

NHS HIGHLAND

CODE OF CORPORATE GOVERNANCE

Reviewed by Board Secretary

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CONTENTS

INTRODUCTION

SECTION A - How Business is organised

This section explains how the business of NHS Highland Board and its Committees is organised.

- 1. NHS Highland Board Committee Structure**
- 2. Standing Orders for NHS Highland Board**
- 3. Board Committee Terms of Reference**
 - 3.1 - Audit Committee**
 - 3.2 - Clinical and Care Governance Committee**
 - 3.3 - Finance, Performance and Resources Committee**
 - 3.4 - Remuneration Committee**
 - 3.5 - Staff Governance Committee**
 - 3.6 - Highland Health and Social Care Committee**
 - 3.7 - Pharmacy Practices Committee**
 - 3.8 - Annual Statement of Assurance Template**

SECTION B - Code of Conduct for Board Members

This section is for the Members of NHS Highland Board and details how they should conduct themselves in undertaking their duties.

SECTION C - Standing Financial Instructions

This section explains how staff will control the financial affairs of NHS Highland and ensure proper standards of financial conduct.

SECTION D – Reservation of Powers and Scheme of Delegation

This section gives details and levels of delegation across all areas of our business.

Matters reserved for Board agreement only

Schedule of matters delegated to Committees of the Board

Schedule of Matters delegated to Officers of the Board

SECTION E – Counter Fraud Policy and Action Plan

This section explains how staff must deal with suspected fraud.

SECTION F – Standards of Business Conduct for Staff

This section is for all staff to ensure they are aware of their duties in situations where there may be conflict between their private interests and their NHS duties.

INTRODUCTION

INTRODUCTION

1. CODE OF CORPORATE GOVERNANCE

The Code of Corporate Governance includes the following sections:

SECTION A - How Business is organised

SECTION B - Code of Conduct for Board Members

SECTION C - Standing Financial Instructions

SECTION D – Reservation of Powers and Scheme of Delegation

SECTION E – Counter Fraud Policy and Action Plan

SECTION F – Standards of Business Conduct for Staff

It uses best practice in Corporate Governance as set out in the Cadbury, Nolan and other Reports, and guidance issued by the Scottish Government Health Department and others.

The Board reviews and approves the Code of Corporate Governance each year. Sections A to F are as follows:

- a) NHS Highland Standing Orders.
- b) The Code of Conduct for Board Members
- c) Standing Financial Instructions
- d) Reservation of Powers and Scheme of Delegation
- e) Counter Fraud Policy
- f) Standards of Business Conduct for Staff

The Standing Orders are made in accordance with the Health Board (Membership and Procedure) (Scotland) Regulations 2001. Statutory provision, legal requirement, regulation or a direction by Scottish Ministers take precedence over the Code of Corporate Governance if there is any conflict.

2. NHS HIGHLAND BOARD

NHS Highland Board, 'The Board', means Highland Health Board.

The common name of Highland Health Board as an organisation is "NHS Highland".

The Board is a single legal entity, accountable to the Scottish Government Health Department and to Scottish Ministers for the functions and performance of NHS Highland.

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 Board consists of the Chair, Non-Executive and Executive Members appointed by Scottish Ministers to constitute Highland Health Board. (National Health Services (Scotland) Act 1978 as amended).

Remuneration will be paid as determined by Scottish Ministers to the Chair and other Non-Executive Board Members.

Any member of the Board may, on reasonable cause shown, be suspended or removed or disqualified from membership of the Board in accordance with the Regulations identified in Section 1 above.

A member of the Board may resign office at any time by giving notice in writing to Scottish Ministers to that effect.

The overall purpose of NHS Highland Board is to:

- Review and ensure the efficient, effective and accountable governance of NHS Highland;
- Provide strategic leadership and direction;
- Focus on agreed outcomes;
- Work in partnership with the Highland Council and Argyll and Bute Integration Joint Board to deliver the Strategic Commissioning Plan and associated outcomes.

The Role of the Board is to:

- Provide and improve and protect the health of local people;
- Provide and improve health services for local people;
- Focus clearly on health outcomes and people's experience of NHS Highland;
- Work in conjunction with the Highland Council and Argyll and Bute Integration Joint Board to improve the wellbeing of people who use health and social care services;
- Improve community planning within the Highlands through membership of the Community Planning Partnership;
- Be accountable for the performance of NHS Highland as a whole;
- Involve the public in the design and delivery of healthcare services.

The Functions of the Board are to:

- Set the strategic direction of NHS Highland within the overall policies and priorities of the Scottish Parliament and the Scottish Government, define its annual and longer-term objectives and agree plans to achieve them;
- Delegate functions and related resources to the Highland Health and Social Care Partnership and the Argyll and Bute Integration Joint Board in line with legislation (Public Bodies (Joint Working) (Scotland) Act 2014);

- Deliver services as commissioned by the Highland Council and the Argyll and Bute Integration Joint Board in line with the agreed Health and Social Care Implementation Strategic Commissioning Plan;
- Approve resource allocation to address local priorities;
- Ensure effective financial stewardship through value for money, financial control and financial planning and strategy;
- Oversee implementation and delivery of the Annual Operational Plan;
- Manage the performance of NHS Highland, including risk management, by monitoring performance against objectives and ensuring corrective action is taken when necessary;
- Appoint, appraise and remunerate senior executives;
- Be responsible for the recruitment, and authorise the appointment of, consultants as required under the National Health Service (Appointment of Consultants) (Scotland) Regulation 2009;
- Approve governance arrangements for NHS Highland which the Board will discharge including through the Standing Committees of Audit, Clinical, Staff and Finance, Resources & Performance.

Responsibilities of Members of the Board include:

- Shared responsibility for the discharge of the functions of the Board;
- Exercise independent, impartial judgement on issues of strategy, resource allocation, performance management, key appointments and accountability, to Scottish Ministers and to the local community;
- Responsibility and accountability for the overall performance of NHS Highland.

3. 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:

The Accountable Officer is the Chief Executive of NHS Highland, who is responsible to the Scottish Parliament for the economical, efficient and effective use of resources. The Chief Executive of NHS Highland is accountable to the Board for clinical, corporate and staff governance. This is a legal appointment made by the Principal Accountable Officer of the Scottish Government. (Public Finance and Accountability (Scotland) Act 2000).

The Act means the National Health Service (Scotland) Act 1978 as amended.

Argyll and Bute Integration Joint Board (IJB) means the legal entity legislated as part of the Public Bodies (Joint Working) (Scotland) Act 2014.

The 2001 Regulations means the Health Board's (Membership and Procedure) (Scotland) Regulations 2001.

The 1960 Act means the Public Bodies (Admission to Meetings) Act 1960, as amended. The Joint Working Act means the Public Bodies (Joint Working) (Scotland) Act 2014.

Highland NHS Board comprises 17 Non Executives Directors and 5 Executive Directors, all appointed by Scottish Ministers. Four of the Non Executive Directors are stakeholder members. The Chair and 12 other Non Executive Directors are recruited through an open public appointment process.

Board Secretary is responsible for ensuring that the Board complies with relevant legislation and governance guidance. The Board Secretary will ensure that meetings of the Board of Directors and its Committees run efficiently and effectively, that they are properly recorded and that Directors receive appropriate support to fulfil their legal duties.

Budget means a financial resource proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Board.

Chair means the person appointed by the Scottish Ministers to lead the Board and to ensure it discharges its responsibilities as determined by Government Ministers. The expression 'the Chair of the Board' is deemed to include the Vice-Chair of the Board if the Chair is absent from the meeting or is otherwise unavailable. The Chair of a Committee is responsible for fulfilling the duties of a Chair in relation to that Committee only.

Chief Executive means the Accountable Officer of NHS Highland.

Committee means a Committee established by the Board, and includes 'Sub-Committee'.

Committee Members are people appointed by the Board to sit on or to chair specific committees. All references to members of a committee is as 'member' and when the reference is to a member of the Board it is 'Board Member'.

Contract includes any arrangement including an NHS Service Level Agreement.

Co-opted Member is an individual, not being a Member of the Board, who is appointed to serve on a Committee of the Board.

Director of Finance means the Chief Finance Officer of the Board.

Executive Directors Group (EDG) is the executive arm of NHS Highland Board. Members of the EDG are the Chief Executive, Deputy Chief Executive, Medical Director, Director of Finance, Director of Estates & Capital Planning, Director of Nursing, Director of Human Resources and Organisational Development, Director of Public Health, Chief Officer (North Highland) Chief Officer (Acute Services) Chief Officer (Argyll and Bute IJB).

Health & Social Care Integration (H&SCI) means the strategic direction by Scottish Government given to Statutory Organisations (Argyll and Bute Council, Highland Council and NHS Highland) for the provision of integrated services across health and social care in Highland.

Meeting means a meeting of the Board or of any Committee.

Member means a person appointed as a Member of the Board by Scottish Ministers, and who is not disqualified from membership. This definition includes the Chair and other Executive and Non-Executive Members (Health Boards Membership and Procedure (Scotland) Regulations 2001).

Motion means proposal.

Nominated Officer means an officer charged with the responsibility for discharging specific tasks within the Code of Corporate Governance.

Non-Executive Member means any Member appointed to the Board in terms of the 2001 Regulations and who is not listed under the definition of an Executive Member above.

Officer means an employee of NHS Highland.

Scheme of Integration means the Health and Social Care partnership agreements with the statutory organisations (Argyll and Bute Council, Highland Council and NHS Highland) for the delivery of delegated functions.

Scottish Government means the Scottish Government and is its legal name. All references in this document are to the legal name.

SOs means Standing Orders.

SFIs means Standing Financial Instructions.

Strategic Commissioning Plan means the Health & Social Care Integration Strategic Commissioning Plan as agreed by the Argyll and Bute Integration Joint Board and the Joint Monitoring Committee for Highland.

The **Code** means the Code of Corporate Governance.

Vice Chair means the Non-Executive Member appointed by the Board to take on the Chair's duties if the Chair is absent for any reason.

4. CORPORATE GOVERNANCE

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

- Community focus and communication
- Service delivery arrangements

- Structures and processes
- Risk management
- Systems of internal control
- Standards of conduct

NHS Highland Board 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

5. CONDUCT, ACCOUNTABILITY AND OPENNESS

Members of the Board are required to comply with the Members' Code of Conduct and the Standards of Business Conduct for NHS staff.

Board Members and staff are expected to promote and support the principles in the Members' Code of Conduct and to promote by their personal conduct the values of:

- Public service
- Leadership
- Selflessness
- Integrity
- Objectivity
- Openness
- Accountability and stewardship
- Honesty
- Respect

6. UNDERSTANDING 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 shall receive copies of the Code of Corporate Governance. The Code of Corporate Governance is made available to the organisation via electronic means on both the internal intranet and external website.

Managers are responsible for ensuring their staff understand their responsibilities.

7. ENDOWMENT FUNDS

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

8. ADVISORY AND OTHER COMMITTEES

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

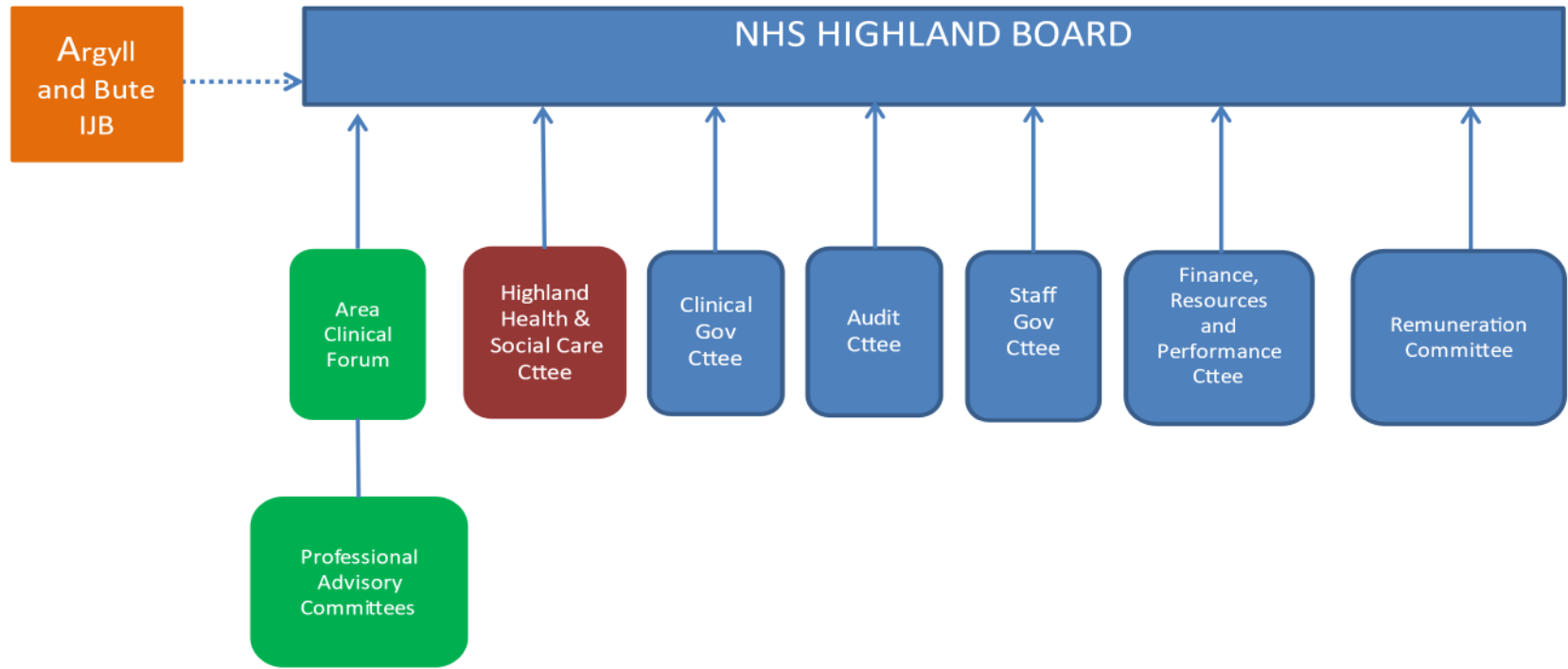
9. REVIEW

The Board will keep the Code of Corporate Governance under review and undertake an annual review. The Board may, on its own or if directed by the Scottish Ministers, vary and revoke Standing Orders for the regulation of the procedure and business of the Board and of any Committee. The Audit Committee is responsible for advising the Board on these matters.

SECTION A

How business is organised

OFFICIAL



OFFICIAL

NHS HIGHLAND STANDING ORDERS FOR THE PROCEEDINGS AND BUSINESS OF HIGHLAND HEALTH BOARD

1 General

- 1.1 These Standing Orders for regulation of the conduct and proceedings of NHS Highland Board, the common name for Highland Health Board, [the Board] and its Committees are made under the terms of The Health Boards (Membership and Procedure) (Scotland) Regulations 2001 (2001 No. 302), as amended up to and including The Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016 (2016 No. 3).

Healthcare Improvement Scotland and NHS National Services Scotland are constituted under a different legal basis, and are not subject to the above regulations. Consequently those bodies will have different Standing Orders.

The NHS Scotland Blueprint for Good Governance (issued through DL 2019) 02) has informed these Standing Orders. The Blueprint describes the functions of the Board as:

- Setting the direction, clarifying priorities and defining expectations.
- Holding the executive to account and seeking assurance that the organisation is being effectively managed.
- Managing risks to the quality, delivery and sustainability of services.
- Engaging with stakeholders.
- Influencing the Board's and the organisation's culture.

Further information on the role of the Board, Board members, the Chair, Vice-Chair, and the Chief Executive is available on the NHS Scotland Board Development website (<https://learn.nes.nhs.scot/17367/board-development>)

- 1.2 The Scottish Ministers shall appoint the members of the Board. The Scottish Ministers shall also attend to any issues relating to the resignation and removal, suspension and disqualification of members in line with the above regulations. Any member of the Board may on reasonable cause shown be suspended from the Board or disqualified for taking part in any business of the Board in specified circumstances.
- 1.3 Any statutory provision, regulation or direction by Scottish Ministers, shall have precedence if they are in conflict with these Standing Orders.
- 1.4 Any one or more of these Standing Orders may be varied or revoked at a meeting of the Board by a majority of members present and voting, provided the notice for the meeting at which the proposal is to be considered clearly states the extent of the proposed repeal, addition or amendment. The Board will annually review its Standing Orders.
- 1.5 Any member of the Board may on reasonable cause shown be suspended from the Board or disqualified for taking part in any business of the Board in specified circumstances. The Scottish Ministers may by determination suspend a member from taking part in the business (including meetings) of the Board. Paragraph 5.4 sets out when the person presiding at a Board meeting may suspend a Board member for the remainder of a specific Board meeting. The Standards Commission for Scotland can apply sanctions if a Board member is

found to have breached the Board Members' Code of Conduct, and those include suspension and disqualification. The regulations (see paragraph 1.1) also set out grounds for why a person may be disqualified from being a member of the Board.

Board Members – Ethical Conduct

- 1.6 Members have a personal responsibility to comply with the Code of Conduct for Members of NHS Highland. The Commissioner for Public Standards can investigate complaints about members who are alleged to have breached their Code of Conduct. The Board will have appointed a Standards Officer. This individual is responsible for carrying out the duties of that role, however he or she may delegate the carrying out of associated tasks to other members of staff. The Board's appointed Standards Officer shall ensure that the Board's Register of Interests is maintained. When a member needs to update or amend his or her entry in the Register, he or she must notify the Board's appointed Standards Officer of the need to change the entry within one month after the date the matter required to be registered.
- 1.7 The Board's appointed Standards Officer shall ensure the Register is available for public inspection at the principal offices of the Board at all reasonable times and will be included on the Board's website.
- 1.8 Members must always consider the relevance of any interests they may have to any business presented to the Board or one of its committees. Members must observe paragraphs 5.6 - 5.10 of these Standing Orders, and have regard to Section 5 of the Code of Conduct (Declaration of Interests).
- 1.9 In case of doubt as to whether any interest or matter should be declared, in the interests of transparency, members are advised to make a declaration.
- 1.10 Members shall make a declaration of any gifts or hospitality received in their capacity as a Board member. Such declarations shall be made to the Board's appointed Standards Officer who shall make them available for public inspection at all reasonable times at the principal offices of the Board and on the Board's website. The Register of Interests includes a section on gifts and hospitality. The Register may include the information on any such declarations, or cross-refer to where the information is published.
- 1.11 The Board Secretary shall provide a copy of these Standing Orders to all members of the Board on appointment. A copy shall also be held on the Board's website.

2 Chair

- 2.1 The Scottish Ministers shall appoint the Chair of the Board.

3 Vice-Chair

- 3.1 The Chair shall nominate a candidate or candidates for vice-chair to the Cabinet Secretary. The candidate(s) must be a non-executive member of the Board. A member who is an employee of a Board is disqualified from being Vice-Chair. The Cabinet Secretary will in turn determine who to appoint based on evidence of effective performance and evidence that the member has the skills, knowledge and experience needed for the position. Following the decision, the

Board shall appoint the member as Vice-Chair. Any person so appointed shall, so long as he or she remains a member of the Board, continue in office for such a period as the Board may decide.

- 3.2 The Vice-Chair may at any time resign from that office by giving notice in writing to the Chair. The process to appoint a replacement Vice-Chair is the process described at paragraph 3.1.
- 3.3 Where the Chair has died, ceased to hold office, or is unable for a sustained period of time to perform his or her duties due to illness, absence from Scotland or for any other reason, then the Board Secretary should refer this to the Scottish Government. The Cabinet Secretary will confirm which member may assume the role of interim chair in the period until the appointment of a new chair, or the return of the appointed chair. Where the Chair is absent for a short period due to leave (for whatever reason), the Vice-Chair shall assume the role of the Chair in the conduct of the business of the Board. In either of these circumstances references to the Chair shall, so long as there is no Chair able to perform the duties, be taken to include references to either the interim chair or the Vice-Chair. If the Vice-Chair has been appointed as the Interim Chair, then the process described at paragraph 3.1 will apply to replace the Vice-Chair.

4 Calling and Notice of Board Meetings

- 4.1 The Chair may call a meeting of the Board at any time and shall call a meeting when required to do so by the Board. The Board shall meet at least six times in the year and will annually approve a forward schedule of meeting dates.
- 4.2 The Chair will determine the final agenda for all Board meetings. The agenda may include an item for any other business, however this can only be for business which the Board is being informed of for awareness, rather than being asked to make a decision. No business shall be transacted at any meeting of the Board other than that specified in the notice of the meeting except on grounds of urgency.
- 4.3 Any member may propose an item of business to be included in the agenda of a future Board meeting by submitting a request to the Chair. If the Chair elects to agree to the request, then the Chair may decide whether the item is to be considered at the Board meeting which immediately follows the receipt of the request, or a future Board meeting. The Chair will inform the member which meeting the item will be discussed. If any member has a specific legal duty or responsibility to discharge which requires that member to present a report to the Board, then that report will be included in the agenda.
- 4.4 In the event that the Chair decides not to include the item of business on the agenda of a Board meeting, then the Chair will inform the member in writing as to the reasons why.
- 4.5 A Board meeting may be called if one third of the whole number of members signs a requisition for that purpose. The requisition must specify the business

proposed to be transacted. The Chair is required to call a meeting within 7 days of receiving the requisition. If the Chair does not do so, or simply refuses to call a meeting, those members who presented the requisition may call a meeting by signing an instruction to approve the notice calling the meeting provided that no business shall be transacted at the meeting other than that specified in the requisition.

- 4.6 Before each meeting of the Board, a notice of the meeting (in the form of an agenda), specifying the time, place and business proposed to be transacted at it and approved by the Chair, or by a member authorised by the Chair to approve on that person's behalf, shall be circulated to every member so as to be available to them at least three clear days before the meeting. The notice shall be distributed along with any papers for the meeting that are available at that point.
- 4.7 With regard to calculating clear days for the purpose of notice under 4.6 and 4.9, the period of notice excludes the day the notice is sent out and the day of the meeting itself. Additionally only working days (Monday to Friday) are to be used when calculating clear days; weekend days and public holidays should be excluded.

Example: If a Board is meeting on a Wednesday, the notice and papers for the meeting should be distributed to members no later than the preceding Thursday. The three clear days would be Friday, Monday and Tuesday. If the Monday was a public holiday, then the notice and papers should be distributed no later than the preceding Wednesday.

- 4.8 Lack of service of the notice on any member shall not affect the validity of a meeting.
- 4.9 Board meetings shall be held in public. A public notice of the time and place of the meeting shall be provided at least three clear days before the meeting is held. The notice and the meeting papers shall also be placed on the Board's website. The meeting papers will include the minutes of committee meetings which the relevant committee has approved. The exception is that the meeting papers will not include the minutes of the Remuneration Committee. The Board may determine its own approach for committees to inform it of business which has been discussed in committee meetings for which the final minutes are not yet available. For items of business which the Board will consider in private session (see paragraph 5.22), only the Board members will normally receive the meeting papers for those items, unless the person presiding agrees that others may receive them.

5 Conduct of Meetings

Authority of the Person Presiding at a Board Meeting

- 5.1 The Chair shall preside at every meeting of the Board. The Vice-Chair shall preside if the Chair is absent. If both the Chair and Vice Chair are absent, the

members present at the meeting shall choose a Board member who is not an employee of a Board to preside.

- 5.2 The duty of the person presiding at a meeting of the Board or one of its committees is to ensure that the Standing Orders or the committee's terms of reference are observed, to preserve order, to ensure fairness between members, and to determine all questions of order and competence. The ruling of the person presiding shall be final and shall not be open to question or discussion.
- 5.3 The person presiding may direct that the meeting can be conducted in any way that allows members to participate, regardless of where they are physically located, e.g. video-conferencing, teleconferencing. For the avoidance of doubt, those members using such facilities will be regarded as present at the meeting.
- 5.4 In the event that any member who disregards the authority of the person presiding, obstructs the meeting, or conducts himself/herself inappropriately the person presiding may suspend the member for the remainder of the meeting. If a person so suspended refuses to leave when required by the person presiding to do so, the person presiding will adjourn the meeting in line with paragraph 5.12. For paragraphs 5.5 to 5.20, reference to 'Chair' means the person who is presiding the meeting, as determined by paragraph 5.1.

Quorum

- 5.5 The Board will be deemed to meet only when there are present, and entitled to vote, a quorum of at least one third of the whole number of members, including at least two members who are not employees of a Board. The quorum for committees will be set out in their terms of reference, however it can never be less than two Board members.
- 5.6 In determining whether or not a quorum is present the Chair must consider the effect of any declared interests.
- 5.7 If a member, or an associate of the member, has any pecuniary or other interest, direct or indirect, in any contract, proposed contract or other matter under consideration by the Board or a committee, the member should declare that interest at the start of the meeting. This applies whether or not that interest is already recorded in the Board Members' Register of Interests. Following such a declaration, the member shall be excluded from the Board or committee meeting when the item is under consideration, and should not be counted as participating in that meeting for quorum or voting purposes.
- 5.8 Paragraph 5.7 will not apply where a member's, or an associate of theirs, interest in any company, body or person is so remote or insignificant that it cannot reasonably be regarded as likely to affect any influence in the consideration or discussion of any question with respect to that contract or matter. In March 2015, the Standards Commission granted a dispensation to NHS Board members who are also voting members of integration joint boards. The effect is that those members do not need to declare as an interest that they

are a member of an integration joint board when taking part in discussions of general health & social care issues. However members still have to declare other interests as required by Section 5 of the Board Members' Code of Conduct.

- 5.9 If a question arises at a Board meeting as to the right of a member to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting be referred to the Chair. The Chair's ruling in relation to any member other than the Chair is to be final and conclusive. If a question arises with regard to the participation of the Chair in the meeting (or part of the meeting) for voting or quorum purposes, the question is to be decided by the members at that meeting. For this latter purpose, the Chair is not to be counted for quorum or voting purposes.
- 5.10 Paragraphs 5.6-5.9 shall equally apply to members of any Board committees, whether or not they are also members of the Board, e.g. stakeholder representatives.
- 5.11 When a quorum is not present, the only actions that can be taken are to either adjourn to another time or abandon the meeting altogether and call another one. The quorum should be monitored throughout the conduct of the meeting in the event that a member leaves during a meeting, with no intention of returning. The Chair may set a time limit to permit the quorum to be achieved before electing to adjourn, abandon or bring a meeting that has started to a close.

Adjournment

- 5.12 If it is necessary or expedient to do so for any reason (including disorderly conduct or other misbehaviour at a meeting), a meeting may be adjourned to another day, time and place. A meeting of the Board, or of a committee of the Board, may be adjourned by the Chair until such day, time and place as the Chair may specify.

Business of the Meeting

The Agenda

- 5.13 If a member wishes to add an item of business which is not in the notice of the meeting, he or she must make a request to the Chair ideally in advance of the day of the meeting and certainly before the start of the meeting. The Chair will determine whether the matter is urgent and accordingly whether it may be discussed at the meeting.
- 5.14 The Chair may change the running order of items for discussion on the agenda at the meeting. Please also refer to paragraph 4.2.

Decision-Making

- 5.15 The Chair may invite the lead for any item to introduce the item before inviting contributions from members. Members should indicate to the Chair if they wish to contribute, and the Chair will invite all who do so to contribute in turn. Members are expected to question and challenge proposals constructively and carefully to reach and articulate a considered view on the suitability of proposals.
- 5.16 The Chair will consider the discussion, and whether or not a consensus has been reached. Where the Chair concludes that consensus has been reached, then the Chair will normally end the discussion of an item by inviting agreement to the outcomes from the discussion and the resulting decisions of the Board.
- 5.17 As part of the process of stating the resulting decisions of the Board, the Chair may propose an adaptation of what may have been recommended to the Board in the accompanying report, to reflect the outcome of the discussion.
- 5.18 The Board may reach consensus on an item of business without taking a formal vote, and this will be normally what happens where consensus has been reached.
- 5.19 Where the Chair concludes that there is not a consensus on the Board's position on the item and/ or what it wishes to do, then the Chair will put the decision to a vote. If at least two Board members ask for a decision to be put to a vote, then the Chair will do so. Before putting any decision to vote, the Chair will summarise the outcome of the discussion and the proposal(s) for the members to vote on.
- 5.20 Where a vote is taken, the decision shall be determined by a majority of votes of the members present and voting on the question. In the case of an equality of votes, the Chair shall have a second or casting vote. The Chair may determine the method for taking the vote, which may be by a show of hands, or by ballot, or any other method the Chair determines.
- 5.21 While the meeting is in public the Board may not exclude members of the public and the press (for the purpose of reporting the proceedings) from attending the meeting.

Board Meeting in Private Session

- 5.22 The Board may agree to meet in private in order to consider certain items of business. The Board may decide to meet in private on the following grounds:
- The Board is still in the process of developing proposals or its position on certain matters, and needs time for private deliberation.
 - The business relates to the commercial interests of any person and confidentiality is required, e.g. when there is an ongoing tendering process or contract negotiation.

- The business necessarily involves reference to personal information, and requires to be discussed in private in order to uphold the Data Protection Principles.
- The Board is otherwise legally obliged to respect the confidentiality of the information being discussed.

5.23 The minutes of the meeting will reflect when the Board has resolved to meet in private.

Minutes

5.24 The names of members present at a meeting of the Board, or of a committee of the Board, shall be recorded in the minute of the meeting. The names of other persons in attendance shall also be recorded.

5.25 The Board Secretary (or his/her authorised nominee) shall prepare the minutes of meetings of the Board and its committees. The Board or the committee shall review the draft minutes at the following meeting. The person presiding at that meeting shall sign the approved minute.

