

# **G102 Financial Management Policy Review of Standing Orders, Standing Financial Instructions and Scheme of Delegation**

**13 May 2019**

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**Agenda Item No: 11.5**

## Trust Board Report

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <b>Meeting Date:</b>                       | 13 May 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Title:</b>                              | GI02 Financial Management Policy<br>Review of Standing Orders, Standing Financial Instructions and Scheme of Delegation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Executive Summary:</b>                  | The Trust is required to undertake periodic review, update and revision of the Standing Orders, Standing Financial Instructions and Scheme of Delegation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Action Requested:</b>                   | Approve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>For the attention of the Board</b>      | <p>The changes from the previous versions of these documents have been highlighted as follows:</p> <ul style="list-style-type: none"> <li>• In the case of the Standing Orders changes are highlighted in red and items to be removed are crossed through.</li> <li>• In the case of the Standing Financial Instructions the changes are highlighted in yellow.</li> <li>• In the case of the Scheme of Delegation both apply depending on whether they are derived from the Standing Orders or the Standing Financial Instructions.</li> </ul> <p>Changes received from Trust Board Members from the April Board have been incorporated.</p>                                                                                 |
| <b>Assure</b>                              | <ul style="list-style-type: none"> <li>• The Trust has undertaken the necessary review and revision of the SOs and SFIs and SoD as required.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Advise</b>                              | <ul style="list-style-type: none"> <li>• The Board will need to consider the implementation of some aspects of the SO/SFI's.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Alert</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Author + Contact Details:</b>           | Tel 01902 694294      Keith Wilshere Email keith.wilshere1@nhs.net                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Links to Trust Strategic Objectives</b> | <ol style="list-style-type: none"> <li>1. Create a culture of compassion, safety and quality</li> <li>2. Proactively seek opportunities to develop our services</li> <li>3. To have an effective and well integrated local health and care system that operates efficiently</li> <li>4. Attract, retain and develop our staff, and improve employee engagement</li> <li>5. Maintain financial health – Appropriate investment to patient services</li> <li>6. Be in the top 25% of all key performance indicators</li> </ol>                                                                                                                                                                                                  |
| <b>Resource Implications:</b>              | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>CQC Domains</b>                         | <p><b>Safe:</b> patients, staff and the public are protected from abuse and avoidable harm.</p> <p><b>Effective:</b> care, treatment and support achieves good outcomes, helping people maintain quality of life and is based on the best available evidence.</p> <p><b>Caring:</b> staff involve and treat everyone with compassion, kindness, dignity and respect.</p> <p><b>Responsive:</b> services are organised so that they meet people's needs.</p> <p><b>Well-led:</b> the leadership, management and governance of the organisation make sure it's providing high-quality care that's based around individual needs, that it encourages learning and innovation, and that it promotes an open and fair culture.</p> |
| <b>Equality and Diversity Impact</b>       | None identified                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Risks: BAF/ TRR</b>                     | SR9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Public or Private:</b>                  | Public                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <b>NHS<br/>Constitution:</b> | In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: <ul data-bbox="478 145 1066 327" style="list-style-type: none"><li>• Equality of treatment and access to services</li><li>• High standards of excellence and professionalism</li><li>• Service user preferences</li><li>• Cross community working</li><li>• Best Value</li><li>• Accountability through local influence and scrutiny</li></ul> |
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## Document Control

|                                                                                                                                                                                   |                       |                         |                                                                                                            |                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Reference Number and Policy name:</b><br>GI02<br>Financial Management                                                                                                          | <b>Version:</b><br>V5 | <b>Status:</b><br>Final | <b>Author:</b> Head of Financial Control and Assurance<br><b>Director Sponsor:</b> Chief Financial Officer |                                                                                                |
| Version / Amendment History                                                                                                                                                       | Version               | Date                    | Author                                                                                                     | Reason                                                                                         |
|                                                                                                                                                                                   | V1                    | June 2011               | Financial Controller                                                                                       | Implementation of Financial Management Policy                                                  |
|                                                                                                                                                                                   | V2                    | June 2013               | Financial Controller                                                                                       | Minimal changes                                                                                |
|                                                                                                                                                                                   | V3                    | July 2014               | Financial Controller                                                                                       | Minimal changes                                                                                |
|                                                                                                                                                                                   | V4                    | April 2019              | Head of Financial Control and Assurance                                                                    | Review of policy including Appendices with updates to all appendices to ensure relevant        |
|                                                                                                                                                                                   | V5                    | May 2019                | Head of Financial Control and Assurance, Company Secretary                                                 | Inclusion of suggested amendments following initial presentation to Trust Board in April 2019. |
| <b>Intended Recipients:</b> All Trust Staff                                                                                                                                       |                       |                         |                                                                                                            |                                                                                                |
| <b>Consultation Group / Role Titles and Date:</b> Company Secretary; Finance and Performance Committee, Audit Committee, Chief Financial Officer, Deputy Chief Financial Officer. |                       |                         |                                                                                                            |                                                                                                |
| <b>Name and date of Trust level group where reviewed</b>                                                                                                                          |                       |                         | Audit Committee                                                                                            |                                                                                                |
| <b>Name and date of final approval committee</b>                                                                                                                                  |                       |                         | Trust Board 1 April 2019                                                                                   |                                                                                                |
| <b>Date of Policy issue</b>                                                                                                                                                       |                       |                         | June 2011                                                                                                  |                                                                                                |
| <b>Review Date and Frequency</b> (standard review frequency is 3 yearly unless otherwise indicated)                                                                               |                       |                         | April 2020 annually                                                                                        |                                                                                                |

|                                                                                                                                                                                                                                                                                                    |                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <p><b>Training and Dissemination:</b> Senior managers briefing, Divisional management forums, approving committees and dissemination via Intranet.</p>                                                                                                                                             |                                                    |
| <p><b>To be read in conjunction with:</b> Standing Orders, Scheme of Delegation, Conflicts of Interest Policy, and Counter Fraud, Bribery and Corruption Policy</p>                                                                                                                                |                                                    |
| <p><b>Initial Equality Impact Assessment (all policies):</b> Completed Yes</p> <p><b>Full Equality Impact assessment (as required):</b> Completed NA</p> <p>If you require this document in an alternative format e.g., larger print please contact Central Governance Department on Ext 5114.</p> |                                                    |
| <p><b>Contact for Review</b></p>                                                                                                                                                                                                                                                                   | <p>Head of Financial Control and Assurance</p>     |
| <p><b>Implementation plan / arrangements (Name implementation lead)</b></p>                                                                                                                                                                                                                        | <p>Chief Financial Officer</p>                     |
| <p><b>Monitoring arrangements and Committee</b></p>                                                                                                                                                                                                                                                | <p>Audit Committee<br/>Approval by Trust Board</p> |
| <p><b>Document summary / key issues covered:</b></p> <p>The attached appendices provide managers with the financial framework they are required to adhere to as part of sound management practice in accordance with NHS guidelines and legislation.</p>                                           |                                                    |

**VALIDITY STATEMENT**

**This document is due for review on the latest date shown above. After this date, policy and process documents may become invalid. The electronic copy of this document is the only version that is maintained. Printed copies must not be relied upon to contain the latest updates and amendments.**

# Contents

## Sections

**Appendix 1 – Standing Orders**

**Appendix 2 – Standing Financial Instructions**

**Appendix 3 – Scheme of Reservation and Delegation**

**Appendix 4 – Budget Management Principles and Guidance**

## Financial Management

### 1.0 Policy Statement (Purpose / Objectives of the policy)

The attached appendices provide managers with the financial framework they are required to adhere to as part of sound management practice in accordance with NHS guidelines and legislation.

The purpose of the policy is to provide all managers with guidance on their responsibilities in relation to Tendering/Ordering/Contracting. To provide managers with a framework and guidance to aid budget management.

To ensure all managers are equipped with the information they require to ensure sound financial management at all levels within the organization and to ensure sound financial control is delivered in accordance with NHS requirements.

All aspects of this document regarding potential Conflicts of Interest should refer first to the Conflicts of Interest Policy (OP109). In adhering to this Policy, all applicable aspects of the Conflicts of Interest Policy must be considered and addressed. In the case of any inconsistency, the Conflict of Interest Policy is to be considered the primary and overriding Policy.

### 2.0 Definitions

Not applicable

### 3.0 Accountabilities

These are responsibilities of the Trusts Audit Committee who are accountable for ensuring that elements of this policy are included within the Trusts internal audit programme.

### 4.0 Policy Detail

[Appendix 1 – Standing Orders](#)

[Appendix 2 – Standing Financial Instructions](#)

[Appendix 3 – Scheme of Reservation and Delegation](#)

[Appendix 4 – Budget Management Principles and Guidance](#)

### 5.0 Financial Risk Assessment

|   |                                                                                                                                                                                         |     |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1 | Does the implementation of this policy require any additional Capital resources                                                                                                         | No  |
| 2 | Does the implementation of this policy require additional revenue resources                                                                                                             | No  |
| 3 | Does the implementation of this policy require additional manpower                                                                                                                      | No  |
| 4 | Does the implementation of this policy release any manpower costs through a change in practice                                                                                          | No  |
| 5 | Are there additional staff training costs associated with implementing this policy which cannot be delivered through current training programmes or allocated training times for staff. | No  |
|   | Other comments                                                                                                                                                                          | N/A |

## **6.0 Equality Impact Assessment**

This policy has been assessed as not affecting the equality and diversity of any one particular group of stakeholders.

## **7.0 Maintenance**

The policy will be reviewed by Chief Financial Officer annually to ensure any new guidance and any changes included as required and there must be a formal review by the Board at least 3 yearly.

## **8.0 Communication and Training**

This policy will be posted on the Trust Intranet and all staff will receive notification of changes through local directorate/department governance meetings and through inclusion of the key areas of change within Trust Talk.

## **9.0 Audit Process**

This is led by the Trusts Audit Committee who are accountable for ensuring that elements of this policy are included within the Trusts internal audit programme.

**10.0 References - Legal, professional or national guidelines** must underpin policies and be referenced here. Where appropriate cross references must be made to other policies.



**The Royal Wolverhampton NHS Trust**

**Standing orders – 2019 review and revision**

|                        |                                                       |
|------------------------|-------------------------------------------------------|
| <b>Standing Orders</b> | <b>Type: Standing orders</b><br><b>Status: Public</b> |
|------------------------|-------------------------------------------------------|

|                                     |                                                   |
|-------------------------------------|---------------------------------------------------|
| Developed in response to:           | Governance Requirement,<br>Code of Accountability |
| Contributes to CQC Standard number: | 17                                                |

| Consulted With | Post/Committee/Group | Date |
|----------------|----------------------|------|
|                |                      |      |
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|                                                         |                                                                                                                   |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Version Number                                          | v1.2                                                                                                              |
| Issuing Directorate                                     | CEO Office                                                                                                        |
| Ratified by:                                            | Board of Directors                                                                                                |
| Ratified on:                                            |                                                                                                                   |
| Implementation Date                                     | 2 <sup>nd</sup> April 2019                                                                                        |
| Next Review Date                                        | February 2020                                                                                                     |
| Author/Contact for Information                          | Keith Wilshere                                                                                                    |
| Policy to be followed by (target staff)                 | All Trust staff                                                                                                   |
| Distribution Method                                     | Intranet, Website                                                                                                 |
| Related Trust Policies (to be read in conjunction with) | Standing Financial Instructions Scheme of Reservation & Delegation Scheme of Responsibility, Authority & Decision |

**Document Review History**

|                         |                                    |                            |
|-------------------------|------------------------------------|----------------------------|
| Revision history – v1.0 |                                    |                            |
| 2010                    | Reviewed at Trust Board 12/04/2010 |                            |
| 2013                    | Reviewed at Trust Board 24/06/2013 |                            |
| 2015                    | Reviewed at Trust Board 26/01/2015 |                            |
| Revision history – v1.1 |                                    |                            |
| 2019                    | Reviewed at Trust Board 04/03/2019 | Revisions as listed below. |

## Revisions to Standing Orders – Summary of main changes 2019 review

1. Name change as of 15<sup>th</sup> August 2012 – revised amended Establishment Order [http://www.legislation.gov.uk/uksi/2012/1837/pdfs/uksi\\_20121837\\_en.pdf](http://www.legislation.gov.uk/uksi/2012/1837/pdfs/uksi_20121837_en.pdf)
2. Change of references to PCT's to CCG's, removal of references to other bodies no longer in existence e.g. Strategic Health Authority.
3. Revision to Section 5.2 to cover the use of electronic systems for the distribution of papers.
4. Revision to Section 4.1 to clarify the voting Executive Director members (Part [4] & [5]).
5. Revision to Section 6.8.2 Remuneration Committee – additional clarification of the Chair and membership.
6. Revision to Section 6.8.4 to include all current Board Committee's.
7. Revision to Section 8.1 to confirm the Trust Board as the approving body for Trust-wide Strategies – addition of Sections 8.1.1, 8.1.2 and 8.1.3.
8. Revision of Section 9.4.1 to include requirements of Trust Policy GP01 Corporate Governance – Principles of Public Life, and the Standards for members of NHS boards and Clinical Commissioning Group governing bodies in England issued by the Professional Standards Authority in November 2012 and the Code of Conduct - Code of Accountability in the NHS published by the Department of Health and Social Care in July 2004.
9. Revision to 9.6. – clarification of the officer holding the Trust Seal.
10. Revision to 9.1.9 and 9.1.10 in line with the Trust Conflict of Interest Policy OP109 and Trust Counter-fraud Policy
11. Insertion of review and revision history since 2009 document.
12. Insertion of Foreword Section.
13. Whole document re-pagination, re-numbering and structured layout, revised contents list.
14. Initial review – Company Secretary 19/02/2019, 27/02/2019
15. Addition to Department of Health to Department of Health and Social Care throughout the document.
16. Addition of Section 4.1 (6) to allow for the recruitment and appointment of Non-voting Associate Non-executive Directors.

