- 4.3.20. The Director of Finance of Lanarkshire NHS Board shall prepare such reports as required by the Scottish Government Health and Social Care Directorate.

4.3.21. In order to fulfil these responsibilities, the Director of Finance shall have right of access to all budget holders on budgetary related matters.

## **SECTION 5 COMMISSIONING/PROVIDING HEALTHCARE SERVICES**

### **5.1. Entering agreements to Provide Services to other NHS bodies**

- 5.1.1. It is expected that NHS organisations will collaborate to share services to make more efficient use of resources and provide more robust patient care. Entering in to an agreement to provide new or extend existing services to an NHS body requires a business case proportionate to the size and complexity of the arrangement. This should consider the cost of providing the service including any increased demand on support services, the ability to staff and accommodate the expanded service, any associated risks and the fair division of responsibilities for risk management.
- 5.1.2. The principles of Regional Planning circular HDL (2004) 46 shall be taken into account in charging for the service and resolving disputes.
- 5.1.3. Officers have the same level of delegated authority to commit to provide services to other NHS bodies as they do for committing to receiving services for other NHS bodies.

### **5.2. Entering agreements to Provide Services to non NHS public sector bodies**

- 5.2.1. Joint planning and integrated services between community planning partners and sharing support services with other local public sector bodies is desirable to promote efficiency and provide better public services. Services should only be provided to non NHS public sector bodies in circumstances where they are a good fit with NHS activities and capabilities.
- 5.2.2. A business case proportionate to the size and complexity of the arrangement is required. This should consider the cost of providing the service including any increased demand on support services and the contribution to overheads, the ability to staff and accommodate the expanded service, a fair division of risk and clarity on respective responsibilities and which terms, conditions and procedures will be followed. The business case should be signed off by the relevant Divisional Director and Deputy Director of Finance.
- 5.2.3. Any arrangements with a lifetime value of more than £2m is required to be discussed by the CMT and signed by the Chief Executive.

### **5.3. Entering agreements to Provide Services to non NHS bodies**

- 5.3.1. Services should only be provided to non NHS bodies in circumstances where they are a good fit with NHS activities and capabilities. The purposes of the Board are set out in the National Health Service (Scotland) Act 1978 and it is important that no activity is entered into that would be dissonant with that purpose or otherwise bring an unjustifiable reputational risk to the Board. It is important that the provision of these services do not impact on the ability to provide NHS services.

- 5.3.2. A business case proportionate to the size and complexity of the arrangement is required. This should consider the cost of providing the service including any increased demand on support services and the contribution to overheads and, the ability to staff and accommodate the expanded service. Risks should be identified through our standard risk management approach. There should be a financial assessment signed off by the deputy Director of Finance and appropriate Director which clearly sets out the assumptions and models the impact of identified risks. At a minimum, these risks should cover penalty clauses, the impact of early termination and exit strategy at the end of the agreement.
- 5.3.3. Legal advice should be sought on the agreement to ensure the respective obligations are clearly expressed and do not impose an unduly onerous burden on the NHS.
- 5.3.4. Any arrangements with a lifetime value of more than £1m is required to be discussed by the CMT and signed by the Chief Executive. Any arrangements with a lifetime value of more than £2m require Board approval.

## **SECTION 6                      ALIGNED AND POOLED BUDGETS**

- 6.1. NHS Scotland organisations and Scottish Local Authorities have a statutory duty to co-operate to provide improved Community Care Services. The Community Care and Health (Scotland) Act 2002 and The Community Care (Joint Working etc.) Regulations 2002 increased the flexibility available to both organisations to improve outcomes for people using these services, together with their carers. Scottish Ministers are also given power to direct the NHS and Local Authorities to enter into joint working arrangements, where existing performance is unsatisfactory. The Regulations specify the social care, health and housing functions to be covered by both these enabling and intervention powers.
- 6.2. Part 2 of the Act enables payments to be made between the NHS and Local Authorities in connection with relevant functions, both Capital and Revenue, in order to move resources to deliver joint objectives. The Act also provides a framework within which the organisations may delegate functions and pool budgets, where the host partner is best placed to manage the day to day operation of a joint service. Each partner retains the overall, original, responsibility and accountability for the exercise of existing functions delegated in this way. A Local Partnership Agreement must develop a governance framework to manage and demonstrate accountability for any service and activity so delegated. The host partner is required to account for the use of the pooled resources and service performance to both partners. Jointly managed services identified in the Local Partnership Agreement will be managed using either aligned or pooled budgets.
- 6.3. Aligned Budgets are where clearly identified financial resources are contributed by each partner into a joint “pot” to resource the provision of jointly managed services, but the funds remain held within each partner organisation in separate and distinct budgets. This enables each partner organisation to identify and account for their contribution to the joint “pot”.
- 6.4. The Act provides enabling powers to develop pooled budgets. Each partner contributes agreed resources to a discrete fund, which is managed as a single budget; by a separate discrete body e.g. voluntary organisations. This body however is not a separate legal entity, and for legal reasons must be linked to one of the statutory authorities, the authority becomes the “host” partner. The partners must agree at the outset the purpose, scope and outcomes for services within the agreement, meeting their own statutory obligations and justifying their contribution to the fund.
- 6.5. Partnership arrangements entered into by NHS Lanarkshire must comply with the guidance on aligned and pooled budgets issued by the Scottish Government. Resources are included if they will be used more effectively as part of the holistic approach.
- 6.6. A local Partnership Agreement or Heads of Agreement must be drawn up between the partner organisations, this will specify the services to be managed jointly, joint management structures and arrangements, the

governance arrangements, the accountability arrangements, the budgetary control arrangements, and the financial reporting and monitoring arrangements. Each partner organisation's Director of Finance must approve the Local Partnership Agreement which must then be ratified by both the NHS Board and the Council.

- 6.7. Each partner will agree the level of its contribution in advance of each financial year. Levels of contribution will take account of inflation, new developments, service pressures, JHIP priorities, capital charges and savings targets.
- 6.8. The Council and NHS Lanarkshire Joint Future Committee, as defined in the Local Partnership Agreement will have delegated authority to develop jointly managed services, through the development of the Local Partnership Agreement and ratification by the NHS Lanarkshire Board and the Council. Newly created Joint Services managerial posts may be employed by one or other of the partners, who will be responsible for the risks and liabilities associated with that contract of employment.
- 6.9. Joint Services managerial posts will be given delegated authority for the management of budgetary resources from each partner. There will be clearly defined roles and responsibilities for the achievement of financial and service performance targets. For the management of resources and activities associated with NHS Lanarkshire's contribution to the jointly managed services, the NHS Lanarkshire Code of Corporate Governance will be complied with and the manager will be included in the NHS Lanarkshire Scheme of Delegation, as appropriate. For the management of resources and activities associated with Council's contribution to the jointly managed services, the Council Financial Regulations and Contract Regulations will be complied with and the manager will be included in the Council Scheme of Delegation, as appropriate. In addition any instructions guidance produced by the Directors of Finance from either partner will be complied with if it is to be applied to the appropriate budget/resources.
- 6.10. If a separate body is created to manage pooled budgets, the lead officer of the newly created partnership body shall issue Financial Regulations and Standing Financial Instructions/Code of Corporate Governance, in accordance with directions issued by the Scottish Government, and agreed by the partner authorities. Such regulations and instructions will specify the arrangements for the provision of financial and service performance information to the partner authorities who remain responsible and accountable for their contribution to the pooled budget.
- 6.11. NHS Lanarkshire Chief Executive and the Council Chief Executives will remain accountable to the Scottish Government for the financial contribution made by their organisation in all joint service arrangements.
- 6.12. Jointly managed services will be subject to both financial and value for money audit by both internal audit and the Auditor General for Scotland. Annual Statements will be prepared for inclusion in both partners' Annual Accounts



complying with all appropriate accounting standards and Scottish Government requirements. Each partner's Director of Finance will be equally responsible for ensuring that all relevant financial information is made available to the other partner as appropriate.

## **SECTION 7 HEALTH AND SOCIAL CARE INTEGRATION**

- 7.1. Each partner will agree the formal budget setting timelines and reporting periods as defined in the Financial Regulations.
- 7.2. The initial budget for the NHS contribution to the Integrated Joint Board budget for delegated functions under the Public Bodies (Joint Working) (Scotland) Act 2014 will be set in accordance with the Integration Schemes and SG's Integrated Resource Advisory group guidance. In subsequent financial cycles the NHS Board will take account of any further guidance issued by SGHSCD and ensure the IJB Chief Officer and IJB Chief Financial Officer are engaged in discussions on the possibilities afforded by the NHS settlement. This may involve the IJB officers developing a case for the integrated budget based on the Strategic Plan and presenting it to NHS (and local Authority) for consideration as part of the annual budget setting processes. The NHS Board will evaluate the case for the Integrated Budget against its other priorities and will agree its contributions accordingly. The budget will be evidenced based with transparency of assumptions including, but not limited to pay award, contractual uplift, savings requirements etc.
- 7.3. Following on from the budget process, the IJB Chief Officer and Chief Financial Officer will prepare a financial plan supporting the Strategic plan and once approved by the IJB issue Directions with defined payment levels to the NHS Board.
- 7.4. If at the outset the NHS Board does not believe the direction can be achieved for the payment being offered then it shall notify the IJB of its concerns and seek a mutually acceptable solution. For any concerns on the affordability of direction associated with the set aside budget, the notification would be in line with s 28 (4) of the Public Bodies (Joint Working) (Scotland) Act 2014, that additional funding would be necessary to comply with the direction.
- 7.5. Once the payments to be made by the IJB to the NHS Board for the delegated functions have been agreed they will form, for the directly managed functions, form the basis of annual budgets to be issued to the Chief Officer of the IJB (in their operational capacity, accountable to the Chief Executive of the NHS Board). The payments for the set aside budgets will form part of the budgets to be issued to the relevant NHS Director.
- 7.6. In managing these operational budgets the Chief Officer will comply with these SFIs unless the SFI's explicitly state otherwise.
- 7.7. In further delegating budgetary authority to managers in their structure the Chief Officer is responsible for ensuring all transactions processed by the NHS comply with these SFIs and any further detailed procedural NHS Board guidance relevant to the transaction.
- 7.8. It is envisaged that the Chief Officer will have a structure including joint management posts who are responsible for both health and council expenditure.

- 7.9. Where a manager has delegated authority for both health and council expenditure they must ensure the VAT treatment is in line with the Integrated Resource Advisory Group and any HMRC guidance. If there is any doubt they should seek advice from the Director of Finance for any expenditure that might previously have been made from NHS budgets.
- 7.10. Where a council employee has been given delegated authority for NHS budgets a signed declaration that they have received and will comply with these SFIs is required. This should also be signed by the Chief Officer, who will further undertake to pursue any breaches of the NHS SFIs through the council line management structure if required.
- 7.11. For the Directly managed functions under their control, the Chief Officers power to make in year changes to the funding balance between NHS functions or to the funding balance between NHS and other bodies will derive from the flexibility granted by the IJBs when they set their financial regulations. If under those regulations IJB approval is required for changes above a certain level then the NHS Board will only act when that authority is obtained.
- 7.12. Notwithstanding that a budget virement lies within the Chief Officers level of authority it can only be executed if detailed consideration of the financial impact confirms any risks associated with it are acceptable. If there is a difference of opinion between the Chief Officer and NHS finance as to the acceptability of the risk, the Chief Officer and Director of Finance of the NHS will first seek to reach an acceptable solution. Failing that the Chief Executive of the NHS will consider the level of risk, involving the CMT if necessary for a wider view. Should there still not be agreement the IJB would be invited to review this and set out how it would mitigate the stated risk.
- 7.13. In managing these operational budgets the Chief Officer will comply with these SFIs unless the SFI's explicitly state otherwise.
- 7.14. If an overspend is forecast on the NHS budget, the Chief Officer and the Integration Joint Board's Chief Financial Officer will aim to agree a recovery plan in line with the Integration Scheme and discuss this with the NHS Director of Finance. Should an agreed plan not be in place in time to prevent or manage an in year deficit, the NHS Director of Finance may request that such expenditure controls as are necessary to avoid an NHS budget deficit are put in place. Having considered any alternatives, the Chief Executive of NHS Lanarkshire would have the ultimate power to require these are enacted.
- 7.15. If an underspend is forecast on the Chief Officer's NHS budget then section 7.8 relating to virements applies. Under s 28(3) of the Public Bodies (Joint Working) (Scotland) Act 2014 the IJB is entitled to ask for the return of unused funding issued under a payment direction. A verified underspend taking into account the totality of the NHS spend on delegated functions will be disposed of as instructed by the IJB.

- 7.16. The NHS Director of Finance is responsible for providing the Chief Officer (as with all budget holders) with regular financial information to allow them to manage their budgets. The NHS Director of Finance is also responsible for providing the Chief finance officer of the IJB with the financial information required by the integration scheme as expanded by subsequent agreements, to meet the reporting requirement to the IJB. In advance of each financial year a timetable will be agreed with the IJB.
- 7.17. The IJB Chief Financial Officer will be responsible for the preparation of the annual financial statements as required by s 39 of the Public Bodies (Joint Working) (Scotland) Act 2014 and the statutory annual accounts. The Accounting Standards as adapted for the public sector will apply to the Integration Joint Board. The Code of Practice on Local Authority Accounting in the UK will be the applicable guidance for their interpretation. The financial statements of the Integration Joint Board will be completed to meet the audit and publication timetable specified in regulations (Regulations under section 105 of the Local Government (Scotland) Act 1973). Initially, recording of financial information in respect of the Integration Joint Board will be processed via the Local Authority ledger (though this will be reviewed in time). Although the responsibility lies with the Chief Finance officer of the IJB the Director of Finance will ensure such information is supplied from the NHS as is required to fulfil these obligations.
- 7.18. The financial ledger transactions relating to the Integration Joint Board will be carried out prior to the end of the financial year with post year-end adjustments for material information only. Year-end balances and transactions will be agreed timeously in order to allow completion of the Accounts in line with required timescales. This date will be agreed annually by the Integration Joint Board, the Health Board and the Local Authority.
- 7.19. Detailed Financial Regulations governing the Integration Joint Board will be agreed between the Local Authority and the Health Board and approved by the Integration Joint Board. Once agreed the NHS Director of Finance will be responsible for ensuring any NHS obligations are fulfilled.
- 7.20. Although the Public Bodies (Joint Working) (Scotland) Act 2014 will supersede most of the previous joint working arrangements, it remains possible that there could be pooled or aligned budgets with community partners that fall outwith that. The previous standing financial instruction provisions relating to this have therefore been retained as Section 6 in case they should be needed.

## **SECTION 8 INVESTMENT APPRAISALS & EVALUATION**

- 8.1. The Director of Finance and Director of Strategic Planning and Implementation are jointly responsible for developing guidance on business cases.
- 8.2. The lead Director is responsible for ensuring all SCIM or SPFM requirements are adhered to regarding major investment projects i.e. greater than £3.5m.
- 8.3. The key principles of this guidance should however be adopted in relation to all investment projects.
- 8.4. For projects under this level local guidance will be developed jointly by the Director of Finance and Director of Strategic Planning and Implementation.
- 8.5. An appropriate Senior Responsible Owner must be appointed at the earliest possible stage of a project and all project roles, responsibilities and delegated authorities must be clearly identified, agreed and documented prior to commencement.
- 8.6. Accountable Officers must be kept informed of progress and any developments that could undermine the business case for the project.
- 8.7. Arrangements must be put in place to identify and evaluate benefits and to capture lessons learned from the project's delivery.
- 8.8. Appraisal and evaluation are essential parts of good financial management. The general principles should apply to any proposal - whether project, programme or policy related - with implications for expenditure/use of resources.
- 8.9. Appraisal is normally the starting point for any proposal and should normally include the following steps:
  - define the objectives;
  - consider a range of options;
  - identify, quantify and value the costs, benefits, risks and uncertainties associated with each option, including considerations of public private partnerships and the scope for shared services arrangements with other public bodies, optimism bias and distributional implications;
  - analyse the information;
  - decide what evaluation should be performed at a later stage; and present the results.
- 8.10. Evaluation examines the outturn of a project, programme or policy against its objectives. It adds value by providing lessons from experience to help future management or development of a specific project, programme or policy. Evaluation should be planned from the outset of the project, and should normally include the following steps:

- establish exactly what is to be evaluated and how past outturns can be measured;
- choose alternative states of the world and/or alternative management decisions as counterfactuals;
- compare the actual outturn with the target outturn, and with the effects of the chosen alternative states of the world and/or management decisions;
- draw up the results and recommendations; and
- disseminate and use the results and recommendations.

## **SECTION 9            PAY EXPENDITURE**

### **Remuneration Committee**

- 9.1. The Remuneration Committee of the Board shall approve any changes to the remuneration, allowances and conditions of service of Chief Executive and other Directors in accordance with the Code of Corporate Governance.
- 9.2. The Committee will:
- (a) Agree all terms and conditions of employment of Executive Directors of NHS Lanarkshire in the following respects:
    - (i) content and format of job descriptions;
    - (ii) terms of employment including tenure;
    - (iii) pay;
    - (iv) benefits including motor cars;
    - (v) annual salary review.
  - (b) Ensure for all senior managers on executive pay scales that arrangements, compliant with SGHSCD guidance, are in place for the assessment of the performance against pre-determined criteria linked to service objectives and for determining annual pay uplifts and pay progression.
  - (c) Approve NHS Lanarkshire's arrangements for the grading of posts and to oversee these arrangements by receiving regular reports from the Director of Human Resources.
  - (d) Approve for all other terms and conditions of service issues not covered by Direction or Regulation such as Discretionary Points for Medical Staff.
- 9.3. After approval by the Remuneration Committee, the Director of HR, through the Scheme of Delegation will personally authorise for payment the Performance Related Pay (PRP) agreed by the Remuneration Committee.
- 9.4. NHS Lanarkshire will pay allowances to the Chairperson and non-executive directors of the Board in accordance with instruction issued by the Scottish Minister.
- 9.5. All early retirements or severance packages for Executive Directors which result in additional costs being borne by the employer will be submitted to the Remuneration Committee for approval. All other early retirements or severance packages shall be authorised by the Director of Finance and Director of HR once the budget has been agreed by the Corporate Management Team.

## **Funded Establishment**

- 9.6. The workforce plans incorporated within the annual budget shall form the funded establishment.
- 9.7 The funded establishment of any department may not be varied in a way that increases costs (taking account of future pay progression) beyond the delegated budget for that department unless authorised to do so by the Chief Executive.

## **Staff Appointments**

- 9.8 Directors and managers, authorised to do so, may engage, re-engage or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree changes in any aspect of remuneration providing:
- (a) they are authorised to do so by the Chief Executive; and
  - (b) it is within the limit of their approved budget and funded establishment;
  - (c) the remuneration is in line with NHS terms and conditions, pay circulars and the outcomes of NHS Lanarkshire job evaluation systems.

Control of Recruitment forms must be completed for all vacancies.

- 9.9 The Chief Executive will approve procedures presented by the Director of Human Resources for the determination of commencing pay rates, condition of service, etc, for employees.

## **Processing Payroll**

- 9.10 The Director of Finance is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
  - (b) the final determination of pay and allowances.
- 9.11 A signed copy of the engagement form and such other documents necessary shall be sent to the Payroll Department.
- 9.12 All managers and staff will ensure that strict confidentiality is maintained with regard to staff payroll information and that it is held securely when not in authorised use. Details of an employee's salary shall not be divulged to a third party except in the course of Board duties or with authority from the employee concerned.
- 9.13 The Payroll Manager shall be notified immediately upon the effective date of any change in state of employment or personal circumstances of an employee.



9.14 The Director of Human Resources and the Director of Finance shall be jointly responsible for ensuring that rates of pay and relevant conditions of service are in accordance with current agreements. The Chief Executive, or Board in appropriate circumstances, shall be responsible for the final determination of pay but subject to the statutory duty of the Director of Finance who shall issue instructions regarding:

- a) verification and documentation of data;
- b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- c) maintenance of subsidiary records for superannuation; income tax, National Insurance and other authorised deductions from pay;
- d) security and confidentiality of payroll information in accordance with the principle of the Data Protection Act;
- e) checks to be applied to completed payroll before and after payment;
- f) authority to release payroll data under the provisions of the Data Protection Act;
- g) methods of payment available to various categories of employees and officers;
- h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- i) procedures for the recall of cheques and bank credits;
- j) pay advances and their recovery;
- k) maintenance of regular and independent reconciliation of pay control accounts;
- l) separation of duties of preparing records and handling cash; and
- m) a system to ensure the recovery from leavers of sums of money and property due by them to the Board;
- n) A system to ensure recovery or write-off of payment of pay and allowances.

9.15 Appropriately nominated managers have delegated responsibility for:

- a) submitting time records, and other notifications in accordance with agreed timetables;
- b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance; and
- c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.