6 Matters Reserved for the Board

Introduction

6.1 The Scottish Government retains the authority to approve certain items of business. There are other items of the business which can only be approved at an NHS Board meeting, due to either Scottish Government directions or a Board decision in the interests of good governance practice.

6.2 This section summarises the matters reserved to the Board:

- a) Standing Orders
- b) The establishment and terms of reference of all its committees, and appointment of committee members
- c) Organisational Values
- d) The strategies for all the functions that it has planning responsibility for, subject to any provisions for major service change which require Ministerial approval.
- e) The Annual Operational Plan for submission to the Scottish Government for its approval. (Note: The Board should consider the draft for submission in private session. Once the Scottish Government has approved the Annual Operational Plan, the Board should receive it at a public Board meeting.)
- f) Corporate objectives or corporate plans which have been created to implement its agreed strategies.
- g) Risk Management Policy.
- h) Financial plan for the forthcoming year, and the opening revenue and capital budgets.
- i) Standing Financial Instructions and a Scheme of Delegation.
- j) Annual accounts and report. (Note: This must be considered when the Board meets in private session. In order to respect Parliamentary Privilege, the Board cannot publish the annual accounts or any information drawn from it before the accounts are laid before the Scottish Parliament. Similarly the

- Board cannot publish the report of the external auditors of their annual accounts in this period.)
- k) Any business case item that is beyond the scope of its delegated financial authority before it is presented to the Scottish Government for approval. The Board shall comply with the Scottish Capital Investment Manual.
 - l) The Board shall approve the content, format, and frequency of performance reporting to the Board.
 - m) The appointment of the Board's chief internal auditor. (Note: This applies either when the proposed chief internal auditor will be an employee of the Board, or when the chief internal auditor is engaged through a contract with an external provider. The audit committee should advise the Board on the appointment, and the Board may delegate to the audit committee oversight of the process which leads to a recommendation for appointment.)
- 6.3 The Board may be required by law or Scottish Government direction to approve certain items of business, e.g. the integration schemes for a local authority area.
- 6.4 The Board itself may resolve that other items of business be presented to it for approval.

7 Delegation of Authority by the Board

- 7.1 Except for the Matters Reserved for the Board, the Board may delegate authority to act on its behalf to committees, individual Board members, or other Board employees. In practice this is achieved primarily through the Board's approval of the Standing Financial Instructions:

<https://www.nhshighland.scot.nhs.uk/Publications/Documents/Standing%20Financial%20Instructions.pdf>

and the Scheme of Delegation:

<https://www.nhshighland.scot.nhs.uk/Meetings/Documents/Scheme%20of%20Delegation%202013.pdf>

- 7.2 The Board may delegate responsibility for certain matters to the Chair for action. In such circumstances, the Chair should inform the Board of any decision or action subsequently taken on these matters.
- 7.3 The Board and its officers must comply with the NHS Scotland Property Transactions Handbook, and this is cross-referenced in the Scheme of Delegation.
- 7.4 The Board may, from time to time, request reports on any matter or may decide to reserve any particular decision for itself. The Board may withdraw any previous act of delegation to allow this.

8 Execution of Documents

- 8.1 Where a document requires to be authenticated under legislation or rule of law relating to the authentication of documents under the Law of Scotland, or where a document is otherwise required to be authenticated on behalf of the Board, it shall be signed by an executive member of the Board or any person duly authorised to sign under the Scheme of Delegation in accordance with the

Requirements of Writing (Scotland) Act 1995. Before authenticating any document the person authenticating the document shall satisfy themselves that all necessary approvals in terms of the Board's procedures have been satisfied. A document executed by the Board in accordance with this paragraph shall be self-proving for the purposes of the Requirements of Writing (Scotland) Act 1995.

- 8.2 Scottish Ministers shall direct which officers of the Board can sign on their behalf in relation to the acquisition, management and disposal of land.
- 8.3 Any authorisation to sign documents granted to an officer of the Board shall terminate upon that person ceasing (for whatever reason) from being an employee of the Board, without further intimation or action by the Board.

9 Committees

- 9.1 Subject to any direction issued by Scottish Ministers, the Board shall appoint such committees (and sub-committees) as it thinks fit. NHS Scotland Board Development website will identify the committees which the Board must establish. (<https://learn.nes.nhs.scot/17367/board-development>)
- 9.2 The Board shall appoint the chairs of all committees. The Board shall approve the terms of reference and membership of the committees. The Board shall review these as and when required, and shall review the terms within 2 years of their approval if there has not been a review.
- 9.3 The Board shall appoint committee members to fill any vacancy in the membership as and when required. If a committee is required by regulation to be constituted with a particular membership, then the regulation must be followed
- 9.4 Provided there is no Scottish Government instruction to the contrary, any non-executive Board member may replace a Committee member who is also a non-executive Board member, if such a replacement is necessary to achieve the quorum of the committee.
- 9.5 The Board's Standing Orders relating to the calling and notice of Board meetings, conduct of meetings, and conduct of Board members shall also be applied to committee meetings where the committee's membership consist of or include all the Board members. Where the committee's members includes some of the Board's members, the committee's meetings shall not be held in public and the associated committee papers shall not be placed on the Board's website, unless the Board specifically elects otherwise. Generally Board members who are not members of a committee may attend a committee meeting and have access to the meeting papers. However if the committee elects to consider certain items as restricted business, then the meeting papers for those items will normally only be provided to members of that committee. The person presiding the committee meeting may agree to share the meeting papers for restricted business papers with others.
- 9.6 The Board shall approve a calendar of meeting dates for its committees. The committee chair may call a meeting any time, and shall call a meeting when requested to do so by the Board.
- 9.7 The Board may authorise committees to co-opt members for a period up to one year, subject to the approval of both the Board and the Accountable Officer. A committee may decide this is necessary to enhance the knowledge, skills and experience within its membership to address a particular element of the

committee's business. A co-opted member is one who is not a member of NHS Highland Board and is not to be counted when determining the committee's quorum.

SECTION A

**TERMS OF REFERENCE FOR
COMMITTEES**



AUDIT COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Board approval – 26 March 2024

1. PURPOSE AND ROLE

- 1.1 To ensure the management of the Board's activities is in accordance with the regulations governing the NHS in Scotland that an effective system of internal control is maintained and that a strong corporate governance culture is in operation. The duties of the Audit Committee shall be in accordance with the Scottish Government Audit & Assurance Handbook, dated March 2018.
- 1.2 To approve and monitor the delivery of the internal and external audit plans.
- 1.3 To ensure a system of internal control is in existence and maintained to give reasonable assurance that assets are safeguarded; waste or inefficiency is avoided; risk management is in place; reliable financial information is produced.
- 1.3 To ensure a system of control is in existence and maintained to give assurance on risks related to information governance, security and privacy.
- 1.5 To support the Board and Accountable Officer in their responsibilities through a process of constructive challenge which focuses on both processes and outcomes.

2. COMPOSITION

- 2.1 The membership of the Audit Committee will be:
 - Five Non-Executive members of NHS Highland Board (one of whom will be the Chair).
- 2.2 The Committee may have the option to co-opt members to meet specific skill sets.
- 2.3 The Chair of NHS Highland Board cannot be a member of the Committee.
- 2.4 In order to avoid any potential conflict of interest, the Chair of the Audit Committee shall not be the Chair of any other governance Committee of the Board.

2.2 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Chief Executive
- Director of Finance
- Chief Internal Auditor or representative
- Assistant Director of Finance – Financial Services
- Statutory External Auditor
- Board Secretary

2.3 The Director of Finance shall serve as the Lead Officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

4. MEETINGS

4.1 There will be a minimum of 5 meetings a year one of which is specifically to consider the annual accounts. Ad hoc meetings to consider particular issues or business requiring urgent attention can be arranged.

4.2 The June meeting will be attended by the External Auditor, and the Annual Accounts will be presented for agreement at this meeting.

4.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting. Papers are made available to all Non-Executive Directors of the Board who may attend meetings as they wish.

4.4 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee. The Committee shall elect a Vice Chair from its membership who will chair meetings if the Chair is absent from any meeting of the Committee.

4.5 At least once per year the Committee should meet with the External/Internal Auditors without any Executive Directors or Board staff present.

4.6 The Committee may sit privately without any Non-Members present for all or part of a meeting if they so decide.

5. REMIT

- 5.1 The main objective of the Audit Committee is to support the Accountable Officer and NHS Highland Board in meeting their assurance needs. This includes advising the Board and Accountable Officer on:
- The strategic processes for risk, control and governance and the Statement on Internal Control
 - The effectiveness of the internal control environment
 - Assurances relating to the corporate governance requirements of the organisation
 - the operational effectiveness of Internal Audit by considering the audit standards, resources, staffing, technical competency and performance measures
 - Determining the planned activity and results of internal audit reviews and reports
 - The adequacy of management response to issues identified by all audit activity, including the external audit's management letter/report
 - The accounting policies, the accounts and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of errors identified and management's letter of representation to the external auditors
 - Anti-fraud policies, whistle-blowing processes and arrangements for special investigation
 - To support organisational and financial performance and efficiency as well as the effectiveness and quality of services
 - Information governance and assurance, by giving direction to and receiving reports from the Information Assurance Group on its activities, and on risks related to information governance, security and privacy.

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information required from any employee and all employees are directed to co-operate with any requests made by the Committee. Independent external advice can be accessed in respect of matters within the Committee's Remit.
- 6.2 The Committee will report to the Board through the issue of Minutes, by highlighting any key issues to the Board and through the Annual Report which will summarise its conclusions from the work it has done during the year.
- 6.3 The Chair is responsible for ensuring there is clarity of communication and accountability with the other Governance Committee Chairs.
- 6.4 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Blueprint for Good Governance values. This will be reported to the Board and Accountable Officer and inform the Committee Annual Report to the Board.

- 6.5 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board in June each year.
- 6.6 The Committee will work closely with the Audit Committee of the Argyll & Bute Integration Joint Board, but it is important to recognise the boundaries between the two Committees and the need to avoid duplication. It will therefore be important to ensure the internal audit plans for the two Committees complement each other rather than duplicate effort. The Committee will seek regular updates from the IJB's Audit committee in order to be aware of issues that require its attention and also to guard against duplication.

7. REPORTING ARRANGEMENTS

- 7.1 The Audit Committee reports directly to NHS Highland Board on its work. The Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Audit Committee will advise the Scottish Parliament Public Audit Committee of any matters of significant interest as required by the Scottish Public Finance Manual
- 7.3 The Audit Committee will receive Minutes of meetings of the Information Assurance Group and the Resilience Committee together with a short update report according to the meetings schedule for these groups.



CLINICAL GOVERNANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Clinical Governance Committee confirmation – 2 November 2023

Audit Committee endorsement for Board approval 12 March 2024

For approval at NHS Highland Board 26 March 2024

1. PURPOSE

- 1.1 To carry out the statutory duties as outlined in NHS MEL(1998~)75, NHS MEL (2000)29 and NHS MEL (2001)74.
- 1.2 To give the Board assurance that clinical and care governance systems are in place and working throughout the organisation.
- 1.3 To provide assurance that decision making about the planning, provision, organisation and management of services which are the responsibility of the Board takes due cognisance of the quality and safety of care and treatment.
- 1.4 To oversee the clinical governance and risk management activities in relation to the development and delivery of the NHS Highland Strategy, ensuring it fits with national strategies, takes into account local population needs and demographics, and is geared towards quality, sustainable community and acute services.
- 1.5 To assure the Board that clinical and care governance arrangements in both Health and Social Care Partnerships are working effectively.

2. COMPOSITION

2.1 The membership of the Clinical Governance Committee will be:

- 4 Non Executives Board members, one of whom would Chair the committee
- Chair of the Area Clinical Forum
- Staff side Representative
- 2 Independent Public Members
- Medical Director
- Director of Public Health
- Nurse Director

2.2 Ex Officio

Board Chair
Chief Executive

2.3 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. Where appropriate, deputies will be permitted. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Deputy Medical Directors
- Chief Officer NH/Director of Community Services
- Chief Officer A&B
- Chief Officer of Acute Services
- Clinical Director of e-Health (Head of e-Health as substitute)
- Director of Pharmacy
- Board Clinical Governance Manager
- Clinical Governance Manager Argyll & Bute
- Contracted Services Representative, The Highland Council
- Associate Director Allied Health Professionals
- Deputy Nurse Director
- Associate Nurse Directors
- Head of Midwifery
- Director of Adult Social Care
- Consultant Community Paediatrician
- Lead for Realistic Medicine

2.4 The Medical Director shall serve as the lead officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due, to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

4. MEETINGS

4.1 The Clinical Governance Committee shall meet as necessary to fulfil its purpose but not less than six times a year. The Chair may convene ad-hoc meetings to consider business requiring urgent attention.

4.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee and a Vice Chair who will chair in their absence.

4.3 If the Chair is absent from any meeting of the Committee, the Vice Chair shall chair the meeting.

4.4 The agenda and supporting papers will be sent out at least five clear working days before the meeting.

4.5 Items will be added to the agenda with the agreement of the Chair and/or Medical Director.

- 4.6 An action plan will be produced after each meeting within 5 working days to ensure business of the Committee is progressed and implementation of agreed actions takes place as soon as possible where appropriate.
- 4.7 All papers received by the Committee will be presented in person, unless otherwise agreed by the Chair.

5. REMIT

5.1 The remit of the Clinical Governance Committee is to:

- interrogate the clinical and care governance systems to ensure that the principles and standards for clinical governance are being implemented;
 - challenge evidence gathered across the organisation to raise areas of concern, ensure that these are properly addressed, and to monitor and review the effect of actions taken and report outcomes to the Board;
 - review outcomes against local and national standards and to ensure compliance with national regulatory and performance requirements;
 - select and agree a range of clinical targets and outcomes in conjunction with clinicians and other relevant personnel and ensure an appropriate audit and reporting framework is adhered to across the organisation
 - receive exception reports from its reporting committees on relevant areas of concern and the submission of action plans of amended practice;
 - receive reports from its reporting committees;
 - receive regular reports from the Quality and Patient Safety Groups on the implementation of the quality & patient safety framework and on an agreed range of quality targets and outcomes;
 - receive the Committee's risk register at every meeting
 - receive the Strategic Risk Register at alternate meetings for consideration by the Committee;
 - review regularly the sections of the NHS Highland Integrated Performance and Quality Report relevant to the Committee's responsibility; and
 - receive updates on and oversee the progress on the recommendations from relevant external reports of reviews of all healthcare organisations including clinical governance reports and recommendations from relevant regulatory bodies which may include Healthcare Improvement Scotland (HIS) reviews and visits.
- 5.2 The Committee will undertake an annual self-assessment of the its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.
- 5.3 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed

Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.

- 5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.
- 5.5 The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

6. AUTHORITY

- 6.1 The Committee is authorised to investigate any activity within its remit. It is authorised to seek any information required from any employee and all employees are directed to co-operate with any requests made by the Committee. Furthermore, independent external advice may be accessed in respect of matters within the Committee's remit.
- 6.2 The Committee is accountable to the Board and will report to the Board through the issue of Assurance Reports. The Committee will raise specific issues with the Board as it considers necessary.
- 6.3 The Committee will present an annual account to the Board in execution of its duty to provide assurance that NHS Highland's statutory duties with regard to clinical governance are being fulfilled.
- 6.4 A number of committees and groups are accountable to the Clinical Governance Committee and will provide assurance to the Committee. Such assurance is given by the submission of exception reports of activity and areas of good practice, exception reports on areas of concern, and work plans. Areas of concern identified by these committees will be addressed specifically on the agenda of the Clinical Governance Committee. In addition, the Lead Executives for the reporting Committees will be asked to give a written exception report when appropriate together with an annual presentation to the Clinical Governance Committee.
- 6.5 Assurance regarding Adult Social Care Services is within the remit of the Argyll & Bute Integrated Joint Board and the Highland Health and Social Care Partnership.

7. REPORTING ARRANGEMENTS

- 7.1 The Clinical Governance Committee reports directly to NHS Highland Board on its work. Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.

7.2 The following Committees will report to the Clinical Governance Committee:

- NHS Quality and Patient Safety Groups – Exception Reports and all Minutes to every meeting
- Argyll and Bute Clinical & Care Governance Committee – Exception report and all Minutes to every meeting
- Control of Infection Committee Assurance Report
- Area Drug & Therapeutics Committee – 6 Monthly Exception Report
- Transfusion Committee - 6 Monthly Exception Report
- Organ and Tissue Donation Committee - 6 Monthly Exception Report
- Health and Safety Committee - 6 Monthly Exception Report on issues relating to Clinical Governance
- Research, Development & Innovation Committee – Annual report

7.3. The Board Assurance Framework will be scrutinised by the relevant Committees of the Board with an update on all changes being submitted to the Audit Committee



FINANCE, RESOURCES AND PERFORMANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Board approval 26 March 2024

1. PURPOSE

- 1.1 The purpose of the Committee is to keep under review the financial position and performance against key finance and non-financial targets of the Board, and to ensure that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources, and that the arrangements are working effectively.

2. ROLE

- To scrutinise the overall performance of NHS Highland across the following functions of the NHS Board:
 - resource allocation and utilisation
 - performance management
 - strategic and operational planning
 - all digital functions
 - environmental sustainability workstreams

2.1 To ensure that systems and procedures are in place to monitor, manage and improve performance, across the whole system, and liaise closely with relevant Governance Committees (Staff, Clinical and Audit) to ensure appropriate remedial action takes place.

2.2 To consider financial plans, approve annual budget proposals and business cases for submission to the NHS Board.

3. COMPOSITION

- 2.3 The membership of the Finance, Performance and Resources Committee will be:
- Five Non-Executive members (one of whom will be the Chair).
 - Chief Executive
 - Deputy Chief Executive
 - Director of Finance
 - Medical Director
 - Director of Public Health
 - Director of Nursing

- Director of Estates, Facilities and Capital Planning

3.1 The Chair of the Audit Committee will not be a member of the Finance, Performance and Resources Committee.

3.2 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. Where appropriate, deputies will be permitted. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Chief Operating Officer (Acute Services)
- Chief Officer, Argyll and Bute IJB
- Chief Officer, North Highland
- Head of Strategy and Transformation
- Deputy Director of Finance
- Board Secretary

3.3 The Director of Finance shall serve as the Lead Officer to the Committee.

4. QUORUM

4.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

5. MEETINGS

5.1 The Committee shall meet as necessary to fulfil its remit but not less than six times per year.

5.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee. If the Chair is absent from any meeting of the Committee, the Committee Vice Chair will preside at the meeting. In the absence of both the Chair and the Vice Chair, members shall elect from amongst themselves one of the other Committee members to chair the meeting.

5.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting.

6. REMIT

6.1 The Committee shall have accountability to the Board for ensuring that the financial position of the Board is soundly based, having regard to:

- compliance with statutory financial requirements and achievement of financial targets;
- such financial monitoring and reporting arrangements as may be specified from time-to-time by Scottish Government Health & Social Care Directorates and/or the Board;

- the impact of planned future policies and known or foreseeable future developments on the financial position;
- scrutiny of the delivery of Board Strategy and Annual Development Plans for those areas of the Committee's interests
- Highland's overall performance, strategic policy and planning objective, and ensure mechanisms are in place to promote best value improved efficiency and effectiveness
- ensuring a rigorous and systematic approach to performance monitoring and reporting is in place to enable more strategic and better informed discussions to take place at NHS Highland Board meetings
- review regularly the sections of the NHS Highland Integrated Performance Report relevant to the Committee's responsibility.
- recommend the annual revenue and capital budgets, and financial plans consistent with its statutory financial responsibilities;
- review the Property Strategy (including the acquisition and disposal of property) and capital plans, and make recommendations to the Board;
- review the Board's achievement of NHSScotland's Policy on the Global Climate Emergency and Sustainable Development
- review the Board's digital strategy and performance against the digital delivery plan
- the regular review of NHS Highland's Business Continuity Plan
- oversight of emergency planning arrangements
- scrutiny of relevant financial and performance risks on the Corporate Risk register on a bi-monthly basis
- undertake an annual self-assessment of the Committee's work and effectiveness.

Arrangements for Securing Value for Money

- 6.2 The Committee shall keep under review arrangements for securing economy, efficiency and effectiveness in the use of resources. These arrangements will include procedures for (a) planning, appraisal, control, accountability and evaluation of the use of resources, and for (b) reporting and reviewing performance and managing performance issues as they arise in a timely and effective manner. In particular, the Committee will review action (proposed or underway) to ensure that the Board achieves financial balance in line with statutory requirements.

Allocation and Use of Resources

- 6.3 The Committee has key responsibilities for:
- reviewing the development of the Board's Financial Strategy in support of the Annual Operational Plan, and recommending approval to the Board;
 - reviewing all resource allocation proposals outwith authority delegated by the Board and make recommendations to the Board thereon;
 - monitoring the use of all resources available to the Board; and
 - reviewing all matters relating to Best Value.
- 6.4 Specifically, the Committee is charged with recommending to the Board annual revenue and capital budgets and financial plans consistent with its statutory financial responsibilities. It shall also have responsibility for the oversight of the

Board's Capital Programme (including individual Business Cases for Capital Investment) and the review of the Property Strategy (including the acquisition and disposal of property), and for making recommendations to the Board as appropriate on any issue within its terms of reference.

- 6.5 The Committee will receive minutes from the Asset Management Group, and the Efficiency and Transformation Group. Issues arising from these Committees will be brought to the attention of the Chair of the Finance, Performance and Resources Committee for further consideration as required.
- 6.6 The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

Performance

- 6.7 To support the development of a performance management and accountability culture across NHS Highland.
- 6.8 Receive annual reports and regular updates from the Sub-committees established by the Committee in order to provide assurance and accountability.
- 6.9 To monitor and review risks falling within its remit.
- 6.10 To receive reports from the Digital Health and Care Group three times per year to ensure systems are in place and maintained to give assurance to the Board on all digital functions.
- 6.11 To receive reports from the NHS Highland Environmental & Sustainability Board on a quarterly basis to ensure that systems are in place and maintained to give assurance to the Board on all matters relating to delivery of the NHSScotland Policy on the Global Climate Emergency and Sustainable Development.

General

- 6.12 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.
- 6.13 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June. The Annual Report will include the Committee's assessment and conclusions on its effectiveness over the financial year in question.

6.14 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.

7. AUTHORITY

7.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.

7.2 In order to fulfil its remit, the Finance, Performance and Resources Committee may obtain whatever professional advice it requires and require Directors or other officers of the Board to attend meetings.

8. REPORTING ARRANGEMENTS

8.1 The Finance, Performance and Resources Committee reports directly to NHS Highland Board on its work. The Chair of Committee shall provide assurance on the work of the Committee and the draft minutes will be submitted to the NHS Board meeting for information.

Items requiring urgent attention by the NHS Board can be raised at any time at NHS Board Meetings, subject to the approval of the Chair.

8.2 The following Groups will report to the Finance, Performance and Resources Committee:

- Asset Management Group
- Digital Health and Care Group
- NHS Highland Environmental & Sustainability Board
- Efficiency and Transformation Group



**REMUNERATION COMMITTEE
CONSTITUTION AND TERMS OF REFERENCE**

Date of Board approval 26 March 2024

1. PURPOSE AND ROLE

1.1 To consider and agree performance objectives and performance appraisals for staff in the Executive cohort, to oversee performance arrangements for designated senior managers, **and to endorse pay and terms and conditions for the Executive cohort**. The Committee will be responsible for applying the remit detailed in NHS: MEL (2000) 25, NHS HDL (2002) 64 and subsequent guidance:

https://www.sehd.scot.nhs.uk/mels/2000_25.pdf

https://www.scot.nhs.uk/sehd/mels/HDL2002_64.pdf

1.2 To direct the appointment process for the Chief Executive and Executive **Directors**.

2. COMPOSITION

2.1 The membership of the Remuneration Committee will be:

- Board Chair
- Board Vice Chair
- Employee Director
- 2 Non Executive Directors

2.2 The Director of People and Culture shall serve as the Lead Officer to the Committee.

2.3 All Executive members in attendance at the Committee will leave the meeting when any discussion takes place with regard to individual Directors' performance, apart from the Lead Executive to the Committee. The NHS Highland Chief Executive and the Lead Executive to the Committee will leave the meeting when there is any discussion with regard to their own respective performance, and pay and conditions.

3. QUORUM

3.1 Meetings will be quorate when at least three members are present.

4. MEETINGS

4.1 The Committee shall meet as necessary, but not less than three times a year.

- 4.2 The NHS Highland Board Vice Chair will chair the Committee.
- 4.3 If the Chair is absent from any meeting of the Committee, the Committee Vice Chair will preside at the meeting. In the absence of both the Chair and the Vice Chair, members shall elect from amongst themselves one of the other Committee members to chair the meeting.
- 4.4 The agenda and supporting papers for each meeting will be sent out at least five clear working days before the meeting.
- 4.5 The principal minutes will be circulated to all Committee members. Abridged minutes edited to remove all personal details will be circulated to all Board members.

5. REMIT

- 5.1 The remit of the Remuneration Committee is to:
- Agree all the terms and conditions of employment of Executive Directors and Senior Managers of the Board, including:
 - job descriptions
 - job evaluation
 - terms of employment
 - basic pay
 - performance related pay
 - benefits (removal arrangements and cars)
 - Agree objectives for executives before the start of the year in which performance is assessed
 - Review completed Executive appraisals relative to the performance of the Board
 - To assure the Board that effective arrangements are in place for carrying out the above functions in respect of all other senior managers
 - Conduct a regular review of the Board's policy for the remuneration and performance assessment of executive directors, other senior managers and medical consultants, in the light of guidance issued by the SGHD and any specific National, External or Internal Audit Report.
 - Agree the output of the Discretionary Points Advisory Committee in relation to the award of discretionary points to Consultants.

The Remuneration Committee, under the leadership of the Chair will:

- Ensure Remuneration Committee members are fully trained to undertake Committee member duties.
- Ensure efficient and effective use of public monies in relation to managerial and executive pay.
- Ensure that decisions on pay are fully supportable and auditable.
- Ensure that individual targets and assessments of performance against targets are tied to the Board's overall performance in providing health and social care services.
- Take full account of Government policy on pay in the public sector and the need to contain overall management costs when determining pay increases.

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.

- 6.2 In order to fulfil its remit, the Remuneration Committee may obtain whatever professional advice it needs, and require Directors or other officers of the Board to attend meetings.
- 6.3 Delegated authority is detailed in the Board's Standing Orders and Standing Financial Instructions and is set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

- 7.1 The Remuneration Committee reports directly to the NHS Highland Board on its work. Minutes of the Committee are presented to the Board In Committee by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board. The Remuneration Committee has access to the National Remuneration Committee Self-Assessment Pack to ensure that the performance is in line with National Guidance.
- 7.3 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 7.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.



STAFF GOVERNANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Board approval 26 March 2024

1. PURPOSE

- 1.1 The purpose of the Staff Governance Committee is to support and maintain a culture within the health system 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. It will ensure that robust arrangements to implement the Staff Governance Standard are in place and monitored.
- 1.2 To assure the Board that the staff governance arrangements across NHS Highland are working effectively.
- 1.3 As a Committee of the Board, escalate any issues if serious concerns are identified regarding staff governance issues within NHS Highland.

2. COMPOSITION

2.1 The membership of the Staff Governance Committee will be:

- Four Non-Executive members, one of whom will be the Chair of the Committee.
- Employee Director
- Three Area Partnership Forum (Staffside) representatives
- Chief Executive

2.2 Ex Officio

Board Chair

2.3 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. Where appropriate, deputies will be permitted. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Director of People and Culture
- Deputy Chief Executive
- Nurse Director

- Medical Director
- Director of Public Health
- Chief Officer, Acute
- Chief Officer, Argyll and Bute IJB
- Chief Officer, Highland HSCP
- Director of Estates, Facilities and Capital Planning
- Director of Finance
- Director of Adult Social Care
- Deputy Director of People
- Staffside Co-Chair of Health & Safety sub committee

2.4 The Director of People and Culture will act as Lead Officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. Non- Executive Directors who are unable to attend a meeting should find an substitute to attend in their place.

4. MEETINGS

4.1 The Staff Governance Committee shall meet as necessary to fulfil its purpose but not less than six times a year. Where possible, these meetings should be held to fall between two and four weeks before the NHS Highland Board meeting.

4.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee and a Vice Chair who will chair in their absence.

4.3 If the Chair is absent from any meeting of the Committee, the Vice Chair shall chair the meeting.

4.4 The agenda and supporting papers will be sent out at least five working days before the meeting.

5. REMIT

5.1 The remit of the Staff Governance Committee is to:

- Consider NHS Highland's performance in relation to its achievements of effective Staff Governance and its compliance with the Staff Governance Standard and reporting on progress to Scottish Government.
- Take responsibility for the timely submission of all staff governance information required for national monitoring arrangements.
- Give assurance to the Board on the operation of Staff Governance systems within NHS Highland, regarding progress, issues, risks and mitigation and actions being taken, where appropriate.
- Oversee the commissioning of structures and processes which ensure that the delivery against the standard is being achieved.

