CODE OF

ACCOUNTABILITY

FOR BARNET, CAMDEN, ENFIELD, HARINGEY AND ISLINGTON

PRIMARY CARE TRUSTS' BOARD

CODE OF ACCOUNTABILITY FOR PCT BOARDS

1. CODE OF ACCOUNTABILITY FOR NHS BOARDS

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

1.1 Status

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

1.2 Code of Conduct

All board members of NHS bodies are required, on appointment, to subscribe to the Code of Conduct. Chairmen and non-executive directors of NHS boards are responsible for taking firm, prompt and fair disciplinary action against any executive director in breach of the Code of Conduct. Breaches of the Code of Conduct by the Chairman or non-executive member of the board should be drawn to the attention of the appropriate Department of Health Directorate of Health and Social Care. All staff should subscribe to the principles of the NHS Code of Conduct and chairmen, directors and their staff should be judged upon the way the code is observed.

1.3 Statutory Accountability

The Secretary of State for Health has statutory responsibility to promote a comprehensive health service to secure improvement of the health of the people of England and to improve the prevention, diagnosis and treatment of illness. He uses statutory powers to delegate functions to Strategic Health Authorities, NHS trusts, Primary Care Trusts and Care Trusts, which are thus accountable to the Secretary of State and to Parliament. The Chief Executive and the Department of Health are responsible for directing the NHS, for ensuring national policies are implemented and for the effective stewardship of NHS resources.

NHS trusts have responsibility to provide goods and services for the purpose of the health service. Strategic health authorities are responsible for:

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

The oversight of health authorities is set out in the NHS Act 1977 [now the Health and Social Care Act 2001] and subject to any directions or guidance issued by the Secretary of State.
Primary Care Trusts (PCTs) are responsible for:

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

From October 2002, subject to legislation, PCTs will assume responsibility for administering the provision of general medical, dental, ophthalmic and pharmaceutical services in accordance with regulations made by the Secretary of State. Care Trusts are Primary Care Trusts or NHS trusts which have been designated as a Care Trust. In addition to their NHS functions such organisations are responsible for prescribed health-related functions of a local authority for a specified area, as set out in the Health and Social Care Act 2001.

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

NHS boards must co-operate fully with the Department of Health and the Audit Commission when required to account for the use they have made of public funds, the delivery of patient care and other services, and comply with statutes, directions, guidance and policies of the Secretary of State.

Chief Executives of NHS bodies are accountable officers whose duties are laid out in a memorandum signed on appointment. See Accountable Officer Memorandum, (section 1.2). The Chief Executive of the Department of Health, as Accounting Officer for the NHS, is accountable to Parliament through the Committee of Public Accounts.

1.4 The Board of Directors

NHS boards comprise executive board members, or officer members, and part-time non-executive board members, or non-officer members, under a part-time Chairman appointed by the Secretary of State as advised by the Independent Appointments Commission. PCT boards also comprise the Chairman of the PCT Executive Committee, at least one other member of the Professional Executive Committee and other members nominated by the Chairman of the Professional Executive Committee who are not necessarily members of that committee.

Together they share corporate responsibility for all decisions of the board. There is a clear division of responsibility between the Chairman and the Chief Executive: the Chairman's role and board functions are set out below; the Chief Executive is directly accountable to the Chairman and non-executive members of the board for the operation of the organisation and for implementing the board's decisions. Boards are required to meet regularly and to retain full and effective control over the organisation: the Chairman and non-executive board members are responsible for monitoring the executive management of the organisation and are responsible to the Secretary of State for the discharge of these responsibilities. The Department of Health has a key role in maintaining the line of accountability to the Secretary of State. [Non-executive members of the Policy Board will always be available to chairmen and non-executive directors on matters of grave concern to them relating to the effectiveness of the board.]
NHS boards have six key functions for which they are held accountable by the Department of Health on behalf of the Secretary of State:

1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy;

2. to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organization;
3. to appoint, appraise and remunerate senior executives;
4. on the recommendation of the Professional Executive Committee to ratify the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer term objectives and agree plans to achieve them;
5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary; and
6. to ensure that the Professional Executive Committee leads an effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.

The boards of PCT are expected to discharge these functions differently from those of other NHS bodies. PCT boards should concentrate on the first four functions: for the latter two, the board's role is to oversee the work of the professionally led PCT Professional Executive Committee and to consider proposals or initiatives generated by or on behalf of the PCT Professional Executive Committee. This is also true of Primary Care Trusts designated as Care Trusts.

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

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

1.5 The Role of the Chairman

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

It is the Chairman's role to:

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

For Health Authorities and Trusts a complementary relationship between the Chairman and Chief Executive is important. The Chief Executive is accountable to the Chairman and non-executive members of the board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship. The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the board. The other duties of the Chief Executive as accountable officer are laid out in the Accountable Officer Memorandum, (section 1.2).

1.6 Non-Officer Board and Lay Members

Non-officer (non executive) board i.e. lay members are appointed by the Secretary of State as advised by the Independent Appointments Commission to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.

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

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

[Members of Strategic Health Authority, Trust, PCT and Care Trust boards play important roles in relation to the handling and monitoring of complaints. Being both informed and impartial, non-executives are able to act effectively as lay conciliators or adjudicators in relation to individual complaints. With the Chief Executive, they can also take responsibility for ensuring that their organisation's complaints

procedures are operated effectively and that lessons learned from them are implemented].

1.7 Reporting and Controls

It is the board's duty to present through the timely publications of an annual report, annual accounts and other means, a balanced and readily understood assessment of the Authority's, PCT's or Trust's performance to:

- the Department of Health, on behalf of the Secretary of State;
- the Audit Commission and its appointed auditors; and
- the local community.

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

1.8 Declaration of Interests

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

1.9 Employee Relations

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

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

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