**Standing Orders**

| Contents  |                                                                                               | Page |
|-----------|-----------------------------------------------------------------------------------------------|------|
| <b>1.</b> | <b>Foreword to Standing Order</b>                                                             |      |
|           | <b>SECTION A</b>                                                                              |      |
| <b>2.</b> | <b>INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS</b>                                     |      |
|           | <b>SECTION B STANDING ORDERS</b>                                                              |      |
| <b>3.</b> | <b>Introduction</b>                                                                           |      |
|           | <b>3.1 Statutory Framework</b>                                                                |      |
|           | <b>3.2 Name of the Trust</b>                                                                  |      |
|           | <b>3.3 NHS Framework</b>                                                                      |      |
|           | <b>3.4 Delegation of Powers</b>                                                               |      |
|           | <b>3.5 Integrated Governance</b>                                                              |      |
| <b>4.</b> | <b>THE TRUST BOARD: COMPOSITION OF MEMBERSHIP, TENURE AND ROLE OF MEMBERS</b>                 |      |
|           | <b>4.1 Composition of the Membership of the Trust Board</b>                                   |      |
|           | <b>4.2 Appointment of Chairman and Members of the Trust</b>                                   |      |
|           | <b>4.3 Terms of Office of the Chairman and Members</b>                                        |      |
|           | <b>4.4 Appointment and Powers of Vice-Chairman</b>                                            |      |
|           | <b>4.5 Joint Members</b>                                                                      |      |
|           | <b>4.6 Role of Members</b>                                                                    |      |
|           | <b>4.7 Executive Members</b>                                                                  |      |
|           | <b>4.8 Corporate role of the Board</b>                                                        |      |
|           | <b>4.9 Schedule of Matters reserved to the Board and Scheme of Delegation</b>                 |      |
|           | <b>4.10 Lead Roles for Board Members</b>                                                      |      |
| <b>5.</b> | <b>Meetings of the Trust</b>                                                                  |      |
|           | <b>5.1 Calling meetings</b>                                                                   |      |
|           | <b>5.2 Notice of Meetings and the Business to be transacted</b>                               |      |
|           | <b>5.3 Agenda and Supporting Papers</b>                                                       |      |
|           | <b>5.4 Petitions</b>                                                                          |      |
|           | <b>5.5 Notice of Motion</b>                                                                   |      |
|           | <b>5.6 Emergency Motions</b>                                                                  |      |
|           | <b>5.7 Motions: Procedure at and during a meeting</b>                                         |      |
|           | <b>5.8 Motion to Rescind a Resolution</b>                                                     |      |
|           | <b>5.9 Chairman of meeting</b>                                                                |      |
|           | <b>5.10 Chairman's ruling</b>                                                                 |      |
|           | <b>5.11 Quorum</b>                                                                            |      |
|           | <b>5.12 Voting</b>                                                                            |      |
|           | <b>5.13 Suspension of Standing Orders</b>                                                     |      |
|           | <b>5.14 Variation and amendment of Standing Orders</b>                                        |      |
|           | <b>5.15 Record of Attendance</b>                                                              |      |
|           | <b>5.16 Minutes</b>                                                                           |      |
|           | <b>5.17 Admission of public and the press</b>                                                 |      |
|           | <b>5.18 Observers at Trust meetings</b>                                                       |      |
| <b>6.</b> | <b>Appointment of Committees and Sub-Committees</b>                                           |      |
|           | <b>6.1 Appointment of Committees</b>                                                          |      |
|           | <b>6.2 Joint Committees</b>                                                                   |      |
|           | <b>6.3 Applicability of Standing Orders and Standing Financial Instructions to Committees</b> |      |
|           | <b>6.4 Terms of Reference</b>                                                                 |      |
|           | <b>6.5 Delegation of powers by Committees to Sub-Committees</b>                               |      |
|           | <b>6.6 Approval of Appointments to Committees</b>                                             |      |

|           |             |                                                                                                                                         |  |
|-----------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------|--|
|           | <b>6.7</b>  | <b>Appointments for Statutory functions</b>                                                                                             |  |
|           | <b>6.8</b>  | <b>Committees established by the Trust Board</b>                                                                                        |  |
| <b>7.</b> |             | <b>Arrangements for the Exercise of Trust Functions by Delegation</b>                                                                   |  |
|           | <b>7.1</b>  | <b>Delegation of Functions to Committees, Officers or other bodies</b>                                                                  |  |
|           | <b>7.2</b>  | <b>Emergency Powers and urgent decisions</b>                                                                                            |  |
|           | <b>7.3</b>  | <b>Delegation to Committees</b>                                                                                                         |  |
|           | <b>7.4</b>  | <b>Delegation to Officers</b>                                                                                                           |  |
|           | <b>7.5</b>  | <b>Schedule of Matters Reserved to the Trust and Scheme of Delegation of powers</b>                                                     |  |
|           | <b>7.6</b>  | <b>Duty to report non-compliance with Standing Orders and Standing Financial Instructions</b>                                           |  |
| <b>8.</b> |             | <b>Overlap with other Trust <b>Strategy and</b> Policy Statements / Procedures, Regulations and the Standing Financial Instructions</b> |  |
|           | <b>8.1</b>  | <b><b>Strategy and</b> Policy statements: general principles</b>                                                                        |  |
|           | <b>8.2</b>  | <b>Standing Financial Instructions</b>                                                                                                  |  |
|           | <b>8.3</b>  | <b>Specific guidance</b>                                                                                                                |  |
| <b>9.</b> |             | <b>Duties and Obligations of Board Members / Directors and Senior Managers under these Standing Orders</b>                              |  |
|           | <b>9.1</b>  | <b>Declaration of Interests</b>                                                                                                         |  |
|           | <b>9.2</b>  | <b>Register of Interests</b>                                                                                                            |  |
|           | <b>9.3</b>  | <b>Pecuniary Interest</b>                                                                                                               |  |
|           | <b>9.4</b>  | <b>Standards of Business Conduct</b>                                                                                                    |  |
|           | <b>9.5</b>  | <b>Custody of Seal, Sealing of Documents and Signature of Documents</b>                                                                 |  |
|           | <b>9.6</b>  | <b>Custody of Seal</b>                                                                                                                  |  |
|           | <b>9.7</b>  | <b>Sealing of Documents</b>                                                                                                             |  |
|           | <b>9.8</b>  | <b>Register of Sealing</b>                                                                                                              |  |
|           | <b>9.9</b>  | <b>Signature of documents</b>                                                                                                           |  |
|           | <b>9.10</b> | <b>Issuing Standing Orders to Directors and Officers</b>                                                                                |  |
|           |             |                                                                                                                                         |  |
|           |             |                                                                                                                                         |  |

## 1. Foreword to Standing Orders

- 1.1 NHS Trusts are required by law to make **Standing Orders (SOs)**, which regulate the way in which the proceedings and business of the Trust will be conducted. Regulation 19 of the NHS Trusts (Membership and Procedure) Regulations, 1990 (as amended) requires the meetings and proceedings of an NHS trust to be conducted in accordance with the rules set out in the Schedule to those Regulations and with Standing Orders made under Regulation 19(2).
- 1.2 These Standing Orders and associated documents are extremely important. High standards of corporate and personal conduct are essential in the NHS. As the NHS is publicly funded, it is accountable to Parliament for the services it provides and for the effective and economical use of taxpayers' money.
- 1.3 The Standing Orders, Standing Financial Instructions, procedures and the rules and instructions made under them provide a framework and support for the public service values which are essential to the work of the NHS of:
- (1) Accountability – the ability to stand the test of Parliamentary scrutiny, public judgements on propriety and professional codes of conduct.
  - (2) Probity – an absolute standard of honesty in dealing with the assets of the Trust; integrity in decisions affecting patients, staff and suppliers, and in the use of information acquired in the course of NHS duties.
  - (3) Openness – transparency about NHS activities to promote confidence between the organisation and its staff, patients and the public.
  - (4) Additional documents, which form part of these “extended” Standing Orders are:
  - (5) Standing Financial Instructions, which detail the financial responsibilities, policies and procedures to be maintained by the Trust.
  - (6) Schedule of Decisions Reserved to the Board of the Trust
  - (7) Scheme of Delegated Authorities, which sets out delegated levels of authority and responsibility
- 1.4 These extended Standing Orders set out the ground rules within which Board directors and staff must operate in conducting the business of the Trust. Observance of them is mandatory. Such observance will mean that the business of the Trust will be carried out in accordance with the law, Government policy, the Trust's statutory duties and public service values. As well as protecting the Trust's interests, they will also protect staff from any possible accusation of having acted less than properly.
- 1.5 All executive and Non-Executive Directors and senior staff are expected to be aware of the existence of these documents, understand when they should be referred to and, where necessary and appropriate to their role, make themselves familiar with the detailed provisions.

## SECTION A

### 2. INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS

- 2.1 Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Orders [on which he / she should be advised by the Chief Executive].
- 2.2 Any expression to which a meaning is given in the National Health Service Act 1977, National Health Service and Community Care Act 1990 and other Acts relating to the National Health Service (including the Health & Social Care Act, 2012) or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and in addition:
- (1) **"Accountable Officer"** means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.
  - (2) **"Trust"** means the Royal Wolverhampton Hospitals NHS Trust.
  - (3) **"Board"** means the Chairman, executive and non-executive members of the Trust collectively as a body.
  - (4) **"Budget"** means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
  - (5) **"Budget holder"** means the director or employee with delegated authority to manage finances for a specific area of the organisation.
  - (6) **"Chairman of the Board [or Trust]"** is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression "the Chairman of the Trust" shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.
  - (7) **"Chief Executive"** means the chief officer of the Trust.
  - (8) **"Committee"** means a committee or sub-committee created and appointed by the Trust.
  - (9) **"Committee members"** means persons formally appointed by the Board to sit on or to chair specific committees.
  - (10) **"Contracting and procuring"** means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
  - (11) ~~"Director of Finance"~~ **Chief Financial Officer** " means the Chief Financial Officer of the Trust.
  - (12) **"Funds held on trust"** shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.
  - (13) **"Member"** means executive or non-executive member of the Board as the context permits. Member in relation to the Board does not include its Chairman.

- (14) "**Associate Member**" means a person appointed to perform specific statutory and non-statutory duties which have been delegated by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record.
- (15) "**Membership, Procedure and Administration Arrangements Regulations**" means NHS Membership and Procedure Regulations [SI 1990 / 2024] and subsequent amendments.
- (16) "**Nominated officer**" means an officer charged with the responsibility for discharging specific tasks within Standing Orders.
- (17) "**Non-executive member**" means a member of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1[3] of the Membership, Procedure and Administration Arrangements Regulations.
- (18) "**Officer**" means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- (19) "**Executive member**" means a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1[3] [i.e. the Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member].
- (20) "**SFIs**" means Standing Financial Instructions.
- (21) "**SOs**" means Standing Orders.
- (22) "**Vice-Chairman**" means the non-executive member appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.



## SECTION B STANDING ORDERS

### 3. Introduction

#### 3.1 Statutory Framework

The Royal Wolverhampton Hospitals NHS Trust [the Trust] is a statutory body which came into existence on 1 April 1994 under The NHS Trust [Establishment] Order 1993 No 2574, [the Establishment Order]. This was amended under a statutory instrument 2012 No. 1837, NATIONAL HEALTH SERVICE, ENGLAND, The Royal Wolverhampton Hospitals National Health Service Trust (Establishment) Amendment Order 2012 Amendment to Article 1 item 3.

#### 3.2 Name of the Trust

The trust is to be called The Royal Wolverhampton National Health Service Trust instead of The Royal Wolverhampton Hospitals National Health Service Trust. Accordingly in article 1(2) of the Establishment Order in the definition of “the Trust”, and in article 2 of the Establishment Order (establishment of the trust), omit “Hospitals”.

- (1) The principal place of business of the Trust is New Cross Hospital, Wolverhampton.
- (2) NHS Trusts are governed by Act of Parliament, mainly the National Health Service Act 1977 [NHS Act 1977], the National Health Service and Community Care Act 1990 [NHS & CC Act 1990] as amended by the Health Authorities Act 1995 and the Health Act 1999.
- (3) The functions of the Trust are conferred by this legislation.
- (4) As a statutory body, the Trust has specified powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health.
- (5) The Code of Accountability requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions [SFIs] setting out the responsibilities of individuals.
- (6) The Trust will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

#### 3.3 NHS Framework

- (1) In addition to the statutory requirements the Secretary of State through the Department of Health and Social Care issues further directions and guidance. These are normally issued under cover of a circular or letter.
- (2) The Code of Accountability requires that, inter alia, Boards draw up a schedule of decisions reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives [a scheme of delegation]. The code also requires the establishment of audit and remuneration committees with formally agreed terms of reference. The Code of Conduct makes various requirements concerning possible conflicts of interest of Board members.
- (3) The Code of Practice on Openness in the NHS sets out the requirements for public access to information on the NHS.

### 3.4 Delegation of Powers

The Trust has powers to delegate and make arrangements for delegation. The Standing Orders set out the detail of these arrangements. Under the Standing Order relating to the Arrangements for the Exercise of Functions the Trust has powers to "make arrangements for the exercise, on behalf of the Trust, of any of its functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order 4 or by an officer of the Trust, in each case subject to such restrictions and conditions as the Trust thinks fit or as the Secretary of State may direct". Delegated Powers are covered in a separate document [Reservation of Powers to the Board and Delegation of Powers].

### 3.5 Integrated Governance

Trust Boards continue to develop integrated governance to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, clinical, information and research governance. Integrated governance better enables the Board to take a holistic view of the organisation and its capacity to meet its legal and statutory requirements and clinical, quality and financial objectives.

## 4. THE TRUST BOARD: COMPOSITION OF MEMBERSHIP, TENURE AND ROLE OF MEMBERS

### 4.1 Composition of the Membership of the Trust Board

In accordance with the Membership, Procedure and Administration Arrangements regulations the composition of the Board shall be:

- (1) The Chairman of the Trust [Appointed by the NHS Appointments Commission];
- (2) Up to 5 non-executive members [appointed by the NHS Appointments Commission];
- (3) Up to 5 executive members [but not exceeding the number of non-executive members] including:
  - the Chief Executive;
  - the Chief Financial Officer;
  - a medical or dental practitioner;
  - a registered nurse or midwife.
- (4) **Voting Executive Director Members are:**
  - Chief Financial Officer,
  - Medical Director,
  - Chief Nursing Officer,
  - Chief Operating Officer,
  - Chief Executive.
- (5) **Non-voting Executive Director Members are:**
  - Director of Workforce
  - Director of Integration,
  - Director of Strategic Planning and Performance.
  - Deputy Chief Executive (if none of the 5 above in [4])
- (6) **Non-voting Associate Non-executive Director Members**

At the discretion of the Chair and Trust Board, the Trust may appoint additional Associate Non-executive Directors through the same process and to the same standards as a voting NED's and for the same specified term period. Associates are not members of the Remuneration Committee.