- Monitor and evaluate strategies and implementation plans relating to people and culture, through the Together We Care Strategy, Argyll & Bute HSCP Strategic Plan, the Annual Delivery Plan and the Workforce Plans for NHS Highland and Argyll & Bute HSCP.
 - Provide support for any policy amendment, funding or resource submission to achieve the Staff Governance Standard.
 - Review action taken on recommendations made by the Committee, NHS Boards, or the Scottish Ministers on Staff Governance matters.
 - Provide assurance and oversight to the board for the operation of the Area Partnership Forum, the Health & Safety Committee and the groups reporting to the People and Culture Portfolio Board (namely: Culture Oversight Group; Health and Wellbeing Group; Diversity and Inclusion Group and Health and Care Staffing Act programme Board) and escalate any matters as required.
 - Support the operation of the Area Partnership Forum and the Local Partnership Forums in their Staff Governance monitoring role and the appropriate flow of information to facilitate this.
 - Provide oversight for the delivery of Medical Education within the Board, including provision of an annual report to the Committee.
- 5.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board
- 5.3 The Committee is also required to carry out a review of its function and activities and to provide an Annual Report incorporating a Statement of Assurance. This will be submitted to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year and shall review this at each meeting.
- 5.5 The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.
- 6.2 In order to fulfil its remit, the Staff Governance Committee may obtain whatever professional advice it requires, and require Directors or other officers of the Board to attend meetings.
- 6.3 Delegated authority is detailed in the Board's Standing Orders, as set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

- 7.1 The Staff Governance Committee reports directly to NHS Highland Board on its work. Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Area Partnership Forum will report to the Committee and act as the main implementation body for the Staff Governance agenda.
- 7.3 The Health and Safety Committee will report to the Committee to ensure that the appropriate processes and resources are in place to facilitate the achievement of Health and Safety Policy Aims and Strategic Objectives and for assurance of and escalation for matters relating to Health & Safety. This will include receiving an annual report on progress with the Health and Safety agenda.
- 7.4 The People and Culture Programme Board will report to the Committee on progress with and assurance of the People and Culture elements of the Strategy and Annual Delivery Plan, including the Argyll and Bute Strategic Plan, as well as compliance with the Health and Care Staffing Act and delivery of the Workforce plans for both NHS Highland and Argyll & Bute HSCP. This will include a dashboard of metrics and insights and oversight of key risks and issues.



HIGHLAND HEALTH & SOCIAL CARE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Board approval 26 March 2024

1. PURPOSE

- 1.1 The purpose of the Highland Health and Social Care Committee is to provide assurance to NHS Highland Board that the planning, resourcing and delivery of those community health and social care services that are its statutory or commissioned responsibility are functioning efficiently and effectively, ensuring that services are integrated so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.

2. JOINT MONITORING COMMITTEE

- 2.1 In line with section 15(3) of the Public Bodies (Joint Working) (Scotland) Act 2014, The Highland Council and NHS Highland have established an Integration Joint Monitoring Committee (known as “The Highland Partnership Joint Monitoring Committee”), which has oversight of both integrated Adult Services and Integrated Children’s services and monitors the carrying out of integrated functions (both delegated and conjoined).
- 2.2 In terms of section 29(1) of the Act, each Partner is responsible for the planning of the integrated and conjunction services for which it is the Lead Agency. This means that NHS Highland must lead on producing an Integrated Adult Services Strategic Plan and The Highland Council must lead on producing an Integrated Children’s Services Strategic Plan with both plans taking account of the other and together being monitored by the Joint Monitoring Committee.
- 2.3 Within NHS Highland, governance of Integrated Adult Services and services delegated to The Highland Council and assurance of service delivery is provided at the Health & Social Care Committee through arrangements put in place and overseen directly by the NHS Highland Board.

3. COMPOSITION

- 3.1 The membership of the Committee is agreed by the full NHS Board and has a Non-Executive Chair.

Voting Committee members as follows

5 x Non-Executives, one of whom chairs the Committee and one of whom is the Council nominee on the Health Board

5 x Executive Directors as follows - Chief Officer, Director of Adult Social Care, Chief Finance Officer, Medical Director and Nurse Director
3 Representatives of Highland Council

The wider stakeholder and advisory membership (non-voting) will be as follows:

Staff Side Representative (2)
Public/Patient Member representative (2)
Carer Representative (1)
3rd Sector Representative (1)
Lead Doctor (GP)
Medical Practitioner (not a GP)
2 representatives from the Area Clinical Forum
Public Health representative
Highland Council Executive Chief Officer for Health and Social Care
Highland Council Chief Social Worker

The Committee shall have flexibility to call on additional advice as it sees fit to enable it to reach informed decisions.

3.2 Ex Officio

Board Chair

The Committee Chair is appointed by the full Board.

4. QUORUM

No business shall be transacted at a meeting of the Committee unless at least one Non-Executive Director being present (in addition to the Chair) and comprising a minimum of one third of Committee members.

5. MEETINGS

- 5.1 The Committee shall meet at least five times per year. The Chair, at the request of any three Members of the Committee, may convene ad hoc meetings to consider business requiring urgent attention. The Committee may meet informally for training and development purposes, as necessary.
- 5.2 The Committee will be serviced within the NHS Highland Committee Administration Team and minutes will be included within the formal agenda of the NHS Board.
- 5.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting.
- 5.4 All Board members will receive copies of the agendas and reports for the meetings and be entitled to attend meetings.
- 5.5 Any amendments to the Terms of Reference of Highland Health and Social Care Governance Committee will be submitted to NHS Highland Board for approval following discussion within the Governance Committee.

5.6 The Agenda format for meetings will be as follows:

- Apologies
- Declaration of Interests
- Minutes
 - Last Meeting
 - Formal Sub Committees
 - Formal Working Groups
- Strategic Planning and Commissioning
- Finance
- Performance Management
- Community Planning and Engagement
- Operational Unit Exception Reports

6. REMIT

6.1 The remit of the Highland Health and Social Care Committee is to:

- Provide assurance on fulfilment of NHS Highland's statutory responsibilities under the Public Bodies (Joint Working) Act 2014 and other relevant legislative provisions relating to integration of health and social care services
- Provide assurance on fulfilment of NHS Highland's responsibilities under the Community Empowerment Act in relation to Community Planning
- Contribute to protecting and improving the health of the Highland population and ensure that health and social care services reduce inequalities in health
- Develop the Strategic Commissioning Plan for integrated health and social care services and approve arrangements for the commissioning of services to deliver the agreed outcomes of the plan, ensuring the involvement of stakeholders and local communities
- Develop policies and service improvement proposals to deliver the agreed outcomes of the plan, within the available resources as agreed by the Joint Monitoring Committee
- Monitor budgets for services within its remit and provide assurance regarding achievement of financial targets
- Scrutinise performance of services within its remit in relation to relevant national and locally agreed performance frameworks, including the NHS Highland Annual Operating Plan and the Strategic Commissioning Plan for integrated health and social care services.
- Through the annual performance report of the Integration Authority provide an overview of North Highland Adult Services performance, in line with the 9 national outcomes for health and wellbeing to Highland Council as partners via the Joint Monitoring Committee
- Receive and scrutinise assurance from the Highland Council as to performance services delegated by NHS Highland under the Lead Agency arrangements.

6.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.

- 6.3 The Committee is also required to carry out a review of its function and activities and to provide an Annual Report incorporating a Statement of Assurance. This will be submitted to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 6.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.

7. AUTHORITY

- 7.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.
- 7.2 In order to fulfil its remit, the Highland Health and Social Care Committee may obtain whatever professional advice it requires, and require Directors or other officers of the Board to attend meetings.
- 7.3 Delegated authority is detailed in the Board's Standing Orders, as set out in the Purpose and Remit of the Committee.

8. REPORTING ARRANGEMENTS

- 8.1 The Highland Health and Social Care Governance Committee is a Governance Committee of NHS Highland and is accountable directly to the Board.
- 8.2 The Committee will report to the Board through the issue of Minutes/Assurance Reports and an assessment of the performance of the Committee will be undertaken annually and presented by way of an Annual Report to the Audit Committee, then the Board.
- 8.3 As a committee of the Board and as indicated in the Standing Orders, the HH&SCC will escalate any risks or concerns that require a Board decision to the Health Board.
- 8.4 Establish a Strategic Planning and Commissioning sub-committee to fulfil the obligations set out in the legislation.



PHARMACY PRACTICES COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Board approval: January 2022

1. PURPOSE AND ROLE

The Pharmacy Practices Committee is required to consider applications to provide pharmaceutical services within the Board area and to determine whether the application will be granted.

2. COMPOSITION

2.1 The full membership of the Pharmacy Practices Committee is:

- Chair or Vice Chair (if acting as Chair)
- other lay members (or deputy members)
- pharmacist members (or deputy members) nominated by the Area Pharmaceutical Committee (one of which must be a chemist contractor and one a non contractor chemist)
- Area Medical Committee Nominee (only required in hearing an application relating to an area served by a dispensing GP)

2.2 At the commencement of the meeting there must be an equal number of lay and pharmacist members but the pharmacy members and any nominee of the Area Medical Committee will be required to withdraw immediately before a decision on an application takes place.

2.3 Only the lay members are entitled to remain and to vote.

3. QUORUM

3.1 A pool of possible members of the Pharmacy Practices Committee is available and a minimum membership of 5 (6 in the case of an application relating to an area served by a dispensing GP) is possible for any Committee to remain quorate. (In these circumstances the membership must be Chairman, 2 Lay Members, one Chemist Contractor, one Non Contractor Chemist, - nominees of APC and one Area Medical Committee Nominee (if required).

4. MEETINGS

4.1 There is no specific agenda. The format of each meeting is the same. Each party, starting with the applicant, gives its statement following which all other parties then ask that party questions. This is followed by members of the Committee asking questions of whichever party has just given its statement.

This is repeated until all parties have given their statement and questions have been asked. All parties sum up after this, with the applicant being the last to sum up. The applicant and all the parties then leave the meeting and the Committee considers all the information obtained and presented and considers the application against the 'legal test', as described under "specific responsibilities".

The agenda and supporting papers will be sent out at least five clear working days before the meeting.

Voting

- 4.2 Immediately before any decision is made the pharmacist members, and/or employees thereof, and if relevant, the Area Medical Committees nominee, must withdraw and should a vote be necessary, the question shall be determined by a majority of votes of members remaining. The Chair shall not vote in the first instance; they will have a casting vote if the votes cast are equal.

Administrative Arrangements

- 4.3 The Community Pharmacy Business Manager provides the administrative support for this Committee.

4.4 Frequency of meetings

The Committee is convened when required to consider applications received for the provision of pharmaceutical services within NHS Highland Board area. Receipt of these applications is unpredictable.

5. REMIT

- 5.1 Under Regulation 5(10) of the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009, as amended, the Committee will grant the application if it is satisfied that the provision of pharmaceutical services, at the identified premises, is necessary or desirable in order to secure adequate provision of pharmaceutical services in the neighbourhood in which the proposed premises are located unless the PPC considers that the provision of existing services would be prejudiced by the granting of the application to the extent where either primary medical services or pharmaceutical services may no longer be sustainable or secure within a controlled locality, then they must refuse the application.

The factors which need to be considered include:

- a) What is the neighbourhood in which the premises are located?
- b) What are the existing services in the neighbourhood?
- c) Are these services adequate or not?
- d) Is it necessary to grant the application in order to secure adequate provision of pharmaceutical services in the neighbourhood?
- e) Is it desirable to grant the application in order to secure adequate provision of pharmaceutical services in the neighbourhood?

In order to consider these questions, the following information will include, where necessary:

- The location of the premises, the geography of the area and the social factors which may create boundaries.
- What services already are provided by other contractors in the area, for example, other pharmacies, GP and dental practices?
- What are the transport patterns and how do people travel?
- The number of people who require services?
- What services are provided during what hours?

The manner in which the application is considered shall be a matter for the Committee to determine. However, in most circumstances an oral hearing will be held to ensure that all members understand the evidence and that points of clarification can be obtained from the applicant or other parties. Wherever possible, the Committee will convene its meetings in the area local to the proposed premises and will undertake a site visit to obtain, first hand, knowledge of the local area and of the proposed premises.

6. General

- 6.1 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.
- 6.2 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.

7. AUTHORITY

- 7.1 The Committee considers applications for the provision of general pharmaceutical services within NHS Highland Board area. In considering these applications, the Committee is acting on behalf of the NHS Board.

8. REPORTING ARRANGEMENTS

- 8.1 The Pharmacy Practices Committee reports directly to NHS Highland Board on its work. The Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.

Suggested Template for Committee Annual Reports

[Name of Committee Reviewing the Report]
Date of Relevant Committee Item ??

NHS Highland
[Name of Committee] Annual Report

Note: A maximum of approximately 4 sides of A4 should be aimed for. There should be no appendices unless fundamental to the work of the Committee.

To: NHS Highland Audit Committee

From: [Name] Chair, [Name of Committee]

Subject: [Name of Committee] Committee Report – [Period Covered- Financial Year]

1 Background

In line with sound governance principles, an Annual Report is submitted from the **[Name of Committee]** to the Audit Committee. This is undertaken to cover the complete financial year, and allows the Audit Committee to provide the Board of NHS Highland with the assurance it needs to approve the Governance Statement, which forms part of the Annual Accounts.

2 Activity [Dates covered]

[A summary of the key activities during the year and particular areas of scrutiny/progress you would like to highlight and if available a copy of the annual work plan for the committee. The number of meetings during the year, that the Minutes have been submitted to the Board along with reports relating to key items and a list of members and their attendance at meetings etc) **NB This should not be a list of agenda items from every meeting.]**

3 Sub Groups

[Key issues from any sub groups during the year. This should not be a description of what other groups have done. This should be restricted to any significant issues arising from the Groups reporting into the Committee and action taken as a result.]

4 External Reviews

[Summary of results of any significant external reviews (e.g. QIS/Staff Surveys/Audit Scotland etc) during the year]

5 Any relevant Key Performance Indicators

[Summary of results against any relevant KPIs during the year]

6 Emerging issues and key issues to address/improve the following year

[Summary of any issues which the committee intends to focus on during the coming year]

7 Conclusion

This should include a specific declaration that the systems of control within the respective areas within the remit of the committee are considered to be operating adequately and effectively. (NB If this is not the case, this should be reported immediately to the Chief Executive as soon as the Chair becomes aware of this)

[Name]
Chair
[Name of Committee]
[Date]

NB Reports to be submitted to the May meeting of the Audit Committee each year.



**CODE OF CONDUCT FOR MEMBERS OF
NHS HIGHLAND**

JUNE 2022

CONTENTS

Section 1: Introduction to the Code of Conduct

My Responsibilities

Enforcement

Section 2: Key Principles of the Code of Conduct

Section 3: General Conduct

Respect and Courtesy

Remuneration, Allowances and Expenses

Gifts and Hospitality

Confidentiality

Use of Public Body Resources

Dealing with my Public Body and Preferential Treatment

Appointments to Outside Organisations

Section 4: Registration of Interests

Category One: Remuneration

Category Two: Other Roles

Category Three: Contracts

Category Four: Election Expenses

Category Five: Houses, Land and Buildings

Category Six: Interest in Shares and Securities

Category Seven: Gifts and Hospitality

Category Eight: Non-Financial Interests

Category Nine: Close Family Members

Section 5: Declaration of Interests

Stage 1: Connection

Stage 2: Interest

Stage 3: Participation

Section 6: Lobbying and Access

ANNEXES

Annex A Breaches of the Code

Annex B Definitions

SECTION 1: INTRODUCTION TO THE CODE OF CONDUCT

1.1 This Code has been issued by the Scottish Ministers, with the approval of the Scottish Parliament, as required by the [Ethical Standards in Public Life etc. \(Scotland\) Act 2000 \(the “Act”\)](#).

1.2 The purpose of the Code is to set out the conduct expected of those who serve on the boards of public bodies in Scotland.

1.3 The Code has been developed in line with the nine key principles of public life in Scotland. The principles are listed in [Section 2](#) and set out how the provisions of the Code should be interpreted and applied in practice.

My Responsibilities

1.4 I understand that the 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. I will always seek to meet those expectations by ensuring that I conduct myself in accordance with the Code.

1.5 I will comply with the substantive provisions of this Code, being sections 3 to 6 inclusive, in all situations and at all times where I am acting as a board member of my public body, have referred to myself as a board member or could objectively be considered to be acting as a board member.

1.6 I will comply with the substantive provisions of this Code, being sections 3 to 6 inclusive, in all my dealings with the public, employees and fellow board members, whether formal or informal.

1.7 I understand that it is my personal responsibility to be familiar with the provisions of this Code and that I must also comply with the law and my public body’s rules, standing orders and regulations. I will also ensure that I am familiar with any guidance or advice notes issued by the Standards Commission for Scotland (“Standards Commission”) and my public body, and endeavour to take part in any training offered on the Code.

1.8 I will not, at any time, advocate or encourage any action contrary to this Code.

1.9 I understand that no written information, whether in the Code itself or the associated Guidance or Advice Notes issued by the Standards Commission, can provide for all circumstances. If I am uncertain about how the Code applies, I will seek advice from the Standards Officer of my public body, failing whom the Chair or Chief Executive of my public body. I note that I may also choose to seek external legal advice on how to interpret the provisions of the Code.

Enforcement

1.10 [Part 2 of the Act](#) sets out the provisions for dealing with alleged breaches of the Code, including the sanctions that can be applied if the Standards Commission finds that there has been a breach of the Code. More information on how complaints are dealt with and the sanctions available can be found at [Annex A](#).

SECTION 2: KEY PRINCIPLES OF THE CODE OF CONDUCT

2.1 The Code has been based on the following key principles of public life. I will behave in accordance with these principles and understand that they should be used for guidance and interpreting the provisions in the Code.

2.2 I note that a breach of one or more of the key principles does not in itself amount to a breach of the Code. I note that, for a breach of the Code to be found, there must also be a contravention of one or more of the provisions in sections 3 to 6 inclusive of the Code.

The key principles are:

Duty

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

Selflessness

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

Integrity

I must not place myself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence me in the performance of my duties.

Objectivity

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

Accountability and Stewardship

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

Openness

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

Honesty

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

Leadership

I 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 my public body and its members in conducting public business.

Respect

I must respect all other board members and all employees of my public body and the role they play, treating them with courtesy at all times. Similarly, I must respect members of the public when performing my duties as a board member.

SECTION 3: GENERAL CONDUCT

Respect and Courtesy

3.1 I will treat everyone with courtesy and respect. This includes in person, in writing, at meetings, when I am online and when I am using social media.

3.2 I will not discriminate unlawfully on the basis of race, age, sex, sexual orientation, gender reassignment, disability, religion or belief, marital status or pregnancy/maternity; I will advance equality of opportunity and seek to foster good relations between different people.

3.3 I will not engage in any conduct that could amount to bullying or harassment (which includes sexual harassment). I accept that such conduct is completely unacceptable and will be considered to be a breach of this Code.

3.4 I accept that disrespect, bullying and harassment can be:

- a) a one-off incident,
- b) part of a cumulative course of conduct; or
- c) a pattern of behaviour.

3.5 I understand that how, and in what context, I exhibit certain behaviours can be as important as what I communicate, given that disrespect, bullying and harassment can be physical, verbal and non-verbal conduct.

3.6 I accept that it is my responsibility to understand what constitutes bullying and harassment and I will utilise resources, including the Standards Commission's guidance and advice notes, my public body's policies and training material (where appropriate) to ensure that my knowledge and understanding is up to date.

3.7 Except where it is written into my role as Board member, and / or at the invitation of the Chief Executive, I will not become involved in operational management of my public body. I acknowledge and understand that operational management is the responsibility of the Chief Executive and Executive Team.

3.8 I will not undermine any individual employee or group of employees, or raise concerns about their performance, conduct or capability in public. I will raise any concerns I have on such matters in private with senior management as appropriate.

3.9 I will not take, or seek to take, unfair advantage of my position in my dealings with employees of my public body or bring any undue influence to bear on employees to take a certain action. I will not ask or direct employees to do something which I know, or should reasonably know, could compromise them or prevent them from undertaking their duties properly and appropriately.

3.10 I will respect and comply with rulings from the Chair during meetings of:

- a) my public body, its committees; and
- b) any outside organisations that I have been appointed or nominated to by my public body or on which I represent my public body.

3.11 I will respect the principle of collective decision-making and corporate responsibility. This means that once the Board has made a decision, I will support that decision, even if I did not agree with it or vote for it.

Remuneration, Allowances and Expenses

3.12 I will comply with the rules, and the policies of my public body, on the payment of remuneration, allowances and expenses.

Gifts and Hospitality

3.13 I understand that I may be offered gifts (including money raised via crowdfunding or sponsorship), hospitality, material benefits or services (“gift or hospitality”) that may be reasonably regarded by a member of the public with knowledge of the relevant facts as placing me under an improper obligation or being capable of influencing my judgement.

3.14 I will never **ask for** or **seek** any gift or hospitality.

3.15 I will refuse any gift or hospitality, unless it is:

- a) a minor item or token of modest intrinsic value offered on an infrequent basis;
- b) a gift being offered to my public body;
- c) hospitality which would reasonably be associated with my duties as a board member; or
- d) hospitality which has been approved in advance by my public body.

3.16 I will consider whether there could be a reasonable perception that any gift or hospitality received by a person or body connected to me could or would influence my judgement.

3.17 I will not allow the promise of money or other financial advantage to induce me to act improperly in my role as a board member. I accept that the money or advantage (including any gift or hospitality) does not have to be given to me directly. The offer of monies or advantages to others, including community groups, may amount to bribery, if the intention is to induce me to improperly perform a function.

3.18 I will never accept any gift or hospitality from any individual or applicant who is awaiting a decision from, or seeking to do business with, my public body.

3.19 If I consider that declining an offer of a gift would cause offence, I will accept it and hand it over to my public body at the earliest possible opportunity and ask for it to be registered.

3.20 I will promptly advise my public body’s Standards Officer if I am offered (but refuse) any gift or hospitality of any significant value and / or if I am offered any gift or hospitality from the same source on a repeated basis, so that my public body can monitor this.

3.21 I will familiarise myself with the terms of the [Bribery Act 2010](#), which provides for offences of bribing another person and offences relating to being bribed.

Confidentiality

3.22 I will not disclose confidential information or information which should reasonably be regarded as being of a confidential or private nature, without the express consent of a person or body authorised to give such consent, or unless required to do so by law. I note that if I cannot obtain such express consent, I should assume it is not given.

3.23 I accept that confidential information can include discussions, documents, and information which is not yet public or never intended to be public, and information deemed confidential by statute.

3.24 I will only use confidential information to undertake my duties as a board member. I will not use it in any way for personal advantage or to discredit my public body (even if my personal view is that the information should be publicly available).

3.25 I note that these confidentiality requirements do not apply to protected whistleblowing disclosures made to the prescribed persons and bodies as identified in statute.

Use of Public Body Resources

3.26 I will only use my public body's resources, including employee assistance, facilities, stationery and IT equipment, for carrying out duties on behalf of the public body, in accordance with its relevant policies.

3.27 I will not use, or in any way enable others to use, my public body's resources:

- a) imprudently (without thinking about the implications or consequences);
- b) unlawfully;
- c) for any political activities or matters relating to these; or
- d) improperly.

Dealing with my Public Body and Preferential Treatment

3.28 I will not use, or attempt to use, my position or influence as a board member to:

- a) improperly confer on or secure for myself, or others, an advantage;
- b) avoid a disadvantage for myself, or create a disadvantage for others or
- c) improperly seek preferential treatment or access for myself or others.

3.29 I will avoid any action which could lead members of the public to believe that preferential treatment or access is being sought.

3.30 I will advise employees of any connection, as defined at [Section 5](#), I may have to a matter, when seeking information or advice or responding to a request for information or advice from them.

Appointments to Outside Organisations

3.31 If I am appointed, or nominated by my public body, as a member of another body or organisation, I will abide by the rules of conduct and will act in the best interests of that body or organisation while acting as a member of it. I will also continue to observe the rules of this Code when carrying out the duties of that body or organisation.

3.32 I accept that if I am a director or trustee (or equivalent) of a company or a charity, I will be responsible for identifying, and taking advice on, any conflicts of interest that may arise between the company or charity and my public body.

SECTION 4: REGISTRATION OF INTERESTS

4.1 The following paragraphs set out what I have to register when I am appointed and whenever my circumstances change. The register covers my current term of appointment.

4.2 I understand that regulations made by the Scottish Ministers describe the detail and timescale for registering interests; including a requirement that a board member must register their registrable interests within one month of becoming a board member, and register any changes to those interests within one month of those changes having occurred.

4.3 The interests which I am required to register are those set out in the following paragraphs. Other than as required by paragraph 4.23, I understand it is not necessary to register the interests of my spouse or cohabitee.

Category One: Remuneration

4.4 I will register any work for which I receive, or expect to receive, payment. I have a registrable interest where I receive remuneration by virtue of being:

- a) employed;
- b) self-employed;
- c) the holder of an office;
- d) a director of an undertaking;
- e) a partner in a firm;
- f) appointed or nominated by my public body to another body; or
- g) engaged in a trade, profession or vocation or any other work.

4.5 I understand that in relation to 4.4 above, the amount of remuneration does not require to be registered. I understand that any remuneration received as a board member of this specific public body does not have to be registered.

4.6 I understand that 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, "Other Roles".

4.7 I must register any allowances I receive in relation to membership of any organisation under Category One.

4.8 When registering employment as an employee, I must give the full name of the employer, the nature of its business, and the nature of the post I hold in the organisation.

4.9 When registering remuneration from the categories listed in paragraph 4.4 (b) to (g) above, I must provide the full name and give details of the nature of the business, organisation, undertaking, partnership or other body, as appropriate. I recognise that some other employments may be incompatible with my role as board member of my public body in terms of paragraph [6.8](#) of this Code.

4.10 Where I otherwise undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and how often it is undertaken.

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

4.12 I understand that registration of a pension is not required as this falls outside the scope of the category.

Category Two: Other Roles

4.13 I will register any unremunerated directorships where the body in question is a subsidiary or parent company of an undertaking in which I hold a remunerated directorship.

4.14 I will register the registered name and registered number 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 I am a director and from which I receive remuneration.

Category Three: Contracts

4.15 I have a registerable interest where I (or a firm in which I am a partner, or an undertaking in which I am a director or in which I have shares of a value as described in paragraph 4.20 below) have made a contract with my public body:

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

4.16 I will register a description of the contract, including its duration, but excluding the value.

Category Four: Election Expenses

4.17 If I have been elected to my public body, then I will register a description of, and statement of, any assistance towards election expenses relating to election to my public body.

Category Five: Houses, Land and Buildings

4.18 I have a registrable interest where I 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 my public body.

4.19 I accept that, when deciding whether or not I need to register any interest I have in houses, land or buildings, the test to be applied is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as being so significant that it could potentially affect my responsibilities to my public body and to the public, or could influence my actions, speeches or decision-making.

Category Six: Interest in Shares and Securities

4.20 I have a registerable interest where:

- a) I own or have an interest in more than 1% of the issued share capital of the company or other body; or
- b) Where, at the relevant date, the market value of any shares and securities (in any one specific company or body) that I own or have an interest in is greater than £25,000.

Category Seven: Gifts and Hospitality

4.21 I understand the requirements of paragraphs 3.13 to 3.21 regarding gifts and hospitality. As I will not accept any gifts or hospitality, other than under the limited circumstances allowed, I understand there is no longer the need to register any.

Category Eight: Non-Financial Interests

4.22 I may also have other interests and I understand it is equally important that relevant interests such as membership or holding office in other public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described. In this context, I understand non-financial interests are those which members of the public with knowledge of the relevant facts might reasonably think could influence my actions, speeches, votes or decision-making in my public body (this includes its Committees and memberships of other organisations to which I have been appointed or nominated by my public body).

Category Nine: Close Family Members

4.23 I will register the interests of any close family member who has transactions with my public body or is likely to have transactions or do business with it.

SECTION 5: DECLARATION OF INTERESTS

Stage 1: Connection

5.1 For each particular matter I am involved in as a board member, I will first consider whether I have a connection to that matter.

5.2 I understand that a connection is any link between the matter being considered and me, or a person or body I am associated with. This could be a family relationship or a social or professional contact.

5.3 A connection includes anything that I have registered as an interest.

5.4 A connection does not include being a member of a body to which I have been appointed or nominated by my public body as a representative of my public body or of which I am a member by reason of, or in implementation of, a statutory provision, unless:

- a) The matter being considered by my public body is quasi-judicial or regulatory; or
- b) I have a personal conflict by reason of my actions, my connections or my legal obligations.

Stage 2: Interest

5.5 I understand my connection is an interest that requires to be declared where the objective test is met – that is where a member of the public with knowledge of the relevant facts would reasonably regard my connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision-making.

Stage 3: Participation

5.6 I will declare my interest as early as possible in meetings. I will not remain in the meeting nor participate in any way in those parts of meetings where I have declared an interest.

5.7 I will consider whether it is appropriate for transparency reasons to state publicly where I have a connection, which I do not consider amounts to an interest.

5.8 I note that I can apply to the Standards Commission and ask it to grant a dispensation to allow me to take part in the discussion and decision-making on a matter where I would otherwise have to declare an interest and withdraw (as a result of having a connection to the matter that would fall within the objective test). I note that such an application must be made in advance of any meetings where the dispensation is sought and that I cannot take part in any discussion or decision-making on the matter in question unless, and until, the application is granted.

5.9 I note that public confidence in a public body is damaged by the perception that decisions taken by that body are substantially influenced by factors other than the public interest. I will not accept a role or appointment if doing so means I will have to declare interests frequently at meetings in respect of my role as a board member. Similarly, if any appointment or nomination to another body would give rise

to objective concern because of my existing personal involvement or affiliations, I will not accept the appointment or nomination.

SECTION 6: LOBBYING AND ACCESS

6.1 I understand that a wide range of people will seek access to me as a board member and will try to lobby me, including individuals, organisations and companies. I must distinguish between:

- a) any role I have in dealing with enquiries from the public;
- b) any community engagement where I am working with individuals and organisations to encourage their participation and involvement, and;
- c) lobbying, which is where I am approached by any individual or organisation who is seeking to influence me for financial gain or advantage, particularly those who are seeking to do business with my public body (for example contracts/procurement).

6.2 In deciding whether, and if so how, to respond to such lobbying, I will always have regard to the objective test, which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard my conduct as being likely to influence my, or my public body's, decision-making role.