9.16 The Director of Finance shall ensure payments and processes are supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

- 9.17 The Director of Finance shall ensure salaries and wages are paid on the currently agreed dates, but may vary these when necessary due to special circumstances (e.g. Christmas and other Bank Holidays). Payment to an individual shall not be made in advance of normal pay except:-
- a) As authorised by the Chief Executive or Director of Finance to meet special circumstances and limited to the net pay due at the time of payment.
- 9.18 All employees shall be paid by bank credit transfer monthly unless otherwise agreed by the Director of Finance.
- 9.19 Responsibilities of Employees -
- 9.20 All staff have the responsibility to ensure they receive their payslip in order to check that they are being paid correctly. If an employee believes they are being paid incorrectly i.e. either underpaid or over paid, they should report the matter to their line manager or alternatively to Payroll using the contact information contained on their payslip.
- 9.21 A failure to check that salary is being paid correctly will not provide an employee with justification for refusing to repay any amount overpaid.

### **Contracts of Employment**

- 9.22 The Board shall delegate responsibility to the Director of HR for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and
  - (b) dealing with variations to, or termination of, contracts of employment.

### **Claims for Expenses**

- 9.23 The Director of Finance shall ensure that all expense claims by employees of NHS Lanarkshire or outside parties are reimbursed in line with the relevant regulations or HR policies and that all such claims should be supported by receipts wherever possible. Removal expenses will be limited to the amount specified by the HMRC as being tax free (currently £8,000), except with the express approval of the Remuneration Committee, and be in accordance with the Board's current Relocation Policy.
- 9.24 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses will be submitted to the Payroll Department duly certified in an approved format, by a specified day each month. The names of officers authorised to sign such records or approve electronic claims through the eExpenses system, will be held by the Payroll Department, together with specimen signatures and will be amended on the occasion of any change.

- 9.25 The Chairperson shall personally authorise all expense claims from the Chief Executive. The Chief Executive shall personally authorise all expense claims from the Executive Members of Lanarkshire NHS Board with appropriate arrangements in place in the event of their absence.
- 9.26 The Chairperson shall authorise all expense claims from Non-Executive Directors though may delegate this duty to the Board Secretary.
- 9.27 The certification by or on behalf of the Director of a service, or Head of Department shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by NHS Lanarkshire.
- 9.28 The Director of Finance shall issue additional guidance on the submission of expense claims, specifying the documentation to be used, the timescales to be adhered to and the required level of authorisation.
- 9.29 Claims submitted more than 3 months after the expenses were incurred, either on paper or through E-expenses, will be rejected and will require submission to the appropriate Director, acting in line with guidance supplied by the Director of Finance and the Director of Human Resources, who will only authorise payment if there is an appropriate justification for the delay and it is an isolated occurrence. Claims more than 1 year old will not be considered.

## **SECTION 10           NON –PAY EXPENDITURE**

- 10.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.
- 10.2. The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.
- 10.3. The Director of Finance shall:
- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and once approved, the thresholds should be incorporated in the Scheme of Delegation and regularly reviewed;
  - (b) prepare procedural instructions or guidance in line with the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
  - (c) be responsible for the prompt payment of all properly authorised accounts and claims.

### **Procurement, Tenders, Contracts**

- 10.4. The SFIs specify the arrangements for the placing of contracts and for the purchase of supplies and equipment. Procurement shall take place in line with the principles set out in NHS circular CEL 5(2012) and the Board's procurement strategy.
- 10.5. The Procurement Reform Act 2014 and the Public Contracts (Scotland) Regulations 2015 shall have effect as if incorporated in these Standing Financial Instructions.
- 10.6. Unless otherwise agreed by the Procurement Department, NHS Lanarkshire's Standard Terms and Conditions must be used when contracting with a supplier. The current versions are available on the Board's website.
- 10.7. NHS Lanarkshire shall comply with the Scottish Capital Investment Manual, Capital Accounting Manual and other Scottish Government Health and Social Care Directorate guidance on contracting and purchasing.
- 10.8 Equipment and assets with a value in excess of £5,000 (including VAT) is funded through Capital Funds and must be approved by the Core Equipment Group and Capital Investment Group before proceeding to the procurement stage.

### **Formal Competitive Tendering**

#### **Competitive Tendering Procedures**

- 10.09 There are a significant number of local, regional and national contracts and frameworks in place. These should be utilised in the first instance to satisfy a purchasing requirement. A list of available national frameworks/contracts is available on the Procurement Department intranet page or by contacting the procurement department. Use of framework contacts should be consistent with Scottish Government advice set out in SPPN 03/2017.
- 10.10 Where a requirement cannot be satisfied through an existing Scottish Government or NSS National Procurement contract (our sectoral ‘centre of expertise’), the process to be followed is defined by value thresholds based on the lifetime value of the proposed contract including extension options (excluding VAT) as set out in the table below. The Values relate to the lifetime value of the contract, not the annual amount. Deliberate attempts to disaggregate the contract value into smaller portions of work to avoid the limits below will be a breach of the Standing Financial Instructions. Where there is a legitimate business reason for breaking a larger requirement into separate lots this should be discussed with the procurement department before proceeding.

#### Goods and services

<b>Contract Value (full lifetime value ex VAT)</b>	<b>Process</b>
Under £2,000	Obtain single quote, ensuring Best Value is being obtained.
£2,000 - £10,000	Obtain three quotes by fax / email and select a preferred supplier on the basis of the Best Value option
£10,000 - £50,000	Competitive Quotations sought from a minimum of 3 suppliers using the Public Contracts Scotland Quick Quote system. Preferred supplier selected on the basis of lowest cost bid or most economically advantageous tender.
Over £50,000	Requirement exposed to competition as a regulated procurement exercise in accordance with relevant procurement legislation

#### Works

<b>Contract Value (full lifetime value ex VAT)</b>	<b>Process</b>
Under £2,000	Obtain single quote, ensuring Best Value is being obtained.
£2,000 - £10,000	Obtain three quotes by fax / email and select a preferred supplier on the basis of the Best Value option
£10,000 - £250,000	Competitive Quotations sought from a minimum of 4 suppliers using the Public Contracts Scotland Quick Quote system. Preferred supplier selected on the basis of lowest cost bid or most economically advantageous tender.
Over £250,000	Requirement exposed to competition as a regulated

	procurement exercise (tender) in accordance with relevant procurement legislation
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- 10.11 Advice on undertaking a competitive quotations exercise or regulated procurement (tender) should be sought from the Procurement Department. Instructions are set out in both the Competitive Quotations Procedure and Regulated Procurements Procedure.
- 10.12 Where competitive quotations are being sought, the list of suppliers approached should be based on market research as to who is likely to offer best value to the NHS. At each renewal consideration should be given to inviting other suppliers to bid to ensure quotations remain competitive.
- 10.13 Procurement Regulations make provisions for contracts covering 'Social and Other Specific Services.' The process and relevant thresholds for this category of contract are set out in the Social and Other Specific Services Procedure. Advice must be sought from the procurement department as to whether the thresholds in section 10.10 will apply, or those in social and other specific services.

#### Invitation to Tender

- 10.14 Sufficient time must be allowed to prepare for a competitive quotations exercise or regulated procurement. Failure to allow sufficient time in the planning process or project lifecycle is not a justifiable reason for requesting to waive these Standing Financial Instructions.
- 10.15 Competitive procurement processes may be waived in the following circumstances:
- The supply of goods, services or works are of a special character for which it is not possible or desirable to obtain competitive quotations
  - The goods/services/works are required urgently and their absence would cause the Board not to perform their duties
  - The requirement is essential to complete an existing project and engaging a new supplier would not offer best value.
- 10.16 Before an Procurement waiver is granted both the Director of Finance and the relevant service director must be satisfied that there is no alternative approach that could meet the organisation's need. The advice of the procurement department will always be sought and at no time would a waiver be granted that would lead the organisation to be in breach of relevant legislation. The procurement department shall maintain a register of waivers. Waivers will be reported to the next available audit committee.
- 10.17 In any procurement process, if an employee involved in the decision making process has an interest in any of the bidders, they must declare this and, if the assessment of the Head of Procurement is that this could be deemed to be a conflict, they must remove themselves from the process.

10.18 If an employee is offered a gift or hospitality from a supplier they must declare it in accordance with section 17. If , by size or nature, this could be construed as an inducement to award business this must be reported to the Fraud Liaison officer and Head of Procurement who will provide further advice.

10.19 For any tender over £50,000 where the award is based on the evaluation of factors other than lowest price, all members of the evaluation panel must sign a formal declaration of interests.

### **Admissibility and Acceptance of Formal Tenders**

10.20 Necessary discussions with a tenderer of the contents of their tender, in order to clarify technical points, pricing etc., before the award of a contract, are quite acceptable but must be appropriately recorded.

10.21 Where post-tender negotiation takes place the following should be observed:

- the justification for the use of post-tender negotiation;
- the aim of the negotiations and the methods used;
- a record of all exchanges, both written and oral (verbal);
- management approval for the award of contract;
- the approval of the Chief Executive of Director of Finance, as applicable.

10.22 Best Value in the Public Interest is critical within the acceptance criteria. The lowest tender may not necessarily be best value and this should come to light through the comparative evaluation of the bids. Reasons for not accepting lowest tender must be recorded.

10.23 The evaluation process should be reasonable and transparent with all bidders treated fairly.

10.24 In circumstances where a requirement has been exposed to competition through competitive quotations or as a regulated procurement and only one bid has been received, prior to contract award, a tender outcome report should be prepared, with a rationale as to the circumstances which may have contributed to only a single bid being received. This may include, but is not limited to:

- Whether the specification of requirements, prevented other competent suppliers from submitting a bid
- Whether the specification of requirements could have been re-framed to be more commercially attractive in order to stimulate competition
- How competitive the relevant market segment is.

A case should then be made to proceed so long as the supporting evidence can demonstrate the receipt of a single bid was not as a result of a distortion of competition. The process for seeking approval to proceed on the basis of a single bid is covered in the Single Bids Procedure ([link](#)).

10.25 Where approval has been given to award a contract on the basis of a single bid, the approval and the reasons should be documented and reported to the Audit Committee.

### **Unsuccessful Tenders**

10.26 Following completion of the tender acceptance, and having obtained confirmation from the successful tenderer of acceptance of the contract, the unsuccessful tenderers should be advised in writing that the contract has been awarded and that they have not been successful.

### **Quotations**

10.27 Where quotations are required they should be obtained from at least three firms/individuals based on specifications or terms of reference prepared by, or on behalf of NHS Lanarkshire. Reasons must be kept if less than 3 quotations are sought or received.

10.28 Quotations for supplies under £10,000, should be in writing unless the Director of Finance or nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone/fax and e-mail. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

### **Acceptance and Award of Contracts by the Chief Executive**

10.29 The limits for delegation for the acceptance of tenders shall be approved by Lanarkshire NHS Board in line with the annual review of the Standing Financial Instructions and Scheme of Delegation or earlier if required.

10.30 No quotation or tender shall be accepted which will commit expenditure in excess of that which has been allocated by NHS Lanarkshire and which is not in accordance with the Scheme of Delegation except with the authorisation of either the Chief Executive or Director of Finance.

### **Contracts**

10.31 NHS Lanarkshire may only enter into contracts within their statutory powers and shall comply with:-

- Standing Orders;
- Standing Financial Instructions;
- EU Directives and other statutory provisions;
- Any relevant directions including the Scottish Capital Investment Manual and guidance on the Use of Management Consultants;
- NHS Lanarkshire's Standard Terms and Conditions.

10.32 Where specific contract conditions are considered necessary by the lead officer appointed by the Chief Executive or Director of Finance, or by the



Board, where appropriate, advice shall be sought from suitably qualified persons. Where this advice is deemed to be legal advice, this must be sought from the Central Legal Office of National Services Scotland.

- 10.33 Where appropriate, contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- 10.34 Employees must ensure that all contracts, leases, tenancy agreements, property transactions and other commitments they enter into on behalf of NHS Lanarkshire are within their delegated authority and that a funding source has been identified before the commitment has made. If no funding source has been identified but the commitment regarded as essential the relevant service director must take this to the Chief Executive of Director of Finance.
- 10.35 The General Manager - Procurement shall maintain an organisation wide contracts register. All contracts should be advised to the General Manager - Procurement for inclusion in the contracts register.
- 10.36 The Director of Finance shall ensure there is an annual audit of compliance with the Property Transactions Handbook and that the results are considered by the Audit Committee.

#### Appointment of Management Consultants

- 10.37 The bespoke nature of many consultancy services and the degree of interest in the amount of public money spent on this area means additional procedures are needed for procuring consultancy services to ensure they are used sparingly, effectively and only where their use is unavoidable to deliver business objectives. NHS Boards are directed by the Scottish Public Finance manual [Consultancy procedures](#) to regard the Scottish Government "Use of Consultancy" procedures as best practice.
- 10.38 A business case, establishing the need for consultancy services should be completed at the outset and sent to the relevant Deputy Director of Finance. A proforma business case can be found in firstport.
- 10.39 Business cases up to £50,000 (excluding VAT) over the life of the consultancy agreement can be approved by the relevant Executive Director. Business cases in excess of £50,000 (excluding VAT) require CMT approval.
- 10.40 Appointment of Consultants should in the first instance utilise National Contracts and, where this is not possible, by competitive tender. The reasons and approval for waiving the requirement to tender should be clearly documented and submitted to the Corporate Management Team.
- 10.41 Where successive assignments beyond the scope and terms of an appointment made by competitive tender arise, these should also be subject to tender arrangements. Where it is expected that there may be follow-on

assignments, it may be more appropriate for the tendering exercise to appoint one or more Consultants under a call-off arrangement.

10.42 On completion of the assignment a post project evaluation should be required for all consultancy appointments. These should be submitted to the Director of Finance. Those for assignments costing more than £50,000 will be presented to the Audit Committee.

#### Official Orders

10.43 No goods, services or works other than works and services executed in accordance with a contract, goods and services acquired via the Board approved Purchasing Cards and purchases from petty cash shall be ordered except on an official order, whether hardcopy or electronic, and contractors shall be notified that they should not accept orders unless on an official order form or processed via an approved secure electronic medium. Oral (Verbal) orders shall be issued only by an officer designated by the Chief Executive and only in cases of emergency or urgent necessity. These shall be confirmed by an official order issued no later than the next working day and clearly marked "Confirmation Order". National and Board contracts should be used where available/appropriate. A limited list of exceptions will be maintained and communicated by the Head of Finance - Corporate Services.

10.44 Orders may be processed and transmitted by approved electronic methods.

10.45 Official order/requisition forms shall only be issued to and signed (signature may be replaced by electronic authorisation) by officers authorised by the Chief Executive. Lists of authorised officers shall be maintained by Procurement and a copy of such lists supplied to the Director of Finance.

10.46 Orders shall not be placed in a manner devised to avoid the financial thresholds specified by the Board. Deliberate attempts to disaggregate the order value into smaller portions of work to avoid the limits set in the Scheme of Delegation will be a breach of the Standing Financial Instructions. Where there is a legitimate business reason for breaking a larger requirement into separate orders this should be discussed with the procurement department before proceeding.

10.47 Goods e.g. medical equipment shall not be taken on trial or loan in circumstances that could commit NHS Lanarkshire to a future uncompetitive purchase.

- In such cases an indemnity agreement should be signed by the Director of Finance or General Managers.

#### **New Suppliers**

Addition of new suppliers to both the e purchasing system and/or financial ledger system must adhere to the Supplier Adoption procedures, to ensure only appropriate suppliers are adopted.

## Payment

- 10.48 The Director of Finance shall be responsible for the payment of all accounts, invoices and contract claims in accordance with contractual terms and/or the Better Payment Practice Code. Payment systems shall be designed to avoid payments of interest arising from non-compliance with the Late Payment of Commercial Debt (Interest) Act 1998 or other contractual requirements where payment conditions may be more onerous e.g. PFI contracts at Wishaw and Hairmyres.
- 10.49 All requests for payment should, wherever possible, have relevant original VAT invoices or contract payment vouchers attached and shall be authorised for payment by an approved officer from a list of authorised signatories agreed by NHS Lanarkshire. These should also be addressed to NHS Lanarkshire.
- 10.50 The Director of Finance shall be responsible for designing and maintaining systems for the verification, recording and payment of all amounts payable, including monies relating to clinical services. The system shall provide for certification that:-
- goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that the prices are correct;
  - Work done or services rendered have been satisfactorily carried out in accordance with the order; that where applicable the materials used were of the requisite standard and that the charges are correct;
  - In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, that the rates of labour are in accordance with the appropriate rates, that the materials have been checked as regards quantity, quality and price and that the charges for the use of vehicles, plant and machinery have been examined;
  - Where appropriate, the expenditure is in accordance with regulations and that all necessary Board or appropriate officer authorisation have been obtained;
  - The account/claim is arithmetically correct;
  - The account /claim is in order for payment;
  - VAT has been recovered as appropriate;
  - Clinical services to patients have been carried out satisfactorily in accordance with Service Level Agreements (SLAs) and Unplanned Activity arrangements (UNPACs);
  - A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for early submission of accounts subject to cash discounts or otherwise requiring early payment; and
  - Instruction of staff regarding the handling, checking and payment of accounts and claims within NHS Lanarkshire Finance Department.

10.51 The Director of Finance shall ensure that payment for goods and services is only made once the goods and services are received other than under the terms of a specific contractual arrangements.

10.52 Where an officer certifying accounts or claims relies upon other officers to do preliminary checking they shall, wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed order and negotiated prices and terms. Budget Managers must therefore ensure that there is effective separation of duties between:

- The person placing the order; and
- The person authorising the order

Additionally,

- The person certifying receipt of goods and services, and
- The person authorising the invoice.

And no one person should undertake all these functions.

10.53 In the case of contracts for building or engineering works which require payment to be made on account during progress of the works, the Director of Finance shall make payment on receipt of a certificate from the technical consultant or officer. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, a contractor's account shall be subject to such financial examination by the Director of Finance and such general examination by a works officer as may be considered necessary before the person responsible for the contract issues the final certificate. To assist financial control, a contracts register should be created.

10.54 The Director of Finance may authorise advances on the imprest system for petty cash and other purposes as required. Individual payments must be restricted to the amounts authorised by the Director of Finance and appropriate vouchers obtained and retained in accordance with the policy on culling and retention of documents.

10.55 NHS Lanarkshire officers responsible for commissioning work (e.g. contractors including those who were previously employees of the Board) must, before any work assignment is agreed, carry out an employee status assessment using the HMRC tool that confirms their status to ensure that NHS Lanarkshire is not held liable for Income Tax and National Insurance by the HMRC.

This applies to workers who are engaged by or seconded from a company or other organisation, or engaged through their own limited company (a personal service company).

Further guidance can be found at -

[Check employment status for tax - GOV.UK](#)

This HMRC assessment must be retained by the officers responsible for commissioning the self employed contractors and submitted to the Director of Finance.

- 10.56 Advance/Prepayments for supplies, equipment or services shall not normally be permitted other than in exceptional circumstances, e.g. advance booking of courses, ordering literature subscriptions and goods supplied on pro forma invoices. Should other exceptional circumstances arise any proposal must be submitted to the Director of Finance at the earliest opportunity. The Director of Finance shall take appropriate advice in determining a course of action.
- 10.57 Payments to general medical practitioners, general dental practitioners, general ophthalmic practitioners and community pharmacists for their family health service work shall be processed through NSS.
- 10.58 The budget holder is responsible for ensuring that all items due under a payment in advance contract are received and he must inform the Director of Finance or Chief Executive immediately problems are encountered.
- 10.59 Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:
- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
  - (b) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
    - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
    - (ii) conventional hospitality, such as lunches in the course of working visits;
  - (c) no commitment shall be made to any suppliers for goods and services by non-procurement staff outwith procurement guidelines.
- 10.60 Payments to local authorities and voluntary organisations made under NHS (Scotland) Act 1978 shall comply with procedures laid down by the Director of Finance which shall be in accordance with that Act.

### **Payments to Independent Contractors (Primary Care)**

10.61 In line with Scottish Government arrangements, the Practitioner Services Division (PSD) of National Services Scotland (NSS) is the payment agency for all Family Health Service (FHS) contractor payments:

- GP Contract;
- Prescribing / dispensing /Pharmacy Contract;
- Dentistry;

- Ophthalmic.

The Director of Finance shall conclude a “Service Level Agreement” with the PSD covering validation, payment, monitoring and reporting and the provision of an audit service by the NSS internal auditors.

10.62 The Primary Care Administration department will approve additions to, and deletions from, the approved list of contractors, taking into account the health needs of the local population and the access to existing services. All applications and resignations received shall be dealt with equitably within any time limits laid down in the contractors’ NHS terms and conditions of service.

10.63 The Primary Care Administration Department shall:

- ensure that lists of all contractors for whom Health Board is responsible are maintained in an up to date condition;
- ensure that systems are in place to deal with applications, resignations, inspection of premises etc. within the appropriate contractors’ terms and conditions of service.