#### **4.2 Appointment of Chairman and Members of the Trust**

Paragraph 4 of Schedule 5A to the 1977 Act, as inserted by the Health Act 1999, provides that the Chairman is appointed by the Secretary of State, but otherwise the appointment and tenure of office of the Chairman and members is set out in the Membership, Procedure and Administration Arrangements Regulations.

#### **4.3 Terms of Office of the Chairman and Members**

The regulations setting out the period of tenure of office of the Chairman and members and for the termination or suspension of office of the Chairman and members are contained in Sections 2 to 4 of the Membership, Procedure and Administration Arrangements and Administration Regulations.

#### **4.4 Appointment and Powers of Vice-Chairman**

- (1) Subject to Standing Order 4.4 [2] below, the Chairman and members of the Trust may appoint one of their number, who is not also an executive member, to be Vice-Chairman, for such period, not exceeding the remainder of his term as a member of the Trust, as they may specify on appointing him / her.
- (2) Any member so appointed may at any time resign from the office of Vice-Chairman by giving notice in writing to the Chairman. The Chairman and members may thereupon appoint another member as Vice-Chairman in accordance with the provisions of Standing Order 4.4 [1].
- (3) Where the Chairman of the Trust has died or has ceased to hold office, or where he / she has been unable to perform his / her duties as Chairman owing to illness or any other cause, the Vice-Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes duties; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform those duties, be taken to include references to the Vice-Chairman.

#### **4.5 Joint Members**

- (1) Where more than one person is appointed jointly to a post mentioned in regulation 2[4][a] of the Membership, Procedure and Administration Arrangements Regulations those persons shall count for the purpose of Standing Order 4.5.2 as one person.
- (2) Where the office of a member of the Board is shared jointly by more than one person:
  - [a] either or both of those persons may attend or take part in meetings of the Board;
  - [b] if both are present at a meeting they should cast one vote if they agree;
  - [c] in the case of disagreements no vote should be cast;
  - [d] the presence of either or both of those persons should count as the presence of one person for the purposes of Standing Order
  - [e] 5.1.1 Quorum.

#### 4.6 **Role of Members**

The Board will function as a corporate decision-making body, executive and non-executive members will be full and equal members. Their role as members of the Board of Directors will be to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions.

#### 4.7 **Executive Members**

Executive Members shall exercise their authority within the terms of these Standing Orders and Standing Financial Instructions and the Scheme of Delegation.

##### (1) **Chief Executive**

The Chief Executive shall be responsible for the overall performance of the executive functions of the Trust. He / she is the **Accountable Officer** for the Trust and shall be responsible for ensuring the discharge of obligations under Financial Directions and in line with the requirements of the Accountable Officer Memorandum for Trust Chief Executives.

##### (2) **Chief Financial Officer**

The Chief Financial Officer shall be responsible for the provision of financial advice to the Trust and to its members and for the supervision of financial control and accounting systems. He / she shall be responsible along with the Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

##### (3) **Non-Executive Members**

The non-executive members shall not be granted nor shall they seek to exercise any individual executive powers on behalf of the Trust. They may however, exercise collective authority when acting as members of or when chairing a committee of the Trust which has delegated powers.

##### (4) **Chairman**

[a] The Chairman shall be responsible for the operation of the Board and shall chair all Board meetings when present. The Chairman has certain delegated executive powers. The Chairman must comply with the terms of appointment and with these Standing Orders.

[b] The Chairman shall liaise with the NHS Appointments Commission over the appointment of Non-Executive Directors and once appointed shall take responsibility either directly or indirectly for their induction, their portfolios of interests and assignments, and their performance.

[c] The Chairman shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.

#### 4.8 **Corporate role of the Board**

- (1) All business shall be conducted in the name of the Trust.
- (2) All funds received in trust shall be held in the name of the Trust as corporate trustee.
- (3) The powers of the Trust established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in Standing Order No. 5.17.3.
- (4) The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.

#### **4.9 Schedule of Matters reserved to the Board and Scheme of Delegation**

The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to officers and other bodies are contained in the Scheme of Delegation.

#### **4.10 Lead Roles for Board Members**

The Chairman will ensure that the designation of Lead roles or appointments of Board members as required by the Department of Health **and Social Care** or as set out in any statutory or other guidance will be made in accordance with that guidance or statutory requirement.

### **5. Meetings of the Trust**

#### **5.1 Calling meetings**

- (1) Ordinary public meetings of the Board shall be held at regular intervals at such times and places as the Board may determine.
- (2) The Chairman of the Trust may call a meeting of the Board at any time.
- (3) One third or more members of the Board may requisition a meeting in writing. If the Chairman refuses, or fails, to call a meeting within seven days of a requisition being presented, the members signing the requisition may forthwith call a meeting.

#### **5.2 Notice of Meetings and the Business to be transacted**

- (1) Before each meeting of the Board a written notice specifying the business proposed to be transacted shall be delivered to every member **via the authorized electronic Board Papers system (Diligent Board Papers)**, ~~or sent by post to the usual place of residence of each member,~~ so as to be available to members at least three clear days before the meeting. The notice shall be signed by the Chairman or by an officer ~~authorised~~ **authorized** by the Chairman to sign on their behalf. Want of service of such a notice on any member shall not affect the validity of a meeting.
- (2) In the case of a meeting called by members in default of the Chairman calling the meeting, the notice shall be signed by those members.
- (3) No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under Standing Order 5.6.
- (4) A member desiring a matter to be included on an agenda shall make his / her request in writing to the Chairman at least 10 clear days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information. Requests made less than 10 days before a meeting may be included on the agenda at the discretion of the Chairman.
- (5) Before each public meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the Trust's principal offices at least three clear days before the meeting, [required by the Public Bodies [Admission to Meetings] Act 1960 Section 1 [4] [a]].

### **5.3 Agenda and Supporting Papers**

The Agenda will be available to members at least 3 days before the meeting together with supporting papers, whenever possible, shall accompany the agenda. but will certainly be available no later than 3 clear days before the meeting, save in emergency.

### **5.4 Petitions**

Where a petition has been received by the Trust the Chairman shall include the petition as an item for the agenda of the next meeting.

### **5.5 Notice of Motion**

- (1) Subject to the provisions of Standing Orders 5.2 to 5.8 inclusive a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chairman.
- (2) The notice shall be delivered at least 10 clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

### **5.6 Emergency Motions**

Subject to the agreement of the Chairman, and subject also to the provision of Standing Order 5.6 a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Trust Board at the commencement of the business of the meeting as an additional item included in the agenda. The Chairman's decision to include the item shall be final.

### **5.7 Motions: Procedure at and during a meeting**

- (1) Who may propose  
A motion may be proposed by the Chairman of the meeting or any member present. It must also be seconded by another member.
- (2) Contents of motions  
The Chairman may exclude from the debate at his / her discretion any such motion of which notice was not given on the notice summoning the meeting other than a motion relating to:
  - the receipt of a report;
  - consideration of any item of business before the Trust Board;
  - the accuracy of minutes;
  - that the Board proceed to next business;
  - that the Board adjourns;
  - that the question be now put.

- (3) Amendments to motions
- A motion for amendment shall not be discussed unless it has been proposed and seconded.
  - Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board.
  - If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.
- (4) Rights of reply to motions
- a] Amendments  
The mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.
- b] Substantive / original motion  
The member who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.
- (5) Withdrawing a motion  
A motion, or an amendment to a motion, may be withdrawn.
- (6) Motions once under debate  
When a motion is under debate, no motion may be moved other than:
- an amendment to the motion;
  - the adjournment of the discussion, or the meeting;
  - that the meeting proceed to the next business;
  - that the question should be now put;
  - the appointment of an 'ad hoc' committee to deal with a specific item of business;
  - that a member / director be not further heard;
  - a motion under Section I [2] or Section I [8] of the Public Bodies [Admissions to Meetings] Act 1960 resolving to exclude the public, including the press [see Standing Order 5.17].
- (7) In those cases where the motion is either 'that the meeting proceeds to the next business' or 'that the question be now put' in the interests of objectivity these should only be put forward by a member of the Board who has not taken part in the debate and who is eligible to vote.
- (8) If a motion to proceed to the next business or that the question be now put, is carried, the Chairman should give the mover of the substantive motion under debate a right of reply, if not already exercised. The matter should then be put to the vote.

## **5.8 Motion to Rescind a Resolution**

- (1) Notice of motion to rescind any resolution [or the general substance of any resolution] which has been passed within the preceding six calendar months shall bear the signature of the member who gives it and also the signature of three other members. Before considering any such motion of which notice shall have been given, the Trust Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.

- (2) When any such motion has been dealt with by the Trust Board it shall not be competent for any director / member other than the Chairman to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

### **5.9 Chairman of meeting**

- (1) At any meeting of the Trust Board the Chairman, if present, shall preside. If the Chairman is absent from the meeting, the Vice-Chairman [if the Board has appointed one], if present, shall preside.
- (2) If the Chairman and Vice-Chairman are absent, such member [who is not also an executive member of the Trust] as the members present shall choose shall preside.

### **5.10 Chairman's ruling**

The decision of the Chairman of the meeting on questions of order, relevancy and regularity [including procedure on handling motions] and on interpretation of the Standing Orders and Standing Financial Instructions, at the meeting, shall be final.

### **5.11 Quorum**

- (1) No business shall be transacted at a meeting unless at least one-third of the whole number of the Chairman and members [including at least one member who is also an executive member of the Trust and one member who is not] is present.
- (2) An officer in attendance for an executive member, but without formal acting up status may not count towards the quorum.
- (3) If the Chairman or member has been disqualified from participating in the discussion on any matter and / or from voting on any resolution by reason of a declaration of a conflict of interest [see SO No.9.1 to 9.4 inclusive] that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and / or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

### **5.12 Voting**

- (1) Save as provided in Standing Orders 5.13 - Suspension of Standing Orders and 5.14 - Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding [i.e.: the Chairman of the meeting] shall have a second, and casting vote.
- (2) At the discretion of the Chairman all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chairman directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.
- (3) If at least one third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote [except when conducted by paper ballot].
- (4) If a member so requests, his / her vote shall be recorded by name.



- (5) In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- (6) A manager who has been formally appointed to act up for an executive member during a period of incapacity or temporarily to fill a vacancy shall be entitled to exercise the voting rights of the executive member.
- (7) A manager attending the Trust Board meeting to represent an executive member during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the executive member. An officer's status when attending a meeting shall be recorded in the minutes.
- (8) For the voting rules relating to joint members see Standing Order 4.5.1 and 4.5.2.

### **5.13 Suspension of Standing Orders**

- (1) Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the Quorum [SO 5.11], any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board are present [including at least one member who is an executive member of the Trust and one member who is not] and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the Trust Board's minutes.
- (2) A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chairman and members of the Trust.
- (3) No formal business may be transacted while Standing Orders are suspended.
- (4) The Audit Committee shall review every decision to suspend Standing Orders.

### **5.14 Variation and amendment of Standing Orders**

These Standing Orders shall not be varied except in the following circumstances:

- upon a notice of motion under Standing Order 5.5;
- upon a recommendation of the Chairman or Chief Executive included on the agenda for the meeting;
- that two thirds of the Board members are present at the meeting where the variation or amendment is being discussed, and that at least half of the Trust's non-executive members vote in favour of the amendment;
- providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

### **5.15 Record of Attendance**

The names of the Chairman and Directors / members present at the meeting shall be recorded.

### **5.16 Minutes**

- (1) The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting where they shall be signed by the person presiding at it.
- (2) No discussion shall take place upon the minutes except upon their accuracy or where the Chairman considers discussion appropriate.

## 5.17 Admission of public and the press

### (1) Admission and exclusion on grounds of confidentiality of business to be transacted

The public and representatives of the press may attend all public meetings of the Board, but shall be required to withdraw upon the Board resolving as follows:

'that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest', Section 1 [2], Public Bodies [Admission to Meetings] Act 1960

### (2) General disturbances

The Chairman [or Vice-Chairman if one has been appointed] or the person presiding over the meeting shall give such directions as he / she thinks fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the Trust's business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public will be required to withdraw upon the Trust Board resolving as follows:

'That in the interests of public order the meeting adjourn for [the period to be specified] to enable the Board to complete its business without the presence of the public'. Section 1[8] Public Bodies [Admissions to Meetings] Act 1960.

### (3) Business proposed to be transacted when the press and public have been excluded from a meeting

Matters to be dealt with by the Board following the exclusion of representatives of the press, and other members of the public, as provided in [i] and [ii] above, shall be confidential to the members of the Board.

Members and officers or any employee of the Trust in attendance shall not reveal or disclose the contents of papers marked 'In Confidence' or minutes headed 'Items Taken in Private' outside of the Trust, without the express permission of the Trust. This prohibition shall apply equally to the content of any discussion during the Board meeting which may take place on such reports or papers.

### (4) Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings

Nothing in these Standing Orders shall be construed as permitting the introduction by the public, or press representatives, of recording, transmitting, video or similar apparatus into meetings of the Trust or Committee thereof.

Such permission shall be granted only upon resolution of the Trust.

## 5.18 Observers at Trust meetings

The Trust will decide what arrangements and terms and conditions it feels are appropriate to offer in extending an invitation to observers to attend and address any of the Board's meetings and may change, alter or vary these terms and conditions as it deems fit.

## **6. Appointment of Committees and Sub-Committees**

### **6.1 Appointment of Committees**

- (1) Subject to such directions as may be given by the Secretary of State for Health, the Board may appoint committees of the Trust.
- (2) The Trust shall determine the membership and terms of reference of committees and sub-committees and shall, if it requires, receive and consider reports of such committees.