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

6.4 I will not, in relation to contact with any person or organisation that lobbies, act in any way which could bring discredit upon my public body.

6.5 If I have concerns about the approach or methods used by any person or organisation in their contacts with me, I will seek the guidance of the Chair, Chief Executive or Standards Officer of my public body.

6.6 The public must be assured that no person or organisation will gain better access to, or treatment by, me as a result of employing a company or individual to lobby on a fee basis on their behalf. I will 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 I accord any other person or organisation who lobbies or approaches me. I will ensure that those lobbying on a fee basis on behalf of clients are not given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming.

6.7 Before taking any action as a result of being lobbied, I will seek to satisfy myself about the identity of the person or organisation that is lobbying and the motive for lobbying. I understand I 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 I understand the basis on which I am being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code and the [Lobbying \(Scotland\) Act 2016](#).

6.8 I will not accept any paid work:

- a) which would involve me 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 my public body and its members. This does not prohibit me from being remunerated for activity which may arise because of, or relate to, membership of my public body, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

ANNEX A: BREACHES OF THE CODE

Introduction

1. [The Ethical Standards in Public Life etc. \(Scotland\) Act 2000](#) (“the Act”) provided for a framework to encourage and, where necessary, enforce high ethical standards in public life.
2. The Act provided for the introduction of new codes of conduct for local authority councillors and members of relevant public bodies, imposing on councils and relevant public bodies a duty to help their members comply with the relevant code.
3. The Act and the subsequent Scottish Parliamentary Commissions and Commissioners etc. Act 2010 established the [Standards Commission for Scotland](#) (“Standards Commission”) and the post of [Commissioner for Ethical Standards in Public Life in Scotland](#) (“ESC”).
4. The Standards Commission and ESC are separate and independent, each with distinct functions. Complaints of breaches of a public body’s Code of Conduct are investigated by the ESC and adjudicated upon by the Standards Commission.
5. The first Model Code of Conduct came into force in 2002. The Code has since been reviewed and re-issued in 2014. The 2021 Code has been issued by the Scottish Ministers following consultation, and with the approval of the Scottish Parliament, as required by the Act.

Investigation of Complaints

6. The ESC is responsible for investigating complaints about members of devolved public bodies. It is not, however, mandatory to report a complaint about a potential breach of the Code to the ESC. It may be more appropriate in some circumstances for attempts to be made to resolve the matter informally at a local level.
7. On conclusion of the investigation, the ESC will send a report to the Standards Commission.

Hearings

8. On receipt of a report from the ESC, the Standards Commission can choose to:
 - Do nothing;
 - Direct the ESC to carry out further investigations; or
 - Hold a Hearing.
9. Hearings are held (usually in public) to determine whether the member concerned has breached their public body’s Code of Conduct. The Hearing Panel comprises of three members of the Standards Commission. The ESC will present evidence and/or make submissions at the Hearing about the investigation and any conclusions as to whether the member has contravened the Code. The member is entitled to attend or be represented at the Hearing and can also present evidence and make submissions. Both parties can call witnesses. Once it has heard all the evidence and submissions, the Hearing Panel will make a determination about whether or not it is satisfied, on the balance of probabilities, that there has been a contravention of

the Code by the member. If the Hearing Panel decides that a member has breached their public body's Code, it is obliged to impose a sanction.

Sanctions

10. The sanctions that can be imposed following a finding of a breach of the Code are as follows:
- **Censure:** A censure is a formal record of the Standards Commission's severe and public disapproval of the member concerned.
 - **Suspension:** This can be a full or partial suspension (for up to one year). A full suspension means that the member is suspended from attending all meetings of the public body. Partial suspension means that the member is suspended from attending some of the meetings of the public body. The Commission can direct that any remuneration or allowance the member receives as a result of their membership of the public body be reduced or not paid during a period of suspension.
 - **Disqualification:** Disqualification means that the member is removed from membership of the body and disqualified (for a period not exceeding five years), from membership of the body. Where a member is also a member of another devolved public body (as defined in the Act), the Commission may also remove or disqualify that person in respect of that membership. Full details of the sanctions are set out in section 19 of the Act.

Interim Suspensions

11. Section 21 of the Act provides the Standards Commission with the power to impose an interim suspension on a member on receipt of an interim report from the ESC about an ongoing investigation. In making a decision about whether or not to impose an interim suspension, a Panel comprising of three Members of the Standards Commission will review the interim report and any representations received from the member and will consider whether it is satisfied:
- That the further conduct of the ESC's investigation is likely to be prejudiced if such an action is not taken (for example if there are concerns that the member may try to interfere with evidence or witnesses); or
 - That it is otherwise in the public interest to take such a measure. A policy outlining how the Standards Commission makes any decision under Section 21 and the procedures it will follow in doing so, should any such a report be received from the ESC can be found [here](#).
12. The decision to impose an interim suspension is not, and should not be seen as, a finding on the merits of any complaint or the validity of any allegations against a member of a devolved public body, nor should it be viewed as a disciplinary measure.

ANNEX B: DEFINITIONS

“Bullying” is inappropriate and unwelcome behaviour which is offensive and intimidating, and which makes an individual or group feel undermined, humiliated or insulted.

"Chair" includes Board Convener or any other individual discharging a similar function to that of a Chair or Convener under alternative decision-making structures.

“Code” is the code of conduct for members of your devolved public body, which is based on the Model Code of Conduct for members of devolved public bodies in Scotland.

"Cohabitee" includes any person who is living with you in a relationship similar to that of a partner, civil partner, or spouse.

“Confidential Information” includes:

- any information passed on to the public body by a Government department (even if it is not clearly marked as confidential) which does not allow the disclosure of that information to the public;
- information of which the law prohibits disclosure (under statute or by the order of a Court);
- any legal advice provided to the public body; or
- any other information which would reasonably be considered a breach of confidence should it be made public.

"Election expenses" means expenses incurred, whether before, during or after the election, on account of, or in respect of, the conduct or management of the election.

“Employee” includes individuals employed:

- directly by the public body;
- as contractors by the public body, or
- by a contractor to work on the public body’s premises.

“Gifts” a gift can include any item or service received free of charge, or which may be offered or promised at a discounted rate or on terms not available to the general public. Gifts include benefits such as relief from indebtedness, loan concessions, or provision of property, services or facilities at a cost below that generally charged to members of the public. It can also include gifts received directly or gifts received by any company in which the recipient holds a controlling interest in, or by a partnership of which the recipient is a partner.

“Harassment” is any unwelcome behaviour or conduct which makes someone feel offended, humiliated, intimidated, frightened and / or uncomfortable. Harassment can be experienced directly or indirectly and can occur as an isolated incident or as a course of persistent behaviour.

“Hospitality” includes the offer or promise of food, drink, accommodation, entertainment or the opportunity to attend any cultural or sporting event on terms not available to the general public.

“Relevant Date” Where a board member had an interest in shares at the date on which the member was appointed as a member, the relevant date is – (a) that date; and (b) the 5th April immediately following that date and in each succeeding year, where the interest is retained on that 5th April.

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

“Remuneration” includes any salary, wage, share of profits, fee, other monetary benefit or benefit in kind.

“Securities” a security is a certificate or other financial instrument that has monetary value and can be traded. Securities includes equity and debt securities, such as stocks bonds and debentures.

“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.

SECTION C

NHS Highland

Standing Financial Instructions

STANDING FINANCIAL INSTRUCTIONS

INDEX

1.	Introduction
2.	Key Responsibilities for Financial Governance
3.	Audit
4.	Financial Management
5.	Annual Accounts and Reports
6.	Banking and Cash Handling
7.	Security of Assets
8.	Pay
9.	Non Pay
10.	Primary Care Contractors
11.	Income
12.	Financial Management System
13.	Condemnations, Losses and Special Payments
14.	Risk Management
15.	Retention of Documents
16.	Patient's/Clients' Property and Funds
17.	Stores
18.	Authorisation Limits
19.	Endowment Funds
20.	Joint Ventures

1 INTRODUCTION

1.1 Standing Financial Instructions (SFIs) are issued in accordance with the financial directions made under the provisions of the NHS (Financial Provisions) (Scotland) Regulations 1974, and all other enabling powers, for the regulation of the conduct of the Board, its members, officers and agents in relation to all financial matters. These SFIs form part of the Standing Orders and should be used along with the Standing Orders and Scheme of Delegation.

1.2 Terminology

Any expression to which a meaning is given in the Health Service Acts, Scottish Statutory Instrument number 302 (2001) which brought NHS Boards into being, or in the financial regulations made under the Acts shall have the same meaning in these Instructions; and:

- a) "NHS Highland" means all elements of the NHS under the auspices of Highland Health Board.
- b) "Board" and "Health Board" mean Highland NHS Board, the common name of Highland Health Board.
- c) "Budget" means a resource expressed in financial terms and set by the Board for the purposes of carrying out for a specified period any or all functions of the Health Board.
- d) "Chief Executive" means the Chief Officer of the Health Board.
- e) "Director of Finance" means the Chief Financial Officer of the Health Board.
- f) "Budget Holder" means any individual with delegated authority to manage finances (income and/or expenditure) for a specific area of the Board.

1.3 All staff individually and collectively are responsible for the security of the property of the Board, for avoiding loss, for economy and efficiency in the use of the resources and for conforming with the requirements of the Code of Corporate Governance, including Standing Orders, Standing Financial Instructions and Financial Operating Procedures.

1.4 The Director of Finance, on behalf of the Chief Executive, shall be responsible for supervising the implementation of the Board's Standing Financial Instructions and Financial Operating Procedures and for co-ordinating any action necessary to further these as agreed by the Chief Executive. The Director of Finance shall review these at least every two years and be accountable to the Board for these duties.

1.5 Wherever the title, Chief Executive, Director of Finance, or other nominated officer is used in these Instructions, it shall be deemed to include such other staff who have been duly authorised to represent them.

1.6 All relevant employees and agents shall be provided with a copy of these SFIs and are required to complete a form stating that these Instructions have been read and understood and that the individual will comply with the Instructions. They must also sign for any amendments.

1.7 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting

1.8 Failure to comply with Standing Financial Instructions is a disciplinary matter, which could result in dismissal.

1.9 The Standing Financial Instructions along with the Scheme of Delegation and Financial Operating Procedures provide details of delegated financial responsibility and authority.

2 KEY RESPONSIBILITIES FOR FINANCIAL GOVERNANCE

The Board and Audit Committee

2.1 The Board shall approve these SFIs and Scheme of Delegation

2.2 The Board shall ensure and be assured that the SFIs and Scheme of Delegation are complied with at all times.

- 2.3 The Board shall agree the terms of reference of the Audit Committee which must conform with current relevant Scottish Government Instruction and other guidance on good practice.
- 2.4 The Board shall perform its functions within the total funds allocated by the Scottish Government.

The Chief Executive (Accountable officer)

- 2.5 The Chief Executive as Accountable Officer for the organisation is ultimately responsible for ensuring that the Board meets its obligations to perform its functions within the allocated financial resources. The Director of Finance is responsible for providing a sound financial framework that assists the Chief Executive when fulfilling these commitments.
- 2.6 The Board shall delegate executive responsibility for the performance of its functions to the Chief Executive. Board Members shall exercise financial supervision and control by requiring the submission and approval of budgets within approved allocations, by defining and approving essential features of the arrangements in respect of important procedures and financial systems, including the need to obtain value for money, and by defining specific responsibilities placed on individuals.
- 2.7 It shall be the duty of the Chief Executive to ensure that existing staff and all new employees and agents are notified of their responsibilities within these Instructions.

The Director of Finance

- 2.8 Without prejudice to any other functions of employees of the Board, the duties of the Director of Finance shall include the provision of financial advice to the Board and its employees, the design, implementation and supervision of systems of financial control and preparation and maintenance of such accounts, certificates, estimates, records and reports as the Board may require for the purpose of carrying out its statutory duties.
- 2.9 The Director of Finance shall keep records of the Board's transactions sufficient to disclose with reasonable accuracy at any time the financial position of the Board.
- 2.10 The Director of Finance shall require any individual who carries out a financial function to discharge their duties in a manner, and keep any records in a form, that shall be to the satisfaction of the Director of Finance.
- 2.11 The Director of Finance shall prepare, document and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal checks to supplement these Standing Financial Instructions.
- 2.12 The Director of Finance shall be responsible for setting the Board's accounting policies, consistent with the Scottish Government and Treasury guidance and generally accepted accounting practice.
- 2.13 The Director of Finance will either undertake the role of Fraud Liaison Officer or nominate another senior manager to the role, to work with Counter Fraud Services and co-ordinate the reporting of Fraud and Thefts.
- 2.14 The Director of Finance is entitled without necessarily giving prior notice to require and receive:
- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - access at all reasonable times to any land, premises or employee of the health board;
 - the production of any cash, stores or other property of the health board under an employee's control; and
 - explanations concerning any matter under investigation.

All Directors and Employees

2.15 All directors and employees, individually and working together, are responsible for:

Keeping the property of the Board secure, and to apply appropriate routine security practices as may be determined by the Board. This includes:

- a) ensuring that the assets within their area of responsibility are included within the appropriate asset register (see Section 7);
- b) ensuring that asset records/registers are kept up-to-date;
- c) performing verification exercises to confirm the existence and condition of the assets, and the completeness of the appropriate asset register; and
- d) following any prescribed procedures to notify the organisation of any theft, loss or damage to assets.
 - Avoiding loss;
 - Securing Best Value in the use of resources; and
 - Following these SFIs and any other policy or procedure that the Board may approve.

2.16 All budget holders shall ensure that:

- Information is provided to the Director of Finance to enable budgets to be compiled;
- Budgets are only used for their stated purpose; and
- Budgets are never exceeded.

2.17 When a budget holder expects their expenditure will exceed their delegated budget, they must secure an increased budget, or seek explicit approval to overspend before doing so.

2.18 All NHS staff who commit NHS resources directly or indirectly must be impartial and honest in their conduct of business and all employees must remain beyond suspicion.

2.19 All employees shall observe the requirements of MEL (1994) 48, which sets out the Code of Conduct for all NHS staff. There are 3 crucial public service values which underpin the work of the health service:

Conduct

There should be an absolute standard of honesty and integrity which should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers; in the use of information acquired in the course of NHS duties; in dealing with the assets of the NHS.

Accountability

Everything done by those who work in the NHS must be able to stand the test of parliamentary and public scrutiny, judgements on propriety and professional codes of conduct.

Openness

The Board should be open about its activities and plans so as to promote confidence between the component parts of NHS Highland, other health organisations and its staff, patients and the public.

2.20 All employees shall:

- Ensure that the interest of patients remain paramount at all times;
- Be impartial and honest in the conduct of their official business;
- Use the public funds entrusted to them to the best advantage of the service, always ensuring value for money; and
- Demonstrate appropriate ethical standards of personal conduct.

2.21 Furthermore, all 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; and
- Seek to advantage or further their private business or interest in the course of their official duties.

- 2.22 The Director of Finance shall publish supplementary guidance and procedures in the form of Financial Operating Procedures to ensure that the above principles are understood and applied in practice.
- 2.23 The Chief Executive shall establish procedures for voicing complaints or concerns about misadministration, breaches of the standards of conduct, suspicions of criminal behaviour (e.g. theft, fraud, bribery) and other concerns of an ethical nature.
- 2.24 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 these standards

3 AUDIT

Audit Committee

- 3.1 In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference.
- 3.2 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 raise the matter at a full meeting of the Board. In considering whether to do so, the Committee must be mindful of the arrangements with NHS Counter Fraud Services (CFS) and the role of the Fraud Liaison Officer (FLO). Exceptionally, the matter may need to be referred to the Scottish Government Health & Social Care Directorates (SGHSCD).
- 3.3 it is the responsibility of the Audit Committee to ensure an effective internal audit service is provided and this will be largely influenced by the professional judgement of the Director of Finance.

Director of Finance

- 3.4 The Director of Finance is responsible for:
- a) Ensuring there are arrangements to measure, evaluate and report on the effectiveness of internal control and efficient use of resources, including the establishment of a professional internal audit function headed by a Chief Internal Auditor;
 - b) Ensuring that Internal Audit is adequate and meets the mandatory NHS internal audit standards;
 - c) Taking appropriate steps, in line with SGHSCD guidance, to involve CFS and/or the Police in cases of actual or suspected fraud, misappropriation, and other irregularities;
 - d) Ensuring that the Chief Internal Auditor prepares the following risk based plans for approval by the Audit Committee:
 - Strategic audit plan covering the coming four years,
 - A detailed annual plan for the coming year.
 - e) Ensuring that an annual internal audit report is prepared by the Chief Internal Auditor, in accordance with the timetable laid down by the Audit Committee, for the consideration of the Audit Committee and the Board.

The report should include:

 - A clear statement on the adequacy and effectiveness of internal control;
 - Main internal control issues and audit findings during the year;
 - Extent of audit cover achieved against the plan for the year.
 - f) Progress on the implementation of internal audit recommendations including submission to the Audit Committee.

- 3.5 The Director of Finance shall refer audit reports to the appropriate officers designated by the Chief Executive and failure to take any necessary remedial action within a reasonable period shall be reported to the Chief Executive.

Internal Audit

- 3.6 Internal Audit shall adopt the Public Sector Internal Audit Standards (PSIAS), which are mandatory and which define internal audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Minor deviations from the PSIAS should be reported to the Audit Committee. More significant deviations should be considered for inclusion in the Annual Governance Statement.

- 3.7 Internal Audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach. Internal Audit activity and scope is fully defined within the Audit plan, approved by the Audit Committee.

- 3.8 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance, or the nominated FLO, must be notified immediately, and before any detailed investigation is undertaken.

- 3.9 The Chief Internal Auditor is entitled without necessarily giving prior notice to require and receive:

- a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case they shall have a duty to safeguard that confidentiality), within the confines of the data protection act.
- b) Access at all reasonable times to any land, premises or employees of the Board;
- c) The production or identification by any employee of any cash, stores or other property of the Board under an employee’s control; and
- d) Explanations concerning any matter under investigation.

- 3.10 The Chief Internal Auditor, or appointed representative, will normally attend Audit Committee meetings; and has a right of access to all Audit Committee members, the Chairperson and Chief Executive of the Board.

- 3.11 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting and follow-up systems for internal audit shall be agreed between the Director of Finance, the Audit Committee and Chief Internal Auditor. The agreement shall comply with the guidance on reporting contained in Government Internal Audit Standards.

External Audit

- 3.12 The External Auditor is concerned with providing an independent assurance of the Board’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 which supersedes the Local Government (Scotland) Act 1973 (Part VII) as amended by the National Health Services and Community Care Act 1990.

- 3.13 The appointed auditor has a general duty to satisfy themselves that:

- The Board’s accounts have been properly prepared in accordance with the Direction of the Scottish Ministers to comply with the accounting principles and disclosure

requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared;

- Proper accounting practices have been observed in the preparation of the accounts;
- The Board has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.

3.14 In addition to these responsibilities, Audit Scotland's Code of Audit Practice requires the appointed auditor to consider:

- a) Whether the statement of accounts presents fairly the financial position of the Board;
- b) The Board's main financial systems;
- c) The arrangements in place at the Board for the prevention and detection of fraud and corruption;
- d) Aspects of the performance of particular services and activities;
- e) The Board's management arrangements to secure economy, efficiency and effectiveness in the use of resources.

3.15 The Board's Audit Committee provides a forum through which Non-Executive Members can secure an independent view of any major activity within the appointed auditor's remit. The Audit Committee has a responsibility to ensure that the Board receives a cost-effective audit service and that co-operation with Board senior managers and Internal Audit is appropriate.

3.16 The External Auditor, or appointed representative, will normally attend Audit Committee meetings; and has a right of access to all Audit Committee members, the Chairperson and Chief Executive of the Board

4 FINANCIAL MANAGEMENT

This section applies to both revenue and capital budgets.

Planning

4.1 The Scottish Government has set the following financial targets for all boards:

- To operate within the revenue resource limit, see 4.2.
- To operate within the capital resource limit.
- To operate within the cash requirement.

4.2 All Boards are required to develop a balanced plan over a three year period. This requires Boards to deliver a break even position over a three year period. In each year, Boards have flexibility to underspend or overspend up to one per cent of their annual resource budgets.

All Boards will be required to develop a balanced plan over a three-year period in order to benefit from the increased flexibility. Where this is not delivered, the NHS Board Performance Escalation Framework will be put in place.

The Chief Executive shall produce an Annual Operational Plan. The Chief Executive shall submit a Plan for approval by the Board that takes into account financial targets and forecast limits of available resources. The Annual Operational Plan shall contain:

- a statement of the significant assumptions within the Plan; and
- details of major changes in workload, delivery of services or resources required to achieve the plan.

4.3 Before the financial year begins, the Director of Finance shall prepare and present a financial plan to the Board. The report shall:

- show the total allocations received from the Scottish Government and their proposed uses, including any sums to be held in reserve;
- be consistent with the Annual Operational Plan;
- be consistent with the Board's financial targets;
- identify potential risks;
- identify funding and expenditure that is of a recurring nature; and

- identify funding and expenditure that is of a non-recurring nature.

- 4.4 The Health Board shall approve the financial plan for the forthcoming financial year.
- 4.5 The Director of Finance shall continuously review the financial plan, to ensure that it meets the Board's requirements and the delivery of financial targets.
- 4.6 The Director of Finance shall regularly update the Board on significant changes to the allocations and their uses.
- 4.7 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.
- 4.8 The Director of Finance shall establish the systems for identifying and approving how the Board's capital allocation will be used, consisting of proposals for individual schemes, major equipment, IT developments, backlog maintenance, statutory compliance works and minor scheme provision. The approval of business cases shall be as described in the Scheme of Delegation.
- 4.9 The Director of Finance shall release capital funds allowing for project start dates and phasing.

Budgetary Control

- 4.10 The Board shall approve the opening budgets for each financial year on an annual basis.
- 4.11 The Chief Executive shall delegate the responsibility for budgetary control to designated budget holders. The Scheme of Delegation sets out the delegated authorities to take decisions and approve expenditure for certain posts.
- 4.12 4.12 Employees shall only act on their delegated authority when there is an approved budget in place to fund the decisions they make.
- 4.13 4.13 Delegation of budgetary responsibility shall be in writing and be accompanied by a clear definition of:
- the amount of the budget;
 - the purpose(s) of each budget heading;
 - what is expected to be delivered with the budget in terms of organisational performance; and
 - how the budget holder will report and account for their budgetary performance.
- 4.14 The Chief Executive/Director of Finance may agree a virement (administrative transfer of funds) procedure for non-pay expenditure that would allow budget holders to transfer resources from one budget heading to another
- 4.15 The Director of Finance shall devise and maintain systems of budgetary control. These will include:
- monthly financial reports to the Board in a form approved by the Board containing:
 - a) net expenditure of the Board for the financial year to date; and
 - b) a forecast of the Board's expected net expenditure for the remainder of the year on a monthly basis from the month 2 position onwards.
 - c) capital project spend and projected outturn against plan;
 - d) explanations of any material variances from plan and/or emerging trends;
 - e) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
 - the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, including those responsible for capital schemes, for the areas that they are responsible for;
 - investigation and reporting of variances from agreed budgets;

- monitoring of management action to correct variances and/or emerging adverse trends; and
- ensuring that adequate training is delivered on an on-going basis to budget holders.

Monitoring

- 4.16 The Director of Finance shall provide monthly reports in the form requested by the Cabinet Secretary showing the charge against the Board's resource limits on the last day of each month

5 ANNUAL ACCOUNTS AND REPORTS

- 5.1 The Director of Finance, on behalf of the Board, shall prepare, certify and submit audited Annual Accounts to the SGHSCD in respect of each financial year in such a form as the SGHSCD may direct.
- 5.2 The Director of Finance will ensure that the Annual Accounts and financial returns are prepared in accordance with the Annual Accounts Manual as issued by SGHSCD together with the guidance contained in the Government Financial Reporting Manual (FReM), detailing the accounts and returns to be prepared, the accounting standards to be adopted and the timetable for submission to the SGHSCD.
- 5.3 The Audit Committee will ensure that the Annual Accounts are reviewed and submitted to the Board for formal approval and the Chief Executive will ensure that they are recorded as having been so presented. The Annual Accounts will be subject to statutory audit by the external auditor appointed by Audit Scotland.
- 5.4 The Director of Finance shall prepare a Financial Statement for inclusion in the Board's Annual Report, in accordance with relevant guidelines, for submission to Board members and others who need to be aware of the Board's financial performance.
- 5.5 The Board shall publish an Annual Report, in accordance with the Scottish Government's guidelines on local accountability requirements.

6 BANKING AND CASH HANDLING

- 6.1 The Director of Finance shall manage the Board's banking arrangements and advise the Board on the provision of banking services and operation of accounts. This advice shall take into account guidance/Directions issued from time to time by the Scottish Government.
- 6.2 The Director of Finance shall ensure that the banking arrangements operate in accordance with the Scottish Government banking contract (GBS) and the Scottish Public Finance Manual.
- 6.3 The Board shall approve the banking arrangements. No employee may open a bank account for the Board's activities or in the Board's name, unless the Board has given explicit approval.
- 6.4 The Director of Finance shall:
- Establish separate bank accounts for non-exchequer funds;
 - Ensure payments made from bank or GBS accounts do not exceed the amount credited to the account, except where arrangements have been made;
 - Ensure money drawn from the Scottish Government against the Cash Requirement is required for approved expenditure only, and is drawn down only at the time of need;
 - Promptly bank all monies received intact. Expenditure shall not be made from cash received that has not been banked, except under exceptional arrangements approved by the Director of Finance; and
 - Report to the Board all arrangements made with the Board's bankers for accounts to be overdrawn.
- 6.5 The Director of Finance shall prepare detailed instructions on the operation of bank and GBS accounts, which must include:

- The conditions under which each bank and GBS account is to be operated;
- Ensuring that the GBS account is used as the principal banker and that the amount of cleared funds held at any time within exchequer commercial bank accounts is limited to a maximum of £50,000 (of cleared funds).
- The limit to be applied to any overdraft;
- Those authorised to sign cheques or other orders drawn on the Board's accounts; and
- The required controls for any system of electronic payment.

6.6 The Director of Finance shall:

- Approve the stationery for officially acknowledging or recording monies received or receivable, and keep this secure;
- Provide 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; and
- Approve procedures for handling cash and negotiable securities on behalf of the Board.

6.7 Money in the custody of the Board shall not under any circumstances be used for the encashment of private cheques.

6.8 The holders of safe keys shall not accept unofficial funds for depositing in their safes other than in exceptional circumstances. Such deposits must be in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Board is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Board from responsibility for any loss.

7 SECURITY OF ASSETS

7.1 Overall responsibility for the security of the Board's assets rests with the Board's Chief Executive. All members and employees have a responsibility for the security of property of the Board and it shall be an added responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS property. Any significant breach of agreed security practice should be reported to the Chief Executive

7.2 Wherever practicable, items of equipment shall be marked as property of Highland NHS Board.

7.3 The Chief Executive shall define the items of equipment to be controlled, and officers designated by the Chief Executive shall maintain an up-to-date register of those items. This shall include separate records for equipment on loan from suppliers, and lease agreements in respect of assets held under a finance lease and capitalised.

7.4 The Director of Finance shall approve the form of register and the method of updating which shall incorporate all relevant requirements for capital assets.

7.5 Additions to the capital asset register must be added to the records based on the documented cost of the asset at the time of acquisition.

7.6 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 authorised documentation.

7.7 The value of each asset where applicable shall be indexed to current values and depreciated using methods and rates as suggested in the Capital Accounting Manual and notified by the SGHSCD.

7.8 Revaluation of land and buildings will be provided by the Board's recommended Valuation Agent on a rolling annual programme designed to ensure that all such assets are revalued once every five years.

- 7.9 Annual indexation for land and buildings not included in the revaluation exercise in any given year will be provided by the Board's recommended Valuation Agent.
- 7.10 Any damage to the Board's premises, vehicles and equipment, or any loss of equipment or supplies shall be reported by staff in accordance with the procedure for reporting losses.

8 PAY

Remuneration Committee

- 8.1 The Board shall approve the terms of reference for the Remuneration Committee, in line with any relevant guidance or requirements.
- 8.2 The Board shall remunerate the Chair and other non-executive directors in accordance with instructions issued by Scottish Government.

Processes

- 8.3 The Chief Executive shall establish a system of delegated budgetary authority within which budget holders shall be responsible for the engagement of staff within the limits of their approved budget.
- 8.4 All time records, payroll timesheets and other pay records and notifications shall be in a form approved by the Director of Finance and shall be authorised and submitted in accordance with their instructions. This also includes e-expenses, SSTS and eESS.
- 8.5 The Director of Finance shall be responsible for ensuring that rates of pay and relevant conditions are applied in accordance with current agreements. The Chief Executive, or the Board in appropriate circumstances, shall be responsible for the final determination of pay. There will be no variation to agreed terms and conditions without the prior approval of the Director of Human Resources & Organisational Development and Director of Finance. The Director of Finance shall determine the dates on which the payment of salary and wages are to be made. These may vary due to special circumstances (e.g. Christmas and other Public Holidays). Payments to an individual shall not be made in advance of normal pay, except:
- a) To cover a period of authorised leave, involving absence on the normal pay day; or
 - b) As authorised by the Director of Human Resources & Organisational Development or Director of Finance to meet special circumstances, and limited to the net pay due at the time of payment.
- 8.6 All employees shall be paid by bank credit transfer unless otherwise agreed by the Director of Finance.
- 8.7 The Board shall delegate responsibility to the Director of Human Resources & Organisational Development for 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 any existing NHS policies.