10.64 The Director of Finance shall ensure that NSS systems are in place to provide assurance that:

- only contractors who are included on the Board’s approved list receive payments;
- all valid contractors’ claims are paid promptly and correctly and are supported by the appropriate documentation and authorisation;
- ensure that regular independent post payment verification of claims is undertaken to confirm that:
  - rules have been correctly and consistently applied;
  - overpayments are detected (or preferably prevented) wherever possible; if however overpayments are detected, recovery measures are initiated;
  - suspensions of possible fraud are identified and subsequently dealt with in line with the guidance issued by Counter Fraud Services (CFS) and NHS Lanarkshire’s policy on the management of Theft, Fraud and other Financial Irregularities policy and response plan;
- exceptionally high, low or no payments are highlighted for further investigation;
- payments made via the NSS are reported to the Community Health partnership;
- Payments made on behalf of the board by the NSS are pre-authorised;
- Payments made to all Primary Care independent contractors and community pharmacists shall comply with their appropriate contractor regulations;
- a prompt response is made to any query raised by Practitioner Services of National Services Scotland, regarding claims from contractors submitted directly to them;

- i) ensure that Fraud/Error reports in respect of patient charges from CFS are reviewed and reported to the Audit Committee.

#### Purchase from Petty Cash

10.65 Purchases from Petty Cash will be restricted in value and by type of purchase and records maintained in accordance with instructions issued by the Director of Finance and shall not be placed in a manner devised to avoid the financial thresholds specified.

#### Construction Industry Scheme

10.66 The scheme is to be administered in accordance with guidance supplied by the H.M. Revenue and Customs guidance CIS340 or online at [www.hmrc.gov.uk/cis](http://www.hmrc.gov.uk/cis).

10.67 The General Manager Property and Support Services is responsible for ensuring that all necessary documentation is obtained from contractors/subcontractors and is supplied to the Finance Department in support of payment requests.

10.68 Before any payment is made for work carried out under CIS the subcontractor needs to be verified with HMRC, who will instruct NHS Lanarkshire how to pay them, which could be Gross, standard deduction (20%) or higher rate (30%).

**10.69 The Director of Finance is responsible for remitting to the HMRC any tax deducted for payments made to sub-contractors. The Director of Finance must ensure that this is done in accordance with the timetable(s) set out in H.M. Revenue and Customs guidance CIS340 or online at [www.hmrc.gov.uk/cis](http://www.hmrc.gov.uk/cis).**

## **SECTION 11 CAPITAL INVESTMENTS AND PRIVATE FINANCING**

### **Capital Investment**

- 11.1 The Director of Finance:
- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon financial plans for the Board;
  - (b) shall ensure that the capital investment is not undertaken without full approval and the availability of resources to finance all revenue consequences, including capital charges.
- 11.2 The Director of Strategic Implementation, Planning and Performance is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- 11.3 For every capital expenditure proposal the Director of Finance shall ensure:
- (a) That the appropriate procurement route is identified at the outset. The NHS is required to pursue the development of any community facilities with a cost of £3.5m or over through the “Hub Initiative“.
  - (b) That the appropriate guidance is followed for business case development (in line with the guidance contained within the Scottish Capital Investment Manual, with the Hub initiative guidance and Territory Partnering agreement and NHS Lanarkshire local procedures in respect of medical and other equipment purchases). At a minimum there should be a business case setting out:
    - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
    - (ii) appropriate project management and control arrangements;
    - (iii) appropriate risk assessment and management.
  - (c) that the costs and revenue consequences detailed in the business case can be accommodated within the Financial Plan.
  - (d) that it is consistent with the Board’s corporate objectives and Local Delivery Plan.
- 11.4 On approval of a capital investment scheme, in accordance with the Scheme of Delegation, the Director of Finance shall issue the following to the manager responsible for the capital investment project:
- (a) specific authority to commit expenditure;
  - (b) authority to proceed to tender or proceed under the Frameworks Scotland contractual arrangements;



- (c) approval to accept a successful tender or target price from preferred supply chain partner in respect of contracts let under Frameworks Scotland.
- 11.5 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes.
- 10.1 In the case of large capital schemes a system shall be established for progressing the scheme and authorising necessary payments up to completion. Provision should be made for regular reporting of actual expenditure against authorised level of capital expenditure.
- 10.2 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Where land and property is disposed of the requirements set out in the SGHSCD Property Transactions Handbook, together with any subsequent amendments, shall be followed.
- 10.3 There is a requirement to achieve best value when disposing of assets. Competitive tendering should normally be undertaken in line with the requirements of the tendering procedure.
- 10.4 Competitive Tendering or Quotation procedures shall not apply to the disposal of:
- Any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or nominated office;
  - Obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy;
  - Items to be disposed of with an estimated sale value of less than £1,000, this figure to be reviewed annually;
  - Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
  - Land or buildings concerning which Scottish Office guidance has been issued but subject to compliance with such guidance.

### **Third Party Funding**

- 10.5 NHS Lanarkshire shall follow SGHSCD guidance when considering third party funding sources for capital procurement. When NHS Lanarkshire proposes to use finance which is to be provided other than through its Capital Allocation, the following procedures shall apply:

- (a) The Director of Finance shall demonstrate that the capital procurement route represents value for money and genuinely transfers significant risk to the private sector;
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Scottish Government Health and Social Care Directorate or in line with any current guidelines;
- (c) The proposal must be specifically agreed by the Board.

## **SECTION 12            ASSET REGISTERS AND SECURITY OF ASSETS**

### **Asset Registers**

- 10.3 The Director of Finance is responsible for the maintenance of registers of assets, taking account of the advice of the General Manager of Property and Support Services Department (PSSD), General Manager Procurement, General Manager IM&T, Clinical Director Laboratories and Head of Medical Physics, concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 10.4 NHS Lanarkshire shall maintain an asset register recording fixed assets. The minimum data set to be held within the register shall be as specified in the Scottish Capital Accounting Manual as issued by the Scottish Government Health and Social Care Directorate.
- 10.5 The organisation shall maintain a register of assets held under operating leases or Private Finance Initiative contracts.
- 10.6 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 10.7 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 10.8 All assets are disposed of in accordance with MEL (1996) 7 'Sale of surplus and obsolete goods and equipment' taking any due account of any potential liabilities that could arise from the sale and the need to ensure no confidential data is stored. For medical equipment the approval of the core equipment group is required before it can be sold. For all asset sales there must be written conditions of sale and signed documentation at the point of uplift and copies of that documentation must be passed to the debtors department so invoices can be raised and the proceeds secured.
- 10.9 The Director of Finance shall approve procedures for reconciling balances on fixed asset account in ledger against balances on fixed asset register.

- 10.10 The value of each asset shall be indexed to current values in accordance with methods specified in the Scottish Capital Accounting Manual issued by the Scottish Government Health and Social Care Directorate.
- 10.11 The value of each asset shall be depreciated using methods and rates as specified in the Scottish Capital Accounting Manual issued by Scottish Government Health and Social Care Directorate.
- 10.12 The Director of Finance shall calculate and account for capital charges as specified in the Scottish Capital Accounting Manual issued by the Scottish Government Health and Social Care Directorate.

### **Security of Assets**

- 10.13 The overall control of fixed assets is the responsibility of the Chief Executive advised by the Director of Finance and Director of Strategic Implementation, Planning and Performance.
- 10.14 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:
- Recording managerial responsibility for each asset;
  - Identification of additions and disposals;
  - Identification of all repairs and maintenance expenses;
  - Physical security of assets;
  - Periodic verification of the existence of, condition of, and title to, assets recorded;
  - Identification and reporting of all costs associated with the retention of an asset;
  - Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 10.15 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.
- 10.16 Each employee has a responsibility to exercise a duty of care over the property of the Board and it shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS property. Persistent breach of agreed security practices shall be reported to the Chief Executive.
- 10.17 Any damage to the NHS Lanarkshire's premises, vehicles and equipment or any loss of equipment, stores or supplies must be reported by staff in accordance with the procedure for reporting losses.
- 10.18 On the closure of any facility, a check shall be carried out and a responsible officer will certify a list of items held showing eventual disposal. The disposal of fixed assets (including donated assets) will only be permitted if appropriate procedures are followed.

10.19 On the closure of any facility a check shall be carried out and a responsible officer will certify that all patient and other personally identifiable information has been removed from the facility under the NHS Lanarkshire policy for Information Governance.

10.20 Where practical, assets should be marked as NHS Lanarkshire property.

## **SECTION 13            BANKING AND CASH HANDLING**

- 13.1. The Director of Finance shall be responsible for establishing bank accounts, as directed by the Scottish Government Health and Social Care Directorate.
- 13.2. All funds shall be held in the name of the Board. The Director of Finance shall report to the Board on the details of all accounts maintained, including the conditions under which they are operating.
- 13.3. The Director of Finance shall advise the Board's bankers of any alterations in the conditions of operation of the accounts that may be required by the financial regulations of the NHS in Scotland or by resolution of the Board from time to time.
- 13.4. The Director of Finance shall advise the bankers in writing of the officers authorised to release monies from, and draw cheques on each bank account of the Board and provide specimen signatures to the bank. The Director of Finance shall notify the bank promptly of any changes to such authorisations.
- 13.5. The Director of Finance shall ensure that bank accounts are operated in accordance with the agreed conditions and as specified to the bank from time to time, that minimum balances are achieved where appropriate, that accounts are not overdrawn.
- 13.6. All cheques (which shall be crossed with "Not Negotiable – Account Payee only") are to be treated as controlled stationery in the charge of a duly designated officer controlling their issue.
- 13.7. All cheques, postal orders, cash etc, shall be banked intact and promptly, in accordance with the Director of Finance approved procedures to the credit of the main account. Disbursements shall not be made from cash except under arrangements approved by the Director of Finance.
- 13.8. All arrangements for the receipt and payment of monies using the Clearing Houses Automated Payment System (CHAPS) and the Bankers Automated Clearing Services (BACS) will be made by or under arrangements approved by the Director of Finance.
- 13.9. All arrangements for payments to be made by Standing Order or Direct Debit from any NHS Lanarkshire bank account will be made by or under arrangements approved by the Director of Finance.

### **Security of Cash, Cheques and other Negotiable Instruments**

- 13.10. The Director of Finance is responsible for:
  - (a) Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording amounts received or receivable;
  - (b) Ordering and securely controlling any such stationery;

- (c) The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys and for coin operated machines;
- (d) Prescribing systems and procedures for handling cash and negotiable securities on behalf of NHS Lanarkshire.

13.11. All officers whose duty it is to collect or hold cash shall be provided with a safe or with a lockable cash box which will normally be deposited in a safe.

The officer concerned shall hold one key and all duplicates shall be lodged with the bank or such other officer authorised by the Director of Finance, and suitable receipts obtained.

The loss of any key shall be reported immediately to the Director of Finance/Head of Internal Audit.

The Director of Finance shall, on receipt of a satisfactory explanation, authorise the release of the duplicate key.

The Director of Finance shall arrange for all new keys to be despatched directly to him/her from the manufacturers and shall be responsible for maintaining a register of authorised holders of safe keys.

Keys should be held on the key holder's person or kept secure at all times. Keys should not be kept in, or on, desks (either hidden or otherwise).

13.12. All cash, cheques, postal orders and other forms of payments shall normally be received by more than one officer, neither of whom should be a cashier, and shall be entered immediately in an approved form of register, which should be signed by both, All cheques and postal orders shall be crossed immediately "Not negotiable – [appropriate account name]. The remittances shall be passed to the Cashier, from whom a signature shall be obtained.

13.13. The opening of coin-operated machines (including telephones) and the counting and recording of the takings shall normally be undertaken by two officers together, and the coin box keys shall be held by a nominated officer, The collection shall be passed to the Cashier, from whom a signature shall be obtained.

13.14. The Director of Finance shall prescribe the system for the transportation of cash and shall approve, where appropriate, the use of the services of a specialist security firm.

13.15. Under no circumstances shall official monies be used for the encashment of private cheques or the making of loans of a personal nature.

13.16. All cheques, postal orders, cash, etc, shall be banked intact promptly, in accordance with the procedures established by the Director of Finance. All

prepayment certificates and prescription pads should be subject to the same security precautions and controls as is applied to cash items.

- 13.17. The safe key-holder shall not accept unofficial funds for depositing in any safe unless such deposits are in sealed envelopes or locked containers. It shall be made clear to the depositor that the Board is not to be held liable for any loss, and written indemnity must be obtained from the organisation or individual absolving the Board from responsibility for any loss.
- 13.18. During the absence of the holder of a safe or cash box key, the officer who acts in his place shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities, and the discharge document must be retained for audit inspection.
- 13.19. All unused cheques, receipts and all other orders shall be subject to the same security precautions as are applied to cash: bulk stocks of cheques shall normally be retained by the Director of Finance or his nominated officers or agents, and released by them only against authorised requisitions.
- 13.20. In all cases where NHS Lanarkshire officers receive cash and/or cheques, empty telephone or other machine coin boxes etc, personal identity cards must be displayed prominently. On appointment staff shall be informed in writing, by the appropriate departmental or senior officers of their responsibilities and duties for the collection, handling or disbursement of cash, cheques etc.
- 13.21. Any loss or shortfall of cash, cheques or other negotiable instruments, or official controlled stationery, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses.



## **SECTION 14 INCOME, FEES AND CHARGES (incl. EU Income)**

### **Income Systems**

- 14.1. The Director of Finance shall be responsible for designing and maintaining and ensuring compliance with systems for the proper recording, invoicing and collection and coding of all income due and the prompt banking of all monies received.
- 14.2. Details of new leases, new contracts and tenancy agreements require to be formally registered.

### **Fees and Charges**

- 14.3. The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Scottish Government Health and Social Care Directorate or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.
- 14.4. All officers shall inform the Director of Finance of money due to the Board arising from all transactions which they initiate, including all contracts, service level agreements (SLA's), leases, tenancy agreements, private patient undertakings and other transactions.

### **Debt Recovery**

- 14.5. The Director of Finance shall take appropriate recovery action on all outstanding debts. The Director of Finance shall establish procedures for the write off of debts after all reasonable steps have been taken to secure payment. Where sums are to be written off to levels in line with the Scheme of Delegation, the Director of Finance, subject to national guidelines on delegated authority, shall seek the consent of the Chief Executive and the Board.

### **European Income**

- 14.6. The Director of Finance should be made aware of and authorise any arrangements to seek European funding prior to any agreements being finalised.
- 14.7. Article 38 of Council Regulation 1260/99, obliges Member States to take the necessary measures to:
- "verify on a regular basis that operations financed by the Community have been properly carried out;
  - prevent and take action against irregularities;
  - recover any amounts lost as a result of an irregularity or negligence".
- 14.8. The Scottish Government is responsible, for the proper implementation of the European Social Fund (ESF) where European funding can be claimed.

14.9. NHS Lanarkshire is required to make available all relevant documentation for examination during audit visits (of which there may be more than one audit by different auditors) to support the total project cost included in the claims. The following documentation should be maintained for both direct and apportioned costs:

- accounting policy;
- working papers to support the construction of the ESF claim, showing how the claim was compiled and, where appropriate, how costs were apportioned;
- invoices/ receipts to support the total project cost;
- sub-contracting and leasing agreements
- accounts and bank statements, for both expenditure and income;
- staff costs - including timesheets and payment/ payroll records. The timesheets should identify time spent on ESF activity and distinguish between direct project work and indirect assistance (support and guidance). For indirect assistance, the applicant organisation should specify the type of activity, demonstrate that it meets ESF criteria and show how it relates to the delivery of the project as outlined in the project plan;
- cost centre analyses which detail categorisation and allocation of costs included in the accounting system;
- documentary evidence of all match funding, including any private support or match funding in-kind; and
- the applicant organisation's audited accounts covering the life of the ESF project.

14.10. Relevant invoices or source documents or records must support all entries on the claims etc. Any item on the claim may be subject to verification checks. The auditors will verify that expenditure charged against the project is shown separately in the organisation's accounts or can be identified easily in its accounting system.

14.11. Lack of clear audit trails and working papers linking the claim to the annual returns, present severe problems, preventing the applicant organisation from demonstrating the propriety of ESF expenditure and beneficiary detail.

14.12. Where the auditors cannot trace items of expenditure through systems, they will carry out various exercises in an attempt to verify the actual expenditure. A lack of source documentation may result in an adjustment to the claim and a refund falling due.

14.13. All claims must be supported by detailed working papers with a visible audit trail linking the claim, the annual returns, financial summaries and analyses, BACs lists, bank statements and the source documentation.

## **SECTION 15            VAT**

- 15.1. The Director of Finance is responsible for ensuring VAT is treated correctly within the Board and statutory returns to HMRC are completed accurately in line with the prescribed timetable.
- 15.2. NHS Lanarkshire must keep a record of all the supplies that are made and received. Namely these will be copies of sales invoices and purchase invoices.
- 15.3. VAT must be considered when entering into any agreement, prior to that agreement being finalised. It is the responsibility of the individual approving these agreements to consider the VAT implications.
- 15.4. As VAT can be highly technical in areas, NHS Lanarkshire has a dedicated VAT team within the Board and access to specialist advisors when required that should be contacted for advice in areas of uncertainty.
- 15.5. The Director of Finance must be consulted if there remains any doubt.

## **SECTION 16            STOCK CONTROL**

16.1. Stock, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- Kept to a minimum;
- Subjected to annual or rolling stock take arrangement as appropriate;
- Valued at the lower of cost and net realisable value.

16.2 The Chief Executive shall be responsible for the overall management of all Health Board stockholdings and shall delegate effective and efficient management to designated officers.

16.3 The Director of Finance shall be responsible for ensuring that the systems and internal controls in relation to stores are adequate.

16.4 The day to day management may be delegated to departmental officers and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance.

16.5 The control of other stocks such as pharmaceutical stocks shall be the responsibility of the relevant Department Head.

16.6 The control of fuel oil and coal shall be the responsibility of the General Manager Property and Support Services.

16.7 The responsibility for security arrangements and the custody of keys for all stockholding locations shall be clearly defined in writing by an officer delegated by the Chief Executive and agreed with the Director of Finance. Wherever practicable stocks held outwith Health Board locations shall be marked as health service property.

16.8 All stockholding and stock management records shall be in such form and shall comply with such system of control, as the Director of Finance shall approve. This shall include inventory management systems with high turnover and pharmacy stockholdings.

16.9 In addition, all items of re-usable equipment, as determined by an appropriate officer and 'equipment' or 'assets' shall be properly registered, receipted and controlled. This includes the following:

- Equipment held at departmental level;
- Equipment on loan; and
- All contents of furnished lettings.

Wherever practicable, items of equipment shall be marked as Health Board property.

16.10 The level of stockholding (measured in absolute terms and by stock duration in days) should be set as a "just in time" level to be agreed in conjunction

with procurement, finance and individual stock areas. This will be reviewed on a rolling basis in terms of appropriate levels. It is the responsibility of stockholders to control stock within the agreed level.

- 16.11 Stock management arrangements including requirements for validating stockholding during and / or at the end of each financial year shall be subject to approval and direction by the Director of Finance. Such physical stock checking covering all items held in stock shall be carried out on a rolling basis, the frequency of which shall be agreed with the external auditors. Physical checks will involve at least one officer other than the storekeeper and the Director of Finance, or his deputy, will have the right to attend. The stocktaking records will be numerically controlled and signed by the officers undertaking the check. Any surpluses or deficiencies revealed after stocktaking shall be investigated to identify the cause of the discrepancy and to initiate corrective action within limits specified and agreed with the Director of Finance who has the right to investigate as necessary.
- 16.12 Systems and procedures will be operated to ensure that:
- The quality and quantity of goods received is as required;
  - The goods are issued only for authorised use;
  - losses or other adjustments are accurately and promptly recorded and available for review or audit by the Director of Finance; and
  - the range and level of stockholdings held are reviewed regularly.
- 16.13 Where a complete system of stockholding and management of stock is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 16.14 Stocks will be valued at the lower of cost or net realisable value. For this purpose cost will be ascertained on a consistent basis set by the Director of Finance. The cost of stock will be the purchase price without any overheads. The cost basis used must be clearly stated in any returns or accounts.
- 16.15 The General Manager, Procurement shall be responsible for a system approved by the Director of Finance for a review of slow-moving and obsolete items for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures for the disposal of all surplus goods.
- 16.16 For goods supplied via centrally controlled stockholdings, the Director of Finance will identify those authorised to approve, minimum operational stock retention levels within approved budgets, those staff who can requisition top up replacement and those staff who can accept/receipt goods. Detailed Ward Product Management procedures that capture, channel and replenish regularly used products shall be developed.