### **6.2 Joint Committees**

- (1) Joint committees may be appointed by the Trust by joining together with one or more health service bodies consisting, wholly or partly, of the Chairman and members of the Trust or other health service bodies, or wholly of persons who are not members of the Trust or other health bodies in question.
- (2) Any committee or joint committee appointed under this Standing Order may, subject to such directions as may be given by the Secretary of State or the Trust or other health bodies in question, appoint sub-committees consisting wholly or partly of members of the committees or joint committee [whether or not they are members of the Trust or health bodies in question] or wholly of persons who are not members of the Trust or health bodies in question or the committee of the Trust or health bodies in question.

### **6.3 Applicability of Standing Orders and Standing Financial Instructions to Committees**

The Standing Orders and Standing Financial Instructions of the Trust, as far as they are applicable, shall as appropriate apply to meetings and any committees established by the Trust. In which case the term "Chairman" is to be read as a reference to the Chairman of other committee as the context permits, and the term "member" is to be read as a reference to a member of other committee also as the context permits. There is no requirement to hold meetings of committees established by the Trust in public.

### **6.4 Terms of Reference**

Each such committee shall have such terms of reference and powers and be subject to such conditions [as to reporting back to the Board], as the Board shall decide and shall be in accordance with any legislation and regulation or direction issued by the Secretary of State. Such terms of reference shall have effect as if incorporated into the Standing Orders.

### **6.5 Delegation of powers by Committees to Sub-Committees**

Where committees are authorized to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorized by the Board.

### **6.6 Approval of Appointments to Committees**

The Board shall approve the appointments to each of the committees which it has formally constituted. Where the Board determines, and regulations permit, that persons, who are neither members nor officers, shall be appointed to a committee the terms of such appointment shall be within the powers of the Board as defined by the Secretary of State. The Board shall define the powers of such appointees and shall agree allowances, including reimbursement for loss of earnings, and / or expenses in accordance where appropriate with national guidance.

## 6.7 Appointments for Statutory functions

Where the Board is required to appoint persons to a committee and / or to undertake statutory functions as required by the Secretary of State, and where such appointments are to operate independently of the Board such appointment shall be made in accordance with the regulations and directions made by the Secretary of State.

## 6.8 Committees established by the Trust Board

The committees, sub-committees, and joint-committees established by the Board are:

### (1) Audit Committee

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, and the Higgs report, an Audit Committee will be established and constituted to provide the Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS. The Terms of Reference will be approved by the Trust Board and reviewed on a periodic basis.

### (2) Remuneration and Terms of Service Committee

In line with the requirements of the NHS Codes of Conduct and Accountability, and the Higgs report, a Terms of Service and Remuneration Committee will be established and constituted.

The purpose of the Committee will be to advise the Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors.

In line with the Financial Reporting Council (FRC) UK Corporate Governance Code (2018) (Provision 32) and the FRC Board Effectiveness Guidance Provisions (2018) the Committee should have a minimum membership of 3 NED's, the Chair should not Chair the Committee, and the Committee Chair should have at least 12 months prior experience as a member of the Remuneration Committee.

The Committee may ask the Senior Independent Director (SID) or the Chair of Audit Committee to not be part of the Remuneration Committee so as to be available in their independent role should the need arise.

### (3) Charity Committee

In line with its role as a corporate trustee for charitable funds held in trust, the Board will establish a Charity Committee to administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.

### (4) Other Committees

The Board may also establish such other committees as required to discharge the Trust's responsibilities. These are:

- Quality Governance Assurance Committee of the Board
- Finance and Performance Committee of the Board
- Workforce and Organisational development Committee of the Board
- Trust Management Committee

## **7. Arrangements for the Exercise of Trust Functions by Delegation**

### **7.1 Delegation of Functions to Committees, Officers or other bodies**

- (1) Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a committee or sub-committee appointed by virtue of Standing Order 7.1, 7.3 and 7.5, or by an officer of the Trust, or by another body as defined in Standing Order 7.4 or 7.5 below, in each case subject to such restrictions and conditions as the Trust thinks fit.
- (2) Section 16B of the NHS Act 1977 allows for regulations to provide for the functions of Trusts to be carried out by third parties. In accordance with The Trust [Membership, Procedure and Administration Arrangements] Regulations 2000 the functions of the Trust may also be carried out in the following ways:
  - by another Trust;
  - jointly with any one or more of the following: NHS trusts or CCG's ~~Strategic Health Authorities or PCTs~~;
  - by arrangement with the appropriate Trust or CCG ~~PCT~~, by a joint committee or joint sub-committee of the Trust and one or more other health service bodies;
- (3) Where a function is delegated by these Regulations to another Trust, then that Trust or health service body exercises the function in its own right; the receiving Trust has responsibility to ensure that the proper delegation of the function is in place. In other situations, i.e. delegation to committees, sub-committees or officers, the Trust delegating the function retains full responsibility.

### **7.2 Emergency Powers and urgent decisions**

The powers which the Board has reserved to itself within these Standing Orders [see Standing Order 7.2] may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman [or in his / her absence the Vice-Chairman]. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Board in public session for formal ratification.

### **7.3 Delegation to Committees**

- (1) The Board shall agree from time to time to the delegation of executive powers to be exercised by other committees, or sub-committees, or joint-committees, which it has formally constituted in accordance with directions issued by the Secretary of State. The constitution and terms of reference of these committees, or sub-committees, or joint committees, and their specific executive powers shall be approved by the Board.
- (2) When the Board is not meeting as the Trust in public session it shall operate as a committee and may only exercise such powers as may have been delegated to it by the Trust in public session.

## 7.4 Delegation to Officers

- (1) Those functions of the Trust which have not been retained as reserved by the Board or delegated to other committee or sub-committee or joint-committee shall be exercised on behalf of the Trust by the Chief Executive. The Chief Executive shall determine which functions he / she will perform personally and shall nominate officers to undertake the remaining functions for which he /she will still retain accountability to the Trust.
- (2) The Chief Executive shall prepare a Scheme of Delegation identifying his / her proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.
- (3) Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Chief Financial Officer to provide information and advise the Board in accordance with statutory or Department of Health and Social Care requirements. Outside these statutory requirements the Chief Financial Officer shall be accountable to the Chief Executive for operational matters.

## 7.5 Schedule of Matters Reserved to the Trust and Scheme of Delegation of powers

The arrangements made by the Board as set out in the "Schedule of Matters Reserved to the Board" and "Scheme of Delegation" of powers shall have effect as if incorporated in these Standing Orders.

## 7.6 Duty to report non-compliance with Standing Orders and Standing Financial Instructions

If for any reason these Standing Orders are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board for action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Orders to the Chief Executive as soon as possible.

## 8. Overlap with other Trust Strategy and Policy Statements / Procedures, Regulations and the Standing Financial Instructions

### 8.1 Strategy and Policy statements: general principles

- (1) The Board will from time to time agree and approve policy statements / procedures which will apply to all or specific groups of staff employed by the Trust. Any decision to approve such policies and procedures will be recorded in an appropriate Board minute and will be deemed where appropriate to be an integral part of the Trust's Standing Orders and Standing Financial Instructions.
  - In line with the Trust Policy for the creation of Policy (OP01), the Trust Board sets out the Strategic Direction of and for the Trust. All component Strategic Documents must be in accordance with and aligned to the Trust Strategic Objectives.
  - The Trust Board is the approving body for all Trust Strategy documents.
  - The approval of Trust-wide Policy documents is delegated to the Trust Management Committee.

## **8.2 Standing Financial Instructions**

Standing Financial Instructions adopted by the Board in accordance with the Financial Regulations shall have effect as if incorporated in these Standing Orders.

## **8.3 Specific guidance**

Notwithstanding the application of SO 8.2 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following guidance and any other issued by the Secretary of State for Health:

- Caldicott Guardian 1997;
- Human Rights Act 1998;
- Freedom of Information Act 2000.

## **9. Duties and Obligations of Board Members / Directors and Senior Managers under these Standing Orders**

### **9.1 Declaration of Interests**

Requirements for Declaring Interests and applicability to Board Members

- (1) The NHS Code of Accountability requires Board members to declare interests which are relevant and material to the NHS Board of which they are a member. All existing Board members should declare such interests. Any Board members appointed subsequently should do so on appointment.
- (2) Interests which are relevant and material  
Interests which should be regarded as "relevant and material" are:
  - Directorships, including non-executive directorships held in private companies or PLCs [with the exception of those of dormant companies];
  - Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS;
  - Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS;
  - A position of authority in a charity or voluntary organisation in the field of health and social care;
  - Any connection with a voluntary or other organisation contracting for NHS services;
  - Research funding / grants that may be received by an individual or his / her department;
  - Interests in pooled funds that are under separate management.
- (3) Any member of the Board who comes to know that the Trust has entered into or proposes to enter into a contract in which he / she or any person connected with him / her [as defined in Standing Order 9.1 below and elsewhere] has any pecuniary interest, direct or indirect, the Board member shall declare his / her interest by giving notice in writing of such fact to the Trust as soon as practicable.
- (4) Advice on Interests  
If Board members have any doubt about the relevance of an interest, this should be discussed with the Chairman or the Chief Executive of the Trust.

- (5) Financial Reporting Standard No 8 [issued by the Accounting Standards Board] specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.
- (6) Recording of Interests in Board minutes  
At the time Board members' interests are declared, they should be recorded in the Board minutes.
- (7) Any changes in interests should be declared at the next Board meeting following the change occurring and recorded in the minutes of that meeting.
- (8) Publication of declared interests in Annual Report  
Board members' directorships of companies likely or possibly seeking to do business with the NHS should be published in the Trust's annual report. The information should be kept up to date for inclusion in succeeding annual reports.
- (9) Conflicts of interest which arise during the course of a meeting  
During the course of a Board meeting, if a conflict of interest is established, the Board member concerned should withdraw from the meeting and play no part in the relevant discussion or decision. [See overlap with SO 3.3.2]
- (10) Any potential or actual Conflicts of Interest must be dealt with in line with the Trust Conflicts of Interest Policy OP109 and the Trust Counter-Fraud Policy.

## 9.2 Register of Interests

The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board or Committee members. In particular the Register will include details of all directorships and other relevant and material interests [as defined in SO 9.3] which have been declared by both executive and non-executive Board members.

- (1) These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated.
- (2) The Register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of local residents and to publicize arrangements for viewing it.

## 9.3 Pecuniary Interest

- (1) Definition of terms used in interpreting 'Pecuniary' interest  
For the sake of clarity, the following definition of terms is to be used in interpreting this Standing Order:
- (2) "spouse" shall include any person who lives with another person in the same household [and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse];
- (3) "contract" shall include any proposed contract or other course of dealing.
- (4) "Pecuniary interest"



- (5) Subject to the exceptions set out in this Standing Order, a person shall be treated as having an indirect pecuniary interest in a contract if:-
- he / she, or a nominee of him / her, is a member of a company or other body [not being a public body], with which the contract is made, or to be made or which has a direct pecuniary interest in the same, or
  - he / she is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the same.
- (6) Exception to Pecuniary interests
- A person shall not be regarded as having a pecuniary interest in any contract if:-
- neither he / she or any person connected with him / her has any beneficial interest in the securities of a company of which he / she or such person appears as a member, or
  - any interest that he / she or any person connected with him / her may have in the contract is so remote or insignificant that it cannot reasonably be regarded as likely to influence him / her in relation to considering or voting on that contract, or
  - those securities of any company in which he / she [or any person connected with him / her] has a beneficial interest do not exceed
  - £5,000 in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is the less.
  - Provided however, that where paragraph [c] above applies the person shall nevertheless be obliged to disclose / declare their interest in accordance with Standing Order 9.1.
- (7) Exclusion in proceedings of the Trust Board
- Subject to the following provisions of this Standing Order, if the Chairman or a member of the Board has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Board at which the contract or other matter is the subject of consideration. He / she shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
  - The Secretary of State may, subject to such conditions as he / she may think fit to impose, remove any disability imposed by this Standing Order in any case in which it appears to him / her in the interests of the National Health Service that the disability should be removed. [See SO on the 'Waiver' which has been approved by the Secretary of State for Health].
  - The Board may exclude the Chairman or a member of the Board from a meeting of the Board while any contract, proposed contract or other matter in which he / she has a pecuniary interest is under consideration.
  - Any remuneration, compensation or allowance payable to the Chairman or a Member by virtue of paragraph 11 of Schedule 5A to the National Health Service Act 1977 [pay and allowances] shall not be treated as a pecuniary interest for the purpose of this Standing Order.

- This Standing Order applies to a committee or sub-committee and to a joint committee or sub-committee as it applies to the Trust and applies to a member of any such committee or sub-committee [whether or not he / she is also a member of the Trust] as it applies to a member of the Trust.
- (8) Waiver of Standing Orders made by the Secretary of State for Health
- (9) Power of the Secretary of State to make waivers
- Under regulation 11[2] of the NHS [Membership and Procedure Regulations SI 1999 / 2024 [“the Regulations”], there is a power for the Secretary of State to issue waivers if it appears to the Secretary of State in the interests of the health service that the disability in regulation 11 [which prevents a chairman or a member from taking part in the consideration or discussion of, or voting on any question with respect to, a matter in which he / she has a pecuniary interest] is removed. A waiver has been agreed in line with sub-sections [2] to [4] below.
  - Definition of ‘Chairman’ for the purpose of interpreting this waiver
  - For the purposes of paragraph 9.3.3[3] [below], the “relevant chairman” is -
    - i. at a meeting of the Trust, the Chairman of that Trust;
    - ii. at a meeting of a Committee -
    - iii. in a case where the member in question is the Chairman of that Committee, the Chairman of the Trust;
    - iv. in the case of any other member, the Chairman of that Committee.
- (10) Application of waiver
- A waiver will apply in relation to the disability to participate in the proceedings of the Trust on account of a pecuniary interest.
- It will apply to:
- i. A member of the Trust who is a healthcare professional, within the meaning of regulation 5[5] of the Regulations, and who is providing or performing, or assisting in the provision or performance, of -
    1. services under the National Health Service Act 1977; or
    2. services in connection with a pilot scheme under the National Health Service Act 1997; for the benefit of persons for whom the Trust is responsible.
- (11) Where the ‘pecuniary interest’ of the member in the matter which is the subject of consideration at a meeting at which he / she is present:-
- i. arises by reason only of the member’s role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
  - ii. has been declared by the relevant chairman as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:-
    1. are members of the same profession as the member in question,
    2. are providing or performing, or assisting in the provision or performance of, such of those services as he / she provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the Trust is responsible.