9 NON PAY

Tendering, Contracting and Purchasing Procedures

- 9.1 The Director of Finance shall prepare detailed procedural instructions on the obtaining of goods, services and works, incorporating thresholds set by the Board. The current Authorisation Limits are set out in Scheme of Delegation and the Financial Operating Procedures/Delegated level of Authority Matrix.
- 9.2 The Chief Executive shall designate a senior officer as the lead senior officer for procurement, and this person shall oversee the procurement of goods and services, to ensure there is an adequate approval of suppliers and their supplies based on cost and quality.

- 9.3 NSS National Procurement shall undertake procurement activity on a national basis on behalf of boards (including NHS Highland), and the Board shall implement these nationally negotiated contracts where appropriate.
- 9.4 The Board shall operate within the processes established for the procurement of publicly funded construction work.
- 9.5 The Board shall comply with Public Contracts (Scotland) Regulations 2015 (and any subsequent relevant legislation) for any procurement it undertakes directly.
- 9.6 The Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.
- 9.7 All other aspects of procurement activity must follow the requirements of the Standing Orders and SFIs. Any decision to depart from the requirements of this section must have the approval of NHS Highland Board.
- 9.8 The Director of Finance shall:
- Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained in accordance with the Public Contracts (Scotland) Regulations, as issued annually through Scottish Statutory Instrument.
 - Ensure the preparation of comprehensive procedures for all aspects of procurement activity.
- 9.9 The following basic principles shall be generally applied:
- Procurement activity satisfies all legal requirements;
 - Adequate contracts are in place with approved suppliers for the supply of approved products and services;
 - Segregation of duties is applied throughout the process;
 - Adequate approval mechanisms are in place before orders are raised;
 - All deliveries are checked for completeness and accuracy, and confirmed before approval to pay is made; and
 - All payments made are in accordance with previously agreed terms, and what the Board has actually received.
- 9.10 Limits of Authorisation of Orders shall be in accordance with those designed officers contained with the DLA matrix.

9.11 Contract Implementation and Tendering Matrix

THRESHOLD	PROCEDURE	ELECTRONIC SYSTEM
£GPA threshold	FTS Competitive Tender	PCS-Tender (Mandatory)
£50,000 - £GPA threshold	Regulated Competitive Tender	PCS-Tender (Mandatory)
£25,000 - £49,999.99	Competitive Quotation (Minimum of 2)	PCS Quick Quote)
£5,000 - £24,999.99	One Written Quotation	
Under £5,000	No Requirement	

The method for calculating the estimated contract value of a Regulated procurement is exclusive of VAT.

In the following exceptional circumstances, and except in cases where a Regulated Competitive Tender or the 'Find a Tender Service' (FTS) procedure must be adhered to, the Director of Finance and Chief Executive, as specified in the Scheme of Delegation, can approve the waiving of the above requirements. Where goods and services are supplied on this basis and the value exceeds £24,999, a "Procurement Waiver Process Authorisation Form" may be granted by completing said form for approval by the appropriate director and the Head of Procurement. Requests with a value between £50,000 and £100,000 will require authorisation from Procurement, Finance and sign off by the Director of Finance. Requests with a value above £100,000 will also require sign off from the Chief Executive. Requests above £250,000 require sign off by the NHS Highland Board.

At least one of the following conditions must be outlined in the Procurement Waiver form for requests between £25,000 and £49,999.99:

1. where the repair of a particular item of equipment can only be carried out by the manufacturer;
2. where the supply is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive quotations or tenders;
3. a contractors special knowledge is required;
4. where the number of potential suppliers is limited, and it is not possible to invite the required number of quotations or tenders, or where the required number do not respond to an invitation to tender or quotation to comply with these SFIs;
5. where, on the grounds of urgency, or in an emergency, it is necessary that an essential service is maintained or where a delay in carrying out repairs would result in further expense to NHS Highland.

In the case of 1, 2, 3, and 4 above, the form must be completed in advance of the order being placed, but may be completed retrospectively in the case of 5.

At least one of the following conditions must be outlined in the Procurement Waiver form for requests £50,000 and above:

1. No tenders or no suitable tenders/requests were received in response to an Open or Restricted procedure;
2. The products involved are manufactured purely for the purpose of research, experiment, study or development under the conditions stated in the regulations (for supplies only);
3. The works, supplies or services can be provided only by a particular economic operator for one of the following reasons:
 - Absence of competition for technical reasons.
 - Procurement aimed at the creation/acquisition of a unique work of art or performance.
 - Protection of exclusive rights, including intellectual property rights.
4. Extreme urgency brought about by events unforeseeable for the contracting authority and in accordance with the strict conditions stated in the regulations.
5. Deliveries by the original supplier ordered under the strict conditions stated in the regulations.
6. New works/services, constituting a repetition of existing works/services and ordered in accordance with the strict conditions stated in the regulations.
7. Service contract to be awarded to the winner(s) under the rules of a design contest.

8. Procurement of supplies quoted and purchased on a commodity market.
9. Purchase from the liquidator in an insolvency procedure, an arrangement with creditors or a similar procedure under national laws and regulations or a supplier winding up its business activity.
10. The procurement falls outside the scope of application of the regulations.
11. The procurement is for Health & Social Care and falls below the regulated threshold of £663,540 including VAT (indicative value excluding 20% VAT (£552,950)).
12. The procurement is for Works and falls below the regulated threshold of £2,000,000.

The Director of Finance will maintain a record of all such exceptions.

Where additional works, services or supplies have become necessary and a change of supplier/contractor would not be practicable (for economic, technical or interoperability reasons) or would involve substantial inconvenience and/or duplication of cost, an existing contractor may be asked to undertake additional works providing the additional works do not exceed 50% of the original contract value and are provided at a value for money cost which should normally be at an equivalent or improved rate to the original contract.

When goods or services are being procured for which quotations or tenders are not required and for which no contract exists, it will be necessary to demonstrate that value for money is being obtained. Written notes/documentation to support the case, signed by the responsible Budget Holder, must be retained for audit inspection.

Further detail on the ordering of goods and services and relevant documentation are set out in the Financial Operating Procedures.

When procuring Health & Social Care and Support Services, the [Best practice guidance for public bodies on procurement of care and support services](#) shall apply.

In all instances, the [Scottish Procurement Policy Handbook](#) and the [Scottish Government Procurement Journey](#) must be followed.

- 9.12 No order shall be issued for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive.
- 9.13 Orders shall not be placed in a manner devised to avoid the financial thresholds specified by the Board within the Scheme of Delegation.
- 9.14 All procurement on behalf of the Board must be made on an official order on the approved e-Procurement systems, PECOS, JAC or Maximo.
- 9.15 The Board shall not make payments in advance of need. However payment in advance of the receipt of goods or services is permitted in circumstances approved by the lead senior officer for procurement. Examples of such instances are:
 - Items such as conferences, courses and travel, foreign currency transactions, where payment is to be made at the time of booking.
- 9.16 The Board shall not make payments in advance of need. However payment in advance of the receipt of goods or services is permitted in circumstances approved by the Director of Finance. Examples of such instances are:
 - Where payment in advance of complete delivery is a legal or contractual requirement, e.g. maintenance contracts, utilities, rates.

- Where payment in advance is necessary to support the provision of services/delivery of a project by external providers (e.g. grants to local authorities or voluntary bodies.)
- Purchases from petty cash shall be undertaken in accordance with relevant financial operating procedures

Commissioning of Patient Services

- 9.17 The Director of Finance, jointly with the Deputy Chief Executive will ensure service agreements are in place with other healthcare providers for the delivery of patient services, ensuring the appropriate financial details are contained and clarity on reporting of performance, quality and safety issues.
- 9.18 The Director of Finance shall be responsible for maintaining a system for the payment of invoices in respect of patient services in accordance with agreed terms and national guidance and shall ensure that adequate financial systems are in place to monitor and control these.

Payment of Invoices

- 9.19 The Director of Finance shall be responsible for the prompt payment of all invoices. The Director of Finance shall publish the Board's performance in achieving the prompt payment targets in accordance with specified terms and national guidance.
- 9.20 The Director of Finance shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the Board. The system shall provide for authorisation by agreed delegated officers, a timetable and system for the payment of invoices and instruction to staff regarding handling, checking and payment of invoices.
- 9.21 The Director of Finance shall ensure that payments for goods and services are made only after goods and services are received. Prepayments will be permitted in exceptional circumstances and with the prior approval of the Director of Finance

Additional Matters for Capital Expenditure

Overall Arrangements for the Approval of the Capital Plan

- 9.22 The Board shall follow any national instructions on the approval of capital expenditure, such as the Scottish Capital Investment Manual. The authorisation process shall be described in the Scheme of Delegation.
- 9.23 The Chief Executive shall ensure that:
- there is an adequate appraisal and approval process in place for determining capital expenditure priorities within the Property Strategy and the effect of each proposal upon business plans;
 - all stages of capital schemes are managed, and are delivered on time and to cost;
 - capital investment is not undertaken without confirmation that the necessary capital funding and approvals are in place; and
 - all revenue consequences from the scheme, including capital charges, are recognised, and the source of funding is identified in financial plans.

Implementing the Capital Programme

- 9.24 For every major capital expenditure proposal the Chief Executive shall ensure:
- that a business case as required by the Scottish Capital Investment Manual (SCIM) is produced setting out:
 - a) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
 - b) appropriate project management and control arrangements; and
 - that the Director of Finance has assessed the costs and revenue consequences detailed in the business case.

- 9.25 The approval of a business case and inclusion in the Board's capital plan shall not constitute approval of the individual elements of expenditure on any scheme. The Chief Executive shall issue to the manager responsible for any scheme:
- specific authority to commit expenditure; and
 - following the required approval of the business case, authority to proceed to tender.
- 9.26 The Scheme of Delegation shall stipulate where delegated authority lies for:
- approval to accept a successful tender; and
 - where Frameworks Scotland applies, authority to agree risks and timelines associated with a project in order to arrive at a target price.
- 9.27 The Director of Finance shall issue procedures governing the financial management of capital investment projects (e.g. including variations to contract, application of Frameworks Scotland) and valuation for accounting purposes.

Public Private Partnerships and other Non-Exchequer Funding

- 9.28 When the Board proposes to use finance which is to be provided other than through its capital allocations, the following procedures shall apply:
- The Director of Finance shall demonstrate that the use of public private partnerships represents value for money and genuinely transfers significant risk to the private sector.
 - Where the sum involved exceeds the Board's delegated limits, the business case must be referred to the Scottish Government for approval or treated as per current guidelines.
 - Board must specifically agree the proposal.
 - The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

Disposals of Assets

- 9.29 The Director of Finance shall issue procedures for the disposal of assets including condemnations. All disposals shall be in accordance with MEL(1996)7: Sale of surplus and obsolete goods and equipment and in accordance with the Property Transaction Handbook.
- 9.30 There is a requirement to achieve Best Value for money when disposing of assets belonging to the Health Board. A competitive process should normally be undertaken.
- 9.31 When it is decided to dispose of a Health Board 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.
- 9.32 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 of a second employee authorised for the purpose by the Director of Finance.

Capital Accounting

- 9.33 The Director of Finance shall be notified when capital assets are sold, scrapped, lost or otherwise disposed of, and what the disposal proceeds were. The value of the assets shall be removed from the accounting records. Each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 9.34 The Director of Finance shall approve procedures for reconciling balances on capital assets accounts in ledgers against balances on capital asset registers.

- 9.35 The value of each asset shall be indexed and depreciated in accordance with methods specified by the Capital Accounting Manual.
- 9.36 The Director of Finance shall calculate capital charges, which will be charged against the Board's revenue resource limit.

10 PRIMARY CARE CONTRACTORS

- 10.1 In these SFIs and all other Board documentation, Primary Care contractor means:
- an independent provider of healthcare who is registered to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in the United Kingdom (UK); or
 - an employee of an National Health Service organisation in the UK who is registered to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in the UK.
- 10.2 The relevant Primary Care Managers shall devise and implement systems to control the registers of those who are entitled to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in Highland and Argyll & Bute areas. Systems shall include criteria for entry to and deletions from the registers.
- 10.3 The Director of Finance shall agree the Service Level Agreement (s) with NHS National Services Scotland for:
- the development, documentation and maintenance of systems for the verification, recording and receipt of NHS income collected by or on behalf of primary care contractors; and
 - the development, documentation and maintenance of systems for the verification, recording and payment of NHS expenditure incurred by or on behalf of primary care contractors.
- 10.4 The agreements at paragraph 10.3 above shall comply with guidance issued from time to time by the Scottish Government. In particular they shall take account of any national systems for the processing of income and expenditure associated with primary care contractors.
- 10.5 The Director of Finance shall ensure that all transactions conducted for or on behalf of primary care contractors by the Board shall be subject to these SFIs.

11 INCOME

- 11.1 The Director of Finance shall be responsible for designing and maintaining systems for the proper recording and collection of all monies due.
- 11.2 The Director of Finance shall take appropriate recovery action on all outstanding debts and shall establish procedures for the write-off of debts after all reasonable steps have been taken to secure payment.
- 11.3 The Director of Finance is responsible for ensuring the prompt banking of all monies received.
- 11.4 In relation to business development/income generation schemes, the Director of Finance shall ensure that there are systems in place to identify and control all costs and revenues attributed to each scheme.
- 11.5 The Director of Finance shall approve all fees and charges other than those determined by the Scottish Government or by Statute.

FINANCIAL MANAGEMENT SYSTEM

- 12.1 The Director of Finance shall carry prime responsibility for the accuracy and security of the computerised financial data of the Board and shall devise and implement any necessary procedures to protect the Board and individuals from inappropriate use or misuse of any

financial and other information held on computer files for which they are responsible, after taking account of all relevant legislation and guidance.

- 12.2 The Director of Finance shall ensure that contracts for computer services for financial applications with another Board or any other agency shall clearly define the responsibility of all the parties for the security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage.
- 12.3 The Director of Finance shall ensure that adequate data controls exist to provide for security of financial applications during data processing, including the use of any external agency arrangements.
- 12.4 The Director of Finance should ensure that such computer audit checks as they may consider necessary are being carried out.
- 12.5 The Director of Finance shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and are thoroughly tested prior to implementation.
- 12.6 Where another health organisation or any other agency provides a financial system service to the Board, the Director of Finance shall periodically seek assurances, through Audit where appropriate, that adequate controls are in operation and that disaster recovery arrangements are robust.

13 CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

- 13.1 Any employee or agent discovering or suspecting a loss of any kind shall forthwith inform their head of department, who shall immediately inform the Chief Executive and the Director of Finance. Where a criminal offence is suspected, the Director of Finance shall follow the Fraud Policy and Action Plan, as set out in the Financial Operating Procedures.
- 13.2 The Director of Finance shall notify the Audit Committee and Counter Fraud Services of all actual or suspected frauds. See 13.10 below.
- 13.3 In all instances where there is any suspicion of fraud then the guidance contained within NHS Circular, HDL (2005) 5: "Tackling Fraud in Scotland – Joint Action Programme. Financial Control: Procedures where criminal offences are suspected" must be followed. The Board's Fraud Liaison Officer (FLO) must be notified immediately of all cases of fraud or suspected fraud.
- 13.4 The Director of Finance shall issue procedures on the recording of and accounting for Losses and special payments to meet the requirements of the Scottish Public Finance Manual. These procedures shall include the steps to be taken where the loss may have been caused by a criminal act.
- 13.5 The Scheme of Delegation shall describe the process for the approval of the write-off of losses and making of special payments.
- 13.6 The Director of Finance shall maintain a Losses and Special Payments Register in which details of all Category 1 and Category 2 losses shall be recorded as they are known. Category 3 losses may be recorded in summary form. Write-off action shall be recorded against each entry in the Register.
- 13.7 No special payments exceeding the delegated limits shall be made without prior approval by the SGHSCD.
- 13.8 The Director of Finance shall be authorised to take any necessary steps to safeguard the Board's interest in bankruptcies and company liquidations.
- 13.9 The Director of Finance is required to produce a report on Condemnations, Losses and Special Payments, where the delegated limits have been exceeded and SGHSCD approval has been requested, to the Audit Committee.

- 13.10 The Bribery Act came into force in 2010; it aims to tackle bribery and corruption in both the private and public sectors. The Act is fully endorsed by Highland NHS Board. NHS Highland conducts its contracting and procurement practices with integrity, transparency and fairness and has a zero tolerance policy on bribery or any kind of fraud. There are robust controls in place to help deter, detect and deal with it. These controls are regularly reviewed in line with the Standing Financial Instructions and feedback is provided to the Audit Committee. Procurement actively engage with NHS Scotland Counter Fraud Services to ensure that our team is fully trained on spotting potential signs of fraud and knowing how to report suspected fraud. As an existing or potential contractor to NHS Highland, you are required to understand that it may be a criminal offence under the Bribery Act 2010, punishable by imprisonment, to promise, give or offer any gift, consideration, financial or other advantage whatsoever as an inducement or reward to any officer of a public body and that such action may result in the Board excluding the organisation from the selected list of Potential Bidders, and potentially from all future public procurements. It is therefore vital that staff, contractors and agents understand what is expected of them and their duties to disclose and deal with any instances they find.

14 RISK MANAGEMENT

- 14.1 The Chief Executive shall ensure that the Board has a programme of risk management, which will be approved and monitored by the Board and which complies with the Standards issued by NHS Health Improvement Scotland.

NHS Highland takes part in CNORIS (the Clinical Negligence and Other Risks Indemnity Scheme), a not for profit, mutual Scheme providing a pool of funds to meet financial claims on the NHSS, which provides cover for both clinical and non-clinical claims against NHS Highland.

NHS Highland retains the services of legal advisors, primarily the Central Legal Office who liaise with the Clinical Governance Team regarding claims and inform NHS Highland about the best course of action to take in each case.

- 14.2 The programme of risk management shall include:

- a) A process for identifying and quantifying risks and potential liabilities, including the establishment and maintenance of a Risk Register;
- b) Encouraging a positive attitude towards the control of risk among all levels of staff;
- c) Management processes to ensure 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;
- d) Contingency plans to offset the impact of adverse events;
- e) Audit arrangements including internal audit, clinical audit and health and safety review;
- f) Arrangements to review the risk management programme.
- g) A review by each Governance Committee of relevant risks pertaining to their business.

The existence, integration and evaluation of the above elements will provide a basis for the Risk Committee to make a statement on the overall effectiveness of Internal Control and Corporate Governance to the Board.

- 14.3 The programme of risk management will be underpinned by a Board Assurance Framework, approved, and reviewed annually by the NHS Board.

15 RETENTION OF DOCUMENTS

- 15.1 The Chief Executive shall be responsible for maintaining archives for all documents in accordance with the NHS Code of Practice on Records Management.

- 15.2 The documents held in archives shall be capable of retrieval by authorised persons.

- 15.3 Documents held under the Code shall only be destroyed at the express instigation of the Chief Executive, and records shall be maintained of documents so destroyed.

16 PATIENTS'/CLIENTS' PROPERTY AND FUNDS

- 16.1 The Board has a responsibility to provide safe custody, for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 16.2 The Chief Executive shall be responsible for ensuring that patients/client or their guardians, as appropriate, are informed before, or at their admission, by: -
Notices and information booklets
Hospitals'/Care facilities admission documentation and property records, and
The oral advice of administrative and nursing staff responsible for admissions, that the Board will not accept responsibility or liability for patients'/clients' monies and personal property brought into Board premises unless it is handed in for safe custody and a copy of an official property record is obtained as a receipt.
- 16.3 The Director of Finance shall provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of patients'/clients' property (including instructions on the disposal of the property of deceased patients'/clients and patients'/clients transferred to other premises), for all staff whose duty it is to administer, in any way, the property of the patients'/clients.
- 16.4 Bank accounts for patients'/clients' monies shall be operated under arrangements agreed by the Director of Finance.
- 16.5 A property record, in a form determined by the Director of Finance, shall be completed.
- 16.6 The Director of Finance is responsible for providing detailed instructions on the Board's responsibility as per the Adults with Incapacity (Scotland) Act 2000 and the updated Part 5 in CEL11(2008) Code of Practice. These instructions are contained within the Financial Operating Procedures.
- 16.7 The Director of Finance shall prepare an abstract of receipts and payments of patients'/clients private funds in the form laid down by Scottish Government.

17 STORES

- 17.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use), should be:
- Kept to a minimum;
 - Subject to annual stocktake; and
 - Valued at the lower of cost and net realisable value.
- 17.2 Subject to the responsibility of the Director of Finance for the systems of control, the control of stores throughout the organisation shall be the responsibility of the relevant managers. 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.
- 17.3 The responsibility for security arrangements, and the custody of keys for all stores locations, shall be clearly defined in writing by the manager responsible for the stores and agreed with the Director of Finance. Wherever practicable, stock items, which do not belong to the Board, shall be clearly identified.
- 17.4 All stores records shall be in such form and shall comply with such system of control and procedures as the Director of Finance shall approve.
- 17.5 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year. The physical check shall involve at least one officer other than the Storekeeper, and the Director of Finance and Internal and External Audit shall be notified and may attend, or be represented, at their discretion. The stocktaking records shall be numerically controlled and signed by the officers undertaking the

check. Any surplus or deficiency revealed on stocktaking shall be reported immediately to the Director of Finance, and they may investigate as necessary. Known losses of stock items not on stores control shall be reported to the Director of Finance.

17.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.

17.7 Instructions for stock take and the basis for valuation will be issued at least once a year by the Director of Finance.

18 AUTHORISATION LIMITS

18.1 The purpose of Standing Financial Instructions is to ensure adequate controls exist for the committing and payment of funds on behalf of NHS Highland. The main principles applied in determining authorisation limits are those of devolved accountability and responsibility. The rules for financial delegation to all levels of management within the Board's established policies and priorities are set out in the Scheme of Delegation and Financial Operating Procedures

18.2 Areas covered by the Scheme of Delegation include:
Limitation and Authority to vire budgets between one budget heading and another.
Limitation of level of Authority for the placing of orders or committing resources
Limitation as to the level of authority to approve receipt of orders, expenses, travel claims, payment of invoices, write off of losses.

19 ENDOWMENT FUNDS

19.1 The Standing Financial Instructions deal with matters related to exchequer income and expenditure for NHS Highland. Whilst Endowment Funds fall outwith the scope of core exchequer funds, it is important that all relevant employees and agents are aware of the arrangements for the financial responsibility and authority for such funds.

19.2 Endowment Funds and are those held in trust for purposes relating to the National Health Service, either by the Board or Special Trustees appointed by the Scottish Ministers or by other persons.

19.3 Members of the Highland Health Board become Trustees of the Board's Endowment Funds. The responsibilities as Trustees are discharged separately from the responsibilities as members of the Board.

19.4 The Director of Finance shall prepare detailed procedural instructions covering the receiving, recording, investment and accounting for Endowment Funds.

19.5 Through the Board's Scheme of Delegation, authority will be given by the Trustees to allow for the day to day management of the funds within specified limits.

19.6 The Authorisation Limits are set out in the Scheme of Delegation and the Financial Operating Procedures.

19.7 The Director of Finance shall prepare annual accounts for the funds held in trust, to be audited independently and presented annually to the trustees.

20 JOINT VENTURES

20.1 Prior to entering into a joint venture (JV) the Board will conduct due diligence to identify whether the JV has or will have in place anti-bribery policies and procedures that are consistent with its own.

20.2 Where the Board has overall control of the JV it should ensure that the JV has anti-bribery controls in place that are consistent with the Board's own policies and procedures.

20.3 Where the Board does not have overall control of the JV it will inform the JV organisations of its policy and procedures and encourage them to adopt these for the venture.

- 20.4 Where due diligence shows that the JV does not have appropriate anti-bribery policies and procedures in place consistent with its own, the Board should ensure that it is protected from litigation arising from acts of bribery by partner organisations in the wording of any contract or agreement. Central Legal Office advice and guidance should be obtained to ensure that the Board is fully protected.
- 20.5 The Board should monitor the programmes and performance of its JV partners in respect of anti-bribery. Anti-bribery should be a standing agenda item on JV meetings and reports should be tabled demonstrating adherence to policy and procedures, identification of any acts of bribery or potential bribery and management actions taken and proposed.
- 20.6 Where the Board determines that the JV policies and practices are inconsistent with its own, the Board will take appropriate action. This may involve insistence by the Board of adoption of appropriate policy and procedures by the JV, putting in place legal protection for the Board, where the partners indemnify the Board against acts of bribery or ultimately withdrawal of the Board from the JV.
- 20.7 Where the Board is unable to ensure that a JV has anti-bribery policy and procedures consistent with its own, it will ensure that it has a plan to exit from the arrangement if bribery occurs or may be reasonably thought to have occurred. Central Legal Office advice and guidance should be sought to ensure that such arrangements are in place in any legal documentation.

SECTION D

RESERVATION OF POWERS AND SCHEME OF DELEGATION

CONTENTS

1 SCHEDULE OF MATTERS RESERVED FOR BOARD APPROVAL

- 1.1 The Board's responsibilities
- 1.2 Matters reserved for Board decisions and/or approval

2 SCHEDULE OF MATTERS DELEGATED TO COMMITTEES OF THE BOARD

- 2.1 Audit Committee
- 2.2 Clinical Governance Committee
- 2.3 Finance, Resources and Performance Committee
- 2.4 Highland Health and Social Care Committee
- 2.5 Remuneration Committee
- 2.6 Staff Governance Committee
- 2.7 Pharmacy Practices Committee

3 SCHEDULE OF MATTERS DELEGATED TO OFFICERS OF THE BOARD

- 3.1 INTERPRETATION
- 3.2 CHIEF EXECUTIVE
- 3.3 DIRECTOR OF FINANCE (Including Deputy Director of Finance and Heads of Finance)
- 3.4 EXECUTIVE DIRECTORS OF THE BOARD
- 3.5 OPERATIONAL DIRECTORS AND CHIEF OFFICERS APPENDIX A

4 Delegated operational responsibility for functions across Health and Social Care Partnership areas

1. SCHEDULE OF MATTERS RESERVED FOR BOARD APPROVAL

1.1 THE BOARD'S RESPONSIBILITIES

In accordance with Scottish Government guidance (NHS Circular HDL (2003)11), the NHS Board is a board of governance.

The Board has a corporate responsibility for ensuring that arrangements are in place for the conduct of its affairs and that of its component parts, including compliance with applicable guidance and legislation, and ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Board has an ongoing responsibility to ensure that it monitors the adequacy and effectiveness of these arrangements in practice.

The Board is required to ensure that it conducts a review of its systems of internal control, including in particular its arrangements for risk management, at least annually. NHS Highland Board operates under the Public Bodies (Joint Working) (Scotland) Act 2014 ('the Act') and associated regulations for delivery of integrated functions across the Board area. In accordance with the Act, the parties to the Highland Partnership Integration Scheme (Highland Council and NHS Highland) have agreed the delegation of functions to a Lead Agency model of delivery for services covering Highland Council's geographic area. The parties to the Argyll and Bute Integration Scheme (Argyll and Bute Council and NHS Highland) have agreed to the delegation of functions to an Integration Joint Board model of delivery.

1.2 MATTERS RESERVED FOR BOARD DECISIONS AND/OR APPROVAL

The Standing Orders for the proceedings and Business of NHS Highland Board include a section on Matters Reserved for the Board (Paragraph 6). This section of the Standing Orders states that the following matters shall be reserved for approval by the Board:

- Standing Orders
- The establishment and terms of reference of all its committees, and appointment of committee members
- Organisational Values
- The strategies for all the functions that it has planning responsibility for, subject to any provisions for major service change which require Ministerial approval.
- The Annual Operational Plan for submission to the Scottish Government for its approval. (Note: The Board should consider the draft for submission in private session. Once the Scottish Government has approved the Annual Operational Plan, the Board should receive it at a public Board meeting.)
- Corporate objectives or corporate plans which have been created to implement its agreed strategies.
- Risk Management Policy.
- Financial plan for the forthcoming year, and the opening revenue and capital budgets.
- Standing Financial Instructions and a Scheme of Delegation.

- Annual accounts and report. (Note: This must be considered when the Board meets in private session. In order to respect Parliamentary Privilege, the Board cannot publish the annual accounts or any information drawn from it before the accounts are laid before the Scottish Parliament. Similarly the Board cannot publish the report of the external auditors of their annual accounts in this period.)
- Any business case item that is beyond the scope of its delegated financial authority before it is presented to the Scottish Government for approval. The Board shall comply with the Scottish Capital Investment Manual.
- The Board shall approve the content, format, and frequency of performance reporting to the Board.
- The appointment of the Board's chief internal auditor. (Note: This applies either when the proposed chief internal auditor will be an employee of the Board, or when the chief internal auditor is engaged through a contract with an external provider. The audit committee should advise the Board on the appointment, and the Board may delegate to the audit committee oversight of the process which leads to a recommendation for appointment.)

The Board may be required by law or Scottish Government direction to approve certain items of business, e.g. the Integration Schemes for a Local Authority area. The Board itself may resolve that other items of business be presented to it for approval.

2 MATTERS DELEGATED TO COMMITTEES

Paragraph 7 of the Board's Standing Orders identifies that other "matters" may be delegated to Committees on behalf of the Board.

The following sets out NHS Highland's Committees' delegated responsibility on behalf of the Board.

2.1 Audit Committee

Responsible Director	Director of Finance
Role and Remit	<p>Role:</p> <ul style="list-style-type: none"> • To ensure the management of the Board's activities is in accordance with the regulations governing the NHS in Scotland that an effective system of internal control is maintained and that a strong corporate governance culture is in operation. The duties of the Audit Committee shall be in accordance with the Scottish Government Audit & Assurance Handbook, dated March 2018. • To approve and monitor the delivery of the internal and external audit plans. • To ensure a system of internal control is in existence and maintained to give reasonable assurance that assets are safeguarded; waste or inefficiency is avoided; risk management is in place; reliable financial information is produced. • To ensure a system of control is in existence and maintained to give assurance on risks related to information governance, security and privacy.