- 16.17 All goods received shall be checked as regards quantity and/or weight and inspected as to quality and specifications. A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. Instructions shall be issued to staff covering the procedure to be adopted in those cases where a delivery note is not available. Particulars of all goods received shall be entered on a goods received record or input to computer file on the day of receipt. Where goods received are seen to be unsatisfactory or short on delivery they shall be accepted only on the authority of the Designated Officer and the supplier shall be notified immediately.
- 16.18 All requirements shall be supported by an authorised requisition. Where a “topping-up” system is used, a record shall be maintained in a form approved by the Director of Finance. Regular comparisons shall be made of the quantities issued to wards/departments, etc. and explanations recorded of significant variations.
- 16.19 Requisitions whether for stock or non stock items may be transmitted electronically and not held in paper form providing always that appropriate procedures for such transmissions are agreed by the Director of Finance.
- 16.20 All transfers and returns shall be recorded on forms provided for the purpose and approved by the Director of Finance.
- 16.21 Breakages and other losses of goods in stores shall be recorded as they occur, and a summary shall be presented to the Director of Finance at regular intervals. Tolerance limits shall be established for all stores subject to unavoidable loss, e.g. shrinkage in the case of certain foodstuffs and natural deterioration of certain goods. These items shall be written down to their net realisable value. The write down shall be approved by the Director of Finance or such delegated officer(s) and recorded.
- 16.22 For goods supplied via the National Distribution Centre central warehouse, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the nominated officer who shall satisfy themselves that the goods have been received before accepting the recharge.
- 16.23 Instructions for stocktaking and basis of valuation will be issued at least once per year by the Director of Finance.

## **SECTION 17            ACCEPTANCE OF FINANCIAL ASSISTANCE, GIFTS AND HOSPITALITY, AND DECLARATION OF INTEREST**

- 17.1 The Board is committed to ensuring that NHS Lanarkshire and its employees maintain strict ethical standards in the conduct of NHS business and are protected from allegations of conflict of interest, acting improperly or breach of impartiality.
- 17.2. The following policies and legislation should act as a guide for all staff –
- [Scottish Public Finance Manual \(SPFM\)](#)
  - [Standards of Business Conduct – Code of Conduct](#)
  - [Association of British Pharmaceutical Industry \(ABPI\) Code of Conduct](#)
  - The Legislative Framework is contained in the Prevention of Corruption Acts 1906 and 1916 and the Ethical Standards in Public Life (Scotland) Act 2000.
  - NHS Circulars - MEL (1994) 80 entitled Corporate Governance in the NHS, and MEL (2000) 13, entitled Fundraising, Income Generation and Sponsorship within the NHSiS, NHS Circular No 1989 (GEN) 32 entitled Acceptance of Financial Assistance, Gifts and Hospitality and Declaration of Interest.
  - Guidance contained in the Code of Accountability for Boards 1994 and A Common Understanding; Guidance on Joint working between NHS Scotland and the Pharmaceutical Industry 2003
  - The Bribery Act 2010
- 17.3. The responsibility for ensuring that a register is maintained for recording of interests in contracts or receipts of gifts/hospitality rests with the Chief Executive who may devolve responsibility for sections of it as set out in the Scheme of Delegation.
- 17.4. Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance, and that no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees.
- 17.5. The Director of Finance shall be responsible for ensuring there are detailed procurement procedures for dealing with potential conflicts of interest. Where an employee supplies services to a potential bidder or where they, or any family member, could be seen to benefit from the award of business to a particular supplier they must be excluded from the procurement decision. In other circumstances any potential interest in a particular supplier must be declared and recorded and there must be a written risk assessment establishing there is no risk to fair process and the benefits of including them outweigh any perceptual issues.
- 17.6. It is the responsibility of staff to ensure that they do not place themselves 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, but is of particular relevance to 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).

17.7. Under the Bribery Act 2010 it is an offence for Health Service employees to corruptly accept any gifts or consideration as an inducement or reward for –

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

17.8. The NHS must be impartial and honest in the conduct of its business and its employees should remain beyond suspicion. Under the Bribery Act 2010, it is an offence to request, agree to receive or accept a bribe in return for improperly performing a function or activity.

17.9. It should be clearly understood therefore that:-

- a breach of the provisions of the Acts renders staff liable to prosecution, will lead to disciplinary action and may provide grounds for dismissal
- anyone convicted of corruption may forfeit their superannuation rights
- anyone holding qualifications which are subject to registration by a statutory body may be subject to removal from the register if convicted of corruption, forfeiting their right to practise professionally

17.10. The Standards of Business Conduct for NHS Staff [NHS Circular MEL (1994) 48] provide instructions to staff in maintaining strict ethical standards in the conduct of NHS business. All staff are therefore required to adhere to the Standards of Business Conduct for NHS Staff.

17.11. The key elements of the Standards of Business Conduct are that the employees of NHS Lanarkshire are expected to –

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

Employees should not –

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

17.12. If staff follow these principles, the Board should be able to demonstrate that it adheres to the three essential public sector values –

Accountability – all work undertaken by NHS Lanarkshire staff must be able to stand the test of 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 NHS Lanarkshire, its staff and the public.

### 17.13. Acceptance of Gifts & Hospitality

The Standards of Business Conduct for NHS Staff include instructions on the acceptance of gifts and hospitality and these Standards are incorporated into the contract of employment of each member of staff. Practices which may be accepted in the private sector are not permitted under the Standards. The key points in the Standards are as follows.

#### 17.13.1. Anti-Bribery Policy

The Board will uphold all laws relevant to countering bribery and corruption, including the Bribery Act 2010 (the Act). This commitment applies to every aspect of the Board's activity, including dealings with public and private sector organisations and the delivery of care to patients.

The Act recognises a number of offences including the following:-

- The offering, promising or giving of a bribe (active bribery);
- The requesting, agreeing to receive or accepting of a bribe (passive bribery).

Any employee who commits active or passive bribery will be subject to disciplinary action. In addition, the matter will be referred to relevant authorities for criminal investigation. The maximum sentence for any individual convicted of bribery is 10 years.

The Act also recognises a further offence of corporate liability for failing to prevent bribery on behalf of a commercial organisation. The Board has put in place a range of measures intended to prevent bribery and these are subject to formal and regular review to ensure they remain fit for purpose.

Staff should therefore be very cautious if faced with the offer of a gift. Casual gifts offered by contractors or others (for example, at the festive season) may not be in any way connected with the performance of duties so as to constitute an offence under the Bribery Act 2010. Such gifts should nevertheless be declined. Articles of small intrinsic value such as calendars or diaries, may however be accepted, where this would not breach the Code of Conduct.

Small gifts from patients or their families, to express their gratitude to members of staff, can be accepted by members of staff without breaching the Code. The circumstances should allow sensible application of judgement. Such gifts will be of relatively low value, for example, biscuits, chocolates, flowers. These gifts do not need to be registered within the set financial limits.

However,

- staff must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision NHS Lanarkshire may be involved in determining, or who is seeking to do business with NHS Lanarkshire.
- staff must not accept any offer, by way of gift or hospitality, which could give rise to a reasonable suspicion of influence on their part to show favour, or disadvantage, to any individual, organisation or company.
- staff should consider whether there may be a reasonable perception that any gift received by their spouse or partner or by any company in which they have an interest, or by a partnership of which they are a partner, can or would influence their judgement.

Note - the term 'gift' includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.

Where an unsolicited, inappropriate or high value gift is received and the individual is unable to return it or the donor refuses to accept its return, he/she should report the circumstances to his/her line manager/Head of Department/Director who will ensure that the donor is advised of the course of action.

Staff must never canvass or seek gifts or hospitality. Under no circumstances can staff accept personal gifts of cash. Financial donations to a department fund, which are to be used for the purposes of the Board (e.g. to support staff training) must be administered through the Board's Endowment Funds.

All unsolicited, inappropriate or high value gifts and hospitality, whether accepted or declined, must be entered on the Register of Interests, Gifts and Hospitality.

Gifts of equipment not for individual use may be accepted, provided that:-

- (i) they are in no way related to purchasing decisions and do not commit the Board to any obligations with the supplier;
- (ii) they are entered in the Register of Interests, Gifts and Hospitality;
- (iii) a risk assessment is carried out before acceptance of the Board's potential liabilities of accepting the asset;
- (iv) the budget holder's approval to accepting the gift is sought – particularly if there are any costs - recurrent or non-recurrent – associated with accepting the gift;
- (v) they are recorded under the procedures for accepting donated assets and details notified to the Head of Medical Physics.

#### 17.13.2. Hospitality

The Ethical Standards in Public Life etc. (Scotland) Act 2000 states the following:

- As a general rule it is usually appropriate to refuse offers.

- You must not accept repeated hospitality from the same source.
- You must not accept any hospitality offer ... to show favour or disadvantage to any individual.

Modest hospitality may be acceptable provided it is normal and reasonable in the circumstances and within the set financial limits e.g. lunches in the course of a working visit. Any hospitality accepted should be similar in scale to that which the NHS as an employer would be likely to offer. All other offers of hospitality should be declined.

Hospitality in excess of what the NHS would be likely to provide should not normally be accepted. Such hospitality should be politely but firmly declined.

Should an individual wish to accept hospitality, then approval of the appropriate line manager/Head of Department/Director is required. All hospitality exceeding what the NHS would be likely to provide, whether accepted or declined, must be entered on the Register of Interests, Gifts and Hospitality.

It may not always be clear whether an individual is being invited to an event involving the provision of hospitality (e.g. formal dinner) in a personal/private capacity or as a consequence of the position which he/she holds with the Board.

- (i) If the invitation is the result of the individual's position within the Board, only hospitality which is modest and normal and reasonable in the circumstances should be accepted. If the nature of the event dictates a level of hospitality which exceeds this, then the individual should ensure that his/her line manager/Head of Department/Director is fully aware of the circumstances and approves their attendance. An example of such an event might be an awards ceremony involving a formal dinner. If the line manager/Head of Department/Director grants approval to attend, the individual should declare his/her attendance for registration on the Register of Interests, Gifts and Hospitality.
- (ii) If the individual is invited to an event in a private capacity (e.g. as result of his/her qualification or membership of a professional body), he/she is at liberty to accept or decline the invitation without referring to his/her line manager/Head of Department/Director. The following matters should however be considered before an invitation to an individual in a private capacity is accepted.
  - a. The individual should not do or say anything at the event that could be construed as representing the views and/or policies of the Board.
  - b. If the body issuing the invitation has (or is likely to have, or is seeking to have) commercial or other financial dealings with the Board, then it could be difficult for an individual to demonstrate that his/her attendance was in a private and not an official capacity. Attendance could create a perception that the individual's independence had been compromised, especially where the scale of hospitality is lavish. Individuals should therefore exercise caution before

accepting invitations from such bodies and must inform their line manager/Head of Department/Director.

- (iii) Where suppliers of clinical products provide hospitality it should only be accepted in association with scientific meetings, clinical educational meetings or equivalent, which must be modest, normal and reasonable in the circumstances and in line with what the NHS would normally provide and held in appropriate venues conducive to the main purpose of the event, e.g. the sponsorship is clearly disclosed in any papers relating to the meeting; products discussed should be described in relation to the Scottish Medicines Consortium, Formulary or equivalent clinical product catalogue and the active promotion of clinical products is restricted to those in the Board's Formulary and equivalent clinical product catalogues.

#### Assessment and training visits for new equipment

It is not acceptable for individuals within NHS Lanarkshire to accept offers of travel or overnight accommodation except where such visits do not relate to the purchase of equipment but are rather to do with training or familiarisation of equipment which it has already been determined will be purchased. In these circumstances it is acceptable for the cost to be met by the manufacturer or supplier.

Whilst it will be necessary for staff advising on the purchase of equipment to inspect such equipment in operation in other parts of the country or exceptionally overseas, acceptance of an offer by the manufacturer to meet the costs of such visits may cast doubts on the integrity of subsequent purchasing decisions. NHS Lanarkshire will therefore meet the costs of any visits which are considered necessary. Any such visits will require to be authorised by the appropriate line manager.

#### Record of Hospitality and Gifts

It is the responsibility of the recipients of gifts and hospitality to declare all reportable items received, whether accepted or declined, via the Declaration of Gifts, Hospitality & Interests system that can be accessed from First Port.

#### Competitions/Prizes

Individuals should not enter competitions including free draws organised by bodies who have (or are seeking to have) financial dealings with the Board. Potential suppliers may use this as a means of giving money or gifts to individuals within the Board in an effort to influence the outcome of business decisions.

#### Other Gifts/Promotional Offers

There will be instances where staff have the opportunity to accept a gift or some other promotional offer from a supplier, manufacturer or contractor without it being obvious that it is intended as an inducement. The offer may be described as 'without strings'. Acceptance of such offers may however create a sense of obligation which could affect the impartiality of a member of staff on some future occasion, and could in any event cast doubt on his/her integrity, with damaging effect on his/her reputation and that of the organisation.

### 17.13.3. Register of Staff Interests

To avoid conflicts of interest and to maintain openness and accountability, employees are required to register all interests that may have any relevance to their duties/responsibilities. These include any financial interest in a business or any other activity or pursuit that may compete for an NHS contract to supply either goods or services to the NHS or in any other way could be perceived to conflict with the interests of the Board. The test to be applied when considering appropriateness of registration of an interest is to ask whether a member of the public acting reasonably might consider the interest could potentially affect the individual's responsibilities to the organisation and/or influence their actions. If in doubt the individual should register the interest or seek further guidance from their line manager/Head of Department/Director.

Interests that it may be appropriate to register include:

- (i) Other employments;
- (ii) Directorships including Non-Executive Directorships held in private companies or public limited companies (whether remunerated or not);
- (iii) Ownership of, or an interest in, private companies, partnerships, businesses or consultancies.
- (iv) Shareholdings in organisations likely or possibly seeking to do business with the NHS (the value of the shareholdings need not be declared);
- (v) Ownership of, or interest in land or buildings which may be significant to, of relevance to, or bear upon the work of the Board;
- (vi) Any position of authority held in another public body, trade union, charity or voluntary body;
- (vii) Any connection with a voluntary or other body contracting for NHS services.
- (viii) Any involvement in joint working arrangements with Clinical (or other) Suppliers

This list is not exhaustive and should not preclude the registration of other forms of interest where these may give rise to a potential conflict of interests upon the work of the Board. Any interests of spouses, partner or civil partner, close relative or associate, or persons living with the individual as part of a family unit, could also require registration if a potential conflict of interests exists.

All members of staff are responsible for entering their interests via the Declaration of Gifts, Hospitality & Interests system that can be accessed from First Port. Any changes to interests should be notified at the earliest opportunity, or within 4 weeks of the change occurring. A separate Register of Interests for NHS Board Members will be held by the Head of Board Administration.

The entries in the Register of Interests, Gifts and Hospitality will be retained in respect of any registration for a period of 5 years after the registration ceases or the member of staff leaves.

It is the responsibility of each individual to declare any relevant interest to the Chair of any Board Standing Committee/Professional Advisory Committee/decision making group that they sit on so that the Chair is aware of any conflict which may arise. These Declarations of Interest will be recorded in the Minutes of the meeting.

## **SECTION 18            ANNUAL ACCOUNTS AND REPORTS**

- 18.1. NHS Lanarkshire is required under the terms of Section 86(3) of the National Health Service (Scotland) Act 1978 to prepare and submit Annual Accounts by the date advised by SGHSCD to Scottish Ministers.
- 18.2. Scottish Ministers have issued Accounts Directions in exercise of the powers conferred by Section 86(1) of the National Health Service (Scotland) Act 1978 which contain the following provisions:

### **Basis of preparation**

- 18.3. Annual Accounts shall comply with:
- The accounting and disclosure requirements of the Companies Act;
  - International Financial Reporting Standards, insofar as they are appropriate to the NHS and remain in force for the financial year for which the accounts are to be prepared;
  - The historical cost convention modified by the inclusion of Property, Plant and Equipment at their fair value to the business by reference to current costs; and inventories at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

### **Form of Accounts**

- 18.4. The Annual Accounts shall comprise:

In accordance with the FReM (Chapter 5.1) boards are required to prepare an annual report and accounts to comprise:

- A. The Performance Report
- B. The Accountability Report
- C. The Financial Statements

- Such notes as may be necessary for the purposes referred to below.
- 18.5. The Annual Accounts shall give a true and fair view of the operating costs, changes in taxpayers equity, balance sheet and cash flow statement. Subject to the foregoing requirement, the Annual Accounts shall also contain any disclosure and accounting requirements which Scottish Ministers may issue from time to time.
- 18.6. The Director of Finance shall keep proper accounting records which allow the timeous preparation of Annual Accounts, in accordance with the timetable laid down by the Scottish Government Health and Social Care Directorate, and which give a true and fair view of NHS Lanarkshire and its financial position for the period in question.
- 18.7. The annual accounts and returns shall be prepared in accordance with all appropriate regulatory requirements and be supported by appropriate

accounting records and working papers prepared to an acceptable professional standard.

- 18.8. Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland has responsibility to appoint the external auditors to undertake the statutory audit of NHS Lanarkshire.
- 18.9. The Director of Finance shall agree with the External Auditor a timetable for the production, audit, adoption by NHS Lanarkshire and submission of annual accounts to the Auditor General for Scotland and the Scottish Government Health and Social Care Directorate. The timetable shall be consistent with the requirements of the Scottish Government Health and Social Care Directorate.
- 18.10. Annual Accounts shall be prepared in accordance with the relevant Accounts Direction and Accounts manual issued by the Scottish Government Health and Social Care Directorate.
- 18.11. The Chief Executive shall be responsible for preparing a Governance Statement in respect of NHS Lanarkshire and in so doing shall seek appropriate assurance, including that of the Chief Internal Auditor, with regard to the adequacy of internal control throughout the organisation.
- 18.12. The Annual Accounts of NHS Lanarkshire shall be reviewed by the Audit Committee, which has responsibility for recommending adoption of the annual accounts by Lanarkshire NHS Board.
- 18.13. Under the terms of the Public Finance and Accountability (Scotland) Act 2000, Annual Accounts may not be placed in the public domain, prior to them being formally laid before Parliament.
- 18.14. Following the formal approval of the motion to adopt the Accounts by Lanarkshire NHS Board the Annual Accounts and relevant certificates shall be duly signed on behalf of the Board and submitted to the External Auditor for completion of the relevant audit certificates.
- 18.15. Signed sets of the Annual Accounts shall then be submitted by Lanarkshire NHS Board to the Scottish Government Health and Social Care Directorate, and by the External Auditor to the Auditor General for Scotland.
- 18.16. The Chief Executive shall arrange for the production and circulation of an Annual Report for NHS Lanarkshire in such form as may be determined by the Scottish Government Health and Social Care Directorate.
- 18.17. The Annual Report is expected to be produced within 2 months of the annual review or by 31 October. Guidance on the content and presentation of the Annual Report is contained in the letter issued to the Chief Executive, from John Matheson on 27<sup>th</sup> February 2015.

## **SECTION 19           LOSSES AND SPECIAL PAYMENTS**

- 19.1. The Director of Finance must prepare procedural instructions on the recording of and accounting for losses, and special payments.
- 19.2. Any officer discovering or suspecting a loss of any kind must directly notify his head of department, who will immediately, or without undue delay, dependent on the seriousness of the loss, inform the Director of Finance. Where a criminal offence is suspected, the Theft and Fraud Policy and Response Plan must be applied.
- 19.3. The Director of Finance shall notify SGHSCD of all discovered frauds and any loss arising from criminal or suspected offences perpetrated by the Board's employees; Circular CEL10(2010) refers. Enhanced Reporting of Fraud.
- 19.4. The Board must always pursue recovery of overpayments, irrespective of how they came to be made taking into account any factors as set out in SPFM, NHS Circulars and local partnership agreements.
- 19.5. There will be both practical and legal limits to how cases should be handled. Each case should therefore be dealt with on its merits. When deciding on appropriate action, taking legal advice, organisations should consider:
  - whether the recipient accepted the money in good or bad faith;
  - the cost-effectiveness of recovery action;
  - any relevant personal circumstances of the payee, including defences against recovery;
  - the length of time since the payment in question was made; and
  - the need to deal equitably with overpayments to a group of people in similar circumstances.
- 19.6. The SGHSCD has delegated authority to the Health Board to write-off losses and make special payments up to certain limits as set out in the CEL10(2010). For payments to be made above the levels specified SGHSCD authority must be obtained.
- 19.7. The Board in turn will delegate responsibility to the Chief Executive and Director of Finance to approve write-off and authorise special payments up to the units specified in the Scheme of Delegation.
- 19.8. The Director of Finance shall maintain a losses and compensation register in which details of all losses shall be recorded as they are known. Write-off action shall be recorded against each entry in the register. The Register will form the basis of the (SFR 18) return, which is included in the Annual Accounts.
- 19.9. The exercise of powers of delegation in respect of losses and special payments will be subject to the submission of regular reports to NHS Audit Committee identifying which powers have been exercised and the amount involved. These reports will subsequently be remitted to the Lanarkshire NHS



Board for approval, in summary, on an annual basis. Losses will be recorded on the electronic risk management system (DATIX) that will enable trend analysis reporting.

- 19.10. The Director of Finance shall be authorised to take any necessary steps to safeguard the interests of the Board in bankruptcies, company liquidations and receiverships.
- 19.11. For any loss, the Director of Finance shall consider whether any insurance claim can be made against insurers.
- 19.12. The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 19.13. When it is decided to dispose of a NHS Lanarkshire asset, the Head of Department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item taking account of professional advice where appropriate.
- 19.14. All unserviceable articles shall be:
  - Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;
  - Recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature or a second employee authorised for the purpose by the Director of Finance.
- 19.15 The Condemning Officer shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance who will take the appropriate action.