- (12) Conditions which apply to the waiver and the removal of having a pecuniary interest
- i. The removal is subject to the following conditions:
  - ii. the member must disclose his / her interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
  - iii. the relevant Chairman must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 11.3.3 [2] [b] above, except where that member is the Chief Executive;
  - iv. in the case of a meeting of the Trust:
    1. the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
    2. may not vote on any question with respect to it.
  - v. in the case of a meeting of the Committee:
    1. the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
    2. may vote on any question with respect to it; but
    3. the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board.

#### 9.4 Standards of Business Conduct

(1) Trust Policy and National Guidance

All Trust staff and members must comply with the national guidance contained in HSG[93]5 on 'Standards of Business Conduct for NHS Staff' and with any Trust policy derived therefrom and the subsequent requirements of the Code of Conduct - Code of Accountability in the NHS published by the Department of Health and Social Care in July 2004 and the Standards for members of NHS boards and Clinical Commissioning Group governing bodies in England issued by the Professional Standards Authority in November 2013 as summarised in Trust Policy GP01 Corporate Governance – Principles of Public Life.

(2) Interest of Officers in Contracts

- i. Any officer or employee of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which he / she or any person connected with him / her [as defined in SO 9.4.2.1] has any pecuniary interest, direct or indirect, the officer shall declare his / her interest by giving notice in writing of such fact to the Chief Executive as soon as practicable.
- ii. An officer should also declare to the Chief Executive any other employment or business or other relationship of his / her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.
- iii. The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

- (3) **Canvassing of and Recommendations by Members in Relation to Appointments**
- i. Canvassing of members of the Trust or of any Committee of the Trust directly or indirectly for any appointment under the Trust shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.
  - ii. Members of the Trust shall not solicit for any person any appointment under the Trust or recommend any person for such appointment; but this paragraph of this Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.
- (4) **Relatives of Members or Officers**
- i. Candidates for any staff appointment under the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any member or the holder of any office under the Trust.
  - ii. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him / her liable to instant dismissal.
  - iii. The Chairman and every member and officer of the Trust shall disclose to the Board any relationship between himself / herself and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Board any such disclosure made.
  - iv. On appointment, members [and prior to acceptance of an appointment in the case of Executive Directors] should disclose to the Trust whether they are related to any other member or holder of any office under the Trust.
  - v. Where the relationship to a member of the Trust is disclosed, the Standing Order headed 'Disability of Chairman and members in proceedings on account of pecuniary interest' [SO 9.3.7] shall apply.

## **9.5 Custody of Seal, Sealing of Documents and Signature of Documents**

### **9.6 Custody of Seal**

The common seal of the Trust shall be kept in a secure place by the Chief Executive or a manager nominated by him / her – **currently the Trust Chief Financial Officer.**

### **9.7 Sealing of Documents**

Where it is necessary that a document shall be sealed, the seal shall be affixed in the presence of the Chairman and an executive member and shall be attested by them.

### **9.8 Register of Sealing**

The Chief Executive shall keep a register in which he / she, or another manager authorized by him / her, shall enter a record of the sealing of every document.

## **9.9 Signature of documents**

- (1) Where any document will be a necessary step in legal proceedings on behalf of the Trust, it shall, unless any enactment otherwise requires or authorizes, be signed by the Chief Executive or any Executive Director.
- (2) In land transactions, the signing of certain supporting documents will be delegated to Managers and set out clearly in the Scheme of Delegation but will not include the main or principal documents effecting the transfer [e.g. sale / purchase agreement, lease, contracts for construction works and main warranty agreements or any document which is required to be executed as a deed].

## **9.10 Issuing Standing Orders to Directors and Officers**

The Chief Executive shall ensure that a copy of the Standing Orders is provided to each Director of the Trust and to appropriate officers. All new appointees should be notified of, and understand, their responsibilities under both Standing Orders and Standing Financial Instructions.



The Royal Wolverhampton  
NHS Trust

# **THE ROYAL WOLVERHAMPTON NHS TRUST**

## **STANDING FINANCIAL INSTRUCTIONS**

**APRIL 2019**

**Document Control**

|                                                                                                                                                                                                                                                                                                                                |                                     |                |                                       |                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name:</b><br>Standing Financial Instructions                                                                                                                                                                                                                                                                                | <b>Version:</b><br>V6<br>April 2019 |                | <b>Status:</b><br>Final               | <b>Author: Head of Financial Control and Assurance</b><br><br><b>Director Sponsor: Chief Financial Officer</b>                                                                             |
| <b>Version / Amendment History</b>                                                                                                                                                                                                                                                                                             | Version                             | Date           | Author                                | Reason                                                                                                                                                                                     |
|                                                                                                                                                                                                                                                                                                                                | V1                                  | December 2010  | Deputy Chief Financial Officer        | Initial document                                                                                                                                                                           |
|                                                                                                                                                                                                                                                                                                                                | V2                                  | June 2014      | Deputy Chief Financial Officer        | Update of limits for West Midlands CRN;                                                                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                | V3                                  | September 2014 | Deputy Chief Financial Officer        | Update of limits for West Midlands CRN; certain payroll documents; and Capital Business Case approval limits                                                                               |
|                                                                                                                                                                                                                                                                                                                                | V4                                  | March 2015     | Deputy Chief Financial Officer        | Update to Appendix A – Authorised Limits                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                | V5                                  | May 2017       | Financial Controller                  | Update to Appendix A – Authorised Limits                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                | V6                                  | April 2019     | Head of Financial Control & Assurance | Review by Head of Financial Control & Assurance including updates to job titles, inclusion of document control and general relevant update<br><br>Update to Appendix A – Authorised Limits |
| <b>Intended Recipients:</b><br>This policy will apply to all persons employed by The Royal Wolverhampton NHS Trust. This incorporates community, acute staff, employees from other health or social care providers, educational establishments, volunteers, private contractors, agency workers working within Trust premises. |                                     |                |                                       |                                                                                                                                                                                            |
| <b>Consultation Group / Role Titles and Date:</b> Company Secretary; Finance and Performance Committee, Audit Committee, Chief Financial Officer, Deputy Chief Financial Officer.                                                                                                                                              |                                     |                |                                       |                                                                                                                                                                                            |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| <b>Name and date of Trust level group where reviewed</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Audit Committee 24 <sup>th</sup> April 2019 |
| <b>Name and date of final approval committee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Trust Board 13 <sup>th</sup> May 2019       |
| <b>Date of Policy issue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | December 2010                               |
| <b>Review Date and Frequency</b> (standard review frequency is 3 yearly unless otherwise indicated)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | April 2019 annually                         |
| <b>Training and Dissemination:</b> Senior managers briefing, Divisional management forums, approving committees and dissemination via Intranet.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                             |
| <b>To be read in conjunction with:</b> Standing Orders, Scheme of Reservation and Delegation, Conflicts of Interest Policy, and Counter Fraud, Bribery and Corruption Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                             |
| <b>Initial Equality Impact Assessment (all policies):</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Completed Yes</b>                        |
| <b>Full Equality Impact assessment (as required):</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Completed NA</b>                         |
| If you require this document in an alternative format e.g., larger print please contact Central Governance Department on Ext 5114.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                             |
| <b>Contact for Review</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Head of Financial Control and Assurance     |
| <b>Implementation plan / arrangements (Name implementation lead)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Chief Financial Officer                     |
| <b>Monitoring arrangements and Committee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Audit Committee<br>Approval by Trust Board  |
| <p><b>Document summary / key issues covered:</b></p> <p>These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Trust's Standing Orders (SOs).</p> <p>These Standing Financial Instructions detail the financial responsibilities and policies adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.</p> <p>All directors and all members of staff should be aware of the existence of these documents and be familiar with all relevant provisions. These rules fulfil the dual role of protecting the Trust's interests and protecting the staff from any possible accusation that they have acted improperly.</p> |                                             |



**VALIDITY STATEMENT**

**This document is due for review on the latest date shown above. After this date, policy and process documents may become invalid. The electronic copy of this document is the only version that is maintained. Printed copies must not be relied upon to contain the latest updates and amendments.**

### Summary of v6 Revisions

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Throughout Document</b> | Replacement of Director of Finance to Chief Financial Officer<br>Replacement Department of Health to Department of Health and Social Care<br>Replacement Scheme of Delegation to Scheme of Reservation and Delegation<br>Replacement of Monitor to NHS Improvement<br>Replacement to NHS Counter Fraud Authority and NHS Counter Fraud Authority Standards for NHS Providers<br>Replacement Secretary of State for Health to Secretary for Health and Social Care<br>Where relevant inclusion of International Financial Reporting Standards (IFRS)<br>Where relevant replaced repealed legislation on discrimination with Equality Act 2010<br>Replacement of NHS Logistics with NHS Supply Chain<br>Where relevant inclusion of GDPR 2018<br>Renumbering of pages and paragraphs where appropriate |
| <b>Para. 1.2.1</b>         | Additional clarification of Trust Board responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Para. 1.2.4</b>         | Additional clarification of Chief Financial Officer responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Para. 2.1</b>           | Additional clarification of role of Audit Committee with inclusion of The Local Accountability and Audit Act 2014 and The Local Audit (Health Services Bodies Auditor Panel and Independence) Regulations 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Para. 2.2</b>           | Additional clarification of role of Chief Financial Officer in regards to Audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Para. 2.3</b>           | Additional clarification of role of Internal Audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Para. 2.4</b>           | Replace Audit Commission with Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Para. 2.5</b>           | Revision of the appropriate bodies names                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Para. 3.1</b>           | Additional clarification of preparation and approval of budgets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Para. 3.3</b>           | Additional clarification of budgetary control and reporting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Para 3.4</b>            | Addition of "All capital procurement shall be carried out in accordance with the Tendering and Contracting Procedures."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Para. 3.5</b>           | Addition of "in accordance with the prescribed deadlines."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Para. 4</b>             | Additional clarification of the Annual Accounts and Reports process                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Para. 5</b>             | Additional clarification of Banks and GBS including additional Para. 5.5 and 5.6 on Borrowing and Investments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Para. 6.2.4</b>         | Additional wording on cash payments in any currency over £15,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Para. 6.3.3</b>         | Additional clarification on systems for overpayments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|                         |                                                                                                                                                                                                                                                                     |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Para. 6.5</b>        | Addition to SFI regarding Free of Charge/Donated Goods/Services                                                                                                                                                                                                     |
| <b>Para. 6.6</b>        | Addition to SFI regarding Payment in Kind to the Trust                                                                                                                                                                                                              |
| <b>Para. 7.5.3 (f)</b>  | Replacement of PASA agreements with “where framework agreements are in place and have been approved by the procurement department”                                                                                                                                  |
| <b>Para. 7.6.1</b>      | Additional clarification on fair and adequate competition                                                                                                                                                                                                           |
| <b>Para. 7.6.9</b>      | Addition of “A report explaining any such reasons shall be produced by the officer evaluating the tender responses and shall be set out in either the contract file, or other appropriate record.”                                                                  |
| <b>Para. 7.7.1</b>      | Addition of “Where the intended expenditure or income is not reasonably expected to exceed £10,000, competitive prices only are required. If however the competitive prices which are received do exceed £10,000, then three written quotations shall be required.” |
| <b>Para. 7.12</b>       | Additional clarification of Healthcare Service Agreements                                                                                                                                                                                                           |
| <b>Para. 7.13 (e)</b>   | Addition of “land or building concerning which DHSC guidance has been issued but subject to compliance with such guidance.”                                                                                                                                         |
| <b>Para. 7.14.2 (c)</b> | Addition of “particularly if annual expenditure is over £250,000”                                                                                                                                                                                                   |
| <b>Para. 7.15</b>       | Addition of “and private resources.”                                                                                                                                                                                                                                |
| <b>Para. 8</b>          | Replacement of NHS with Service                                                                                                                                                                                                                                     |
| <b>Para. 8.1</b>        | Additional clarification to include contracts                                                                                                                                                                                                                       |
| <b>Para. 8.2</b>        | Additional clarification of involving partners and jointly managing risk                                                                                                                                                                                            |
| <b>Para. 9.1</b>        | Change from Remuneration and Terms of Service to Payment to Board Members (Chairman and Non-Executive Directors). Additional clarification to this section                                                                                                          |
| <b>Para. 9.2.</b>       | Additional clarification regarding Remuneration and Terms of Service Committee                                                                                                                                                                                      |
| <b>Para. 9.3</b>        | Addition of Funded Establishment                                                                                                                                                                                                                                    |
| <b>Para. 9.4</b>        | Additional clarification on staff appointments                                                                                                                                                                                                                      |
| <b>Para. 9.5</b>        | Additional clarification on Payroll Arrangements                                                                                                                                                                                                                    |
| <b>Para. 9.7</b>        | Addition of Agency, Self-employed or Third Party Workers including Contract for Services                                                                                                                                                                            |