	<ul style="list-style-type: none"> • To support the Board and Accountable Officer in their responsibilities through a process of constructive challenge which focuses on both processes and outcomes. <p>The main objective of the Audit Committee is to support the Accountable Officer and NHS Highland Board in meeting their assurance needs. This includes advising the Board and Accountable Officer on:</p> <ul style="list-style-type: none"> • The strategic processes for risk, control and governance and the Statement on Internal Control • The effectiveness of the internal control environment • Assurances relating to the corporate governance requirements of the organisation • the operational effectiveness of Internal Audit by considering the audit standards, resources, staffing, technical competency and performance measures • Determining the planned activity and results of internal audit reviews and reports • The adequacy of management response to issues identified by all audit activity, including the external audit's management letter/report • The accounting policies, the accounts and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of errors identified and management's letter of representation to the external auditors • Anti-fraud policies, whistle-blowing processes and arrangements for special investigation • To support organisational and financial performance and efficiency as well as the effectiveness and quality of services • Information governance and assurance, by giving direction to and receiving reports from the Information Assurance Group on its activities, and on risks related to information governance, security and privacy.
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2.2 Clinical Governance Committee

Responsible Directors	Medical Director Nurse Director
Sub Committees	<ul style="list-style-type: none"> • NESH Quality and Patient Safety Groups • Argyll and Bute Clinical & Care Governance Committee • Control of Infection Committee Assurance Report • Area Drug & Therapeutics Committee • Transfusion Committee • Organ and Tissue Donation Committee • Health and Safety Committee on issues relating to Clinical Governance • Research, Development & Innovation Committee
Role and Remit	Role:

- To carry out the statutory duties as outlined in NHS MEL(1998~)75, NHS MEL (2000)29 and NHS MEL (2001)74.
- To give the Board assurance that clinical and care governance systems are in place and working throughout the organisation.
- To provide assurance that decision making about the planning, provision, organisation and management of services which are the responsibility of the Board takes due cognisance of the quality and safety of care and treatment.
- To oversee the clinical governance and risk management activities in relation to the development and delivery of the NHS Highland Strategy, ensuring it fits with national strategies, takes into account local population needs and demographics, and is geared towards quality, sustainable community and acute services.
- To assure the Board that clinical and care governance arrangements in both Health and Social Care Partnerships are working effectively.

Remit

- interrogate the clinical and care governance systems to ensure that the principles and standards for clinical governance are being implemented;
- challenge evidence gathered across the organisation to raise areas of concern, ensure that these are properly addressed, and to monitor and review the effect of actions taken and report outcomes to the Board;
- review outcomes against local and national standards and to ensure compliance with national regulatory and performance requirements;
- select and agree a range of clinical targets and outcomes in conjunction with clinicians and other relevant personnel and ensure an appropriate audit and reporting framework is adhered to across the organisation
- receive exception reports from its reporting committees on relevant areas of concern and the submission of action plans of amended practice;
- receive reports from its reporting committees;
- receive regular reports from the Quality and Patient Safety Groups on the implementation of the quality & patient safety framework and on an agreed range of quality targets and outcomes;
- receive the Committee's risk register at every meeting
- receive the Strategic Risk Register at alternate meetings for consideration by the Committee;
- review regularly the sections of the NHS Highland Integrated Performance and Quality Report relevant to the Committee's responsibility; and
- receive updates on and oversee the progress on the recommendations from relevant external reports of reviews of all healthcare organisations including clinical governance reports and recommendations from relevant regulatory bodies which

	may include Healthcare Improvement Scotland (HIS) reviews and visits.
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2.3 Finance, Performance and Resources Committee

Responsible Director	Director of Finance
Sub-Committees	<ul style="list-style-type: none"> • Asset Management Group • Digital Health and Care Group • NHS Highland Environmental & Sustainability Board • Efficiency and Transformation Group
Role and Remit	<p>Role:</p> <ul style="list-style-type: none"> • To scrutinise the overall performance of NHS Highland across the following functions of the NHS Board: <ul style="list-style-type: none"> ➢ resource allocation and utilisation ➢ performance management ➢ strategic and operational planning ➢ all digital functions ➢ environmental sustainability workstreams • To ensure that systems and procedures are in place to monitor, manage and improve performance, across the whole system, and liaise closely with relevant Governance Committees (Staff, Clinical and Audit) to ensure appropriate remedial action takes place. • To consider financial plans, approve annual budget proposals and business cases for submission to the NHS Board. <p>Remit The Committee has accountability to the Board for ensuring that the financial position of the Board is soundly based, having regard to:</p> <ul style="list-style-type: none"> • compliance with statutory financial requirements and achievement of financial targets; • such financial monitoring and reporting arrangements as may be specified from time-to-time by Scottish Government Health & Social Care Directorates and/or the Board; • the impact of planned future policies and known or foreseeable future developments on the financial position; • scrutiny of the delivery of Board Strategy and Annual Development Plans for those areas of the Committee's interests • Highland's overall performance, strategic policy and planning objective, and ensure mechanisms are in place to promote best value improved efficiency and effectiveness • ensuring a rigorous and systematic approach to performance monitoring and reporting is in place to enable more strategic and better informed discussions to take place at NHS Highland Board meetings • review regularly the sections of the NHS Highland Integrated Performance Report relevant to the Committee's responsibility.

- recommend the annual revenue and capital budgets, and financial plans consistent with its statutory financial responsibilities;
- review the Property Strategy (including the acquisition and disposal of property) and capital plans, and make recommendations to the Board;
- review the Board's achievement of NHSScotland's Policy on the Global Climate Emergency and Sustainable Development
- review the Board's digital strategy and performance against the digital delivery plan
- the regular review of NHS Highland's Business Continuity Plan
- oversight of emergency planning arrangements
- scrutiny of relevant financial and performance risks on the Corporate Risk register on a bi-monthly basis
- undertake an annual self-assessment of the Committee's work and effectiveness.

Arrangements for Securing Value for Money

The Committee shall keep under review arrangements for securing economy, efficiency and effectiveness in the use of resources. These arrangements will include procedures for (a) planning, appraisal, control, accountability and evaluation of the use of resources, and for (b) reporting and reviewing performance and managing performance issues as they arise in a timely and effective manner. In particular, the Committee will review action (proposed or underway) to ensure that the Board achieves financial balance in line with statutory requirements.

Allocation and Use of Resources

The Committee has key responsibilities for:

- reviewing the development of the Board's Financial Strategy in support of the Annual Operational Plan, and recommending approval to the Board;
- reviewing all resource allocation proposals outwith authority delegated by the Board and make recommendations to the Board thereon;
- monitoring the use of all resources available to the Board; and
- reviewing all matters relating to Best Value.

Specifically, the Committee is charged with recommending to the Board annual revenue and capital budgets and financial plans consistent with its statutory financial responsibilities. It shall also have responsibility for the oversight of the Board's Capital Programme (including individual Business Cases for Capital Investment) and the review of the Property Strategy (including the acquisition and disposal of property), and for making recommendations to the Board as appropriate on any issue within its terms of reference.

	<p>The Committee will receive minutes from the Asset Management Group, and the Efficiency and Transformation Group. Issues arising from these Committees will be brought to the attention of the Chair of the Finance, Performance and Resources Committee for further consideration as required.</p> <p>The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.</p> <p><u>Performance</u></p> <ul style="list-style-type: none"> • To support the development of a performance management and accountability culture across NHS Highland. • Receive annual reports and regular updates from the Sub-committees established by the Committee in order to provide assurance and accountability. • To monitor and review risks falling within its remit. • To receive reports from the Digital Health and Care Group three times per year to ensure systems are in place and maintained to give assurance to the Board on all digital functions. • To receive reports from the NHS Highland Environmental & Sustainability Board on a quarterly basis to ensure that systems are in place and maintained to give assurance to the Board on all matters relating to delivery of the NHSScotland Policy on the Global Climate Emergency and Sustainable Development.
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2.4 Highland Health and Social Care Committee

Responsible Director	Chief Officer, Community
Role and Remit	<p>The purpose of the Highland Health and Social Care Committee is to provide assurance to NHS Highland Board that the planning, resourcing and delivery of those community health and social care services that are its statutory or commissioned responsibility are functioning efficiently and effectively, ensuring that services are integrated so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.</p> <p>The remit of the Highland Health and Social Care Committee is to:</p> <ul style="list-style-type: none"> • Provide assurance on fulfilment of NHS Highland's statutory responsibilities under the Public Bodies (Joint Working) Act 2014 and other relevant legislative provisions relating to integration of health and social care services

	<ul style="list-style-type: none"> • Provide assurance on fulfilment of NHS Highland’s responsibilities under the Community Empowerment Act in relation to Community Planning • Contribute to protecting and improving the health of the Highland population and ensure that health and social care services reduce inequalities in health • Develop the Strategic Commissioning Plan for integrated health and social care services and approve arrangements for the commissioning of services to deliver the agreed outcomes of the plan, ensuring the involvement of stakeholders and local communities • Develop policies and service improvement proposals to deliver the agreed outcomes of the plan, within the available resources as agreed by the Joint Monitoring Committee • Monitor budgets for services within its remit and provide assurance regarding achievement of financial targets • Scrutinise performance of services within its remit in relation to relevant national and locally agreed performance frameworks, including the NHS Highland Annual Operating Plan and the Strategic Commissioning Plan for integrated health and social care services. • Through the annual performance report of the Integration Authority provide an overview of North Highland Adult Services performance, in line with the 9 national outcomes for health and wellbeing to Highland Council as partners via the Joint Monitoring Committee • Receive and scrutinise assurance from the Highland Council as to performance services delegated by NHS Highland under the Lead Agency arrangements.
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2.5 Remuneration Committee

Responsible Director	Director of People and Culture
Role and Remit	<p>To consider and agree performance objectives and performance appraisals for staff in the Executive cohort, to oversee performance arrangements for designated senior managers, and to endorse pay and terms and conditions for the Executive cohort. The Committee will be responsible for applying the remit detailed in NHS: MEL (2000) 25, NHS HDL (2002) 64 and subsequent guidance:</p> <p style="text-align: center;">https://www.sehd.scot.nhs.uk/mels/2000_25.pdf</p> <p style="text-align: center;">https://www.scot.nhs.uk/sehd/mels/HDL2002_64.pdf</p> <p>To direct the appointment process for the Chief Executive and Executive Directors.</p> <p>The remit of the Remuneration Committee is to:</p> <ul style="list-style-type: none"> • Agree all the terms and conditions of employment of Executive Directors and Senior Managers of the Board, including: <ul style="list-style-type: none"> - job descriptions

	<ul style="list-style-type: none"> - job evaluation - terms of employment - basic pay - performance related pay - benefits (removal arrangements and cars) <ul style="list-style-type: none"> • Agree objectives for executives before the start of the year in which performance is assessed • Review completed Executive appraisals relative to the performance of the Board • To assure the Board that effective arrangements are in place for carrying out the above functions in respect of all other senior managers • Conduct a regular review of the Board's policy for the remuneration and performance assessment of executive directors, other senior managers and medical consultants, in the light of guidance issued by the SGHD and any specific National, External or Internal Audit Report. • Agree the output of the Discretionary Points Advisory Committee in relation to the award of discretionary points to Consultants.
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2.6 Staff Governance Committee

Responsible Director	Director of People & Culture
Sub Committees	Area Partnership Forum Health and Safety Committee People and Culture Programme Board
Role and Remit	<p>Role</p> <p>The purpose of the Staff Governance Committee is to support and maintain a culture within the health system 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. It will ensure that robust arrangements to implement the Staff Governance Standard are in place and monitored.</p> <p>To assure the Board that the staff governance arrangements across NHS Highland are working effectively.</p> <p>Remit</p> <ul style="list-style-type: none"> • Consider NHS Highland's performance in relation to its achievements of effective Staff Governance and its compliance with the Staff Governance Standard and reporting on progress to Scottish Government. • Take responsibility for the timely submission of all staff governance information required for national monitoring arrangements. • Give assurance to the Board on the operation of Staff Governance systems within NHS Highland, regarding progress, issues, risks and mitigation and actions being taken, where appropriate. • Oversee the commissioning of structures and processes which ensure that the delivery against the standard is being achieved. • Monitor and evaluate strategies and implementation plans relating to people and culture, through the Together We Care Strategy,

	<p>Argyll & Bute HSCP Strategic Plan, the Annual Delivery Plan and the Workforce Plans for NHS Highland and Argyll & Bute HSCP.</p> <ul style="list-style-type: none"> • Provide support for any policy amendment, funding or resource submission to achieve the Staff Governance Standard. • Review action taken on recommendations made by the Committee, NHS Boards, or the Scottish Ministers on Staff Governance matters. • Provide assurance and oversight to the board for the operation of the Area Partnership Forum, the Health & Safety Committee and the groups reporting to the People and Culture Portfolio Board (namely: Culture Oversight Group; Health and Wellbeing Group; Diversity and Inclusion Group and Health and Care Staffing Act programme Board) and escalate any matters as required. • Support the operation of the Area Partnership Forum and the Local Partnership Forums in their Staff Governance monitoring role and the appropriate flow of information to facilitate this. • Provide oversight for the delivery of Medical Education within the Board, including provision of an annual report to the Committee.
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2.7 Pharmacy Practices Committee

Responsible Director	Medical Director
Role and Remit	<p>The Pharmacy Practices Committee is required to consider applications to provide pharmaceutical services within the Board area and to determine whether the application will be granted.</p> <p>The remit of the Committee is to: Under Regulation 5(10) of the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009, as amended, the Committee will grant the application if it is satisfied that the provision of pharmaceutical services, at the identified premises, is necessary or desirable in order to secure adequate provision of pharmaceutical services in the neighbourhood in which the proposed premises are located unless the PPC considers that the provision of existing services would be prejudiced by the granting of the application to the extent where either primary medical services or pharmaceutical services may no longer be sustainable or secure within a controlled locality, then they must refuse the application.</p> <p>The factors which need to be considered include:</p> <ol style="list-style-type: none"> a) What is the neighbourhood in which the premises are located? b) What are the existing services in the neighbourhood? c) Are these services adequate or not? d) Is it necessary to grant the application in order to secure adequate provision of pharmaceutical services in the neighbourhood?

	<p>e) Is it desirable to grant the application in order to secure adequate provision of pharmaceutical services in the neighbourhood?</p> <p>In order to consider these questions the following information will include, where necessary:</p> <ul style="list-style-type: none"> ➤ The location of the premises, the geography of the area and the social factors which may create boundaries. ➤ What services already are provided by other contractors in the area, for example, other pharmacies, GP and dental practices? ➤ What are the transport patterns and how do people travel? ➤ The number of people who require services? ➤ What services are provided during what hours? <p>The manner in which the application is considered shall be a matter for the Committee to determine. However, in most circumstances an oral hearing will be held to ensure that all members understand the evidence and that points of clarification can be obtained from the applicant or other parties. Wherever possible, the Committee will convene its meetings in the area local to the proposed premises and will undertake a site visit to obtain, first hand, knowledge of the local area and of the proposed premises.</p>
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3 MATTERS DELEGATED TO COMMITTEES AND TO INDIVIDUALS

Paragraph 7 of the Board's Standing Orders identifies that other matters may be delegated to individuals to act on behalf of the Board.

The following sets out matters delegated to individuals

3.1 INTERPRETATION

- Any reference in this scheme to a statutory or other provision shall be interpreted as a reference to that provision as amended from time to time by any subsequent legislation.
- Any power delegated to a nominated or specified officer in terms of this scheme may be exercised by such an officer or officers of his or her department as the officer may authorise.
- This Scheme of Delegation should be read in conjunction with the Board Standing Orders, Standing Financial Instructions, and Delegated Levels of Authority.

3.2 CHIEF EXECUTIVE

3.2.1 General Provisions

In the context of the Board's principal role to protect and improve the health of Highland residents and social care provision for adults, the Chief Executive as Accountable Officer shall have delegated authority and responsibility to secure the economical,

efficient and effective operation and management of Highland NHS Board and to safeguard its assets:

- in accordance with the statutory requirements and responsibilities laid upon the Chief Executive as Accountable Officer for Highland NHS Board;
- in accordance with direction from the Scottish Government Health Department;
- in accordance with the current policies of and decisions made by the Board;
- within the limits of the resources available, subject to the approval of the Board; and
- in accordance with Standing Orders and Standing Financial Instructions.

The Chief Executive is authorised to take such measures as may be required in emergency situations, subject to advising, where possible, the Chair and the Vice-Chair of the Board, and the relevant Standing Committee Chair. Such measures, that might normally be outwith the scope of the authority delegated by the Board or its Standing Committees to the Chief Executive, shall be reported to the Board or appropriate Standing Committee as soon as possible thereafter.

The Chief Executive is authorised to give a direction in special circumstances that any officer shall not exercise a delegated function subject to reporting on the terms of the direction to the next meeting of the appropriate Committee.

The Chief Executive has personal statutory accountability for all Health and Safety matters within NHS Highland.

The Chief Executive is empowered to take all steps necessary to assist the Board to develop, promote and monitor compliance with Standing Orders and Standing Financial Instructions, and appropriate guidance on standards of business conduct.

3.2.2 Finance

Resources shall be used only for the purpose for which they are allocated, unless otherwise approved by the Chief Executive, after taking account of the advice of the Director of Finance. The Chief Executive acting together with the Director of Finance has delegated authority to approve the transfer of funds between budget heads, including transfers from reserves and balances.

The Chief Executive shall report to the Finance, Performance and Resources Committee those instances where this authority is exercised and/or the change in use of the funds relates to matters of public interest.

The Chief Executive may, acting together with the Director of Finance, and having taken all reasonable action to pursue recovery, approve the writing-off of losses, subject to the financial limits and categorisation of losses laid down from time to time by the Scottish Government Health and Social Care Directorates.

3.2.3 Legal Matters

The Chief Executive is authorised to institute, defend or appear in any legal proceedings or any inquiry, including proceedings before any statutory tribunal, board or authority, and following consideration of the advice of the Central Legal Office of the National Services Scotland (NSS), to appoint or consult with Counsel where it is considered expedient to do so, for the promotion or protection of the Board's interests.

In circumstances where a claim against the Board is settled by a decision of a Court, and the decision is not subject to appeal, the Chief Executive shall implement the decision of the relevant Court on behalf of the Board.

In circumstances where the advice of the Central Legal Office is to reach an out-of-court settlement, the Chief Executive may, acting together with the Director of Finance, settle claims against the Board, and thereafter being noted by the Audit Committee as part of the year end accounts and subject to a report thereafter being submitted to the Finance, Performance and Resources Committee.

The Chief Executive, acting together with the Director of Finance, may make ex-gratia payments subject to the limits laid down from time to time by the Scottish Government Health & Social Care Directorates.

The arrangements for signing of documents in respect of matters covered by the Property Transactions Handbook shall be in accordance with the direction of Scottish Ministers. The Chief Executive and the Director of Finance are currently authorised to sign such documentation on behalf of the Board and Scottish Ministers.

The Chief Executive shall have responsibility for the safe keeping of the Board's Seal, and together with the Chair or other nominated non-executive member of the Board, shall have responsibility for the application of the Seal on behalf of the Board.

3.2.4 Procurement of Supplies and Services

The Chief Executive shall have responsibility for nominating officers or agents to act on behalf of the Board, for specifying, and issuing documentation associated with invitations to tender, and for receiving and opening of tenders.

Where post tender negotiations are required, the Chief Executive shall nominate in writing, officers and/or agents to act on behalf of the Board.

The Chief Executive, acting together with the Director of Finance, has authority to approve on behalf of the Board the acceptance of tenders, submitted in accordance with the Board's Standing Orders, up to a value of £50,000,000, within the limits of previously approved Revenue and Capital Budgets, where the most economically advantageous tender is to be accepted.

The Chief Executive, through the Director of Finance, shall produce a listing, including specimen signatures, of those officers or agents to whom he/she has given delegated authority to sign official orders on behalf of the Board.

3.2.5 Human Resources

The Chief Executive may appoint staff in accordance with the Board's Standing Orders, Human Resources Policies and Delegated Levels of Authority.

The Chief Executive may, after consultation and agreement with the Director of People and Culture and Organisational Development, and the relevant Director/ Officer, amend staffing establishments in respect of the number and grading of posts. In so doing, the Director of Finance must have been consulted, and have confirmed that the cost of the amended establishment can be contained within the relevant limit approved by the Board for the current and subsequent financial years. Any amendment must

also be in accordance with the policies and arrangements relating to workforce planning, approved by the Board or Staff Governance Committee.

The Chief Executive has delegated authority from Highland NHS Board to approve the establishment of salaried dentist posts within NHS Highland, within the systematic approach as laid down by the Scottish Government Health & Social Care Directorate's Circular No PCA(D)(2005)3.

The Chief Executive may attend and may authorise any member of staff to attend within and outwith the United Kingdom conferences, courses or meetings of relevant professional bodies and associations, provided that:

- attendance is relevant to the duties or professional development of such member of staff; and
- appropriate allowance has been made within approved budgets; or
- external reimbursement of costs is to be made to the Board
- Under the terms of the public sector reform act the Chief Executive is required to keep a register of all such approvals

The Chief Executive may, in accordance with the Board's agreed Employee Conduct Policy, take disciplinary action, in respect of members of staff, including dismissal where appropriate.

The Chief Executive shall have overall responsibility for ensuring that the Board complies with Health and Safety legislation, and for ensuring the effective implementation of the Board's policies in this regard.

The Chief Executive may, in consultation with the Director of People and Culture and Organisational Development, and Director of Finance, approve applications to leave the employment of the Board on grounds of redundancy and/or early retirement by any employee provided the terms and conditions relating to the redundancy and/or early retirement are in accordance with the relevant Board policy. All such applications and outcomes will be reported to the Remuneration Committee.

3.2.6 Patients & Clients Valuables

The Chief Executive shall have overall responsibility for ensuring that the Board complies with legislation in respect of patients/clients' valuables. The term 'valuables' shall mean all assets other than land and buildings. (e.g. furniture, pictures, jewellery, bank accounts, shares, cash.)

3.2.7 Chief Executive Responsibility for Clinical Governance

The Chief Executive is responsible to the NHS Board for delivering clinical governance, and for ensuring that suitable local arrangements are in place and are integrated with existing structures such as clinical directorates. In this role, the Chief Executive has delegated overall responsibility for Clinical Governance to the Medical Director, working closely with the Director of Nursing. The Chief Executive remains responsible for reporting to the Board, and for taking any action it decides.

3.2.8 Chief Executive Responsibility for Risk Management

The Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds. This is

achieved by the reporting through the NHS Board of all relevant information, including performance against objectives. The performance management arrangements operate within an environment of active risk management.

3.3 DIRECTOR OF FINANCE

Authority is delegated to the Director of Finance to take the necessary measures as undernoted, in order to assist the Board and the Chief Executive in fulfilling their corporate responsibilities:

3.3.1 Accountable Officer

The Director of Finance has a general duty to assist the Chief Executive in fulfilling his/her responsibilities as the Accountable Officer of the Board.

3.3.2 Financial Statements

The Director of Finance is empowered to take all steps necessary to assist the Board to:

- Act within the law and ensure the regularity of transactions by putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority;
- Maintain proper accounting records; and
- Prepare and submit for External Audit timeous financial statements which give a true and fair view of the financial position of the Board and its income and expenditure for the period in question.

3.3.3 Corporate Governance and Management

The Director of Finance is authorised to put in place proper arrangements to ensure that the financial position of the Board is soundly based by ensuring that the Board, its Committees, and supporting management groupings receive appropriate, accurate and timely information and advice with regard to:

- The development of financial plans, budgets and projections;
- Compliance with statutory financial requirements and achievement of financial targets;
- The impact of planned future policies and known or foreseeable developments on the Board's financial position.

The Director of Finance is empowered to take steps to ensure that proper arrangements are in place for:

- Developing and implementing systems of internal control, including systems of financial, operational and compliance controls and risk management;
- Developing and implementing strategies for the prevention and detection of fraud and irregularity;
- Internal Audit;
- Determining the level of expenses for patients travel and accommodation; and
- Determining the level of expenses for advisors to Board Committees.

3.3.4 Performance Management

The Director of Finance is authorised to assist the Chief Executive to ensure that suitable arrangements are in place to secure economy, efficiency, and effectiveness in the use of resources and that they are working effectively. These arrangements include procedures:

- for planning, appraisal, authorisation and control, accountability and evaluation of the use of resources;
- to ensure that performance targets and required outcomes are met and achieved.

3.3.5 Banking

The Director of Finance is authorised to oversee the Board's arrangements in respect of accounts held in the name of the Board with the Government Banking Service and the commercial bankers duly appointed by the Board.

The Director of Finance will be responsible for ensuring that the Government Banking Service and the commercial bankers are advised in writing of amendments to the panel of nominated authorised signatories.

3.3.6 Patients' and Clients' Valuables

The Director of Finance shall have delegated authority to ensure that detailed operating procedures in relation to the management of the valuables of patients' and clients' (including the opening of bank accounts where appropriate) are compiled for use by staff involved in the management of patients' and clients' valuables and financial affairs, in line with the terms of the Adults with Incapacity (Scotland) Act 2000.

HEADS OF FINANCE

The Deputy Director of Finance and Finance Officer(s) designated as lead on financial matters for the Corporate Directorates and Operational Units have a general duty to assist the Chief Executive in fulfilling his/her responsibilities as the Accountable Officer of the Board.

Authority is delegated to the Deputy Director of Finance and Heads of Finance to take the necessary measures as undernoted to assist Corporate Directorates and Operational Units, their respective Committees, and Executive Directors, Operational Directors and Chief Officers in fulfilling their corporate responsibilities. In exercising these delegated powers the designated Finance Officer is also acting as the Director of Finance's representative.

3.3.7 Financial Statements

The Deputy Director of Finance and Finance Officer(s) are empowered to take all steps necessary for the Board to:

- act within the law,
- ensure the regularity of transactions by maintaining approved systems of internal control to ensure that financial transactions are in accordance with the appropriate authority,
- maintain proper accounting records; and

- ensure (by participation) the timely completion of the Board's Annual Accounts.

3.3.8 Corporate Governance and Management

The Deputy Director of Finance and Finance Officer(s) are authorised to put in place proper arrangements to ensure that the financial position of the Board's Operational Units/Corporate Directorates is soundly based by ensuring that the governance Committees and supporting management groups receive appropriate, accurate and timely information and advice with regard to:

- the development of financial plans, budgets and projections,
- compliance with statutory financial requirements and achievement of financial targets, and
- the impact of planned future policies and known or foreseeable developments on the Operational Units/Corporate Directorates' financial position.
- The Deputy Director of Finance and Finance Officer(s) is empowered to take steps to ensure that proper arrangements are in place for:
- monitoring compliance with the Board's Standing Orders and Standing Financial Instructions, and appropriate guidance on Standards of Business Conduct,
- contributing to the development and promotion of the Board's Standing Orders and Standing Financial Instructions,
- developing and implementing systems of internal control, including systems of financial, operational and compliance controls and risk management, and
- developing and implementing strategies for the prevention and detection of fraud and irregularity.

3.3.9 Performance Management

The Deputy Director of Finance and Finance Officer(s) are authorised to assist Executive Directors, Operational Directors and Chief Officers to ensure that suitable arrangements are in place to secure economy, efficiency, and effectiveness in the use of resources and that they are working effectively. These arrangements include procedures:

- for planning, appraisal, authorisation and control, accountability and evaluation of the use of resources, and
- to ensure that performance targets and required outcomes are met and achieved.

3.3.10 Patients' & Clients' Valuables

The Director of Finance shall have delegated authority to provide detailed operating procedures in relation to the management of the valuables of patients and clients (including the opening of bank accounts where appropriate) for use by staff involved in the management of patients' and clients' valuables and financial affairs, in line with the terms of the Adults with Incapacity Act 2000.

3.4 PROVISIONS APPLICABLE TO EXECUTIVE DIRECTORS OF NHS HIGHLAND BOARD

3.4.1 The Executive Directors of the Board shall have delegated authority and responsibility from the Board Chief Executive to secure the economical, efficient and effective operation and management of their respective Directorates, Operational Units and Corporate Services and to safeguard their assets:

- in accordance with the current policies and decisions made by the Board;
- within the limits of the resources made available to their respective Directorates, Operational Units, or Corporate Services by the Board;
- in accordance with the Board's Standing Orders and Standing Financial Instructions; and
- in accordance with the relevant Scheme of Establishment.

The Executive Directors of the Board have a general duty to assist the Chief Executive in fulfilling his/her responsibilities as the Accountable Officer of the Board.

The Executive Directors of the Board are authorised to take such measures as may be required in emergency situations, subject to advising, where possible, the Chair or the Vice-Chair of the Board, the Chief Executive and where appropriate the relevant Standing Committee Chair. Such measures, that might normally be outwith the scope of the authority delegated by the Board or its Standing Committees to the Chief Executive and consequently the Executive Directors of the Board, shall be reported to the Board or appropriate Standing Committee as soon as possible thereafter.

The Executive Directors of the Board are authorised to give a direction in special circumstances that any officer within the Operational Units shall not exercise a delegated function subject to reporting on the terms of the direction to the next meeting of the relevant Governance Committees.

3.4.2 Finance

Resources shall be used only for the purpose for which they are allocated, unless otherwise approved by the Executive Directors of the Board, after taking account of the advice of the Director of Finance. The Executive Directors of the Board acting together with the designated Finance Officer have delegated authority to approve the transfer of funds between budget heads, including transfers from reserves and balances, up to a maximum of £500,000 in any one instance. The Executive Directors of the Board shall report to the Finance, Resources and Performance Committee and to the Chief Executive those instances where this authority is exercised and/or the change in use of the funds relates to matters of public interest.