## **SECTION 20            FRAUD, BRIBERY AND CORRUPTION**

- 20.1. This section should be read in conjunction with the NHS Lanarkshire Fraud and Theft Policy and Response Plan, the Board members Code of Conduct, and the Bribery Act 2010.
- 20.2. Guidance on the approach to various forms of irregularities is contained in Scottish Government Health and Social Care Directorate Circular NHS HDL (2005) 5, as updated by DL (2016) 3, and CFS Partnership Agreement, which draws a clear distinction between treatment of suspected (a) theft and (b) fraud, embezzlement, corruption, and other irregularities (hereafter referred to as “fraud , etc”). For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. This includes bribery and theft where deception is involved. NHS Lanarkshire operates a zero tolerance approach to bribery committed by any person working for or providing services to NHS Lanarkshire. Any allegation of bribery will be investigated in accordance with relevant processes and procedures and may be reported to the authorities, as appropriate.
- 20.3. The Director of Finance shall, through staff briefings and intranet links ensure there is clear information to employees on what to do if they suspect fraud.
- 20.4. Where any officer has ground to suspect that fraud, etc. has occurred, they should notify their line manager without delay. If the employee feels unable to notify their line manager they should contact the Fraud Liaison Officer (FLO) direct, or contact an executive or non executive director or use a route outside the organisation such as the Counter Fraud Service
- 20.5. Any line manager or director receiving an allegation of fraud should immediately notify the FLO who should ensure that the Director of Finance (Fraud Champion) and Director of HR (if the allegation involves staff) is advised.
- 20.6. The FLO will carry out only such preliminary investigations, as deemed necessary to establish whether or not there is a prima facie case of fraud, etc. If the Director of Finance (Fraud Champion) agrees there is a prima facie case, the FLO will inform CFS and the Chief Executive as Accountable Officer. Restitution of funds or property is not a reason for not proceeding with an investigation.
- 20.7. The Counter Fraud Services (CFS) is a central resource for carrying out all fraud investigations, and a centre of expertise for investigations into potential frauds. The operations of CFS are outlined in the Partnership Agreement between NHS Lanarkshire and CFS.
- 20.8. With the permission of the Chief Executive, Director of finance or deputy director of finance CFS staff may require and receive access to:
  - All records, documents and correspondence relating to their investigation

- At all reasonable times to any premises or land of NHS Lanarkshire
  - The production or identification by any employee of any Board, cash, stores or other property under the employee's control
- 20.9. Where the CFS is involved in the investigation of potential frauds, and where prima facie grounds exist for thinking that a criminal offence has been committed, CFS in consultation with the FLO and the Chief Executive will decide whether to report to the Procurator Fiscal.
- 20.10. It is not the duty of an employing authority or its officers to decide whether a suspected person should be prosecuted. The question of whether proceedings should be taken is a matter solely for the Crown Authorities. It follows that no suspected person should ever be told whether or not he will be prosecuted, except where a decision has already been made by the Crown authorities.
- 20.11. If however, CFS has referred a case to the Crown Office or the Procurator Fiscal in order to seek a Search Warrant, the decision, as to whether or not a criminal investigation of the case will proceed, will effectively pass to the Crown Office or the Procurator Fiscal concerned.
- 20.12. Whether or not the Crown authorities determine that there are sufficient grounds on which to institute criminal proceedings, it remains open to NHS Lanarkshire to consider pursuing disciplinary and other relevant proceedings.
- 20.13. Whether or not criminal proceedings are taken, or a criminal conviction is obtained, the public debt is not eliminated, and recovery of the debt should be pursued by any means available. Internal management action must not, of course, prejudice any criminal proceedings but should continue with reference to effect management of employee conduct policy. The systems of control should subsequently be evaluated to prevent recurrence.
- 20.14. The FLO shall also prepare a report for the Audit Committee, setting out the circumstances of the incident and any implications for management including changes to internal control systems which may require to be made.
- 20.15. Careful consideration should be given to payment and claims which arise from organisations or individuals who are under investigation or against whom proceedings are being taken for suspected fraud, etc. Legal advice shall be sought where necessary.
- 20.16. NHS Frauds will be reported to SGHSCD in line with the guidance in NHS Circular CEL10 (2010).

## **SECTION 21 PATIENTS' FUNDS AND PROPERTY**

- 21.1 The Board has a responsibility (NHS Circular 1976 (GEN) 68, Mental Health Act Scotland and Adults with Incapacity (Scotland) Act 2000 refer) to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious patients or patients with impaired capacity, or found in the possession of patients dying in hospital or dead on arrival.
- 21.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission that the Board will not accept responsibility or liability for patients' monies and personal property brought into NHS premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt. Patients or their guardians will be informed before or on admission by the following methods:
- Notices and information booklets;
  - Hospital admission documentation and property records;
  - The oral advice of administrative and nursing staff responsible for admissions and recorded in the notes.
- 21.3 Under the Adults with Incapacity (Scotland) Act 2000, the manager of an authorised establishment (e.g. an NHS hospital) may only manage a resident's finances if a medical practitioner has issued a certificate of incapacity after examining the resident, the form of which is laid down in regulations. Managers will only be authorised to intervene in respect of a particular resident adult however where no other arrangements are in place for managing that adult's finances and also where it is suitable and appropriate that the manager intervenes.
- 21.4 The Board will be classed as a supervisory body under this Act. Protocols will be prepared by the Board and set out the necessary roles and responsibilities between them and the hospitals they have supervisory responsibility for.
- 21.5 In general, relevant officers in both supervisory bodies and authorised establishments must familiarise themselves with the detailed arrangements for handling patient affairs for those patients falling within the remit of the Adults with Incapacity (Scotland) Act 2000. This is covered principally in the Code of Practice.
- 21.6 Notwithstanding specific arrangements under the Adults with Incapacity (Scotland) Act 2000 the Director of Finance shall ensure that detailed written instructions are provided to cover the collection, custody, recording, safekeeping and disposal of patients' property (including instructions on the disposal of deceased patients' property and the property of patients transferred to other premises) for all staff whose duty it is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

- 21.7 Bank accounts for patients' monies shall be operated under arrangements agreed by the Director of Finance.
- 21.8 Staff will be informed, on appointment, by the appropriate officer, of their responsibilities and duties for the administration of the property of patients.
- 21.9 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.
- 21.10 The Director of Finance shall prepare an abstract of receipts and payments of patients' private funds in the form laid down in the Manual for Accounts. The abstract shall be audited independently and presented to the Audit Committee annually, with the auditor in attendance at the meeting.
- 21.11 The disposal of property of deceased patients is governed by the terms of NHS Circular GEN (1992) 33. All property including cash, watches, jewellery, clothing, etc. bank books, insurance policies and all other documents which the patient had in his/her possession in the hospital, will, as soon as practicable after his/her death, be collected together, identified as being his/her belongings and kept in safe custody until disposal.
- 21.12 Confirmation in favour of an executor or administrator must be exhibited before any funds are released where either:
- The estate of a deceased patient is of a value of more than the limit prescribed by the SGHSCD (currently £10,000); or
  - There is doubt as to the validity of claims being lodged for the residue of the estate.
- 21.13 In all cases where property of a deceased patient is of a total value in excess of £10,000, the production of Confirmation of Executors will be required before any of the property is released. Where the total value of property is £10,000, or less, forms of indemnity relieving the Health Board of any claims by third parties will be obtained.
- 21.14 Where a patient dies intestate and with no known next of kin, preferential claims on the estate may be disbursed. A report will be prepared to the Queen's and Lord Treasurer's Rembrancer (Crown) detailing all cash and property held on behalf of the deceased at date of death and specifying payments made out thereafter. The Queen's and Lord Treasurer's Rembrancer (Crown) will be informed of any information which might assist in tracing next of kin.

## **SECTION 22            INFORMATION MANAGEMENT AND TECHNOLOGY**

- 22.1. The Director of Finance shall be responsible for the accuracy and security of the financial data of the Board and shall:
- a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of NHS Lanarkshire data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, after taking account of the Data Protection Act 1998, the Computer Misuse Act 1990, and any other relevant legislation or SGHSCD publications;
  - b) ensure that adequate (reasonable) controls exist over financial data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
  - c) Ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
  - d) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.
- 22.2. The Director of Finance shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 22.3. The Director of Finance will ensure compliance with the Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner for the purposes of the release of financial data. A Publication Scheme is a complete guide to the information routinely published by a public body. It describes the classes or types of information about NHS Lanarkshire that we make publicly available.
- 22.4. The Director of Finance shall ensure that contracts for computer services for financial applications with another Health Organisation or any other agency shall clearly define the responsibilities of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, storage and transmission. The contract or agreement should also ensure rights of access for audit purposes.
- 22.5. Where the NHS Board of any other agency provides a computer service for financial applications, the Director of Finance shall periodically seek assurances that adequate controls are in operation.
- 22.6. Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied that:

- Systems acquisition, development and maintenance are in line with corporate policies such as the e-health strategy;
- Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- That Finance staff have access to such data;
- Such computer audit reviews as are considered necessary are being carried out.

## **SECTION 23           RETENTION OF RECORDS**

- 23.1. The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under the direction contained in the current guidance and the Board's Records Management Policy. This covers arrangements for both clinical and non-clinical records held by the Board.
- 23.2. The documents held in archives shall be capable of retrieval by authorised persons.
- 23.3. Documents held shall only be destroyed at the express instigation of the Chief Executive; records shall be maintained of documents so destroyed and shall comply with CEL 31 (2010) which supersedes CEL 2008 (28) for clinical records and HDL 2006 (28) for administration records and any subsequent relevant circulars or guidance.
- 23.4. A detailed breakdown of the minimum retention periods for records, including finance records, is covered in the Retention and Destruction guidelines included in the Board's Records Management Policy.
- 23.5. Financial records shall be managed in accordance with the Board's record management plan submitted under the Public Records (Scotland) Act 2011 once it has been approved by the Keeper of the records.



## **SECTION 24            RISK MANAGEMENT & INSURANCE**

- 24.1 The Chief Executive shall ensure that the Board has a programme of risk management which will be approved and monitored by the Board, Audit Committee and Risk Management Steering Group.
- 24.2 The programme of risk management shall include:
- a) a process for identifying and quantifying risks and potential liabilities;
  - b) engendering among all levels of staff a positive attitude towards the control of risk;
  - c) the implementation of a programme of risk awareness training;
  - d) management processes to ensure that all significant risks and potential liabilities are addressed, including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk; All significant risk and action taken to manage the risks will be reported to the Risk Management Steering Group;
  - e) the maintenance of an organisation wide risk register;
  - f) contingency plans to offset the impact of adverse events;
  - g) audit arrangements including internal audit, clinical audit, health and safety review;
  - h) arrangements to review and report the risk management programme;
  - i) a process whereby the risk management plans are measured against compliance with HIS standards;
  - j) a clear indication of which risks are/shall be insured.
- 24.3 The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of risk management arrangements in the organisation as required by current guidance on the Governance Statement within the annual accounts.
- 24.4 In the case of Partnership Working with other agencies, the NHS Lanarkshire risk management framework will be shared to identify and quantify the individual risks, particularly where responsibility cannot be assigned to an individual partner. In the particular case of NHS Lanarkshire and North and South Lanarkshire Councils jointly managed services, each partners' risk management and insurance arrangements will be taken into account when identifying and quantifying risks associated with the provision of such jointly managed services and associated with the delegation of the management of a partner's financial resources. Where conflicts occur between these two sets of arrangements each partner's Director of Finance will be required to agree a course of action to resolve the conflict.
- 24.5 There are occasions where commercial insurance arrangements will be required e.g. motor vehicles owned by NHS Lanarkshire including third party liability arising from their use, Private Finance Initiatives were the consortium have a commercial insurance arrangement, income generation arrangements but the CNORIS coverage should be checked prior to entering into any commercial coverage.

24.6 The Director of Finance shall ensure that insurance arrangements exist in accordance with the risk management programme and that the procedures are documented.

## **SECTION 25 FUNDS HELD ON TRUST (ENDOWMENTS)**

- 25.1. An endowment is money or property donated to a Health Board. These donations are held on Trust by, and used at the discretion of, the Trustees, for the charitable purpose defined in the National Health Service (Scotland) Act 1978 which is broadly summarised as the advancement of health.
- 25.2. The Trustees of the endowment fund are the Board members. The Trust is a registered charity. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. To meet the requirements of charitable status under the 2005 Act Trustees must act in the interests of the charity at all times.
- 25.3. The business of the endowment fund will be conducted separately from and independent of the business of the Board. However the Trustees of the endowment fund have adopted these Standing Financial Instructions (in so far as each section is applicable to Endowment Fund Transactions) to apply to the financial transactions of the endowment fund to ensure sound control is maintained.
- 25.4. The Director of Finance shall maintain such accounts and records as may be necessary to record and protect all transactions on behalf of the trustees of non-exchequer funds, including an Investments Register consistent with the current statutory requirements. The provisions of the Charities Accounts (Scotland) Regulations 2006 will apply.
- 25.5. The Director of Finance shall ensure that annual accounts are prepared as soon as possible after the year end and in accordance with the Charities Accounts (Scotland) Regulations 2006, and that proper arrangements are made for these to be subject to audit by a separately appointed External Auditor.
- 25.6. All share and stock certificates and property deeds shall be deposited either with the Endowment Fund's bankers or Investment Advisers, or in a safe, or a compartment within a safe, to which only the Director of Finance or his/her nominated deputy will have access. The ownership of all shares and stock certificates, if managed by a commercial concern, shall be periodically verified by the auditors appointed by the Board.
- 25.7. The Director of Finance (in their capacity as Trustee) shall prepare detailed procedural instructions concerning the receiving, recording, investment and accounting for endowment funds.
- 25.8. Only donations which can be spent in a way which meets the charitable purposes of the endowment fund can be accepted by the Trustees. Any such funds must be lodged in the endowment fund bank account. Where a donation could not be spent in a way that is consistent with the purposes of the endowment fund, this must be explained to the donor. If an alternative purpose is not acceptable the donation must be declined.

- 25.9. It is not acceptable under any circumstances to receive the donation and hold the cash or lodge it in a bank account that has not been authorised by the Director of Finance.
- 25.10. The Director of Finance shall be required to advise the Board of Directors on the financial implication of any proposal for fund raising activities which the Board may initiate, sponsor or approve. Advice to the Board of Directors on the financial implications of fund raising activities by outside bodies or organisations shall be given only by the Director of Finance.
- 25.11. The Director of Finance (in their capacity as Trustee) shall be kept informed of all enquiries regarding legacies and shall keep an appropriate record. After the death of a testator, all correspondence concerning a legacy shall be dealt with on behalf of the Fund by the Director of Finance who alone shall be empowered to give an executor a good discharge.
- 25.12. Endowment funds shall be invested by the Director of Finance (In their capacity as Trustee) subject to the following considerations subject to statutory requirements:-
- a) The policy regarding the treatment of accumulated balances;
  - b) Division of funds between narrow and wide range investments as defined in the Investment Act 1962 (as amended by Charities and Trustees Investment Act 2005);
  - c) Agreement of the Trustees after considering any advice received from the Trustees' Investment Managers.
- 25.13. Expenditure of any endowment funds shall be conditional upon the item being within the terms of the appropriate fund and the procedures approved by the Trustees.
- 25.14. Where it becomes necessary for the Endowment Fund to obtain Grant of Probate, or to make application for grant of letters of administration, in order to obtain a legacy due to the Fund under the terms of a Will, the Director of Finance (In their capacity as Trustee) shall be the Fund's nominee for the purpose.
- j) payments made via the NSS are reported to the Community Health partnership;
  - k) Payments made on behalf of the board by the NSS are pre-authorised;
  - l) Payments made to all Primary Care independent contractors and community pharmacists shall comply with their appropriate contractor regulations;
  - m) a prompt response is made to any query raised by Practitioner Services of National Services Scotland, regarding claims from contractors submitted directly to them;
  - n) ensure that Fraud/Error reports in respect of patient charges from CFS are reviewed and reported to the Audit Committee.

# Section F

## **SCHEME OF DELEGATION**

This section gives details and levels of delegation  
across all areas of business

**ANNEX A OF STANDING FINANCIAL INSTRUCTIONS**  
**SCHEME OF DELEGATION**

<b>1. Allocations and Budgets</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
1.1 Preparation and approval of Revenue and Capital Financial Plans	4.3	Board	Director of Finance	Revenue Resource Limit/Capital Resource Limit / External Income Forecasts / AME Limit
1.2 System for funding decisions and business planning	4.3	CMT	Director of Finance	
1.3 Establishment and maintenance of Budgetary Control System	4.3	Audit Committee	Director of Finance	
1.4 Preparation and Issue of Budget to NHS Lanarkshire	4.3		Director of Finance	Limit as per Financial Plan
1.5 Preparation and Issue of Budget Offer to JIB	7		Director of Finance	Limit as per Financial Plan
1.6 Authority to use Non-Recurring budget to enter new Recurring expenditure commitments	4.3		Chief Executive / Director of Finance	Within available resources
1.7 Virement of budget savings between approved operational budgets for items where no provision has been made in approved plans / budgets  - budgets directly managed by Chief Officer of JIB - NHS Lanarkshire budgets	4.3 / 7		<u>Budgets directly managed by Chief Officer of JIB</u>  Up to £250k Chief Officer of JIB with sign off from NHS Lanarkshire Director of Finance /Deputy Director of Finance to ensure virement feasible  Over £250k JIB approval in addition to the above  <u>NHS Lanarkshire Budgets</u>  Director of Finance and Appropriate Divisional Director from £250k up to £500k  CMT over £500k	

1.8 Authority to commit expenditure for which no provision has been made in approved plans/budgets	4.3		CMT/ Director of Finance	Director of Finance up to £800k non-recurring and up to £20k recurring CMT over £800k non-recurring and over £20k recurring
1.9 Management of Revenue Budgets – Acute - Individual budget level (pay and non-pay) - Service level - Contingencies	4.3		Nominated Budget Holders Clinical Division GMs Deputy Director of Finance	Budget notified
1.10 Virement of Budget between JIB set aside budget and JIB budgets directly managed by the Chief Officer JIB - Outwith strategic plan	7		NHS Lanarkshire Director of Finance / S95 Officer verification - Chief Officer JIB under £250k Over £250k JIB	
1.11 Delegation of Budgets	4.3		Chief Executive	Limit as per Financial Plan
1.12 Approval of Change Programmes (Organisational Restructuring)		Board (where proposal includes major service change, headcount change or expenditure >£2m); CMT up to £2m	Chief Executive/Director of Finance	Within available resources
1.13 Standard Business Case approval - Capital - Revenue - Capital and Revenue	8		<u>Capital</u> – see section 9  <u>Revenue</u> - where funding source already identified within financial plan, Director Approval required Where no funding / additional to financial plan - < £50k CMT > £50k Board  Revenue and Capital – approval required from each area as	

			described above	
1.14 Approval of Business Cases for engaging Consultancy Services	10		Executive Director < £50k CMT > £50k	
1.15 Prioritisation of Core Equipment	10.9	CIG Approval	Chair of Core Equipment Group	in line with capital plan limits



<b>2. Annual Accounts and Reports</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
2.1 Submission of Financial monitoring returns	4.3		Director of Finance	In accordance with SGHSCD requirements
2.2 Approval of Annual Accounts	18	Board	Chief Executive	In accordance with Accounts Manual
2.3 Preparation of Performance Report	18	Audit Committee and Board	Chief Executive	In accordance with Accounts Manual
2.4 Preparation of Accountability Report	18	Audit Committee and Board	Chief Executive	In accordance with Accounts Manual

<b>3. Banking Arrangements</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
3.1 Opening of Bank accounts in the Board's name	13		Director of Finance	Subject to appointment of bankers by NHS Board Subject to national direction
3.2 Notification to bankers of authorised signatories on bank accounts	13		Director of Finance	
3.3 CHAPS/SWIFT Authorisation	13		Chief Executive over £10m Director of Finance or Deputy Director of Finance £5m to £10m Head of Finance £10k to £5m Less than £10k one from the following - Financial Accounts Manager Financial Accountant Payroll Manager Deputy Payroll Manager Accounts Payable Manager	
3.4 BACS / Cheque Run Authorisation (excluding Payroll)	13		Director of Finance or Deputy Director of Finance over £15m Head of Finance £5m to £15m Less than £5m one from the following - Financial Accounts Manager Financial Accountant Payroll Manager Deputy Payroll Manager Accounts Payable Manager	

3.5 Cheque/ Payable Order (Out of Course Payment) Authorisation	13		<p>&gt;£100k One Level 1 signatory plus any other authorised signatory</p> <p>£25k to £100k One Level 1 or Level 2 signatory plus any other authorised signatory</p> <p>&lt;£25k Any two authorised signatories</p> <p>Level 1 Signatories – Director of Finance / Deputy Director of Finance</p> <p>Level 2 Signatories – Head of Finance</p> <p>Other Authorised Signatories - Financial Accounts Manager / Financial Accountant / Payroll Manager / Deputy Payroll Manager / Accounts Payable Manager</p>	
3.6 Transfers to / from local bank account to main bank account	13		<p>Head of Finance – Corporate Services</p> <p>Financial Accounts Manager</p> <p>Financial Accountant</p>	