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Para. 10.1.1</b>    | Inclusion of “The Board will approve the level of non-pay expenditure on an annual basis”                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Para. 10.1.3</b>    | Additional clarification on seeking professional advice                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Para. 10.1.4</b>    | Inclusion of “Before entering in to contracts for the supply of goods and services or works contracts and especially overseas contracts, taxation advice (including where appropriate customs advise) shall be obtained from the Chief Financial Officer. Agreement of the Chief Financial Officer and also where relevant the Director of Estates and Facilities shall be obtained before entering into any potentially novel or contentious arrangement with a supplier or contractor.” |
| <b>Para. 10.3.2</b>    | Additional clarification regarding payments                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Para. 10.4</b>      | Additional clarification regarding prepayments                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Para. 10.6 (d)</b>  | Addition of “where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and Social Care and NHS Improvement;”                                                                                                                                                                                                                                                                                      |
| <b>Para. 10.6. (g)</b> | Addition of “This provision needs to be read in conjunction with the principles outlined in the national guidance contained in HSG 93(5) “Managing Conflicts of Interest” Feb 2017);”                                                                                                                                                                                                                                                                                                     |
| <b>Para. 10.6 (j)</b>  | Addition of “or items brought using purchase cards. For clarification the Chief Financial Officer will determine the nature of expenditure which does not require control through an official purchase order and review this on an annual basis;”                                                                                                                                                                                                                                         |
| <b>Para. 11.2</b>      | Additional clarification on capital expenditure proposals                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Para. 11.1.5</b>    | Additional clarification on minimum to report to Board                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Para. 11.3</b>      | Addition of Contractual Framework Agreements                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Para. 11.4</b>      | Borrowings previously Section 11                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Para. 11.5</b>      | Investments previously Section 12                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Para. 12.2.4</b>    | Addition of “External Audit and Internal Audit will be consulted on appropriate levels of stocktaking to ensure the trust has control but not onerous stock counting. High value items will be counted at least once per year.”                                                                                                                                                                                                                                                           |
| <b>Para. 12.3.1</b>    | Addition of “If there are any discrepancies these should be reported to the Chief Finance Officer or delegated officer to avoid overpayments where such discrepancies cannot be resolved via the procurement team.”                                                                                                                                                                                                                                                                       |
| <b>Para, 14.2.1</b>    | Remove Chief Nursing Officer to Medical Director                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Para. 14.3.3</b>    | Additional clarification on computer systems impacting corporate financial systems                                                                                                                                                                                                                                                                                                                                                                                                        |

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|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Para. 15.4</b>   | Addition of “Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Para 15.8</b>    | Addition of “Patients’ income, including pensions and allowances, shall be dealt with in accordance with current Department of Health and Social Care and Department of Social Security instructions and guidelines.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Para. 18.3</b>   | Addition of “before the specified guidance limits at the express authority of the Chief Executive or Chief Financial Officer. Proper details shall be maintained of records and information so destroyed”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Para. 19</b>     | Inclusion of IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Para. 20.1.2</b> | Clarification on programme of risk management                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Para. 20.1.3</b> | Addition of “The existence, integration and evaluation of the above elements will assist in providing a basis for the effectiveness element under the Annual Governance Statement (within the Annual Report and Accounts) as required by current Department of Health and Social Care guidance.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Para. 20.2</b>   | Additional clarification on Insurance: Risk Pooling Schemes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Para. 20.3</b>   | Additional clarification on Insurance Arrangements with commercial insurers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Para. 20.4.3</b> | Addition of “All the NHSR risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the ‘deductible’ element). The Chief Financial Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Appendix A</b>   | <p>Inclusion of Black Country Pathology Services</p> <p>Amendments to Capital team of Team Manager from up to £15,000 to up to £50,000</p> <p>Amendments to Capital team of Head of Estates and Development from up to £750,000 to up to £500,000</p> <p>Amendments to Capital of Capital Schemes requiring Business Cases to be approved by NHSi and DHSC from £5,000,000 to £15,000,000</p> <p>Pay – replacement Agenda for Change with National Terms and Conditions</p> <p>Pay – Senior Resourcing Manager now reads Senior Resourcing Manager/Head of Resourcing</p> <p>Trust Volunteers – Starter and Termination Forms – Head of Patient Experience</p> <p>Charity Funds added in “following approval from Charity Trustees of the commitment of charitable funds the delegated officers below authorise payment as per the values set out”</p> |

## STANDING FINANCIAL INSTRUCTIONS

|            | <u>CONTENTS</u>                                                                                              | Page |
|------------|--------------------------------------------------------------------------------------------------------------|------|
| 1.         | INTRODUCTION                                                                                                 | 11   |
| 2.         | AUDIT                                                                                                        | 13   |
| 3.         | PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING                                                          | 16   |
| 4.         | ANNUAL ACCOUNTS AND REPORTS                                                                                  | 18   |
| 5.         | BANK AND GBS ACCOUNTS                                                                                        | 19   |
| 6.         | INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS                      | 20   |
| 7.         | TENDERING AND CONTRACTING                                                                                    | 22   |
| 8.         | <b>SERVICE</b> AGREEMENTS FOR PROVISION OF SERVICES                                                          | 30   |
| 9.         | TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES | 31   |
| 10.        | NON PAY EXPENDITURE                                                                                          | 34   |
| <b>11.</b> | <b>CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS</b>                   | 38   |
| <b>12.</b> | <b>STORES AND RECEIPT OF GOODS</b>                                                                           | 42   |
| <b>13.</b> | <b>DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS</b>                                              | 43   |
| <b>14.</b> | <b>INFORMATION TECHNOLOGY</b>                                                                                | 44   |
| <b>15.</b> | <b>PATIENTS' PROPERTY</b>                                                                                    | 45   |

|                                                                      | <b>Page</b> |
|----------------------------------------------------------------------|-------------|
| <b><u>CONTENTS</u></b>                                               |             |
| <b>16.</b> FUNDS HELD ON TRUST                                       | <b>46</b>   |
| <b>17.</b> ACCEPTANCE OF GIFTS BY STAFF                              | <b>47</b>   |
| <b>18.</b> RETENTION OF RECORDS                                      | <b>47</b>   |
| <b>19.</b> <b>INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)</b> | <b>47</b>   |
| <b>20.</b> RISK MANAGEMENT AND INSURANCE                             | <b>47</b>   |
| APPENDIX A –<br>SCHEDULE OF AUTHORISED LIMITS                        | <b>50</b>   |

## STANDING FINANCIAL INSTRUCTIONS

### 1. INTRODUCTION

#### 1.1 General

1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Trust (Functions) Directions 2000 issued by the Secretary of State which require that each Trust shall agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the Trust's Standing Orders (SOs).

1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.

1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and any constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. **All financial procedures must be approved by the Chief Financial Officer.**

1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Chief Financial Officer must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.

1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter.**

1.1.6 If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported by the Chief Financial Officer to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Financial Officer as soon as possible.

#### 1.2 Responsibilities and Delegation

##### 1.2.1 The Trust Board

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy and agreeing the long term financial model;
- (b) requiring the submission and approval of budgets within approved allocations/overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and



- (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of **Reservation and Delegation** document.

The Board has resolved that certain powers and decisions may only be exercised by the Board in a formal session. These are set out in the Scheme of Reservation and Delegation and Standing Orders.

The Board will delegate responsibility for the performance of its functions in accordance with the Scheme of Reservation and Delegation document adopted by the Trust.

#### 1.2.2 **The Chief Executive and Chief Financial Officer**

The Chief Executive and **Chief Financial Officer** will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

- 1.2.3 It is a duty of the Chief Executive to ensure that Members of the Board and, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these Instructions.

#### 1.2.4 **The Chief Financial Officer**

The **Chief Financial Officer** is responsible for:

- (a) ensuring that the Standing Financial Instructions are maintained and regularly reviewed;
- (b) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (c) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (d) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time;

and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the **Chief Financial Officer** include:

- (a) the provision of financial advice to other members of the Board and employees;
- (b) the design, implementation and supervision of systems of internal financial control;
- (c) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.

### 1.2.5 Board Members and Employees

All members of the Board and employees, severally and collectively, are responsible for:

- (a) the security of the property of the Trust;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources; and
- (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Reservation and Delegation.

### 1.2.6 Contractors and their Employees

Any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

- 1.2.7 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Chief Financial Officer.

## 2. AUDIT

### 2.1 Audit Committee

- 2.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook, which will provide an independent and objective view of internal control by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisations activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- (d) monitoring compliance with Standing Orders and Standing Financial Instructions;
- (e) reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

- 2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally this may need to be referred to

NHS Improvement and the Department of Health and Social Care, but this should be via the Trust Chief Financial Officer in the first instance.

2.1.3 It is the responsibility of the **Chief Financial Officer** to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

2.1.4 **The Local Accountability and Audit Act 2014 and The Local Audit (Health Services Bodies Auditor Panel and Independence) Regulations 2015 require the Trust to appoint external auditors. Audit Committee will ensure the Trust appoints external auditors.**

2.1.5 **Matters pertaining to fraud, bribery and/or corruption must be reported to the Local Counter Fraud Specialist (LCFS) for investigation in accordance with the Trust's Local Anti-Fraud, bribery and corruption Policy.**

## **2.2 Chief Financial Officer:**

2.2.1 The **Chief Financial Officer** is responsible for:

(a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;

(b) ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;

(c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;

(d) ensuring that an annual internal audit report is prepared by the **Internal Audit service provider** for the consideration of the Audit Committee. The report must include:

(i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health and Social Care including for example compliance with control criteria and standards;

(ii) major internal financial control weaknesses discovered;

(iii) progress on the implementation of internal audit recommendations;

(iv) progress against plan over the previous year;

**(v) strategic audit plan covering the coming three years;**

**(vi) a detailed plan for the coming year.**

2.2.2 The **Chief Financial Officer**, designated auditors, or **LCFS** are 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;

(b) access at all reasonable times to any land, premises, members of the Board or employees of the Trust;

- (c) the production of any cash, stores or other property of the Trust **under the control of any member of the Board** or an employee's control; and
  - (d) explanations concerning any matter under investigation.
- 2.2.3 The Trust's Chief Executive and Chief Financial Officer are responsible for ensuring access rights are given to NHS Counter Fraud Authority where necessary for the prevention, detection and investigation of cases of fraud, bribery and corruption, in accordance with NHS Counter Fraud Authority Standards for NHS Providers.
- 2.3 Role of Internal Audit and Counter Fraud**
- 2.3.1 The purpose and objectives of the Internal Audit service provider are to review, appraise and report upon:
- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
  - (b) the adequacy and application of financial and other related management controls;
  - (c) the suitability of financial and other related management data;
  - (d) the efficient and effective use of resources;**
  - (e) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
    - (i) fraud and other offences;
    - (ii) waste, extravagance, inefficient administration;
    - (iii) poor value for money or other causes;
    - (iv) Any form of risk, especially business and financial risk but not exclusively so.**
  - (f) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health **and Social Care.**
- 2.3.2 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 **Chief Financial Officer** must be notified immediately.
- 2.3.3 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the Trust.
- 2.3.4 The Head of Internal Audit shall be accountable to the **Chief Financial Officer**. The reporting system for internal audit shall be agreed between the **Chief Financial Officer**, the Audit Committee and the **Head of Internal Audit**. The agreement shall be in writing and shall comply with the guidance on reporting contained in the **Audit Code and the DHSC Group Accounting Manual**. The reporting system shall be reviewed at least every three years.
- 2.3.5 **Internal Audit terms of reference shall have effect as if incorporated within these Standing Financial Instructions. The terms of reference cover the scope of the internal audit work, authority and independence, management responsibilities, coordination of assurance work, reporting and key outputs and the operational responsibilities.**
- 2.4 External Audit**

- 2.4.1 The External Auditor is appointed by the **Audit Committee** and paid for by the Trust. The Audit Committee must ensure that **the Trust receives a cost-effective, efficient service**. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to the Audit Commission if the issue cannot be resolved.

## **2.5 Fraud and Corruption**

- 2.5.1 In line with their responsibilities, the Trust Chief Executive and **Chief Financial Officer** shall monitor and ensure compliance with Directions issued by the Secretary of State for Health **and Social Care** on fraud and **corruption as specified in the NHS Tackling Fraud, Bribery & Corruption Policy & Corporate procedures**.
- 2.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist **and shall work with staff in NHS Counter Fraud Authority in accordance with the guidance issued by NHS Counter Fraud Authority**.
- 2.5.3 The Local Counter Fraud Specialist shall report to the **Trust Chief Financial Officer** and **shall work with staff in the NHS Counter Fraud Authority in accordance with guidance issued by NHS Counter Fraud Authority**.
- 2.5.4 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

## **2.6 Security Management**

- 2.6.1 In line with his/her responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health **and Social Care** on NHS security management.
- 2.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health **and Social Care** guidance on NHS security management.

## **3. PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING**

### **3.1 Preparation and Approval of Plans and Budgets**

- 3.1.1 **The Chief Executive will compile and submit to the Board an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain:**
- (i) A statement of the significant assumptions on which plan is based;**
  - (ii) Details of major changes in workload, delivery of services or resources required to achieve the plan.**
- 3.1.2 Prior to the start of the financial year the **Chief Financial Officer** will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (a) be in accordance with the Trust's aims and objectives set out in the Trust's business plan and its long term financial model;**

- (b) accord with financial and other targets, and with workload and manpower plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.

3.1.3 The **Chief Financial Officer** shall monitor financial performance against budget and **business** plan, periodically review them, and report to the Board.

3.1.4 All budget holders must provide information as required by the **Chief Financial Officer** to enable budgets to be compiled and financial performance **against budgets to be monitored.**

3.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

3.1.6 The **Chief Financial Officer** has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets **successfully.**

## **3.2 Budgetary Delegation**

3.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- (a) the amount of the budget;
- (b) the purpose(s) of each budget heading;
- (c) individual and group responsibilities;
- (d) authority to exercise virement;
- (e) achievement of planned levels of service; **and**
- (f) the provision of regular reports.

3.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.

3.2.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

3.2.4 Non-recurring **expenditure or income** budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the **Chief Financial Officer.**

## **3.3 Budgetary Control and Reporting**

3.3.1 The **Chief Financial Officer** will devise and maintain systems of budgetary control. These will include:

- (a) monthly financial reports to the Board in a form approved by the Board containing:
  - (i) income and expenditure to date showing trends and forecast year-end position;
  - (ii) movements in working-capital;
  - (iii) movements in cash and capital;
  - (iv) capital project spend and projected outturn against plan;
  - (v) explanations of any material variances from plan;
  - (vi) details of any corrective action where necessary and the chief Executive's and/or Chief Financial Officer' view of whether such actions are sufficient to correct the situation;
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances; and
- (e) arrangements for the authorisation of budget transfers.

3.3.2 Each budget holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the appropriate authorisation;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (c) no permanent employees are appointed without the appropriate approval other than those provided for within the available resources and manpower establishment.

3.3.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of a balanced budget.

### **3.4 Capital Expenditure**

3.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. All capital procurement shall be carried out in accordance with the Tendering and Contracting Procedures.

### **3.5 Monitoring Returns**

3.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organization in accordance with the prescribed deadlines.

