

To:	Trust Board
From:	Andrew Seddon
Date:	30th March 2012
CQC regulation:	All applicable

Trust Board Paper B

Title:	DECLARATION OF INTERESTS AND RELATED PARTIES		
Author/Responsible Director: Director of Finance and Procurement.			
Purpose of the Report: To seek formal approval for the definition of 'key management personnel' for the purposes of related party disclosures in the final accounts			
The Report is provided to the Board for:			
	Decision	<input checked="" type="checkbox"/>	
	Assurance	<input type="checkbox"/>	
	Discussion	<input type="checkbox"/>	
	Endorsement	<input type="checkbox"/>	
Summary / Key Points:			
<p>The Trust is required under IAS 24 to disclose within its annual accounts business transactions that take place between itself and so-called related parties.</p> <p>For accounting purposes we are required to identify all entities either controlled by key management personnel or in which they have an interest. IAS 24 defines key management personnel as 'those persons having significant authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity'.</p> <p>In prior years we have undertaken separate exercises to identify the related parties for the accounts and the interests declared by directors as part of the Board reporting process. In 2011-12, the Trust's external auditors, KPMG LLP, noted that there were discrepancies between the information captured by these two processes and recommended that we follow a single process for capturing this information.</p> <p>The Board are asked to agree the definition of key management personnel, as we do not currently have this defined within the Trust, and this is necessary to enable us to implement the above process.</p>			
Recommendations:			
The Board is asked to:			
Approve the definition of key management personnel as defined below:			
All Trust Board members: <ul style="list-style-type: none"> • Chairman • Chief Executive • Non-Executive Directors • Executive Board Directors 			
plus the following:			

- all Associate Directors
- all Divisional Directors
- Director of Safety and Risk
- Director of Clinical Quality
- Director of Nursing
- Head of Facilities and Estates
- Transformation Director
- Head of Operations

Previously considered at another corporate UHL Committee?

No

Strategic Risk Register

N/A

Performance KPIs year to date

N/A

Resource Implications (eg Financial, HR)

None

Assurance Implications

None

Patient and Public Involvement (PPI) Implications

None

Equality Impact

No issues

Information exempt from Disclosure

None

Requirement for further review ?

No

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: TRUST BOARD

DATE: 30th MARCH 2012

REPORT FROM: ANDREW SEDDON – DIRECTOR OF FINANCE AND PROCUREMENT

SUBJECT: DECLARATION OF INTERESTS AND RELATED PARTIES

1. Introduction

1.1 This paper seeks agreement on the definition of 'key management personnel' for the disclosure of related party transactions in the 2011-12 final accounts.

2. Related party transactions and declarations of interests

2.1 In the annual accounts for the year ended 31 March 2012 the Trust is required under IAS 24 to disclose business transactions that take place between itself and so-called related parties. This is consistent with disclosures made in previous years.

2.2 Accounting guidance defines related parties as:

- Any member of the key management personnel
- The families of key management personnel
- The partners of key management personnel
- Entities (such as Sole Traders; Partnerships; Companies; and Associations) controlled* by key management personnel

(*A controlling interest is defined as at least 20% of the voting rights)

2.3 For accounting purposes we are required to identify all entities either controlled by key management personnel or in which they have an interest. In prior years we have undertaken separate exercises to identify the related parties for the accounts, and the interests declared by directors as part of the Board reporting process.

2.4 In 2011-12 the Trust's external auditors, KPMG LLP, noted that there were discrepancies between the information captured by these two processes. and recommended that we follow a single process for capturing this information.

2.5 IAS 24 defines key management personnel as 'those persons having significant authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity'. The definition of key management personnel varies by Trust, but the decision as to who should

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be included in this definition should be taken by the Board, as we do not currently have this clearly defined within the Trust.

2.6 Following review of the Trust's management structure, three options have been proposed for the definition of key management personnel:

- (A) All Trust Board members:
 - Chairman
 - Chief Executive
 - Non-Executive Directors
 - Executive Board Directors

- (B) All Trust Board members (as in A) above) plus the following:
 - all Associate Directors
 - all Divisional Directors
 - Director of Safety and Risk
 - Director of Clinical Quality
 - Director of Nursing
 - Head of Facilities and Estates
 - Transformation Director
 - Head of Operations

- (C) All members of staff down to an appropriate level, for example Divisional Manager or CBU Manager.

2.7 The favoured option is B) as this captures all of the key staff as defined by IAS 24 and described in section 2.5 above. We have proceeded on this basis for 2011-12 and related party / declaration of interest requests have been sent out to the individuals listed. We will amend this process if the Board decides on an alternative definition.

3. Recommendation

The Board is asked to:

3.1 Approve the definition of key management personnel as defined in section 2.6 (B) above.

Andrew Seddon
Director of Finance and Procurement

30th March 2012