4. Healthcare Contracts/Service Level Agreements				
Area of Responsibility	SFI	Committee Approval Required	Officer Responsible	Limits Applying
4.1 Healthcare Agreements (amendments to existing agreement or new agreements)	5		<p><u>For services directly managed by Chief Officer of JIB -</u>            In line with strategic commissioning plan and financial plan            Chief Officer JIB &lt; £1M            NHS Lanarkshire approvals required as follows to ensure due diligence has been followed and compliance with regulations and standards -            CMT NHS &gt; £1m            Director of Finance NHS &lt; £1m            Board Non NHS &gt; £2m            CMT Non NHS £1m to £2m</p> <p><u>For NHS Lanarkshire services -</u>            CMT NHS &gt; £1m            Director of Finance NHS &lt; £1m            Board Non NHS &gt; £2m            CMT Non NHS £1m to £2m            Appropriate Executive Director Non NHS &lt; £1m</p>	Subject to confirmation of revenue affordability
4.2 Resource Transfer			Chief Officer in line with JIB strategic commissioning plan and financial plan	Within approved budget
4.3 Setting of Fees and Charges: income generation - Board	14		Director of Finance / Deputy Director of Finance	
4.4 Entering into contracts for income generation other than Healthcare agreements	14		CMT NHS > £1m Director of Finance NHS < £1m Board Non NHS > £2m	Subject to confirmation of revenue affordability

			CMT Non NHS £1m to £2m Appropriate Executive Director Non NHS < £1m	
4.5 Signing of Service Level Agreements with other Boards			Director of Finance	As per supporting Financial Plan

<b>5. Pay expenditure</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
5.1 Preparation of Workforce Plan, Strategy, and Human Resource policies & procedures	9		Director of Human Resources	Within existing resources
5.2 Preparation of Learning and Development Plan	9		Director of Human Resources	
5.3 Responsibility for implementing changes to terms and conditions of service	9		Director of Human Resources	Within national guidance
5.4 Preparation of contracts of employment	9		Compliance with current legislation and agreed terms and conditions	
5.5 Approval of Severance agreements –Executive Directors	9	Remuneration Committee	Director of Human Resources and Director of Finance	Compliance with current legislation and agreed terms and conditions; within available funding
5.6 Approval of Severance agreements -all other staff	9		Director of Human Resources and Director of Finance	Compliance with current legislation and agreed terms and conditions; within available funding
5.7 Settlement of employment litigation claims			Director of Human Resources with a Board Director	
5.8 Executive and Senior Management Pay	9	Remuneration Committee	Director of Human Resources	Compliance with current legislation and agreed terms and conditions
5.9 Engagement, termination, re-engagement, re-grading of staff	9		Budget Holder with sign off from HR Director and Director of Finance	Within approved budget and funded establishment and in accordance with approved HR

				policies
5.10 Appointment and Management of External contractors			Budget Holder	Within approved budget ensuring compliance with tax implications, PVG and Health and Safety requirements.
5.11 Approval of retrospective pay adjustments			Director of Finance and HR Director	Amounts greater than £10,000

<b>6. Non-Pay Expenditure</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
6.1 Preparation & Implementation of Procurement Strategy	10		General Manager Procurement	
6.2 Implementation of Procurement Strategy - Pharmacy	10		Chief Pharmacist	All medicines
6.3 Implementation of Procurement Strategy – IM&T	10		General Manager IM&T	All IT projects, software, hardware and desktop
6.4 Implementation of Procurement Strategy - Estates	10		General Manager PSSD	All major building projects



7. Orders, Invoices, Quotations and Tenders				
Area of Responsibility	SFI	Committee Approval Required	Officer Responsible	Limits Applying
7.1 Request for tender/purchase (including specification) revenue - Health supplies/ services revenue - other supplies/ services	10		General Manager Procurement	In accordance with approved strategy/ Business Case/ Project Authorisation Checklist
7.2 Single Tender Waiver			Approved by 2 Directors, one of which must be the Director of Finance or Chief Executive	
7.3 Quotations and Tenders	10		< £20k 3 quotes budget holder £20k to £50k competitive quotations managed through Public Scotland Portal budget holder supported by Procurement £50k to £106k advertised tender through Public Contracts Scotland Portal budget holder supported by Procurement European Tender (OJEU) > £106K Procurement (Capital £4.105m)	
7.4 Placing external commitments / contract awards / award of tenders	10		Chief Executive up to £5m lifetime value Director of Finance up to £4m lifetime value General Manager Procurement up to £2m lifetime value Director £500k to £1m lifetime value General Manager < £500k lifetime value	Approval requests will be accompanied by a tender report signed by the Head of Procurement supporting award of the contract.
7.5 Maintenance of Contract Register	10		General Manager Procurement	
7.6 Maintenance of Tender Register	10		General Manager Procurement	
7.7 Authorisation of Purchase	10		Director of Finance / Chief Executive > £2m	Subject to containment with

Orders for Goods and Services			Directors up to £2m Deputy Director of Finance / General Managers up to £100k Chief Pharmacist up to £100k for Pharmacy PSSD Director up to £100k for PSSD Heads of Department up to £50k Designated Ordering Officers up to £20k <u>Only exception to the above applies to well regulated expenditure contained within list held by Finance</u>	delegated budget
7.8 Authorisation of Purchase Invoices for Goods and Services	10		Director of Finance / Chief Executive > £2m Directors up to £2m Deputy Director of Finance / General Managers up to £100k Chief Pharmacist up to £100k for Pharmacy PSSD Director up to £100k for PSSD Heads of Department up to £50k Designated Ordering Officers up to £20k <u>Only exception to the above applies to well regulated expenditure contained within list held by Finance</u>	Subject to containment with delegated budget

<b>8. Management and Control of Stock</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
8.1 Issue of Stores recording and operating procedures	16		Director of Finance	All stocks
8.2 Day to day management and security arrangements	16		Head of Pharmacy and Prescribing Support Unit	Pharmacy stock
8.3 Day to day management and security arrangements	16		General Manager PSSD	All other stocks

9. Capital Investment & Budget Monitoring				
Area of Responsibility	SFI	Committee Approval Required	Officer Responsible	Limits Applying
9.1 Approval of Business Cases - non-IM&T	11	NHS Board following endorsement by Capital Investment Group for business cases > £3m CIG < £3M	Director of Strategic Implementation, Planning and Performance	Limit as per Capital Plan
9.2 Approval of Business Cases - IM&T	11	NHS Board endorsed by Capital Investment Group for business cases > £2m CIG and eHealth Strategy Group < £2m	Director of Strategic Implementation, Planning and Performance	Limit as per Capital Plan
9.3 Property acquisitions/ disposals / leases	11		Director of Finance approval if Lifetime value below £2m Board approval if Lifetime value above £2m	Disposals subject to declaration of property as surplus and compliance with Property Transactions Handbook.  Purchasing must be in accordance with Property Transactions Handbook.
9.4 Condemning & Disposal of Assets (excluding Property) – Items that are obsolete, obsolescent, redundant, irreparable or cannot be repaired cost effectively	11		General Manager PSSD if current/estimated purchase price < £20k Director of Finance if current/estimated purchase price between £20k and £250k Capital Investment Group if current/estimated purchase price £250k to £500k Board if current/estimated purchase price over £500k	

9.5 Maintenance of Asset Register and Capital Accounting Regime	11		Director of Finance	In accordance with Scottish Capital Accounting Manual
9.6 Award of capital tenders	10 / 11		Director of Strategic Implementation, Planning and Performance	Subject to containment within the overall Capital Plan, compliance with guidance and any requirements for transactions to be signed on behalf of Scottish Ministers
9.7 Management of Capital Budgets	11		Project Director at individual project level Chief Executive / Director of Finance for virement of budget between schemes – per event CIG Director of Finance for Contingencies	Project Budgets notified to responsible officer Virement subject to confirmation of Capital Resource availability and approval of Capital Investment Group. Contingencies subject to confirmation of capital resource liability

<b>10. General Medical Services (GMS)</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
10.1 Preparation and Agreement of GMS Contracts			JIB Chief Officer responsible for hosting Primary Care services	
10.2 Monitoring of GMS Contracts including Quality Outcome Framework			JIB	

<b>11. Fraud, Losses and Legal Claims</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
11.1 Arrangements for preventing, detecting and reporting fraud	20		Director of Finance	SGHSCD guidance and CFO
11.2 Notification of discovered fraud/criminal offences to SGHSCD	19 / 20		Director of Finance	
11.3 Maintenance of medical negligence claims register	19		Director of Finance	
11.4 Maintenance of legal claims register	19		Director of Finance	
11.5 Writing off of losses / ex-gratia payments	19	SGHSCD		Over £25,000
11.6 Writing off of losses / ex-gratia payments	19		Director of Finance	Up to £25,000
11.7 Settlement of Legal Claims – Clinical Claims	19		General Manager / Patient Services Manager approval < £50k Divisional Director approval < £100k Director of Finance / Chief Executive approval £100k to £250k	SGHSD Approval required for Clinical Claims Over £250,000;
11.8 Settlement of Legal Claims – Non-Clinical Claims	19		Divisional Director and Director of Finance and Medical Director acting together approval < £100k	SGHSCD Approval for non-clinical claims over £100,000
11.9 Actions to safeguard the Board's interests in bankruptcies and company liquidations	19		Director of Finance	

<b>12. Patients Private Funds and Property</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
12.1 Authorisation of Manager and Establishments to manage residents affairs	21		Chief Executive	Within the terms of the Adults with Incapacity (Scotland) Act 2000.
12.2 Monitoring and reviewing arrangements for the management of residents affairs	21		Chief Executive	Within the terms of the Adults with Incapacity (Scotland) Act 2000.
12.3 Establishment of arrangements for the safe custody of patients' and residents' property	21		Chief Executive	Within the terms of the Mental Health Act 1984, Adults with Incapacity Act 2000 and guidance laid down by the Scottish Executive.
12.4 Arrangements for the opening and management of bank accounts.	21		Director of Finance	
12.5 Establishment of detailed procedures for the safe custody and management of patients' and residents' property	21		Director of Finance	
12.6 Provision of a receipts and payments statement in the approved format annually	21		Director of Finance	



<b>13. Clinical Governance</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
13.1 Approval of Healthcare Quality and Assurance Strategy			Medical Director	
13.2 Approval of research and development studies including associated clinical trials and indemnity agreements for commercial studies		Ethics Committee	Director of Public Health and Policy	
13.3 Preparing Annual Workplan for Clinical Quality		HQAISG	Associate Director for Quality Assurance and Improvement	
13.4 Compliance with research governance			Medical Director	
13.5 Preparation of Patients Complaints Policy			Director of Nursing, Midwifery and Allied Health Professionals	
13.6 Monitoring and reporting of Patients complaints			Director of Nursing, Midwifery and Allied Health Professionals	

<b>14. Risk management</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
14.1 Preparation of Risk Management Strategy	24	Audit Committee	Chief Executive	
14.2 Preparation and management of Corporate Risk Register	24		Medical Director	
14.3 Health & Safety - Staff	24	OHS Management Group	Chief Executive	
14.4 Health & Safety - Buildings	24		Chief Executive	
14.5 Fire Safety			Chief Executive	
14.6 System for developing, listing and updating policies			Chief Executive	
14.7 Child Protection Policies			Chief Executive	
14.8 Prescribing policies		Area Drug & Therapeutic Committee		As per resource constraints of Prescribing Management Board
14.9 Establishment and administration of insurance arrangements	24	Director of Finance		SGHSCD guidance including expected adherence to National contracts

<b>15. Health Planning</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
15.1 Preparation of Corporate Plan		Board	Chief Executive	
15.2 Preparation of Local Delivery Plan	4.2	Board	Director of Strategic Implementation Planning and Performance	As per supporting Financial Plan

16. Access				
Area of Responsibility	SFI	Committee Approval Required	Officer Responsible	Limits Applying
16.1 Achievement of waiting times targets <ul style="list-style-type: none"> <li>- Acute Services</li> <li>- Mental Health , Community and AHP services</li> </ul>			Director of Acute Services Chief Officer JIB	
16.2 Public Information on access to services			Director of Nursing Midwifery and Allied Health Professionals	
16.3 Procedure for patients who wish to appeal against clinical decisions on their continuing healthcare			Medical Director	CEL 6 2008

<b>17. Information Governance</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
17.1 Responsibility for Information Management Systems & Strategy	22		Director of Strategic Implementation Planning and Performance	
17.2 Clinical responsibility for IM&T Strategy	22		Director of Strategic Implementation Planning and Performance	
17.3 Data Protection Act	22		Director of Strategic Implementation Planning and Performance	
17.4 Caldicott Guardian	22		Director of Public Health and Health Policy	
17.5 Freedom of Information Policy	22		Director of Nursing Midwifery and Allied Health Professionals	

<b>18. Communication</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
18.1 Preparation of Communication Strategy			Director of Nursing Midwifery and Allied Health Professionals	
18.2 Preparation of Annual Report	18		Director of Nursing Midwifery and Allied Health Professionals	
18.3 Communication of and adherence to SFIs and Scheme of Delegation	1		Director of Finance	
18.4 Distribution of all relevant new legislation, regulations, good practice and case law			Board Secretary	

<b>19. Emergency and Continuity Planning</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
19.1 Preparation and maintenance of comprehensive Emergency Plan		Board	Director of Public Health and Health Policy	
19.2 Preparation and maintenance of Business Continuity Plan		Board	Director of Public Health and Health Policy	

<b>20. Other Areas</b>				
<b>Area of Responsibility</b>	<b>SFI</b>	<b>Committee Approval Required</b>	<b>Officer Responsible</b>	<b>Limits Applying</b>
20.1 Patient Focus Public Involvement			Director of Nursing Midwifery and Allied Health Professionals	
20.2 Compliance with guidelines on chaplaincy and spiritual care including spiritual care strategy implementation		Spiritual Care Committee	Director of Nursing Midwifery and Allied Health Professionals	
20.3 Health Promotion and Education Strategies			Director of Public Health and Health Policy	
20.4 Public Health information dissemination			Director of Public Health and Health Policy	
20.5 Compliance and adherence to national standards in healthcare acquired infection			Director of Nursing Midwifery and Allied Health Professionals	
20.6 Compliance and adherence to national standards in decontamination			Director of Nursing Midwifery and Allied Health Professionals	
20.7 Screening / Immunisation / Vaccination programmes			Director of Public Health and Health Policy	
20.8 Communicable disease control			Director of Public Health and Health Policy	
20.9 Development and maintenance of Performance Management Framework			Director of Strategic Implementation Planning and Performance	



20.10	Preparation and dissemination of Scheme of Delegation			Chief Executive	
20.11	Sealing of Documents with the Board Seal			Director of Finance / Chief Executive	Use of Board seal is accompanied by signature as determined in Board Standing Orders
20.12	Maintenance of register of Board members interests	17		Board Secretary	
20.13	Maintenance of register of gifts / hospitality and interest in contracts for other employees	17		Chief Executive delegated to divisional directors	
20.14	Execution of documents on behalf of Scottish Ministers relating to property transactions			Chief Executive and Director of Finance	

# **Section G**

## **Scheme of Delegation: Healthcare Quality Assurance and Improvement**

**This section describes delegation for Healthcare  
Quality Assurance and Improvement across NHS  
Lanarkshire**

# NHS LANARKSHIRE

## Scheme of Delegation for Healthcare Quality Assurance and Improvement

### Introduction

1. This paper outlines the Scheme of Delegation covering clinical issues within NHS Lanarkshire. It is intended to provide clarity about the decision-making process and the extent of delegation and devolution of authority.
1. Its purpose is to underpin a unitary structure which is not one of centralisation but rather one, which enables decisions to be reached and implemented at operational level – not only in Divisions, but also at local level.
2. It also recognises, however, that although the different components of the Clinical functions will operate under the Medical Director, the Director of Public Health and Health Policy and the Director for Nurses, Midwives and Allied Health Professionals, NHS Lanarkshire is a single organisation with a single set of values. This paper therefore seeks to:
  - Set out the organisation levels within the Scheme of Delegation.
  - Define the range of Healthcare Quality Assurance and Improvement strategy and activity
  - Define the area of responsibility of the Medical Director's Directorate
  - Define the area of responsibility of the Director of Public Health and Health Policy's Directorate
  - Define the area of responsibility of the Director for Nurses, Midwives and the Allied Health Professionals Directorate
  - Provide clarity of purpose and promote continued empowerment by outlining the key issues and responsibilities at the defined levels
  - Give worked examples of how the Scheme of Delegation will work in practice.
  - Address the interface between the Executive Director offices and Operational Management
  - Set out the strands of the Healthcare Quality Assurance and Improvement Framework (Strategy, Work Programme, Structure).

### Organisational Levels

4. **System** is defined as the responsibilities which need to be discharged at an NHS Lanarkshire system-wide level. In general terms this would involve the development of strategy, system-wide interfaces, strategic risk and issues related to system failure.
5. **Divisional** is defined as the responsibilities which are enshrined in the Divisional Management Teams. In general this would be around the implementation of the Healthcare Quality Assurance and Improvement Framework.

6. **Local** is defined as Hospital Management Teams and Community Health Partnership Management Teams, and associated corporate functions. In some instances, it could mean wards, departments and teams. In general this would be around implementing operational and clinical management.

### Definitions

7. **Strategy** is taken to mean the development of the overall Healthcare Quality Assurance and Improvement strategy for NHS Lanarkshire.
8. Healthcare Quality Assurance and Improvement applies to all aspects of public health and clinical care. The NHS Lanarkshire Medical Director will be the overall lead for Healthcare Quality Assurance and Improvement with shared responsibility with the Executive leads in relation to specified areas as shown:

<b>Executive Lead</b>	<b>Area of Responsibility</b>
Medical Director	<ul style="list-style-type: none"> <li>➤ Patient Safety and Quality of Care</li> <li>➤ Clinical and Public Health Audit and Guidelines</li> <li>➤ Clinical Risk Management</li> <li>➤ Medical Education</li> <li>➤ Medicines Management</li> <li>➤ Blood Transfusion</li> <li>➤ Clinical Information Systems</li> <li>➤ Research and Development</li> <li>➤ Risk Management</li> <li>➤ Medical Workforce Planning</li> </ul>
Director of Public Health and Health Policy	<ul style="list-style-type: none"> <li>➤ Public Health Audit and Guidelines</li> <li>➤ Health Status Monitoring and Needs Assessment Programme</li> <li>➤ Health Protection including Control of Infection, and Resilience (Emergency Planning and Business Continuity Planning)</li> <li>➤ Health and Clinical Outcome Indicators</li> <li>➤ Public Health Professional Development and</li> </ul>

	<p>Standards</p> <ul style="list-style-type: none"> <li>➤ Caldicott Guardian</li> <li>➤ Information Assurance</li> <li>➤ Gender-Based Violence</li> </ul>
<p>Director for Nurses, Midwives and Allied Health Professionals</p>	<ul style="list-style-type: none"> <li>➤ Nurse, Midwife and Allied Health Profession and Support Worker Education (pre and post Registration)</li> <li>➤ Nurse, Midwife and Allied Health Profession Practice Development (research, clinical care processes, audit, clinical supervision)</li> <li>➤ Statutory Supervision of Midwives</li> <li>➤ Person-Centred Care</li> <li>➤ Healthcare Associated Infection</li> <li>➤ Adult and Child Protection</li> <li>➤ Bereavement Care</li> <li>➤ Nurse, Midwife and Allied Health Profession Workforce and Workload Planning</li> <li>➤ Child Health Commissioner</li> <li>➤ Non-medical prescribing and administration of medication</li> <li>➤ Suitability for employment following Disclosure</li> <li>➤ Older People in Acute Care</li> </ul>

## 9. **The Medical Director**

The responsibilities of the Medical Director are to:

- Provide medical leadership and ensure maintenance of professional medical standards.
- Fulfil the role of the Responsible Officer for the General Medical Council
- Support operational management in Clinical Governance.

- Provide leadership in the development of Clinical Strategies in support of the Director of Strategic Planning and Performance
- Provide leadership in Medical Workforce Development, in support of Divisional Directors and the Director of Human Resources.
- Through the Director of Medical Education, provide leadership to the Department of Medical Education for Education of Consultants, Non-Consultant Career Grade Doctors and Junior Medical Staff linking with the Human Resources Directorate.
- Provide executive leadership for Pharmacy Services.