## **4. ANNUAL ACCOUNTS AND REPORTS**

- 4.1 The **Chief Financial Officer**, on behalf of the Trust, will:
- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and Social Care and the Treasury, the Trust's accounting policies, and International Financial Reporting Standards (IFRS);
  - (b) prepare and submit annual financial reports to the Department of Health and Social Care and NHS Improvement certified in accordance with current guidelines;
  - (c) submit financial returns to the Department of Health and Social Care for each financial year in accordance with the timetable prescribed by the Department of Health and Social Care.
- 4.2 The Trust's **Annual Report, Annual Accounts and financial returns to NHS Improvement** must be audited by an external auditor appointed by the Audit Committee in accordance with appropriate International Accounting Standards.
- 4.3 **The Annual Report and Accounts (including the auditor's report) shall be approved by the Board of Directors or by the Audit Committee (when specially delegated power to do so, under the authority of the Board).**
- 4.4 **The Annual Report and Accounts (including the auditor's report) is submitted to NHS Improvement (in accordance with its timetable) by the Chief Financial Officer.**
- 4.5 **The Trust's annual accounts must be audited by an auditor appointed by the Trust. The Trust's audited annual report and accounts (including the auditor's report) ~~must be published and presented to public meeting by the 30<sup>th</sup> September~~ will be published and presented to the public Annual General Meeting (typically before or round the end of September) (or earlier if specified by NHS Improvement) each year and made available to the public for public inspection at the Trust's Headquarters and made available on the Trust's website.**
- 4.6 **The Chief Nursing Officer will prepare the Annual Quality Report in the format prescribed by NHS Improvement/Care Quality Commission and in accordance with DHSC General Accounting Manual. The Quality report presents a balanced picture of the Trust's performance over the financial year and up to the agreed submission date.**
- 4.7 **The Chief Executive and Chairman shall sign off the "Statement of Directors' Responsibilities in Respect of the Quality Report" under the Health Act 2009 and the NHS (Quality Accounts) Regulations 2010.**

## **5. BANK AND GBS ACCOUNTS**

### **5.1 General**

- 5.1.1 The **Chief Financial Officer** is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. **This advice will take into account guidance/Directions issued from time to time by the Department of Health and Social Care.**
- 5.1.2 **The Board will review and approve the banking arrangements as specified by the Department of Health and Social Care.**



## 5.2 **Bank and GBS Accounts**

5.2.1 The **Chief Financial Officer** is responsible for:

- (a) establishing separate bank accounts for the Trust's non-exchequer funds/**charitable funds**;
- (b) ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (c) reporting to the Board all arrangements **and instances where the bank accounts become or may have become overdrawn and the arrangements made with the Trust's bankers**;
- (d) monitoring compliance with **DHSC** guidance on the level of cleared funds;
- (e) ensuring covenants attached to bank borrowing are adhered to.**

## 5.3 **Banking Procedures**

5.3.1 The **Chief Financial Officer** will prepare detailed instructions on the operation of all **Trust bank accounts** which must include:

- (a) the conditions under which each bank and GBS account is to be operated, **including the overdraft limit if applicable**;
- (b) those authorised to **approve payments, bank transfers, sign** cheques or other orders drawn on the Trust's accounts.

5.3.2 The **Chief Financial Officer** must advise the Trust's bankers in writing of the conditions under which each account will be operated.

5.3.3 **No-one but the Chief Financial Officer shall open a bank account in the name of the Trust.**

## 5.4 **Tendering and Review**

5.4.1 The **Chief Financial Officer** will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money.

## 5.5 **External Borrowing**

5.5.1 **The Chief Financial Officer will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Department of Health and Social Care. The Chief Financial Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.**

5.5.2 **Any application for a loan or overdraft will only be made by the Chief Financial Officer or by an employee so delegated by them.**

5.5.3 **The Chief Financial Officer must prepare detailed procedural instructions concerning applications for loans and overdrafts.**

5.5.4 All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. Any short term borrowing required must be authorised by the Chief Financial Officer.

5.5.5 All long term borrowing must be consistent with the plans outlines in the current approved financial plan as reported to the Department of Health and Social Care.

## **5.6 Investments**

5.6.1 Temporary cash surpluses must only be held in such investments as authorised by the Department of Health and Social Care and authorised by the Board.

5.6.2 The Chief Financial Officer is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance and investments held.

5.6.3 The Chief Financial Officer will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

## **6. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**

### **6.1 Income Systems**

6.1.1 The Chief Financial Officer is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

6.1.2 The Chief Financial Officer is also responsible for the prompt banking of all monies received.

### **6.2 Fees and Charges**

6.2.1 The Trust shall comply with any Department of Health and Social Care advice in setting prices for service agreements.

6.2.2 The Chief Financial Officer is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health and Social Care or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health and Social Care's Commercial Sponsorship – Ethical Standards in the NHS shall be followed.

6.2.3 All employees must inform the Chief Financial Officer promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions in order to facilitate the timely raising of invoices and collection of debt;

6.2.4 Under no circumstances will the Trust accept cash payments in any currency in excess of £15,000 in respect of any single transaction or series of transactions which appear to be linked. Any attempts by an individual to effect payment above this amount should be notified immediately to the Chief Financial Officer.

### **6.3 Debt Recovery**

6.3.1 The **Chief Financial Officer** is responsible for the appropriate recovery action on all outstanding debts.

6.3.2 Income not received should be dealt with in accordance with losses procedures.

6.3.3 **The Chief Financial Officer is responsible for ensuring systems are in place to prevent overpayments. Where overpayment occurs systems should be in place for their detection and recovery initiated.**

#### **6.4 Security of Cash, Cheques and other Negotiable Instruments**

6.4.1 The **Chief Financial Officer** is responsible for:

- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- (b) ordering and securely controlling any such stationery;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.

6.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.

6.4.3 All cheques, postal orders, **payable orders**, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the **Chief Financial Officer**.

6.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

#### **6.5 Free of Charge/Donated Goods/Services**

6.5.1 **Free of charge or donated goods or equipment from any supplier or would be supplier to the Trust must not be used to avoid the procurement regulations.**

6.5.2 **A budget manager or budget holder must approve in writing the acceptance of such goods or services prior to delivery. If the goods are to be donated or accepted on loan, whether for service provision or testing, before such approval may be given:**

- (a) an official order number must be allocated if the acquisition by this method is part of a procurement process by the Trust;**
- (b) the owner must provide a written indemnity to the Trust, in a form approved by the Trust Company Secretary, which will be signed, if necessary, on the Trusts behalf by the Chief Executive or an officer authorised by the Chief Executive;**
- (c) responsibility for maintenance and other revenue consequences must be agreed in writing and must be approved in accordance with these Standing Financial Instructions.**

6.5.3 The acceptance of any such goods or services must be confirmed in writing to the donor/owner and, except in the case of charitable donations, such confirmation shall include a notice that the acceptance does not amount to an express or implied obligation on the Trust to continue to use the goods/services or to purchase any goods/services.

6.5.4 The donation of clinical equipment shall undergo the same rigour as applied to an NHS funded purchase.

6.5.5 Where there are revenue consequences arising out of the donation of any asset then the donation shall not be accepted or put into use until a budget has been agreed with the Chief Financial Officer in respect of the revenue consequences.

## **6.6 Payment in Kind to the Trust**

6.6.1 A budget manager or holder may authorise the provision by the Trust of services to third parties in return for payments in kind provided:

(a) the value received is reasonably commensurate with the value given;

(b) the arrangement is confirmed in writing to the third party under the signature of a budget manager or budget holder and a copy retained;

(c) the confirmation includes a notice that the Trust reserves the right to joint ownership on terms to be agreed or fixed by arbitration of any intellectual property arising from the collaboration between the Trust and the third party;

(d) the confirmation includes a notice that the arrangement does not bind the Trust to continue any collaboration on the terms agreed or to purchase / use the benefits of any collaboration.

## **7. TENDERING AND CONTRACTING**

### **7.1 Duty to comply with Standing Orders and Standing Financial Instructions**

7.1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

7.1.2 In particular, directors and officers should be aware of the definition of “pecuniary interest” as set out in Standing Order 7.3. Directors and/or officers with a pecuniary interest in a contract or potential contract should declare any such interest to the Chief Executive and should not participate in any process (including any evaluation) associated with the award of the contract.

### **7.2 EU Directives Governing Public Procurement**

Directives by the Council of the European Union promulgated by the Department of Health and Social Care (DHSC) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in Standing Orders and Standing Financial Instructions.

### **7.3 e-Tendering**

The Trust should have policies and procedures in place for the control of all tendering activity carried out using an e-tendering system, this will incorporate reverse auction processes.

**7.4 Capital Investment Manual and other Department of Health and Social Care Guidance**

The Trust shall comply as far as is practicable with the requirements of the Department of Health and Social Care "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health and Social Care guidance "The Procurement and Management of Consultants within the NHS" and guidance from NHS Improvement.

**7.5 Formal Competitive Tendering**

**7.5.1 General Applicability**

Except where identified under 7.5.3 below, the Trust shall ensure that competitive tenders are invited for:

- (a) the supply of goods, materials and manufactured articles;
- (b) the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DHSC);
- (c) the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens).

**7.5.2 Health Care Services**

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and should be read in conjunction with Standing Financial Instruction No. 8.

**7.5.3 Exceptions and instances where formal tendering need not be applied**

Formal tendering procedures **need not be applied** where:

- (a) the estimated total expenditure or income does not, or is not reasonably expected to, exceed £50,000;
- (b) where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 15;

Formal tendering procedures **may be waived** in the following circumstances:

- (d) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (e) where the requirement is covered by an existing contract;
- (f) where framework agreements are in place and have been approved by the procurement department;

- (g) where a consortium **purchasing** arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) where specialist expertise is required and is available from only one source;
- (j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and is generally recognised as having sufficient expertise in the area of work for which they are commissioned.

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust record and reported to the Audit Committee at each meeting.

#### 7.5.4 **Items which subsequently breach thresholds after original approval**

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

### 7.6 **Contracting/Tendering Procedure**

#### 7.6.1 **Fair and Adequate Competition**

Other than where the exceptions set out in this SFI apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

**If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.**

**Where only one tender is sought and/or received, the Chief Executive and Chief Finance Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.**

#### 7.6.2 List of Approved Firms

The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the **Chief Financial Officer** it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive.

A manager nominated by the Chief Executive shall on behalf of the Trust maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

For building and engineering construction works, invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).

Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the **Equality Act 2010** and any amending and/or related legislation.

Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. For building and engineering construction works, firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

#### 7.6.3 Financial Standing and Technical Competence of Contractors

The **Chief Financial Officer** may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors.

The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

#### 7.6.4 Exceptions to using Approved Contractors

If in the opinion of the Chief Executive and the **Chief Financial Officer** it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

#### 7.6.5 Invitation to tender

- (i) All invitations to tender shall be exclusively submitted through the Trusts chosen e-tendering portal and will follow the protocols within the package. The e-tendering system must be compliant with HMG Security Policy to be used up to and including HM Government Information Security Impact Level Three (Restricted) supporting Risk Management Accreditation Document Set (RMADS).
- (ii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iii) Every tender for building or engineering works (except for maintenance work, when **Estatecode** guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health **and Social Care** guidance and, in minor respects, to cover special features of individual projects.

#### 7.6.6 Opening Tenders

- (i) The e-tendering system must maintain a full audit trail registering expressions of interest prequalification invitations, clarification questions and responses, date of invitation to tender and closure and any late responses.
- (ii) The e-tendering system will automatically reject incomplete tenders.

#### 7.6.7 Admissibility

- i) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- (ii) Where only one tender is sought and/or received, the Chief Executive and **Chief Financial Officer** shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

#### 7.6.8 Late Tenders

- (i) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the Chief Executive is satisfied that there is no reason to doubt the bona fides of the tender concerned.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

#### 7.6.9 Acceptance of Formal Tenders



Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.

The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. A report explaining any such reasons shall be produced by the officer evaluating the tender responses and shall be set out in either the contract file, or other appropriate record.

It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:

- (a) experience and qualifications of team members;
- (b) understanding of client's needs;
- (c) feasibility and credibility of proposed approach;
- (d) ability to complete the project on time.

Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.

No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.

The use of these procedures must demonstrate that the award of the contract was:

- (a) not in excess of the going market rate / price current at the time the contract was awarded; and
- (b) that best value for money was achieved.

All tenders should be treated as confidential and should be retained for inspection.

## **7.7 Quotations: Competitive and Non-Competitive**

### **7.7.1 General Position on Quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £10,000 but not exceed £50,000. Where the intended expenditure or income is not reasonably expected to exceed £10,000, competitive prices only are required. If however the competitive prices which are received do exceed £10,000, then three written quotations shall be required.

### **7.7.2 Competitive Quotations**

Wherever practical quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.

Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by

telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

All quotations should be treated as confidential and should be retained for inspection.

The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

### 7.7.3 **Non-Competitive Quotations**

Non-competitive quotations in writing may be obtained in the following circumstances:

- (i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- (ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (iii) miscellaneous services, supplies and disposals;

### 7.7.4 **Quotations to be within Financial Limits**

No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive or **Chief Financial Officer**.

### 7.8 **Instances where formal competitive tendering or competitive quotation is not required**

Where competitive tendering or a competitive quotation is not required the Trust should adopt one of the following alternatives:

- (a) the Trust shall use NHS **Supply Chain** for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) if the Trust does not use the NHS **Supply Chain** - where tenders or quotations are not required, because expenditure is below £10,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the **Chief Financial Officer**.

### 7.9 **Private Finance for Capital Procurement**

When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate agency, as required by current guidelines.

- (c) The proposal must be specifically agreed by the Board of the Trust.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

#### **7.10 Compliance Requirements for all Contracts**

The Board may only enter into contracts on behalf of the Trust within the statutory powers delegated to it by the Secretary of State and shall comply with:

- (a) The Trust's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estate code and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable;
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance;
- (f) where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited;
- (g) in all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

#### **7.11 Personnel and Agency or Temporary Staff Contracts**

The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts **via framework approved suppliers.**

#### **7.12 Healthcare Services Agreements**

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the **Care Act 2014** and administered by the Trust. Service agreements, other than those with a Foundation Trust, are not contracts in law and therefore not enforceable by the courts. **However a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.**

The Chief Executive shall nominate officers to commission service agreements with providers of healthcare **in line with a commissioning plan approved by the Board.**

#### **7.13 Disposals**

Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;

- (c) items to be disposed of with an estimated sale value of less than £10,000 this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or building concerning which DHSC guidance has been issued but subject to compliance with such guidance.