The Executive Directors of the Board may, acting together with the Director of Finance, and having taken all reasonable action to pursue recovery, approve the writing-off of losses in the Operational Units subject to the financial limits and categorisation of losses laid down from time to time by the Scottish Government Health Department.

3.4.3 Legal Matters

The Executive Directors of the Board are authorised to institute, defend or appear in any legal proceedings or any inquiry, (including proceedings before any statutory tribunal, board or authority) in respect of the Operational Units and following consideration of the advice of the Central Legal Office of the National Services Division and in consultation with the Chief Executive, to appoint or consult with Counsel where

it is considered expedient to do so, for the promotion or protection of the Board's interests.

In circumstances where a claim against the Board is settled by a decision of a Court, and the decision is not subject to appeal, the Executive Directors of the Board shall, following consultation with the Chief Executive, implement the decision of the relevant Court on behalf of the Board.

The Executive Directors of the Board acting together with the Heads of Finance must bring to the attention of the Chief Executive and Director of Finance any claim deemed to pose a significant risk to the Board's Revenue Resources.

3.4.4 Procurement of Supplies and Services

The Executive Directors of the Board shall have responsibility for nominating officers or agents to act on behalf of the Board, for specifying, and issuing documentation associated with invitations to tender, and for receiving and opening of tenders.

The Executive Directors of the Board, acting together with the Heads of Finance, have authority to approve on behalf of the Board the acceptance of tenders, in respect of the Operational Units submitted in accordance with the Board's Standing Orders, up to a value defined within the Delegated Levels of Authority and within the limits of previously approved Revenue and Capital Budgets.

The Executive Directors of the Board shall work with the designated Finance Officer and the Director of Finance to produce a listing, including specimen signatures, of those officers or agents to whom he has given delegated authority to sign official orders on behalf of the Board and the Operational Units.

3.4.5 People and Culture

The Executive Directors of the Board may appoint staff in accordance with the Board's Standing Orders, People and Culture Policies and Delegated Levels of Authority.

The Executive Directors of the Board may, after consultation and agreement with People and Culture amend staffing establishments in respect of the number and grading of posts. In so doing, the Heads of Finance must have been consulted, and have confirmed that the cost of the amended establishment can be contained within the relevant limit for the current and subsequent financial years. Any amendment must also be in accordance with the policies and arrangements relating to workforce planning, approved by the Board or the Staff Governance Committee.

The Executive Directors of the Board may attend and may authorise any member of staff to attend within and outwith the United Kingdom conferences, courses or meetings of relevant professional bodies and associations, provided that:

- attendance is relevant to the duties or professional development of such member of staff; and
- appropriate allowance has been made within approved budgets; or
- external reimbursement of costs is to be made to the Board.

The Executive Directors of the Board may, in accordance with the Board's agreed Management of Employee Conduct Policy, take disciplinary action in respect of members of staff, including dismissal where appropriate.

The Executive Directors of the Board may, following consultation and agreement with the appropriate People and Culture Officer and the Heads of Finance and the Remuneration Committee approve payment of honoraria to any employee within the Operational Units.

3.4.6 Patients & Clients' Valuables

The Executive Directors of the Board shall have overall responsibility for ensuring that the Board's Operational Units comply with legislation in respect of patients' and clients'

valuables and that effective and efficient management arrangements are in place.

PROVISIONS APPLICABLE TO OPERATIONAL DIRECTORS AND TO CHIEF OFFICERS 3.5.1 General Provisions

Operational Directors and Chief Officers of the Board shall have delegated authority and responsibility from the Board Chief Executive to secure the economical, efficient and effective operation and management of their areas of responsibility and to safeguard their assets:

- in accordance with the current policies and decisions made by the Board;
- within the limits of the resources made available to the Operational Units/Corporate Services by the Board;
- in accordance with the Board's Standing Orders and Standing Financial Instructions; and
- in accordance with the relevant Scheme of Establishment.

Operational Directors and Chief Officers have a general duty to assist the Chief Executive in fulfilling his/her responsibilities as the Accountable Officer of the Board.

Operational Directors and Chief Officers are authorised to take such measures as may be required in emergency situations, subject to advising, where possible, the Chair or the Vice-Chair of the Board, the Chief Executive and where appropriate the Chair of the relevant Committee. Such measures that might normally be outwith the scope of the authority delegated by the Board or its Standing Committees to the Chief Executive, and consequently to Chief Officers, shall be reported to the Board or appropriate Board Committee as soon as possible thereafter.

Operational Directors and Chief Officers are authorised to give a direction in special circumstances that any officer within their area of responsibility shall not exercise a delegated function, subject to reporting on the terms of the direction to the next meeting of the Board.

3.5.2 Finance

Resources shall be used only for the purpose for which they are allocated, unless otherwise approved by other Directors and Chief Officers, after taking account of the advice of the Director of Finance or their Deputy, for their respective areas. Operational Directors and Chief Officers, acting together with the designated Finance Officer have delegated authority to approve the transfer of funds between budget heads, including transfers from reserves and balances, up to a maximum of £500,000 (in the case of the operational Directors and Chief Officers) or £200,000 (in the case of the Heads of Service) in any one instance. Those instances where this authority is exercised and/or

the change in use of the funds relates to matters of public interest shall be notified to the Finance, Resources and Performance Committee.

Chief Officers may, acting together with the Director of Finance, and having taken all reasonable action to pursue recovery, approve the writing-off of losses for their respective areas of responsibility, including Acute Services and Health and Social Care Partnerships, to the financial limits and categorisation of losses laid down from time to time by the Scottish Government Health Department.

3.5.3 Legal Matters

Operational Directors and Chief Officers are authorised to institute, defend or appear in any legal proceedings or any inquiry, (including proceedings before any statutory tribunal, board or authority) in respect of their respective service areas and following consideration of the advice of the Central Legal Office of the National Services Scotland and in consultation with the Chief Executive, to appoint or consult with Counsel where it is considered expedient to do so, for the promotion or protection of the Board's interests.

In circumstances where a claim against the Board is settled by a decision of a Court, and the decision is not subject to appeal, operational Directors and Chief Officers shall, following consultation with the Chief Executive, implement the decision of the relevant Court on behalf of the Board.

Operational Directors and Chief Officers acting together with the Deputy Director of Finance must bring to the attention of the Chief Executive and Director of Finance any claim deemed to pose a significant risk to the Board's Revenue Resources.

3.5.4 Procurement of Supplies and Services

Operational Directors and Chief Officers shall have responsibility for nominating officers or agents to act on behalf of the Board, for specifying, and issuing documentation associated with invitations to tender, and for receiving and opening of tenders.

Operational Directors and Chief Officers, acting together with the Deputy Director of Finance, have authority to approve on behalf of the Board the acceptance of tenders, in respect of their respective Health and Social Care Partnerships submitted in accordance with the Board's Standing Orders, up to a value defined within the Delegated Levels of Authority and within the limits of previously approved Revenue and Capital Budgets.

Operational Directors and Chief Officers shall work with the designated Finance Officer and the Director of Finance to produce a listing, including specimen signatures, of those officers or agents to whom he has given delegated authority to sign official orders on behalf of the Board within their areas of responsibility.

3.5.5 People and Culture

Operational Directors and Chief Officers may appoint staff in accordance with the Board's Standing Orders, People and Culture Policies and Delegated Levels of Authority.

Operational Directors and Chief Officers may, after consultation and agreement with People and Culture and the relevant Heads of Service amend staffing establishments in respect of the number and grading of posts. In so doing, the Deputy Director of

Finance must have been consulted, and have confirmed that the cost of the amended establishment can be contained within the relevant limit approved for the current and subsequent financial years. Any amendment must also be in accordance with the policies and arrangements relating to workforce planning, approved by the Board or the Staff Governance Committee.

Operational Directors and Chief Officers may attend and may authorise any member of staff to attend within and outwith the United Kingdom conferences, courses or meetings of relevant professional bodies and associations, provided that:

- attendance is relevant to the duties or professional development of such member of staff; and
- appropriate allowance has been made within approved budgets; or
- external reimbursement of costs is to be made to the Board.

Operational Directors and Chief Officers may, in accordance with the Board's agreed Management of Employee Conduct Policy, take disciplinary action in respect of members of staff, including dismissal where appropriate.

Operational Directors and Chief Officers may, following consultation and agreement with the appropriate Senior People and Culture Officer, the Heads of Finance, and the Remuneration Sub Committee, approve payment of honoraria to any employee within the Operational Units.

3.5.6 Patients & Clients' Valuables

Operational Directors and Chief Officers shall have overall responsibility for ensuring compliance with legislation in respect of patients' and clients' valuables and that effective and efficient management arrangements are in place.

DELEGATED OPERATIONAL RESPONSIBILITY FOR FUNCTIONS ACROSS HEALTH AND SOCIAL CARE PARTNERSHIP AREAS

1. ARGYLL AND BUTE INTEGRATION JOINT BOARD

NHS Highland has delegated the following range of health services to the Argyll and Bute Integration Joint Board for its local population:

- Hospital inpatient (scheduled and unscheduled)
- Rural General Hospitals
- Mental Health
- Paediatrics
- Community Hospitals
- Hospital Outpatient Services
- NHS Community Services - Nursing, Allied Health Professionals, Mental Health Teams, Specialist End of Life Care, Homeless Service, Older Adult Community Psychiatric Nursing, Re-ablement, Geriatricians Community/Acute, Learning Disability Specialist, Community Midwifery, Speech and Language Therapy, Occupational Therapy, Physiotherapy, Audiology
- Community Children's Services - Child and Adolescent Mental Health Service, Primary Mental Health workers, Public Health Nursing, Health visiting, School Nursing, Learning Disability Nursing, Child Protection Advisors, Speech and Language Therapy, Occupational Therapy, Physiotherapy and Audiology, Specialist Child Health Doctors and Service Community Paediatricians
- Public Health
- GP Services
- GP Prescribing
- General Dental, Opticians and Community Pharmacy
- Support Services
- Contracts and Service Level agreements with other NHS boards covering adults and Children

2 HIGHLAND HEALTH AND SOCIAL CARE PARTNERSHIP

Functions Delegated by the Health Board to the Local Authority	Functions currently provided by the Health Board which are to be integrated
<ul style="list-style-type: none"> • Speech and Language Therapy • Physiotherapy • Occupational Therapy • Dietetics • Primary Mental Health Workers • Public Health Nursing Health Visiting • Public Health Nursing School Nursing • Learning Disability Nurses • Child Protection Advisors • Looked after Children • Named Persons Child's Plan • Young Carer Statement Local Carer Strategy 	<ul style="list-style-type: none"> • Contracts with Voluntary Organisations • Specialist End of Life Care • Community Nursing Teams • Community AHPs • Homeless Service • CPNs/Community Mental Health Teams • Older Adult CPN • CPNAs • Reablement • Geriatricians –community/acute • Day Hospitals • GPs • Dentists • Opticians • Handyperson/Care & Repair • Community Pharmacists • Community Hospitals • Learning Disability Specialists • Telecare HUB • Equipment Stores • Out of Hours • Housing Assessment • Local Carer Strategy <p>Acute services delivered across the Operating Area to Adults are included within the Lead Agency Arrangements. As defined within the regulations these are:</p> <p>(a) accident and emergency services provided in a hospital; (b) inpatient hospital services relating to the following branches of medicine: general; geriatric; rehabilitation; respiratory; psychiatry of learning disability. (c) Palliative care services provided in a hospital; (d) Inpatient hospital services provided by GP's; (e) Services provided in a hospital in relation to an addiction or dependence on any substance. (f) Mental health services provided in a hospital, except secure forensic mental health services. (g) Services provided by allied health professionals in an outpatient department or clinic; (h) public dental services; (i)</p>

	services providing primary medical services to patients during the out of hours period
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Functions delegated by the Local Authority to the Health Board	Functions provided by the Local Authority to be integrated
<ul style="list-style-type: none"> • Respite • Adult Social Work Teams • Care at Home • Sensory services • Care Homes • Day Care • Community Development Officers • Community Mental Health Teams • Housing Support • Support Work • Self Directed Support Team • Reviewing Team • Change Support Team • Handypersons • Equipment Stores • Assistance for Housing Purposes • Provision of Gardening assistance for disabled and elderly 	<ul style="list-style-type: none"> • Public Health/Health Improvement posts re Health Promoting Schools Health Improvement Posts Early Years Health Improvement Post Nutrition • Childcare and Early Education Services • Early Years workers • Pre-school visiting service • Youth Action Team • Specialist Additional Support for Learning education service • Children and families social work teams • Residential Care Workers • Fostering Service • Adoption Service • Through care and after care services • Educational psychology • Social Work out of hours service

Services provided Pan Highland to both children and adults

- Visual Impairment Services
- Deaf and Hearing Support Services
- Social Work Out of Hours Service
- Community Learning Disability Nursing Services (CLDN) (North & West)
- AHP Services primarily aligned to acute services
- Child Protection Advisory Service
- Immunisation
- Support for Child Health Surveillance systems
- Support for Continuing Professional Development
- Self Directed Support
- Business Support (Care First and Care Finance)
- Assistance for Housing purposes

FRAUD POLICY AND RESPONSE PLAN

Finance Department

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Fraud Policy

1. Introduction
2. The Bribery Act 2010 – Key Points
3. The Bribery Act 2010 – NHS Highland's Aims & Objectives
4. National Fraud Initiative
5. Guidance to Staff on Fraud/Bribery/Corruption/Theft
- 6 Collaborating to Combat Fraud
7. Public service values
8. NHS Highland policy & public interest disclosure act
9. Instructions to staff
10. Roles and responsibilities
11. Contact points

Response Plan

12. Introduction
13. Reporting fraud
14. Managing the investigation
15. Disciplinary/dismissal procedures
16. Gathering evidence
17. Interview procedures
18. Disclosure of loss from fraud
19. Police involvement
20. Press release
21. Resourcing the investigation
22. The law and its remedies

Annex 1: Misappropriation of Medicines

Annex 2 Flow Chart – Where misappropriation of medicines is suspected

Annex 3: Flow Chart - Procedures for Dealing with Allegations of
Fraud/Bribery/Corruption/Other Irregularities

FRAUD POLICY

1 Introduction

- 1.1 NHS Highland is committed to maintaining strict ethical standards and integrity in the conduct of its business activities. All NHS Highland staff and individuals acting on NHS Highland's behalf are responsible for conducting NHS Highland's business professionally, with honesty, integrity and maintaining the organisation's reputation and free from bribery.
- 1.2 One of the basic principles of public sector organisations is the proper use of public funds. It is therefore important that all those who work in the public sector are aware of the risk of and the means of enforcing the rules against fraud/theft and other illegal acts involving corruption, dishonesty or damage to property.

2 The Bribery Act 2010 – Key Points

- 2.1 The Bribery Act 2010 ("The Act") came into effect on 1 July 2011, aiming to tackle bribery and corruption in both the private and public sectors.
- 2.2 The Act is one of the strictest pieces of legislation on bribery and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Highland, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 & 6 offences) and this can be punishable for an individual by imprisonment of up to ten years.
- 2.3 In addition, the Act introduces a corporate offence (section 7 offence) which means that NHS Highland can be exposed to criminal liability, punishable by an unlimited fine, if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up to date and effective. The corporate offence is not a standalone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Highland, in the course of their work. NHS Highland therefore takes its legal responsibilities very seriously.
- 2.4 If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a director or senior officer of NHS Highland, under the Act, the director or senior officer would be guilty of an offence (section 14 offence) as well as the body corporate which paid the bribe.

3 The Bribery Act 2010 – NHS Highland's Aims & Objectives

- 3.1 NHS Highland welcomes the Act and is keen to ensure compliance with the Act's standards.
- 3.2 NHS Highland does not tolerate any form of bribery, whether direct or indirect, by its staff, agents or external consultants or any persons or entities acting for it or on its behalf.
- 3.3 NHS Highland will not conduct business with service providers, agents or representatives that do not support its anti-bribery statement and it reserves the right to terminate its contractual arrangements with any third parties acting for or on behalf of NHS Highland with immediate effect, where there is evidence that they have committed acts of bribery.
- 3.4 The success of NHS Highland's anti-bribery measures depends on all employees, and those acting for NHS Highland, playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for or on behalf of NHS Highland are encouraged to report any suspected bribery.

4 National Fraud Initiative (NFI)

- 4.1 NHS Highland is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.

5 Guidance to Staff on Fraud/Bribery/Corruption/Theft

- 5.1 This guidance is not intended solely for staff. It is also intended for anyone acting on the Board's behalf including Non-Executive Directors, the Board's contractors, agents etc. Reference to 'staff' in this section will also mean all of these.

- 5.2 The Fraud Policy relates to all forms of fraud, bribery, corruption or theft and is intended to provide guidance to employees on the action, which should be taken when any of these are suspected. Such occurrences may involve employees of NHS Highland, suppliers/contractors or any third party. This document sets out the Board's policy and response plan for detected or suspected fraud, bribery, corruption or theft. It is not the purpose of this document to provide direction on the prevention of fraud.

- 5.3 Whilst the exact definition of fraud, bribery, corruption or theft is a statutory matter, the following working definitions are given for guidance:

- Fraud broadly covers deliberate material misstatement, falsifying records, making or accepting improper payments or acting in a manner not in the best interest of the Board for the purposes of personal gain.
- Bribery is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.
- Corruption relates to a lack of integrity or honesty, including the use of trust for dishonest gain. It can be broadly defined as the offering or acceptance of inducements, gifts, favours, payments or benefits in kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly, however they may be unreasonably using their position to give some advantage to another.
- Theft is removing property belonging to NHS Highland, its staff or patients with the intention of permanently depriving the owner of its use, without their consent.

For simplicity this document will refer to all such offences as "fraud", except where the context indicates otherwise.

- 5.4 NHS Highland already has procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e. Standards of Business Conduct, Standing Orders, Standing Financial Instructions), financial procedures, systems of internal control and risk assessment. The Board takes part in post payment verification system which covers all Family Health Service expenditure.

- 5.5 It is the responsibility of NHS Highland and its management to maintain adequate and effective internal controls, which deter and facilitate detection of any fraud. The role of Internal Audit is to evaluate these systems of control. It is not the responsibility of Internal Audit to detect fraud, but rather to identify weaknesses in systems that could potentially give rise to error or fraud.

6 Collaborating to Combat Fraud

- 6.1 NHS Highland will work closely with other organisations, including Counter Fraud Services, the Central Legal Office, Audit Scotland, the Cabinet Office, Department for Work and Pensions, the Home Office, Councils, the Police and the Procurator Fiscal/Crown Office to combat fraud.

- 6.2 NHS Highland will agree formal partnership agreements with other investigative bodies e.g. Counter Fraud Services (CFS) and, where appropriate, engage in joint investigations and prosecutions.
- 6.3 The Cabinet Office on behalf of Audit Scotland assists appointed auditors by conducting a National Fraud Initiative which is a data matching exercise. Data matching involves comparing computer records held by one body against other computer records held by the same or another body. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it indicates that there may be an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. The exercise can also help bodies to ensure that their records are up to date.
- 6.4 Audit Scotland currently requires NHS Highland to participate in a statutory data matching exercise under its powers in Part 2A of the Public Finance and Accountability (Scotland) Act 2000 to assist in the prevention and detection of fraud. We are required to provide particular sets of data to the Cabinet Office on behalf of Audit Scotland for matching in each exercise, and these are set out in Audit Scotland's instructions for Participants. It does not require the consent of the individuals concerned under the Data Protection Act 2018.
- 6.5 Data matching in Scotland is subject to a Code of Data Matching Practice, and information on Audit Scotland's legal powers and the reasons why it matches particular information, is provided in the full text Privacy Notice.

7 Public service values

- 7.1 The expectation of high standards of corporate and personal conduct, based on the recognition that patients come first, has been a requirement throughout the NHS since its inception. MEL (1994) 80, "Corporate Governance in the NHS", issued in August 1994, sets out the following public service values:

Accountability: Everything done by those who work in the organisation must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.

Probity: Absolute honesty and integrity should be exercised in dealing with NHS patients, assets, staff, suppliers and customers.

Openness: The organisation's activities should be sufficiently public and transparent to promote confidence between the organisation and its patients, staff and the public.

- 7.2 All those who work in the organisation should be aware of, and act in accordance with, the above values. In addition, NHS Highland will expect and encourage a culture of openness between NHS bodies and the sharing of information in relation to any fraud.

8 NHS Highland policy & public interest disclosure act

- 8.1 NHS Highland is committed to maintaining an honest, open and well-intentioned atmosphere within the service. It is committed to the deterrence, detection and investigation of any fraud within NHS Highland.
- 8.2 NHS Highland encourages anyone having reasonable suspicion of fraud to report the incident. It is NHS Highland's policy that no staff member will suffer in any way as a result of reporting any reasonably held suspicions. For these purposes "reasonably held suspicions" shall mean any suspicions other than those which are groundless and/or raised maliciously.

- 8.3 In addition, the Public Interest Disclosure Act protects workers who legitimately report wrongdoing by employers or colleagues. The disclosure must be made in good faith and workers must have reasonable grounds to believe that criminal offences such as fraud or theft have occurred or are likely to occur. The disclosure must not be made for personal gain.

9 Instructions to staff

- 9.1 Staff who suspect improper practices or criminal offences are occurring relating to fraud, theft, bribery or corruption, should normally report these to the Fraud Liaison Officer (FLO) via their line manager, but may report directly where the line manager or Head of Department is unavailable or where this would delay reporting. If the suspected improper practice involves the Head of Department, the report should be made to a more senior officer or the nominated officer as described in 13.1 below. Managers receiving notice of such offences must report them to the nominated officer.
- 9.2 It should be noted that staff who wish to raise concerns about unprofessional behaviour or decisions, where fraud, theft, bribery or corruption are not suspected, should do so by following the guidance contained in the NHS Highland's [Whistleblowing Policy](#). Following investigation of the complaint, if improper practices or criminal offences are suspected, the matter should be referred by the investigating officer, to the FLO. Any further action taken will follow the guidance contained within this policy.
- 9.3 Confidentiality must be maintained relating to the source of such reports.
- 9.4 Further choices for staff are:
- You may use the Counter Fraud Service (CFS) Fraud Hot Line which is 0800 151628 or report your suspicions (anonymously, if desired) through the CFS Website on www.cfs.scot.nhs.uk
- 9.5 It should be added that under no circumstances should a member of staff speak or write to representatives of the press, TV, radio, other third parties or use blogs or twitter to publicise details about a suspected fraud/theft. Care needs to be taken that nothing is done which could give rise to an action for slander or libel.
- 9.6 Please be aware that time may be of the utmost importance to ensure that NHS Highland does not continue to suffer a loss.

10 Roles & responsibilities

- 10.1 Responsibility for receiving information relating to suspected frauds and for coordinating NHS Highland's response to the NFI exercises has been delegated to the FLO. This individual is responsible for informing third parties such as CFS, the Cabinet Office on behalf of Audit Scotland, Internal and External Audit or the Police when appropriate. The FLO shall inform and consult the Chief Executive, Director of Finance, the Board Chairman and the Chairman of the Audit Committee in cases where the loss may be above the delegated limit or where the incident may lead to adverse publicity. The contact name and address of the FLO, is as follows:

Sarah Macaulay
Technical Accountant & Fraud Liaison officer
Assynt House
Beechwood Park
Inverness IV2 3BW
01463 704836
Email: sarah.macaulay@nhs.scot

- 10.2 Where a fraud is suspected within the service, including the Family Health Services i.e. independent contractors providing Medical, Dental, Ophthalmic or Pharmaceutical Services, the FLO will make an initial assessment and, where appropriate, advise CFS at the NHS National Services Scotland.
- 10.3 The Director of Human Resources or nominated deputy, shall advise those involved in the investigation on matters of employment law and other procedural matters, such as disciplinary and complaints procedures.
- 10.4 Where the incident is thought to be subject to either local or national controversy and publicity then the Board and the Scottish Government Health Directorates should be notified before the information is subjected to publicity.
- 10.5 It is the responsibility of NHS Highland's senior officers to ensure that their staff are aware of the above requirements and that appropriate reporting arrangements are implemented.
- 10.6 It is the responsibility of all staff to protect the assets of NHS Highland. Assets include information and goodwill as well as property.
- 10.7 It shall be necessary to categorise the irregularity prior to determining the appropriate course of action. Two main categories exist:
- Theft, burglary and isolated opportunist offences; and
 - Fraud, bribery, corruption and other financial irregularities.
- The former will be dealt with directly by the Police whilst the latter may require disclosure under the SGHSCD NHS Circular No. CEL (2013)11 – Strategy to Combat Financial Crime in NHS Scotland.
- 10.8 Responsibility for ensuring that recommendations from CFS investigation reports and from data matching exercises conducted under NFI have been implemented and steps taken to ensure full compliance has been delegated to the CFC, name and address below.

11 Contact Points

Relevant contact points are as follows:

Counter Fraud Champion:	Gaener Rodger Non Executive Director Assynt House, Beechwood Park Inverness IV2 3BW
Fraud Liaison Officer:	Sarah.Macaulay Assynt House, Beechwood Park Inverness IV2 3BW 01463 704836 E mail: sarah.macaulay@nhs.scot
Deputy Fraud Liaison Officer:	Jacqui Fraser Assynt House, Beechwood Park Inverness IV2 3BW 01463 704884 Email: jacqui.fraser1@nhs.scot
Director of Finance:	Heledd Cooper Assynt House, Beechwood Park Inverness IV2 3BW 01463 704924 Email: heledd.cooper@nhs.scot

Board Secretary:	Ruth Daly Assynt House, Beechwood Park Inverness IV2 3BW 01463 704868 Email: ruth.daly2@nhs.scot
Accountable Officer for Controlled Drugs:	Dr Boyd Peters Assynt House, Beechwood Park Inverness IV2 3BW 01463 706895 Email: boyd.peters2@nhs.scot
Associate Director of Pharmacy, (Community Pharmacy Services and CD Governance)	Fiona.Macfarlane Assynt House, Beechwood Park Inverness IV2 3BW 01463 706830 Email: Fiona.macfarlane4@nhs.scot
Associate Director of Pharmacy (Acute Services):	Rhona Gunn Raigmore Hospital Inverness 01463 705582 Email: rhona.gunn2@nhs.scot
Lead Nurse for Medicines Governance:	Claire Henderson-Hughes Assynt House Inverness 01463 705168 Email: Claire.henderson-hughes@nhs.scot
Associate Director of Pharmacy: (Primary Care))	Thomas Ross Assynt House Beechwood Park Inverness IV2 3BW 01463 706980 Email: thomas.ross2@nhs.scot
Lead Pharmacist: (Mental Health)	Karen MacAskill New Craigs Hospital Leachkin Road Inverness 01463 704663 Email: karen.macaskill@nhs.scot
Associate Director of Pharmacy: (Argyll & Bute)	Fiona Thomson Lorn & Islands Hospital Glengallan Road Oban PA34 4HH 01631 788942 Email: fiona.thomson5@nhs.scot
Internal Auditor:	Azets Tel: 0131 473 3500

Counter Fraud Services: [CFS](#)
National Fraud Initiative: [Audit Scotland](#)

RESPONSE PLAN

12 Introduction

The following sections describe NHS Highland's intended response to a reported suspicion of fraud/bribery/corruption or theft. It is intended to provide procedures, which allow for evidence gathering and collation in a manner that will facilitate informed initial decision, while ensuring that evidence gathered will be admissible in any future criminal or civil action. Each situation is different therefore, the guidance will need to be considered carefully in relation to the actual circumstances of each case before action is taken.

13 Reporting fraud

13.1 A "nominated officer" will be appointed as the main point of contact for the reporting of any suspicion of fraud, corruption, bribery or theft. For NHS Highland, this officer is the FLO (see 11). In the absence of the FLO, the Deputy will deal with the issue. For incidents involving any Executive Directors, the nominated officer shall be the Board's Chairman, contacted through the FLO.

13.2 The FLO shall be trained in the handling of concerns raised by staff. Any requests for anonymity shall be accepted and should not prejudice the investigation of any allegations. Confidentiality should be observed at all times.

13.3 All reported suspicions must be investigated as a matter of priority to prevent any further potential loss to NHS Highland.

13.4 The FLO shall maintain a log of any reported suspicions. The log will document with reasons the decision to take further action or to take no further action. The log will also record any actions taken and conclusions reached. This log will be maintained and will be made available for review by Internal Audit.

13.5 The FLO should consider the need to inform the Highland NHS Board, the Chief Internal Auditor, External Audit, the Police and CFS, of the reported incident. In doing so, they should take cognisance of the following guidance:

- inform and consult the Director of Finance and the Chief Executive at the first opportunity, in all cases where the loss may exceed the delegated limit (or such lower limit as NHS Highland may determine) or where the incident may lead to adverse publicity.
- it is the duty of the Director of Finance to notify the Chief Executive and Chairman immediately of all losses where fraud/theft is suspected.
- CFS should normally be informed immediately in all but the most trivial cases.
- If fraud, bribery or corruption is suspected, it is essential that there is the earliest possible consultation with CFS. In any event, CFS should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls.
- if a criminal act of fraud, bribery or corruption is suspected it is essential that there is the earliest possible consultation with the Police. In any event the Police should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls.
- at the stage of contacting the Police, the FLO should contact the Director of Human Resources to consider whether/when to initiate suspension of the employee pending an enquiry.

13.6 All such contact should be formally recorded in the Log.

14 Managing the investigation

14.1 The Director of Finance will appoint a manager to oversee the investigation. Normally, the manager will be an employee from CFS. The circumstances of each case will dictate who will be involved and when.