#### 10. **The Director of Public Health and Health Policy**

The responsibilities of the Director of Public Health and Health Policy are:

- Measure disease occurrence, designing and interpreting epidemiological studies and use epidemiological approaches in the assessment of health care needs, utilisation and outcomes.
- Develop and interpret health information, demographic change, mortality, morbidity and other data sets to measure health status including regional occupational and social class variations. Apply public health intelligence in collaborative working for health, in health service planning and evaluation at various levels, using statistical techniques as appropriate.
- Ensure confidentiality of all patient identifiable data, and ensure Information Assurance.
- Prevent disease: daily surveillance of communicable disease and environmental hazards, implementation of methods of monitoring and control, including food and water supply, pollution, noise and ionising radiation. Spokesperson on Communicable Disease/Environmental Health issues. Problems associated with poor housing.
- Principles and practice of health promotion including local development and application of public health policy, health education campaigns and evaluation of health promotion activities and programmes.
- Screening for early detection and prevention of disease, including planning, implementation and evaluation of current and national screening programmes.
- Social policy and health economics, as they relate to concepts of health and illness, causation of disease, health service development, equality, equity and policy. Organisation and management of health care including understanding of organisations, management and change, service planning including retractions and rationalisations, risk assessment, evaluation of health care. Joint working with commissioning partners.
- Participation in undergraduate and postgraduate teaching in Public Health.

- Responsibilities under Health Scotland Act.
- Responsibility for Organ Donation

#### 11. **The Director for Nurses, Midwives and Allied Health Professionals**

The responsibilities of the Director for Nurses, Midwives and Allied Health Professionals are:

- Provide professional advice to the NHS Board and Professional Leadership to all Nurses, Midwives and Allied Health Professionals in Lanarkshire.
- Influence and shape National Strategy and Policy and ensure effective implementation locally.
- Development of systems and processes for determining workload and the resultant workforce requirements.
- Improve the quality of services received by children, and lead preparation for joint inspection.
- Improve the quality of services received by older people, and lead preparation for inspection by Healthcare Improvement Scotland in partnership with other relevant agencies.
- Working in partnership with Universities and Colleges to provide sound clinical placements for students and developing a skilled and knowledgeable workforce through continuing professional development and specific accredited programmes.
- Ensure that the Board meets its statutory obligations for the supervision of midwives who state their intention to practice in Lanarkshire – whether or not they are employees of the Board.
- Ensuring Nurses and Midwives are registered to practice and bringing to the attention of the Nursing and Midwifery Council those practitioners where there is a concern about their fitness to practice.
- Development of policy and practice in clinical and professional subjects such as drug administration, equipment cleaning, child protection.
- Improve and enhance patient and carer experience of services through the systematic development of a blended approach, ensuring that actions are taken as a result.

#### **Worked Examples**

12. The following section sets out how elements of the Scheme of Delegation will work in practice. This is not exclusive or exhaustive, but is included to give real examples on which structures, policies and processes can be built.

## **Clinical Governance**

13. Authority lies at System level to:
  - Develop a strategy for Healthcare Quality Assurance and Improvement, which supports the objectives of NHS Lanarkshire, and other key strategies.
  - Ensure appropriate structures and mechanisms are in place to support Operating Divisions in the delivery, monitoring and reporting of Healthcare Quality Assurance and Improvement.
14. Responsibility is delegated to Divisional level to:
  - Co-ordinate implementation of the Healthcare Quality Assurance and Improvement Strategy.
  - Provide operational leadership to enhance delivery of quality in Clinical Care.
  - Co-ordinate, monitor and report on Healthcare Quality Assurance and Improvement.
  - Empower frontline staff by devolving management authority and accountability.
  - Manage clinical and non-clinical risks.
15. At Local level it is appropriate to:
  - Undertake appropriate Healthcare Quality Assurance and Improvement activities to improve patients' health and care.
  - Record and report on adverse events, undertake learning, and develop and implement action plans to address deficiencies highlighted in reviews.
  - Identify local training and development needs, and ensure staff have access to training and development.
  - Contribute to the development of a Healthcare Quality Assurance and Improvement Strategy, and protocols and procedures.
  - Participate in the leadership and decision-making in relation to Healthcare Quality Assurance and Improvement.



# **Section H**

## **Staff Governance**

This section describes delegation for Staff Governance across NHS Lanarkshire.

# NHS LANARKSHIRE

## Scheme of Delegation for Staff Governance

### Introduction

1. This paper outlines the Scheme of Delegation covering Human Resource issues within NHS Lanarkshire. It is intended to provide clarity about the decision-making process, and the extent of delegation and devolution of authority.
2. Its purpose is to underpin a unitary structure which is not one of centralisation, but rather one which enables decisions to be reached and implemented at operational level – not only in Divisions, but also at local level.
3. It also recognises, however, that this is a single organisation with a single set of values, and the Human Resources and Organisational Development functions will operate within a single Directorate of Human Resources this paper, therefore, speaks to:
  - Set out the organisational levels within the Scheme of Delegation.
  - Define the range of Human Resource and Organisational Development strategy and activity.
  - Provide clarity of purpose and promote continued empowerment by outlining the key responsibilities at the defined levels.
  - Give worked examples of how the Scheme of Delegation will work in practice.
  - Address the interface between the Human Resources and Organisational Development Directorates and Operational Management.
  - Set out the strands of the Staff Governance Structure.
  - Describe the structure of the Human Resources and Organisational Development functions.

### Organisational Levels

4. **System** is defined as the responsibilities which need to be discharged at an NHS Lanarkshire system-wide level. In general terms, this would involve the development of strategy and system-wide consistent interface.
5. **Divisional** is defined as the responsibilities which are enshrined in the Divisional Management Team. In general, this would be around the implementation of Human Resource and Organisational Development Strategy, and operational Human Resource Management and Development.
6. **Local** is defined as Hospital Management Teams, Localities, Mental Health and Learning Disabilities Services, or Corporate Directorate Level. In some instances, it could mean wards, departments and teams.

7. **Strategy** is taken to mean the development of the overall Human Resource Strategy for NHS Lanarkshire, including the strategy for organisational development and the values and beliefs of NHS Lanarkshire as an employer.
8. **Remuneration** is taken to cover the following:
  - Statutory responsibilities set down and exercised by the Remuneration Sub-Committee on behalf of the Board.
  - Negotiations on pay and terms and conditions of service.
  - All pay and contractual terms and conditions of service, their implementation and monitoring.
9. **Decision Making and Policy Developments** includes:
  - the systems and processes which are in place to support Staff Governance and partnership framework.
  - Human Resource and Organisational Development audit including the development, implementation and monitoring of action plans in response to audit, staff survey and other HR initiatives.
  - the arrangements systems and processes which will operate to ensure that staff and their representatives are involved in decision-making at strategic and operational level.
  - policy development incorporating changes to employment legislation, implementation of PIN Guidelines and other policy determination and application.
9. **Learning** will encompass the strategic aspirations of NHS Lanarkshire as a Learning Organisation, Lifelong Learning as promoted through Learning Together and will include:
  - induction, statutory and non-statutory training, personal development planning and career development.
  - educational and professional development opportunities for all staff groups, including allied health professionals, nurses, midwives and doctors.
  - access to organisational development support and capacity building programmes in the form of leadership and management development opportunities.
  - development of the organisation as a learning environment, with appropriate policies, procedures and a resources Learning Plan in place.
10. **Workforce Development** will integrate the following seams:
  - participating in the development and implementation of national and particularly regional workforce development activity.

- the development of a workforce development strategy to provide a competent, capable and committed workforce for NHS Lanarkshire.
  - workforce planning, including workforce data and information.
  - the links with service planning and redesign
  - all recruitment and retention strategies, initiatives and activity
  - all HR, development and training information
12. **Occupational Health & Safety** in this context will encompass four strands:
- the wellbeing of the staff of NHS Lanarkshire
  - the management of health and safety within the framework of health and safety legislation
  - the provision of effective quality Health and Safety services and advice
  - Scotland's Healthy Working Lives agenda
- 13 **Employment Practice** in the context of this paper relates to the operation of major elements of HR Policy such as:
- all medical staffing activity including recruitment, retention and employment services in respect of senior and junior medical staffing
  - recruitment and retention of all non medical staff
  - the management of redeployment
  - the resolution of Disciplinary Matters
  - the resolution of Grievances and Disputes
  - the provision of Human Resource information
  - all matters related to Employment Law
  - all matters related to diversity and equality in the workplace

### **Worked Examples**

14. The following section sets out how elements of the Scheme of Delegation will work in practice. This is not exclusive or exhaustive, but is included to give real examples on which structures, policies and processes can be built.

## Strategy

15. Authority lies at **System Level** to:
- develop a Human Resources Strategy which supports the objectives of NHS Lanarkshire, and links with other key strategies such as clinical services strategy and financial strategy
  - ensure appropriate mechanisms are in place to manage change
  - continued development of strategic leadership across NHS Lanarkshire within a common set of agreed values and behaviours
16. Responsibility is delegated to **Divisional Level** to:
- co-ordinate the implementation of the Human Resource Strategy
  - provide operational leadership to enhance the delivery of services
  - empower frontline staff by devolving management authority and accountability
  - provide visible leadership and support to frontline staff encouraging teamwork and celebrating success.
17. At **Local Level** it is appropriate to:
- through local partnership forums influence Human Resource Strategy development.
  - implement the Human Resource Strategy at local level.
  - participate in the leadership and decision making of the organisation
  - carry out appropriate monitoring.

## Remuneration

18. Authority lies at **System Level** to:
- agree all terms and conditions of employment of Executive Directors
  - oversee arrangements for job evaluation
  - approve and oversee arrangements for Performance Management
  - oversee arrangements for pay and conditions of service for other senior managers
  - develop and agree pay policy for NHS Lanarkshire
  - develop and agree Grading Policy for NHS Lanarkshire

- determine pay, terms and conditions of service for NHS Lanarkshire staff
- ensure pay reforms support service modernisation

19. Responsibility is delegated to **Divisional Level** to:

- participate in the appraisal system for staff on Executive and Senior Management Pay
- manage the appraisal system for other senior staff
- implement new pay arrangements
- implementing policy formulated by the Remuneration Sub-Committee
- carry out appraisal for medical managers
- implement pay strategy
- manage grading issues
- authorise expenses within the Finance Scheme of Delegation

20. At **Local Level** it is appropriate to:

- participate in appraisal arrangements within the Performance Management Framework
- carry out appraisal for medical staff
- provide payroll input data
- authorise expenses within the Finance Scheme of Delegation
- determine the award of discretionary points in accordance with policy and procedures
- undertake grading in accordance with policy and procedures
- undertake appropriate monitoring and recording

### **Decision Making and Policy Development**

21. Authority lies at **System Level** to:

- ensure that staff and their representatives are involved in decision-making and the development of policy.
- ensure the achievement of the Staff Governance standard

- monitor and audit action plans from Divisions and Corporate Directorates
- ensure systems and processes are in place to develop and encourage partnership working
- promote a culture of partnership working

22. Responsibility is delegated to **Divisional Level** to:

- ensure that staff and their representatives are involved in decision making
- develop and monitor the implementation of annual action plans
- operate systems and processes which encourage partnership working
- provide quarterly progress reports to the Staff Governance Committee/Area Partnership Forum
- implement HR Policies and Procedures through the development of appropriate action plans
- provide appropriate training

23. At **Local Level** is appropriate to:

- ensure that staff and their representatives are involved in decision-making
- develop annual local action plans
- monitor the implementation of action plans
- provide progress reports as required

## **Learning**

24. Authority lies at **System Level** to:

- set out corporate objectives related to learning
- develop a Corporate Learning Plan
- provide resources to support learning and development
- adopt national policy, guidance and legislation
- commission specific organisational development initiatives and change management support
- agree strategic approaches and processes to be used: Personal Development Plans, performance management; careers; leadership and management

development strategy; induction

- set in place monitoring and evaluation arrangements around learning processes

25. Responsibility is delegated to **Divisional Level** to:

- participate in the design of strategic approaches, plans and policies
- implement and achieve compliance with agreed strategies and policies
- develop Divisional Learning Plans
- assess local learning and development needs
- encourage fair and equitable access to learning and development opportunities
- commission local organisational development initiatives and change management support
- feed agreed strategies through divisional performance management processes
- participate in evaluation and monitoring processes

26. At **Local Level** it is appropriate to:

- participate in developing local learning plans
- participate in agreed organisational development initiatives
- identify local training and development needs
- implement and support agreed policies
- access appropriate learning and development opportunities
- participate in evaluation approaches

### **Workforce Development**

27. Authority lies at **System Level** to:

- develop a Workforce Development Strategy in order to provide a capable and competent workforce taking into account national, regional and local service planning and priorities
- assess the future size and shape of the workforce linking to a clear vision for service reform and development
- ensure the integration of service planning, service redesign, training and education, career development and workforce development



- ensure that there is a well focussed research and evidence base building on existing expertise and evidence of what does and does not work
  - ensure an adequate HR information system exists to provide appropriate workforce data
28. Responsibility is delegated to **Divisional Level** to:
- participate in and influence workforce development activity
  - implement agreed change in accordance with NHS Lanarkshire's Organisational Change Policy
29. At **Local Level** it is appropriate to:
- participate in workforce development activity
  - implement agreed change at local level

### **Occupational Health and Safety**

30. Authority lies at **System Level** to:
- develop an Occupational Health and Safety Strategy and Annual Workplan which seeks to ensure the provision of a safe and healthy working environment
  - ensure that the well being of the workforce is safeguarded
  - develop a range of specific Occupational Health and Safety policies to meet the requirements of the strategy including the provision of appropriate Occupational health and Safety services
31. Responsibility is delegated to **Divisional Level** to:
- have procedures and systems in place to support strategy, policy and legislation and to ensure a consistent approach
  - ensure a consistent and equitable provision of Occupational Health and Safety services
  - evaluate and monitor local activity
  - manage the Occupational Health and Safety risks
  - seek the achievement of Healthy Working Lives awards at the highest possible level
32. At **Local Level** it is appropriate to:
- have a process in place to support procedure and systems for strategy, policy and

legislation

- support the achievement of Healthy Working Lives awards at the highest possible level
- integrate the Occupational Health and Safety services function with line management and HR activity

### **Employment Practice**

33. Authority lies at **System Level** to:

- ensure that agreed policies and procedures exist in relation to discipline
- ensure that agreed policies and procedures exist for the resolution of grievances and disputes
- hear appeals against termination of employment decisions taken at director level
- ensure that policies and procedures exist in relation to recruitment
- ensure that an Organisational Change Policy exists and is implemented consistently
- ensure that arrangements are in place to deliver effective partnership working with Local Authorities and other strategic partners
- ensure that procedures are in place for the appointment of medical staff

34. Responsibility is delegated to **Divisional Level** to:

- serve as the appeals level within the Disciplinary Policy
- serve as the final level for the resolution of grievances and disputes
- authorise the filling of vacancies
- approve relevant advertisements
- to make appointments to the appropriate level
- consider recommendations from Advisory Appointments Committees

35. At **Local Level** it is appropriate to:

- be responsible for the initiation of and undertaking disciplinary action in accordance with the policy matrix
- deal with grievances and disputes in accordance with the policy matrix
- identify the requirement to fill vacancies

- make appointments at the appropriate level
- carry out Exit Interviews
- carry out administration in respect of appointments and terminations

### **Human Resource/Operational Management Interface**

36. The Human Resources Directorate exists to provide leadership and professional expertise in support of operational management within the Staff Governance Standard. In order to achieve this, the Directorate has established NHS Lanarkshire-wide organisational structures consistent with this Scheme of Delegation and which will provide Local, Divisional and Strategic support, within the resources allocated.

### **Staff Governance Structure**

37. The main strands of the Staff Governance structure are as set out below.
38. The **Corporate Management Team** which exists to:
- set strategic direction for NHS Lanarkshire in the field of Staff Governance
  - ensure pay reforms support service modernisation and redesign
39. The **Staff Governance Committee** which exists to:
- monitor progress against the five component parts of the Staff Governance Standard
  - approve, monitor and evaluate strategies and implementation plans created as a result of Self Assessment Audit and the Staff Survey and National standards
  - support the creation of a culture where the delivery of the highest standard possible of staff management is understood to be the responsibility of everyone working within the system and is built upon partnership and collaboration
40. The **Remuneration Committee** which exists to:
- determine overall performance of NHS Lanarkshire
  - agree all terms and conditions of employment of Executive Directors
  - approve and oversee arrangements for Performance Management
  - oversee arrangements for pay and conditions of service for other senior managers
  - agree grading arrangements for NHS Lanarkshire.
41. The **Area Partnership Forum** which exists to:

- ensure that staff representatives are involved and engaged in the development of Lanarkshire's Health Plan
  - liaise and work with NHS Lanarkshire on core strategies and priorities
  - ensure that NHS Lanarkshire has in place appropriate and meaningful mechanisms for wider consultation
  - ensure that communication systems and processes are established to inform staff about key issues within NHS Lanarkshire
  - champion partnership working within NHS Lanarkshire in order to maximise the involvement and engagement of staff in decision making
42. The **Human Resources Forum** which exists to:
- ensure a working interface between management and staff side representatives on HR issues
  - oversee compliance with the Staff Governance Standard except those areas reserved for the Area Partnership Forum
  - provide the platform for joint discussion on other HR issues
43. The **Medical and Dental Negotiating Committee** which exists to:
- provide a forum for negotiation in relation to medical and dental conditions of service
  - ensure a working interface between management and staff side representatives on medical and dental issues
  - engage in the joint development of HR policies and processes which specifically relate to medical and dental staff
  - provide the interface between management and medical and dental staff representatives on HR issues
44. The **Occupational Health and Safety Strategy Group** which exists to:
- develop and oversee the implementation of the OHSS Strategy
  - approve, monitor and evaluate strategies and implementation plans created as a result of Self Assessment Audit and the Staff Survey
  - ensure the appropriate management of Occupational Health and Safety services
  - ensure that NHS Lanarkshire has in place systems and processes to comply with the law

- oversee local management compliance with Occupational Health and Safety law and standards
45. The **Staff and Organisational Development Group** which exists to:
- place NHS Lanarkshire strategically in terms of education and training
  - agree the annual Learning Plan
  - monitor progress against agreed objectives
  - oversee the work of Operational Groups
46. In addition to the above, which operate on a system-wide basis there are a number of **groups** which operate at **local level** including:
- local Partnership Groups which exists to provide the main vehicle for partnership working at local level
  - local Health and Safety Committees which exists within health and safety legislation to provide a platform for the local management of health and safety issues.

### **Directorate Structures**

47. The organisational structure relating to this Scheme of Delegation in respect of the Human Resources Directorate is as follows:
- a **Director of Human Resources** who attends the Lanarkshire NHS Board and is a member of the Corporate Management Team, and fully contributes to and participates in the corporate management and governance of NHS Lanarkshire. In addition, the Director will provide professional leadership for the Human Resource, Organisational Development and Occupational Health and Safety functions, ensuring the development of, commitment to and implementation of Workforce Strategies which support clinical and other strategies.
  - A **Deputy Director of Human Resources (Occupational Health)**, who will be accountable to the Director of Human Resources for the provision of Occupational Health and Safety services to the staff of NHS Lanarkshire. This individual will attend the Occupational Health and Safety Management Group, and will support the Director of Human Resources in their role, assisting the development of strategies and policies working as part of an integrated team. In addition, this individual will manage the Occupational Health and Safety internal and external services.
  - 2 Divisional **Directors of Human Resources (1 Acute and 1 CHPs)**, who will be accountable to the Director of Human Resources for the provision of Human Resource Services to the staff of NHS Lanarkshire. As members of the Divisional Management Teams, they fully contribute to and participate in the corporate management and governance of the Operating Divisions. In addition, they

support the Director of Human Resources in the role of Executive Director of NHS Lanarkshire, assisting in the development of strategies and policies working as part of an integrated team.

- A **Head of Workforce Development** who is accountable to the Director of Human Resources for co-ordinating and facilitating workforce development activity throughout Lanarkshire. The individual will advise on redesign and modernisation of the workforce to support service redesign and ensure that workforce planning is an integral part of all service planning
48. In addition, there will be a number of **Heads of Function** who will report to the Divisional Directors, but will be responsible for providing services system wide. They will, where appropriate, support Corporate Directors.
49. The Divisional Directors and the Head of Workforce Development will, between them, lead on all the elements of Human Resource strategy and activity, set out in this paper. The organisational structure is shown diagrammatically in Appendices 1, 2 and 3. Appendix 1 sets out the functional diagram and Appendices 2 and 3 the structural diagrams.
50. The Organisational Structure relating to this Scheme of Delegation in respect of Organisational Development is as follows:
- A **Deputy Director (Organisational Development)** who will be accountable to the Director of Human Resources for the provision of Organisation Development support and learning to the staff of NHS Lanarkshire. The Deputy Director works closely with the Divisional Management Teams, and fully contributes to and participates in the corporate management and governance of the Operating Divisions. In addition, the Deputy Director will support the Director of Human Resources in the development of strategy and policy working as part of an integrated OD Team.
  - A team of 4 **Development Managers** who will be accountable to the Deputy Director (Organisational Development) for the provision of specialist support to the Operating Divisions. The Development Managers will operate in a matrix model and will carry specialist, system wide portfolios of experience.
  - 2 **Training Managers and Training Teams** who will be accountable to the Deputy Director (Organisational Development) for the design and delivery of training and development initiatives within the Operating Divisions. Output will include, co-ordinated delivery of corporate training and development (Induction, Customer Care, HR skills, etc) and specific initiatives in meeting the requirements of the Operating Divisions.
51. Appendix 4 sets out the Organisational Development Directorate Structure with summarised roles and responsibilities.

## **Conclusion**

52. Partnership for Care and the Staff Governance Standard emphasise the need for both fairness and consistency and the continuing devolution of decision-making. By ensuring a robust Scheme of Delegation as set out above NHS Lanarkshire will meet these objectives.
53. With the move to more regional working this Scheme of Delegation will as it develops require to recognise the need to ‘delegate upwards’ in other words cede authority to a regional system for certain elements of decision-making.
54. This document should be seen as reflecting where Staff Governance stands at a moment in time. It is a living document which will be reviewed at regular intervals to reflect the development of NHS Lanarkshire.

# **Section I**

## **Risk Management**

This section explains how NHS Lanarkshire staff will manage risks that affect the organisation.

**To be updated and presented to the  
Audit Committee in June 2018**



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## **Item 1: Introduction**

- 1.1 Risk can be defined as ‘the chance of something happening that impacts on the organisation’s ability to achieve its objectives’ (Australian/New Zealand Standard AS/NZS 4360:2004 - Risk Management (the Standard)). An organisation needs to proactively manage risk to an acceptable level by embedding processes focussed on assessment and prevention, rather than reaction and remedy. Risk management plays a vital role supporting and informing decision making in providing a safe and secure environment.
- 1.2 Implementation of a comprehensive, effective risk management approach throughout the organisation is a means of improving business activity. The processes described in this document can be used both to reduce negative impacts for the organisation and identify opportunities for improving outcomes.
- 1.3 The management of risk involves everyone to ensure the process is embedded into the organisation’s everyday activity.

## **Item 2: Purpose**

- 1.1 It is necessary to have a robust and consistent approach to the management of risk throughout the organisation that is aligned and prioritised to support the achievement of our strategic objectives. This approach should then provide assurance to the Board members and the Accountable Officer of the effectiveness of our risk control measures.
- 1.2 Many of the organisation’s existing practices and processes already include elements of risk management. The integrated approach consolidates these elements in order to:
  - provide a consistent approach to risk management
  - demonstrate how risk management is integrated into our strategic planning, operational and day to day activities
  - ensure that risk management is embedded in the decisions we make
  - clarify roles and responsibilities in the risk management process
  - continuously improve our risk management approach and the quality of risk information we hold
  - provide a framework which will give assurance to the Board and stakeholders of our ability to deliver our strategic objectives.

## **Item 3: Approach to Risk Management**

- 1.1 Risk management proactively reduces identified risks to an acceptable level by creating robust systems for assessment and prevention, rather than reaction and remedy. It plays a vital part in informing decision making and supporting a culture of quality improvement within an organisation. A risk management system is based on a systematic process of:
  - identification
  - assessment (analysis and evaluation)

- response
- review

#### **Item 4: Risk Register**

The risk register is a tool which will be used to record and manage the organisation's risks. The risk register has been designed to allow risks to be recorded consistently across the organisation and directs users to the key information required to record and manage risk.

### **1. How to Identify a Risk**

1.1 In order to manage risk, the organisation needs to know what risks it faces, and how to evaluate them. Identifying risks is the first step in building the organisation's risk profile. Maintaining a record is critical to effective risk management. The identification of risk can be separated into two distinct phases:

- initial risk identification
- ongoing risk identification, for example, to identify new risks which did not previously arise or changes in existing risks.

1.2 All organisation risks link to the strategic objectives. A statement of a risk should encompass both the possible cause and the impact on the strategic objectives.

1.3 All members of staff have a role to play in identifying risks. Risks can be identified from a number of sources including:

- planning and performance management
- review of significant changes in our service
- internal and external audit
- changes to guidance / guidelines
- legal or regulatory reviews
- horizon scanning
- incident processes
- Health and Safety at Work
- business cases and project plans
- training needs analysis
- recruitment / retention / absenteeism data

1.4 Identifying risks will promote a continuous flow of information. The key areas for risk have been categorised under the 9 headings in Table 1 below. The categorisation of risk will provide a focus to support the effective management of risk within the organisation's structure.

**Table 1: Risk Category**

<b>Risk Category</b>	<b>Description</b>
Patient Experience	Risks which impact on patient experience and / or clinical outcome.
Objectives / Project	Risks which impact on the ability to meet project / programme objectives.
Injury (physical and psychological) to patient, visitor or staff	Risks which lead to incidents or adverse events that could cause injury.
Complaints / claims	Risks which could result in serious complaints or claims against the organisation.
Service / business Interruption	Risks which could impact on the organisation's ability to undertake its core business.
Staffing and competence	Risks which impact on the implementation of staff governance.
Financial (including damage / loss / fraud)	Risks which impact on financial and operational performance.
Inspection / Audit	Risks which could lead to critical reports, enforcement or prosecution.
Adverse Publicity / Reputation	Risks which have an impact on the reputation of the organisation.

- 1.5 It is important to give a clear description of the risks that have been identified and the potential impacts on the organisation should they occur. This will allow the risk to be more easily understood and more effectively managed.
- 1.6 Through this identification and categorisation process, a Risk Owner and Risk Manager should be identified. A risk owner, in line with their accountability for managing the risk, should have sufficient authority to ensure that it is effectively managed. The risk owner and manager may be different people. Risk Owners should ensure that the risk is escalated where necessary to the appropriate level within the organisational structure.

## 2. How to Assess a Risk

Risk can be assessed as the combination of the likelihood of an event occurring and the impact of that event. Establishing how we assess likelihood and impact is key to determining the risk level and subsequent actions to be taken.

### 2.1 How to establish likelihood

2.1.1 The likelihood of an event occurring should be assessed using table 2 below. Having assessed the likelihood of the event happening you should determine the likelihood score (1 to 5)

**Table 2: Likelihood definitions**  
**Score Description Chance of occurrence**

Score	Description	Chance of Occurrence
1	Rare	Very little evidence to assume this event would happen – will only happen in exceptional circumstances
2	Unlikely	Not expected to happen, but definite potential exists – unlikely to occur
3	Possible	May occur occasionally, has happened before on occasions – reasonable chance of occurring
4	Likely	Strong possibility that this could occur – likely to occur
5	Almost Certain	This is expected to occur frequently / in most circumstances – more likely to occur than not

### 2.2 How to assess impact

1.2.1 The impact on the organisation of an event happening should be assessed using the criteria outlined in Table 3 below.

**Table 3: Impact descriptions**

<b>Descriptor</b>	<b>Negligible (1)</b>	<b>Minor (2)</b>	<b>Moderate (3)</b>	<b>Major (4)</b>	<b>Extreme (5)</b>
<i>Patient Experience</i>	Reduced quality of patient experience/clinical outcome not directly related to delivery of clinical care.	Unsatisfactory patient experience/ clinical outcome directly related to care provision – readily resolvable.	Unsatisfactory patient experience/ clinical outcome; short term effects – expect recovery <1wk.	Unsatisfactory patient experience/ clinical outcome; long term effects – expect recovery >1wk.	Unsatisfactory patient experience/ clinical outcome; continued ongoing long term effects
<i>Objectives / project</i>	Barely noticeable reduction in scope, quality or schedule.	Minor reduction in scope, quality or schedule.	Reduction in scope or quality of project; project objectives or schedule.	Significant project over-run.	Incident leading to death or major permanent incapacity.
<i>Injury (physical and psychological) to patient, visitor or staff</i>	Adverse event leading to minor injury not requiring first aid.	Minor injury or illness, first aid treatment required.	Agency reportable, e.g. Police (violent and aggressive acts). Significant injury requiring medical treatment	Major injuries/long term incapacity or disability (loss of limb) requiring medical treatment and/or counselling.	Incident leading to death or major permanent incapacity.
<i>Complaints / claims</i>	Locally resolved verbal complaint.	Justified written complaint peripheral to clinical care.	Below excess claim. Justified complaint involving lack of appropriate care.	Claim above excess level. Multiple justified complaints.	Multiple claims or single major claim Complex justified complaint
<i>Service / business interruption</i>	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service.	Short term disruption to service with minor impact on patient care.	Some disruption in service with unacceptable impact on patient care. Temporary loss of ability to provide service.	Sustained loss of service which has serious impact on delivery of patient care resulting in major contingency plans being invoked.	Permanent loss of core service or facility. Disruption to facility leading to significant "knock on" effect
<i>Staffing and competence</i>	Short term low staffing level temporarily reduces service quality (< 1 day). Short term low staffing level (>1 day), where there is no disruption to patient care.	Ongoing low staffing level reduces service quality. Minor error due to ineffective training/implementation of training.	Late delivery of key objective / service due to lack of staff. Moderate error due to ineffective training/implementation of training. Ongoing problems with staffing levels.	Uncertain delivery of key objective/ service due to lack of staff. Major error due to ineffective training/ implementation of training.	Non-delivery of key objective/service due to lack of staff. Loss of key staff. Critical error due to ineffective training/ implementation of training.
<i>Financial (including damage / loss / fraud)</i>	Negligible organisational/ personal financial loss. (£<1k).	Minor organisational/personal financial loss (£1-10k).	Significant organisational/personal financial loss (£10-100k).	Major organisational/personal financial loss (£100k-1m).	Severe organisational/personal financial loss (£>1m).
<i>Inspection / Audit</i>	Small number of recommendations which focus on minor quality improvement issues.	Recommendations made which can be addressed by low level of management action.	Challenging recommendations that can be addressed with appropriate action plan.	Enforcement action. Low rating. Critical report.	Prosecution. Zero rating. Severely critical report.
<i>Adverse Publicity / reputation.</i>	Rumours, no media coverage. Little effect on staff morale	Local media coverage – short term. Some public embarrassment. Minor effect on staff morale/public attitudes	Local media – long-term adverse publicity. Significant effect on staff morale and public perception of the organisation.	National media/adverse publicity, less than 3 days. Public confidence in the organisation undermined. Use of services affected.	National/international media/adverse publicity, more than 3 days. MSP/MP concern (Questions in Parliament). Court Enforcement. Public Inquiry/ FAI.

## 2.3 Risk rating

2.3.1 The risk rating is assessed by multiplying together the likelihood an impact scores. Risk will then be classified as Red, Amber or Green (High, Medium or Low Risk) based on the Table 4 below. The score achieved determines the response of the organisation in relation to the risk as outlined in the key below.

**Table 4: Risk rating**

		IMPACT					
			Negligible	Minor	Moderate	Major	Extreme
		Score	1	2	3	4	5
LIKELIHOOD	Almost Certain	5	5	10	15	20	25
	Likely	4	4	8	13	16	20
	Possible	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	9
	Rare	1	1	2	3	4	5

**Key:**

Risk Level	Total Score	Response
High	15-25	Poses a serious threat. Requires immediate action to reduce / mitigate risk
Medium	5-12	Poses a threat and should be pro-actively managed to reduce / mitigate the risk
Low	1-4	Poses a low threat and should continue to be monitored

## 3. Response

3.1 The response to an identified risk will be based upon what resources the organisation has at its disposal to effectively manage the risk. Some common examples of how we may respond to risk are provided below:

3.1.1 **tolerate:** for example, unavoidable risk or risk that has been assessed with a low impact and/or likelihood score, or

3.1.2 **transfer:** for risks that can be transferred to another part of the organisation or are managed out with the organisation. Risks that are transferred should still have a risk owner to manage this process.

3.1.3 **treat:** for risks that their impact and/or likelihood can be managed effectively

3.2 When the response to the risk has been agreed the corrective action / mitigation should be included within the appropriate risk register.

3.3 Corrective action/mitigation

3.3.1 The corrective action/mitigation section of the risk register is where the risk owner records the actions to be taken and the controls to be adopted to manage/treat the risk. The narrative within this section should include:

- the actions to be taken and the risk they address
- the timescale for implementation and
- any resource/budget requirements

3.3.2 This section of the risk register should be regularly updated (in line with reporting requirements) to provide details of progress against the planned actions. The risk owner should clearly state which actions have been taken to arrive at the current assessment and which actions are still to be implemented.

#### **4. Review**

4.1 The management of risk should be continuously reviewed to monitor whether or not the risk profile is changing, to gain assurance that risk management is effective and to identify when further action is necessary to deliver assurance on the effectiveness of control. In addition, the overall risk management process will be part of the annual internal audit planning process to provide assurance that it remains appropriate and effective.

4.2 Organisationally, the Audit Committee, with support from the other standing committees of the Board and Corporate Management Team, will review the risk management arrangements.

4.3 At all levels within the organisation the risks of undertaking individual/team business or activities should be considered. Where there is potential for impact upon the strategic objectives this should be communicated and reported through the defined reporting / escalation channels.

4.4 Escalation and reporting

4.4.1 Within the organisation, risk registers should exist for specific projects, programmes and day to day business-as-usual activities. When risks have been identified that could have an impact on fulfilling the strategic objectives of the organisation, for example, medium to high risks, they should be



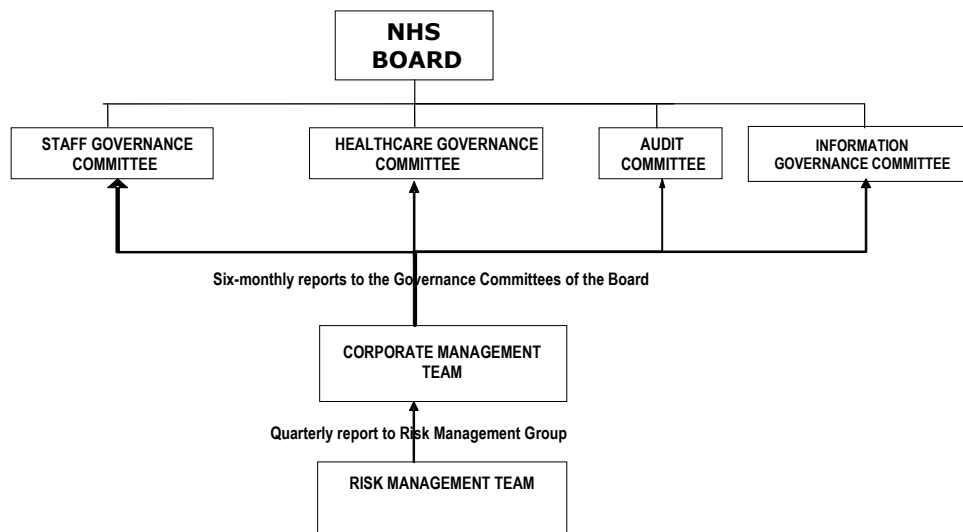
escalated to the appropriate level within the organisation (and to external stakeholders where necessary).

4.4.2 Through the electronic recording system (Datix), risk owners will be notified immediately when a new or existing risk has been identified as medium or high. It is the risk owner's responsibility to ensure this risk is managed effectively and that the Corporate Management Team and/or Governance Committees are made aware. The corporate risk register will include risks that are deemed significant enough to have an impact on the organisation as a whole.

#### 4.5 Reporting structure and Escalation Process

4.5.1 There should be active escalation through the risk management reporting structure shown in the diagram below.

4.5.2 All staff have a responsibility to identify, record, monitor and review risks. The management of risk should be reported and reviewed, through the structure illustrated below on a regular basis and in line with identified timescales (for an individual risk). Formal risk reports (a collation of risk registers) will be provided to the Board, Governance Committees and Corporate Management Team as per the committee meeting schedules.



4.5.3 It is expected that Risk Managers will report to Risk Owners at least on a monthly basis. The Head of Risk Management will provide support to produce regular reports. Further information is provided in Section 5 below.

## Item 5: Roles and Responsibilities

The responsibility for risk management lies with all members of staff, with the Chief Executive having overall responsibility for ensuring effective risk management in the organisation. The Scottish Executive issued HDL (2002) 11 'Corporate Governance: Statement on Internal Control' – in March 2002 which requires Chief Executives of NHS Bodies as Accountable Officers to sign a Statement on Internal Control (SIC) as part of the annual accounts. The SIC describes the effectiveness of the system of internal control; it is not restricted to internal financial controls and considers all aspects of the organisation's system of internal control including clinical governance, staff governance and risk management.

### 1. Staff

1.1 All staff have a responsibility to report events, incidents or accidents and to consider the risks that could impact on their particular area of work. This responsibility, by supporting the approach to risk management outlined in this document and should include:

- identifying, recording, monitoring and reviewing risks associated within their particular area of work
- ensuring actions are taken to manage the risks, including development of contingency plans and
- escalating and reporting risks

### 2. Healthcare Managers (Risk Managers)

2.1 Healthcare Managers will be assigned responsibility to areas of risk management from Risk Owners within their areas of business. The corresponding risk register should be discussed and shared at their respective Directorate Management Team meetings to support knowledge sharing and raise awareness. It is important that there is regular liaison and communication with the Corporate Management Team, particularly where identified risks overlap different areas of work.

### 3. Director (Risk Owners)

3.1 Directors of the organisation are responsible for ensuring that risk registers are maintained and reviewed, and that appropriate risk management strategies and practices are adopted within their areas of responsibilities.

3.2 Named individuals will be assigned to manage specific areas of risk and become **Risk Owners**. This role will include:

- responsibility to oversee all aspects of the risk(s), including identifying a **Risk Manager**
- determining and/or authorising the actions needed to mitigate risk
- ensuring that risks assigned to them are kept up to date
- regular liaison and communication with operational management team

#### **4. Corporate Management Team**

- 4.1 The Corporate Management Team is corporately accountable for overseeing the development, implementation and maintenance of risk management across all clinical and non-clinical functions and services of NHS Lanarkshire.

#### **5. Governance Committees**

- 5.1 The Governance committees of the NHS Lanarkshire Board should review all associated corporate risks associated with their area of business at each of their meetings. The committees are responsible for challenging the relevant risk reports and advise where necessary.

#### **6. Audit Committee**

- 6.1 As well as reviewing and challenging the risks reported to the committee the Audit Committee has responsibility to review the effectiveness of the risk management system within the organisation. The Head of Finance with the Head of Risk Management will provide regular reports to support this process.
- 6.2 Continuous monitoring and review of the effectiveness of the risk management arrangements will be undertaken using a range of methods including:
- internal and external audit reports
  - adherence to risk structures and processes
  - review of risk registers and levels of risk
  - reporting of corporate risk

#### **7. NHS Lanarkshire Board**

- 7.1 The Board will receive the Corporate Risk Register annually for review and assurance. In addition all high / very high corporate risks will be notified to the Board. The minutes of each Governance Committee will fully reflect discussion on risk and identify the corporate risks that require to be highlighted to the Board.

#### **8. Executive Medical Director**

- 8.1 Whilst the Chief Executive has overall accountability for risk management across NHS Lanarkshire, the Executive Medical Director has been given corporate responsibility for the implementation of suitable and effective risk management framework arrangements.
- 8.2 The Executive Medical Director has a remit to co-ordinate, integrate, oversee and support the risk management agenda, and to ensure that risk management principles are embedded across NHS Lanarkshire. These arrangements allow for assurance to be given in signing off the Governance Statement which is an annual requirement of the Chief Executive.

## **9. Head of Risk Management**

9.1 The Head of Risk Management is responsible for leading on the integrated approach to risk management within the organisation. This includes:

- management, coordination and improvement of the processes required to support the approach to risk
- supporting internal controls reviews
- provide support and advice to management and staff
- ensuring training is provided for staff where required
- preparing risk reports for all levels of the organisation

### **Item 6: Performance Management**

1. The role of risk management is not just to simply detect and address threats to the organisation but also to enhance reputation and improve performance. In order to achieve this we need to have clarity within performance management about the priorities within our core areas of business and an ability to determine how success will be measured. Performance management sets the context in which risks will be evaluated and managed within the organisation. Risk management should therefore be included within the performance reports and be an integral part of planning and performance processes.

### **Item 7: Internal Controls Assurance**

1. To support the delivery of strategic, business or project objectives, the organisation should understand the key processes and controls which need to be in place to minimise risk, deliver consistently high quality service and comply with relevant regulations, professional standards and internal policies and procedures.
2. These processes and controls need to be monitored, reviewed and challenged to identify where they are working well and also identify where controls are absent or need to be improved. This is in addition to the work that is undertaken by internal, external and service audit/inspection bodies. The absence of controls or weak controls could result in the organisation being exposed to risks.
3. Many processes already exist for assessing controls and identifying risk throughout the organisation. These could for example include the planning mechanism for delivering operational objectives, ensuring regulatory requirements are maintained, internal and external audit reports, Incident reporting, Health and Safety requirements and so on. The controls around core business delivery should be reviewed, assessed and improved where appropriate. Internal and external audit play a crucial role in the risk assessment process.

## **Item 8: Learning and development**

1. Effective risk management depends on all staff having a clear understanding of the subject and the contribution they can make to managing risk. Managers are responsible for ensuring that through Personal Development, of their staff they are enabled to identify learning needs and participate in appropriate risk management related activities.