14.2 The manager overseeing the investigation (referred to hereafter as the “investigation manager”) should initially:

- initiate a Diary of Events to record the progress of the investigation.
- if possible, determine the nature of the investigation i.e. whether fraud or another criminal offence. In practice it may not be obvious if a criminal event is believed to have occurred. If this is established the Police, External Audit and the Chief Executive should be informed if this has not already been done.

14.3 If after initial CFS enquiries it is determined that there are to be no criminal proceedings then a NHS Highland internal investigation may be more appropriate. In this instance, all information/evidence gathered by CFS will be passed to NHS Highland. The internal investigation will then be taken forward in line with Employment law, PIN guidelines and relevant Workforce policies such as the Management of Employee Conduct, as appropriate.

14.4 The formal internal investigation to determine and report upon the facts, should establish:

- the extent and scope of any potential loss.
- if any disciplinary action is needed.
- the criminal or non-criminal nature of the offence, if not yet established.
- what can be done to recover losses; and
- what may need to be done to improve internal controls to prevent recurrence.

14.5 This report will normally take the form of a report to NHS Highland's Audit Committee.

14.6 Where the report confirms a criminal act and notification to the Police has not yet been made, it should now be made.

14.7 Where recovery of a loss to NHS Highland is likely to require a civil action, arising from any act (criminal or non-criminal), it will be necessary to seek legal advice through the Central Legal Office, which provides legal advice and services to NHS Scotland.

14.8 This report should form the basis of any internal disciplinary action taken. The conduct of internal disciplinary action will be assigned to the Director of Human Resources or delegated officer within the Directorate, who shall gather such evidence as necessary.

15 Disciplinary/dismissal procedures

15.1 Consideration should be made in conjunction with CFS/FLO on whether/when to suspend the employee(s) who are subject to any investigation, pending the results of the investigation. This should be carried out in line with NHS Highland's Employee Conduct Policy.

15.2 The disciplinary procedures of NHS Highland must be followed in any disciplinary action taken by NHS Highland toward an employee (including dismissal). This may involve the investigation manager recommending a disciplinary hearing to consider the facts, consideration of the results of the investigation and making further recommendations on appropriate action to the employee's line manager

Where the fraud involves a Family Health Services Practitioner, the Board should pass the matter over to the relevant professional body for action.

16 Gathering evidence

16.1 This policy cannot cover all the complexities of gathering evidence. Each case must be treated according to the circumstances of the case taking professional advice as necessary.

16.2 If a witness to the event is prepared to give a written statement, it is best practice for an experienced member of staff, preferably from the Human Resources Directorate, to take a chronological record using the witness's own words. The witness should sign the statement only if satisfied that it is a true record of their own words.

16.3 At all stages of the investigation, any discussions or interviews should be documented and where feasible agreed with the interviewee.

16.4 Physical evidence should be identified and gathered together (impounded) in a secure place at the earliest opportunity. An inventory should be drawn up by the investigating officer and held with the evidence. Wherever possible, replacement or new document etc. should be put into use to prevent access to the evidence. If evidence consists of several items, for example a number of documents, each one should be tagged with a reference number corresponding to the written record.

16.5 CFS staff acting on behalf of the Director of Finance require and are to receive access to;

- All records, documents and correspondence relating to relevant transactions
- At all reasonable times to any premises or land of NHS Highland
- The production or identification by any employee of any Board, cash, stores or other property under the employee's control

17 Interview procedures

17.1 Interviews with suspects should be avoided until the formal disciplinary hearing. The investigating officer should, wherever possible, gather documentary and third party evidence for the purposes of their report. If, however, an employee insists on making a statement it must be signed and dated and should include the following:

“I make this statement of my own free will; I understand that I need not say anything unless I wish to do so and that what I say may be given in evidence”.

17.2 Informal contact with the Police should be made at an early stage in the investigation to ensure that no actions are taken which could prejudice any future criminal case through the admissibility of evidence, etc.

18 Disclosure of loss from fraud

18.1 Guidance on the referring of losses and special payments is provided in CEL10 (2010). External Audit should be notified of any loss as part of their statutory duties. Scottish Financial Return (SFR) 18.0 on Losses and Compensation Payments is submitted annually to the Audit Committee and will include all losses with appropriate description within the standard categories specified by the SGHSCD.

18.2 Management must take account of the permitted limits on writing off losses for “Category 2 Boards”, as outlined in circular [CEL \(2010\)](#).

19 Police Involvement

19.1 It shall normally be the policy of NHS Highland that, wherever a criminal act is suspected, the matter will be notified **to the Police, as follows:**

- During normal working hours, it will be the decision of the Director of Finance as to the stage that the Police are contacted. If the Director of Finance is unavailable, this decision will be delegated to the FLO.

- Out with normal working hours, the manager on duty in the area where a criminal act is suspected, may contact the Police and is duty bound to report the matter to the Director of Finance at the earliest possible time.

19.2 The FLO and investigating manager should informally notify the Police of potential criminal acts, to seek advice on the handling of each investigation at an early stage in the investigation.

19.3 Formal notification of a suspected criminal act will normally follow completion of the investigating manager's report and formal disciplinary action. It is important that the internal report is carried out in a timely manner to avoid delaying the Police investigation.

20 Press Release

20.1 To avoid potentially damaging publicity to the NHS and/or the suspect, NHS Highland should prepare at an early stage, a Press release, giving the facts of any suspected occurrence and any actions taken to date e.g. suspension. The Central Legal Office and the Police should agree the release where applicable.

21 Resourcing the investigation

21.1 The Director of Finance will determine the type and level of resource to be used in investigating suspected fraud. The choices available will include:

- Internal staff from within NHS Highland
- Human Resources
- Internal Audit
- External Audit
- CFS
- Specialist Consultant
- Police

21.2 In making a decision, the Director Finance, should consider independence, knowledge of the organisation, cost, availability and the need for a speedy investigation. Any decision must be shown in the Log held by the FLO. A decision to take "No action" will not normally be an acceptable option unless exceptional circumstances apply.

21.3 In any case involving a suspected criminal act, it is anticipated that CFS involvement will be in addition to NHS Highland resources. In any case involving other suspected criminal acts, it is anticipated that Police involvement will be in addition to NHS Highland resources.

22 The law and its remedies

22.1 Criminal Law

The Board shall refer all incidences of suspected fraud/criminal acts to Counter Fraud Services or the Police for decision by the Procurator Fiscal as to any prosecution.

22.2 Civil Law

The Board shall refer all incidences of loss through proven fraud/criminal act to the Central Legal Office for opinion, as to potential recovery of loss via Civil Law action.

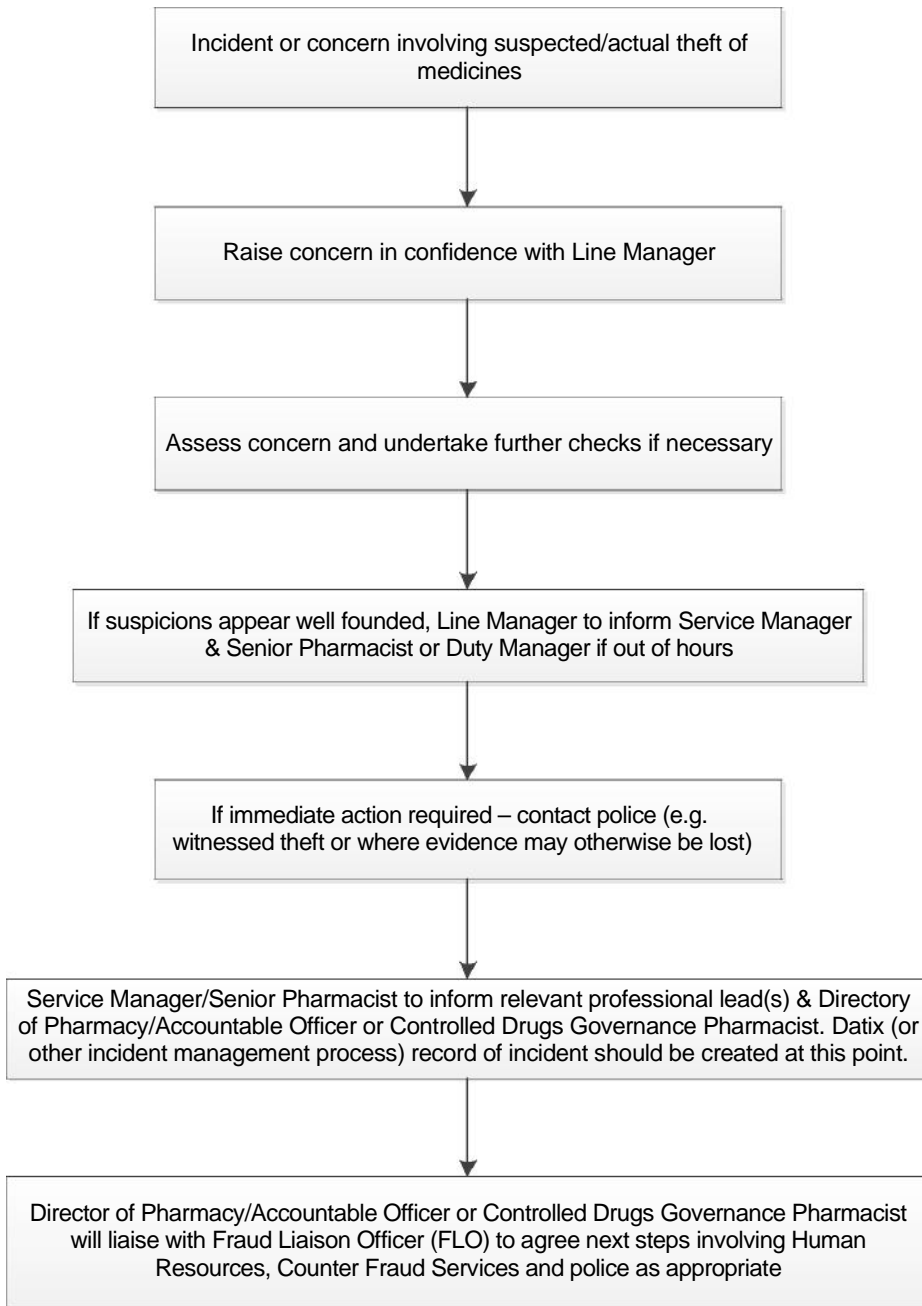
Annex 1 to this policy gives guidance to staff on the action which should be taken in all cases where misappropriation of medicines is suspected.

SAFE AND SECURE HANDLING OF MEDICINES

Suspected or actual theft of medicines

Theft of medicines is a serious criminal offence under the Medicines Act 1968, the Misuse of Drugs Act 1971 and other legislation and will be dealt with accordingly by NHS Highland, professional regulatory bodies and the police.

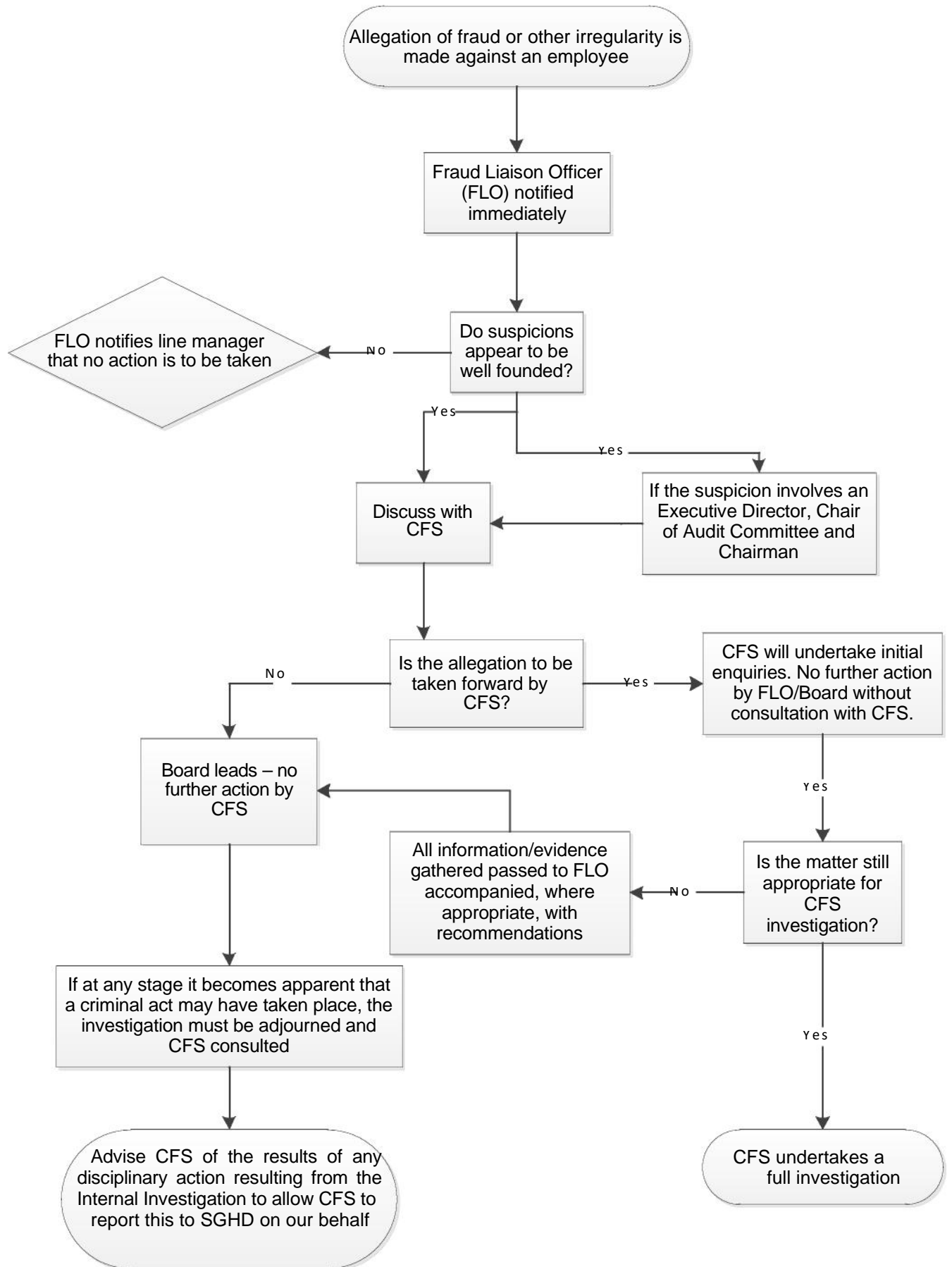
- 1.1 Any member of staff who has reason to believe that medicines have been taken without authority has a duty to report their concerns to the Nurse in Charge of the clinical area/ Line Manager.
- 1.2 All concerns will be treated in the strictest confidence subject to procedural requirements associated with any formal escalation. All investigations must be carried out in a discreet manner.
- 1.3 The Nurse in Charge/ Line Manager must take reasonable steps to ensure that medicines are in fact missing, for example check administration records, cupboards not normally used for storage of medicines and pharmacy delivery records. Any evidence must be retained pending further investigation.
- 1.4 If the Nurse in Charge/ Line Manager is unable to satisfy him or herself that all medicines can be accounted for, they must report their suspicions to the Senior Clinical Pharmacist and the relevant Service Manager (or Duty Manager out of hours) at the earliest opportunity. If immediate action is required (e.g. witnessed theft or where key evidence may otherwise be lost) the police must be contacted.
- 1.5 Where a Service Manager/Senior Clinical Pharmacist has been informed of suspected/ actual theft of medicines, they must inform the relevant professional lead(s) and the Head of Pharmacy/Accountable Officer for CDs who will liaise with the FLO and agree a course of action commensurate with the circumstances presented, which may include referring the matter to CFS or the Police.
- 1.6 The flowchart which follows this page must be followed in all cases of suspected/actual theft of medicines.
- 1.7 Note that the Incident Management Policy for Significant Events must also be followed in the event of any such incident. [link here](#)



Note: All actions must be undertaken as discreetly as possible and in confidence

PROCEDURES FOR DEALING WITH ALLEGATIONS FRAUD/OTHER IREGULARITIES

ANNEX 3



Standing Financial Procedure for Standards of Business Conduct for NHS Staff

Finance Department

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Version: 1.2		Date of Issue: January 2021
Page: 146 of 154		Date of Review: November 2022



INDEX

SECTION TITLE

- 1 INTRODUCTION
- 2 PRINCIPLES OF CONDUCT
- 3 PROCEDURES

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 147 of 154		Date of Review: November 2022

1. Introduction

- 1.1 The following Standing Financial Procedure (SFP) is for operational use by those members of staff engaged in dealing with Board Suppliers and Contractors as authorised by the Chief Executive. The procedures contained herein are subject to compliance with the NHS Circular MEL (1994) 48.
- 1.2 The purpose of this SFP is to ensure that all staff are aware of the procedures relating to Standards of Business Conduct for Staff and to protect them from situations where they may be placed in a real or apparent conflict of interest.
- 1.3 All references to staff in this procedure include both employees and non-executive directors of Highland Health Board. All Health Professionals, including independent contractors and locum practitioners working under the Board's terms and conditions, are included.
- 1.4 This SFP applies equally to exchequer and charitable sources of funding.
- 1.5 All Board staff who commit NHS resources directly (e.g. by the ordering of goods) or indirectly (e.g. by the prescribing of medicines) must be impartial and honest in their conduct of business and all employees must remain above suspicion. It is an offence under the Bribery Act 2010 for any employee to request, agree to receive or accept a bribe in return for improperly performing a function or activity. Staff need to be aware that a breach of the provisions of this Act renders them liable to prosecution and may also lead to potential disciplinary action and loss of their employment and superannuation rights in the NHS.
- 1.6 MEL (1994) 48 details the principles for codes of conduct and accountability in situations where there is potential conflict between the private interests of NHS staff and their NHS duties and requires the establishment of a local code of conduct. This Code reflects the minimum Standards of Business Conduct expected from all NHS staff. Any breaches of the Code may lead to disciplinary action.
- 1.7 There are three crucial public service values which underpin the work of the Health

Service: 1.7.1 Conduct:

There should be an absolute standard of honesty and integrity which should be a hallmark of all personal conduct in decisions affecting patients, staff and suppliers; in the use of information acquired in the course of NHS duties; in dealing with the assets of the NHS.

1.7.2 Accountability:

Everything done by those who work in the NHS must be able to stand the test of parliamentary and public scrutiny, judgements on propriety and professional codes of conduct.

1.7.3 Openness:

NHS Highland should be open about its activities and plans so as to promote confidence between the component parts of the Board, other health organisations and its staff, patients and the public.

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 148 of 154		Date of Review: November 2022

- 1.8 Guidance has been included for the main situations which may arise. In additional situations which arise should be deferred until advice has been sought from the Director of Finance.
- 1.9 The SFP will act as an instruction manual and a point of reference and any amendments will be made on the authority of the Chief Executive.
- 1.10 The SFP has been written with a view to ensuring that procedures are adhered to at all times, especially in cases of hospitality, gifts, etc.

2. Principles of Conduct

- 2.1 The following principles are designed to protect individuals and the Board:

2.1.1 Employees are expected to:

- 2.1.1.1 ensure that the interests of patients remain paramount at all times;
- 2.1.1.2 be impartial and honest in the conduct of their official business;
- 2.1.1.3 use the public funds entrusted to them to the best advantage of the service, always ensuring value for money; and
- 2.1.1.4 demonstrate appropriate ethical standards of personal conduct.

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

- 2.1.2.1 abuse their official position for the personal gain or to the benefit of their family or friends;
- 2.1.2.2 undertake outside employment that could compromise their NHS duties;
- 2.1.2.3 seek to advantage or further their private business or interest in the course of their official duties.

2.1.3 Staff must protect themselves and the Board from any allegations of impropriety by seeking advice from their line manager whenever there is any doubt as to the interpretation of this procedure.

3. Procedures

3.1 Action for Managers

3.1.1 Managers must adhere to this guidance and ensure that their staff are aware of and comply with this procedure. To achieve this, each manager should record their receipt and understanding of the SFP, together with evidence that all their staff have been informed of its contents. All staff should be asked to confirm their understanding of the procedure and formally record any interests, outside employment, etc, during their annual appraisal.

3.1.2 Contract Awards:

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 149 of 154		Date of Review: November 2022

Favouritism should not be shown in awarding contracts and managers should ensure when they are preparing a tender that a warning against corruption in all invitations to tender is made.

3.1.3 Where an interest, hospitality or relevant outside employment is declared to a manager, they must record that declaration in the employee's personal file, together with any instructions issued to the member of staff in relation to the declaration. All declarations of interests should be notified to the Chief Executive's Office for entry in the central register of Hospitality and Interests for Staff. Any gifts or hospitality which are unusual or likely to arouse controversy should be notified to the Board Secretary and to the Director of Finance.

3.1.4 Managers should consider whether outside employment declared by employees is likely to conflict with their NHS work or be detrimental to it. Generally, directorship of or work with an identified NHS supplier or business competing with the NHS is likely to be unacceptable.

3.1.5 If a manager is informed of a potential conflict of interest, hospitality or outside employment which has not been declared, then he or she should inform the Director of Finance in accordance with the Board's SFP "Fraud Policy and Response Plan".

3.2 Private Practice

3.2.1 Private practice for medical staff is subject to the conditions outlined in the handbook on the management of private practice in health service hospitals (NHS Circular 1987 (GEN) 25) and consultants are subject to the terms detailed therein. Other staff may undertake private practice or work for outside agencies provided they do not do so within time they are contracted to the NHS and they observe the conditions detailed in this SFP.

3.2.2 Doctors in training grades should not undertake locum work outside their contract where such work would be in breach of their contracted hours as set out in the terms and conditions of service and hours control for training grades.

3.3 Intellectual Property Rights

NHS employers are entitled to receive any royalties, rewards or benefits in respect of work commissioned or carried out by their employees in the course of their NHS duties (e.g. software programs). The Patents Act 1997 also gives employees a right to obtain some reward for their efforts and managers should seek advice from the Personnel Team in relevant circumstances.

3.4 Commercial Sponsorship

3.4.1 Financial assistance is often made available by commercial organisations as part of education programmes. This can include sponsorship of meetings at hospitals or provision of financial help towards the attendance at courses and conferences.

3.4.1.1 Provided such events/visits are clearly and primarily for educational purposes of a professional, scientific or technical nature and that funding

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 150 of 154		Date of Review: November 2022

is limited to reasonable and appropriate expenses on which the financial assistance is acceptable.

- 3.4.1.2 To protect the individual and the Board, details of any event/course where financial assistance or hospitality is offered will be maintained separately and the **“Supplementary Application for Study Leave Hospitality”** form should be completed and attached to the normal Course/Conference Application Request and be approved by the appropriate Executive Director. All applications will be registered with the Board Secretary and available for public inspection.
- 3.4.2 On occasions when it is considered necessary for staff advising on the purchasing of equipment to expect to see such equipment in operation in other parts of the country (or exceptionally overseas) NHS Highland will meet the cost to avoid putting in jeopardy the integrity of subsequent purchasing decisions.
- 3.4.2.1 The Board encourages the exchange of information between staff in the NHS, including the sharing of information about products and equipment supplied to NHS hospitals. Visits to other hospitals in the UK for this purpose are, therefore, subject only to the normal Head of Department approval arrangements which would include consideration of the cost of travel/accommodation being met by the Board against the benefit to be gained.
- 3.4.2.2 The procedures and approvals to be applied where a supplier or manufacturer is involved in such a visit are much more stringent. This is to ensure that staff do not inadvertently breach procurement regulations or leave themselves or the Board open to criticism that procedures were not fair and impartial. In this instance, the procedure to be followed will be:-
- 3.4.2.2.1 Visits to hospitals by suppliers/manufacturers to discuss supplies/equipment are not affected, nor is the supply of literature about current product/ equipment ranges and prices.
- 3.4.2.2.2 During the process of awarding a contract or purchasing an item of equipment, staff should not undertake visits to factories or other hospital sites under the auspices of a manufacturer/supplier, before the contract/equipment specification has been drawn up and issued.
- 3.4.2.2.3 As part of the evaluation procedure, it is permissible to visit demonstration sites identified by suppliers/manufacturers, provided that all firms invited to tender have an equal opportunity to arrange such visits. In these circumstances, staff should complete the **“Supplementary Application for Study Leave”** form (add link) and obtain the authority of the Chief Executive before participating in such visits. In such instances, the Chief Executive will consider the question of whether the Board will meet all costs of such visits or whether it is acceptable in the particular circumstances to accept an offer of financial assistance from the supplier/manufacturer.

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 151 of 154		Date of Review: November 2022

- 3.4.3 Companies may offer to sponsor wholly or partially a post. Such an arrangement must not be entered into unless it is made abundantly clear to the company concerned that sponsorship will have no effect on the purchasing decision within NHS Highland. Where sponsorship is accepted, the Director of Finance must be fully involved and will be responsible for the establishment of monitoring arrangements to ensure that purchasing decisions are not being influenced by the sponsorship agreement.
- 3.4.4 Under no circumstances should any employee agree to linked deals where sponsorship is linked to the purchase of a particular product or to supply from particular sources.
- 3.4.5 The authorising officer will document all activity, actions or arrangements made under this section and will ensure the central register of Hospitality and Interests of Staff is amended.

3.5 Commercial - In Confidence Information

Managers should take care in using or making public internal information of a “Commercial – in confidence” nature, particularly if its disclosure would prejudice the principle of the purchasing system based on fair competition. This principle applies whether private competitors or other NHS providers are concerned but does not include information about service delivery and activity levels, which should be publicly available. Nor should it inhibit the free exchange of data for clinical audit purposes, for example, subject to the normal rules governing patient confidentiality and data protection. Similarly, if information is requested under the Freedom of Information (Scotland) Act, advice should be sought from the Board Secretary. In all circumstances the overriding consideration must be the best interests of the patients.

3.6 Casual Gifts and Hospitality

- 3.6.1 Gifts, which could place an individual in a position of conflict between their private interests and that required in the execution of their NHS duties, should be politely but firmly declined. MEL (1994) 48 provides that staff may accept gifts of low intrinsic value or small tokens of gratitude (such as diaries or calendars). On no account should gifts of alcohol be accepted. If in doubt, staff must contact their line manager before acceptance.
- 3.6.2 Staff may accept modest hospitality, provided that it is normal and reasonable in the circumstances, e.g. lunches in the course of working visits, may be acceptable, though the scale of hospitality should be similar to that which NHS Highland would be likely to offer through the catering department. Staff should decline all other offers of hospitality. If in doubt, staff should seek advice from their line manager. All hospitality accepted by NHS employees must be declared to their line manager who will keep an appropriate record of events and notify the Board Secretary.

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 152 of 154		Date of Review: November 2022

3.7 Outside Interests and Employment

3.7.1 Outside interests include directorships, ownership, part-ownership or material shareholdings in companies, business or consultancies likely to seek to do business with NHS Highland. These should be declared to the individual's line manager, as should the interests of a spouse/partner or close relative, who should then inform the Board Secretary.

3.7.2 A conflict of interest may arise as a result of an employee accepting an outside post e.g. with a company that does business or is in competition with NHS Highland. Where there is any doubt, the employee must seek advice from their manager before accepting any outside post.

3.8 Remedies

Managers or staff who fail to comply with the guidance detailed in this SFP could be subject, following full investigation, to disciplinary action up to and including dismissal. If, through their actions or omissions, managers or staff are found to be in contravention of either this guidance or their legal responsibilities, NHS Highland reserves the right to take legal action, if necessary. Where staff suspect, or are aware of non-compliance with this code, they should report any such instances to their line manager, their local Personnel Team contact or the Director of Finance.

3.9 Guidance for Staff

The following guidelines apply to all staff who are in contact with suppliers and contractors, in particular those who are authorised to sign requisitions or orders, or who are expected to advise on the placing of contracts or orders.

3.9.1 Staff should:

- 3.9.1.1 make sure that they understand the details of this policy and consult their line manager if they are unsure;
- 3.9.1.2 ensure they are not in a position where private interest and NHS duties conflict;
- 3.9.1.3 declare to their Head of Department any personal interest which might affect their impartiality, e.g. a direct financial interest in a firm concerned either personally or through a close relative or where a close relative is employed by a potential supplier / contractor;
- 3.9.1.4 seek permission from their Head of Department before taking on outside work if there is a conflict of interest;
- 3.9.1.5 obtain permission from their Head of Department before accepting commercial sponsorship.

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 153 of 154		Date of Review: November 2022

**Standing Financial Procedure for
Standards of Business Conduct for NHS Staff**



3.9.2 Staff should not:

3.9.2.1 accept any gifts, inducements or inappropriate hospitality which will place the individual in a position of conflict between their private interest and that required of their NHS duties;

3.9.2.2 abuse past or present official position to obtain preferential rates for private deals;

3.9.2.3 unfairly advantage one competitor over another or show favouritism in awarding contracts;

3.9.2.4 misuse or make available official “commercial – in confidence” information.

3.9.3 Any suspected abuse of this procedure would be subject to investigation under the terms of NHS Highland’s Management of Employee Conduct policy.

3.10 Register of Hospitality and interests for Staff other than Board Members

A central register of Hospitality and Interests for staff other than Board Members will be held by the Board Secretary. At least annually, an officer appointed by the Director of Finance will review the register, confirm a sample of entries to available supporting information and report accordingly to the Chief Executive.

3.11 Circulation

Each manager within NHS Highland will receive a copy of this SFP and will confirm their receipt and understanding of the procedure in writing as well as confirming that they have a permanent record of formally informing their staff. All new staff will be made aware of this SFP and its implications for them at induction.

OFFICIAL	Warning – Document uncontrolled when printed	
Version: 1.2		Date of Issue: January 2021
Page: 154 of 154		Date of Review: November 2022