#### **7.14 In-house Services**

- 7.14.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 7.14.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
  - (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
  - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
  - (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Financial Officer representative. The evaluation team should include a non-executive member of the Board, particularly if annual expenditure is over £250,000.
- 7.14.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 7.14.4 The evaluation team shall make recommendations to the Board.
- 7.14.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

#### **7.15 Applicability of SFIs on Tendering and Contracting to Funds held in Trust**

These Instructions shall not only apply to expenditure from Exchequer funds but also to works, services and goods purchased from the Trust's funds and private resources.

### **8. SERVICE AGREEMENTS FOR PROVISION OF SERVICES**

#### **8.1 Service Level Agreements (SLAs) and Contracts**

- 8.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Service Level Agreements (SLA) with commissioners for the provision of NHS services.

All SLAs and contracts should aim to implement the agreed priorities contained within the Commissioning Agreement or the strategy of the Trust. In discharging this responsibility, the Chief Executive should take into account:

- (a) the standards of service quality expected;
- (b) the relevant national service framework (if any);
- (c) the provision of reliable information on cost and volume of services;
- (d) the NHS National Performance Assessment Framework.

## **8.2 Involving Partners and jointly managing risk**

- 8.2.1 A good agreement will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The agreement will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties.
- 8.2.2 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the contract and SLA's. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

## **9. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES**

### **9.1 Payment to Board Members (Chairman and Non-Executive Directors)**

- 9.1.1 The Trust will pay allowances to the Chairman and the Non- Executive Directors of the Board in accordance with instructions issued by the Secretary of State for Health and Social Care.

### **9.2 Remuneration and Terms of Service Committee (Executive Directors and Staff)**

- 9.2.1 In accordance with Standing Orders the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.
- 9.2.2 The Committee will:
- (a) Be responsible for overseeing and ratifying the appointment of candidates to fill all the executive director positions on the board and for determining their remuneration and other conditions of service.
  - (b) Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board, making use of the output of the board evaluation process as appropriate, and make recommendations to the board, as applicable, with regard to any changes.

(c) Establish and keep under review a remuneration policy in respect of executive board directors and senior managers earning over £70,000 or accountable directly to an executive director and on locally-determined pay.

(d) In accordance with all relevant laws, regulations and trust policies, decide and keep under review the terms and conditions of office of the trust's executive directors and senior managers earning over £70,000 or accountable directly to an executive director and on locally-determined pay, including:

i. Salary, including any performance-related pay or bonus;

ii. Annual salary increase

iii. Provisions for other benefits, including pensions and cars;

iv. Allowances;

v. Payable expenses;

vi. Compensation payments.

(e) Ensure the annual performance of Board Directors is undertaken and evaluate on an exceptional basis the performance of Board Directors on the advice of the Chief Executive/Chairman. This will include consideration of this output when reviewing changes to remuneration levels.

(f) Advise upon and oversee contractual arrangements for executive directors, including but not limited to termination payments to avoid rewarding poor performance.

9.2.3 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for its decisions, but remain accountable for taking decisions on the remuneration and terms of service of executive members. Minutes of the Board's meetings should record such decisions.

9.2.4 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

### **9.3 Funded Establishment**

9.3.1 The manpower plans incorporated within the annual budget will form the funded establishment.

9.3.2 The funded establishment of any directorate or department may not be varied in any way which causes expenditure to exceed the authorised annual budget without the prior written approval of the Chief Executive or Chief Finance Officer or their delegated officer.

### **9.4 Staff Appointments**

9.4.1 No Executive Director, Member of the Trust Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:

(a) unless authorised to do so by the Chief Executive;

(b) within the limit of their approved budget and funded establishment.

(c) he or she is exercising economy and efficiency in the use of human resources.

9.4.2 Any monies due to employees as a result of all employments with the Trust howsoever arising shall be paid through the Trust payroll.

9.4.3 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc., for employees.

## 9.5 **Payroll Arrangements**

9.5.1 Regardless of the arrangements for providing the payroll service, the Chief Financial Officer shall ensure that the chosen method is supported by appropriate terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

9.5.2 The Chief Financial Officer is responsible for:

(a) specifying timetables for submission of properly authorised time records, expense claims and other notifications;

(b) the final determination of pay and allowances;

(c) making payment on agreed dates;

(d) agreeing method of payment.

The Chief Financial Officer will issue instructions regarding:

(a) verification and documentation of data;

(b) the timetable for receipt and preparation of payroll data and the payment of employees, expenses and allowances;

(c) maintenance of subsidiary records for superannuation, income tax, national insurance and other authorised deductions from pay;

(d) security and confidentiality of payroll information;

(e) checks to be applied to completed payroll before and after payment;

(f) authority to release payroll data under the provisions of the Data Protection Act and General Data Protection Regulations (GDPR);

(g) methods of payment available to various categories of employee and officers;

(h) procedures for payment by cheque, bank credit including BACS, or cash to employees and officers;

(i) procedures for the recall of cheques and bank direct credits, including BACS;

(j) pay advances and their recovery;

(k) maintenance of regular and independent reconciliation of pay control accounts;

(l) separation of duties of preparing records and handling cash;

- (m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due from them to the Trust.

Appropriately nominated managers have delegated responsibility for:

- (a) submitting and authorising time records, travel, subsistence and removal expenses claims and other notifications in accordance with agreed timetables;
- (b) completing and authorising time records, travel, subsistence and removal expenses claims and other notifications in accordance with the Chief Financial Officer instructions and in the form prescribed by the Chief Financial Officer;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employees or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Chief Financial Officer must be informed immediately.

## **9.6 Contracts of Employment**

9.6.1 The Board shall delegate responsibility to an officer for:

- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;
- (b) dealing with variations to, or termination of, contracts of employment.

## **9.7 Agency, Self-employed or Third Party Workers including Contract for Services**

9.7.1 Where exceptional circumstances exist within a department and agency, self-employed workers or workers supplied via a third party are to be retained then:

- (a) the contract may only be entered into by a budget holder having sufficient resources within the limit of their budget who is authorised for that purpose by the Chief Executive or his delegated officer; and
- (b) the Chief Financial Officer shall be consulted if the contractor is not on the current list of authorised suppliers; and
- (c) the Director of Workforce shall be consulted with regard to the remuneration package; and
- (d) contractual provisions shall be in place which allow the Trust to seek assurance regarding the income tax and national insurance contribution obligations of the engagee and the ability to terminate the contract if that assurance is not provided; and
- (e) appropriate arrangements shall be in place to ensure that income tax deductions and national insurance contributions for both the Trust and worker are properly made and paid to HM Revenues & Customs in line with current legal and regulatory requirements.

## **10. NON-PAY EXPENDITURE**

### **10.1 Delegation of Authority**



- 10.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.
- 10.1.2 The Scheme of Reservation and Delegation will set out:
- (a) the list of managers who are authorised to place requisitions for the supply of goods and services;
  - (b) the maximum level of each requisition and the system for authorisation above that level.
- 10.1.3 The Scheme of Reservation and Delegation shall set out procedures on the seeking of professional advice regarding the supply of goods and services and this shall be followed when entering into any agreement. Contract terms and conditions used in contract shall only be those approved by the Trust.
- 10.1.4 Before entering in to contracts for the supply of goods and services or works contracts and especially overseas contracts, taxation advice (including where appropriate customs advice) shall be obtained from the Chief Financial Officer. Agreement of the Chief Financial Officer and also where relevant the Director of Estates and Facilities shall be obtained before entering into any potentially novel or contentious arrangement with a supplier or contractor.

## 10.2 Requisitioning

- 10.2.1 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Financial Officer (and/or the Chief Executive) shall be consulted.

## 10.3 System of Payment and Payment Verification

- 10.3.1 The Chief Financial Officer 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.
- 10.3.2 The Chief Financial Officer will:
- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders, Scheme of Reservation and Delegation, and Standing Financial Instructions and regularly reviewed;
  - (b) prepare procedural instructions or guidance within the Scheme of Reservation and Delegation on the obtaining of goods, works and services incorporating the thresholds;
  - (c) be responsible for the prompt payment of all properly authorised accounts and claims;
  - (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
    - (i) A list of employees (including specimens of their signatures) authorised to certify invoices.

- (ii) Certification that:
  - (i) goods have been duly received, examined and are in accordance with specification and the prices are correct;
  - (ii) work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
  - (iii) in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
  - (iv) in the case of expenses claims, authorisation confirms that the claims reflect travel and journeys which were necessary in discharging the employee's work-related duties, and that the claim has been submitted within 3 months of the expense being necessarily incurred;
  - (v) where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - (vi) the account is arithmetically correct, with discounts having been taken as appropriate;
  - (vii) VAT has been correctly accounted for with the recovery being identified where appropriate; and
  - (viii) the account is in order for payment.
- (iii) A timetable and system for submission to the Chief Financial Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI 10.4 below.

## 10.4 Prepayments

- 10.4.1 Prepayments are only permitted where exceptional circumstances apply. In such instances:
  - (a) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
  - (b) The Chief Financial Officer will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the

EU public procurement rules where the contract is above a stipulated financial threshold);

- (c) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

10.4.2 **Exceptions to the requirements of section a and b above are:**

(i) Service and maintenance contracts which require payment when the contract commences;

(ii) Minor services such as training courses, conference bookings;

(iii) Prepayments of up to £500 where a value for money and financial risk assessment demonstrates clear advantage in early payment.

**10.5 Official orders**

10.5.1 Official Orders must:

- (a) be consecutively numbered;
- (b) be in a form approved by the Chief Financial Officer;
- (c) state the Trust's terms and conditions of trade;
- (d) only be issued to, and used by, those duly authorised by the Chief Executive.

**10.6 Duties of Managers and Officers**

Managers and officers must ensure that they comply fully with the guidance and limits specified by the Chief Financial Officer and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Reservation and Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Financial Officer in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and Social Care;
- (d) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and Social Care and NHS Improvement;
- (e) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - (ii) conventional hospitality, such as lunches in the course of working visits;

- (f) they declare any pecuniary interests in contracts or potential contracts (as set out in SFI 7.1.(b))
- (g) Other than the above exceptions, any officer receiving such an offer shall notify his/her manager as soon as possible, who will in turn, notify the Chief Financial Officer. This provision needs to be read in conjunction with the principles outlined in the national guidance contained in HSG 93(5) "Managing Conflicts of Interest" Feb 2017);
- (h) Details of authorised hospitality shall be entered in a register maintained by the Chief Executive. Visits at suppliers expense to inspect equipment etc., must not be undertaken without the prior approval of the Chief Executive.
- (i) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Financial Officer on behalf of the Chief Executive;
- (j) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash or items brought using purchase cards. For clarification the Chief Financial Officer will determine the nature of expenditure which does not require control through an official purchase order and review this on an annual basis;
- (k) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order which is clearly marked "Confirmation Order";
- (l) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (m) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (n) changes to the list of employees and officers authorised to certify invoices are notified to the Chief Financial Officer;
- (o) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Financial Officer;
- (p) petty cash records are maintained in a form as determined by the Chief Financial Officer.

## **11. CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

### **11.1 Capital Investment**

#### 11.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (b) shall ensure that the capital investment is not undertaken without confirmation of affordability;

- (c) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- 11.1.2 For every capital expenditure proposal the Chief Executive shall ensure:
- (a) that a business case (in line with the guidance contained within the current Department of Health guidance) is produced setting out:
    - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
    - (ii) the involvement of appropriate Trust personnel and external agencies;
    - (iii) appropriate project management and control arrangements are in place;
    - (iv) the appropriate Trust Personnel and external agencies have been involved; and
    - (v) that the Chief Financial Officer has certified professionally to the costs and revenue consequences detailed in the business case.
  - (b) Where the sum involved exceeds delegated limits, the business case must be referred to NHSI/NHSE and/or the Department of Health and Social Care in line with the current guidelines.
- 11.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of Department of Health and Social Care.
- 11.1.4 The Chief Financial Officer shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM Revenue & Customs guidance.
- 11.1.5 The Chief Financial Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure, which as a minimum shall include reporting to the Board on:
- (a) The individual scheme/projects;
  - (b) The source and level of funding; and
  - (c) The expenditure incurred against the annual profile.
- 11.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme, because it is also necessary to undertake the mandatory procurement processes of the Trust.
- 11.1.7 The Chief Executive shall issue to the manager responsible for any scheme:
- (a) specific authority to commit expenditure;
  - (b) authority to proceed to tender;
  - (c) approval to accept a successful tender.
- 11.1.8 The Chief Executive will issue a scheme of delegation for capital investment management and the Trust's Standing Orders.
- 11.1.9 The Chief Financial Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and

valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes as notified by the Department of Health and Social Care.

## **11.2 Private Finance (see SFI No. 7.9)**

## **11.3 Contract Framework agreements**

11.3.1 Contract framework agreements (including P22 schemes) should always be considered for all construction projects and used where in line with best practice as set out by HM treasury and the Cabinet Office as a set out in Health Building Notes – Strategic framework for the efficient management of health care estates and facilities. The management of contracts awarded under the P22 Framework Agreement shall follow the current guidelines issued by the Department of Health and Social Care.

11.3.2 All Contractual Framework Agreements should be reviewed at regular intervals, usually annually, to ensure anticipated benefits are being realised and that cost improvements and value for money objectives are achieved.

11.3.3 The Contractual Framework Agreement shall be subject to formal tender procedures and shall comply with the EU directives governing public procurement.

11.3.4 The Chief Financial Officer shall issue procedure notes governing the control, management, reporting and audit arrangements of the Contract Framework Agreement.

11.3.5 The committee overseeing the capital programme shall receive regular reports on the performance of the Contract Framework Agreement and detailed project progress reports on all on going schemes.

11.3.6 Any capital monies spent should be in accordance with the requirements laid down in the Manual for Accounts as issues by the Department of Health and Social Care.

## **11.4 External Borrowing (see SFI No 5.5)**

## **11.5 Investments (see SFI No 5.6)**

## **11.6 Leases (Finance and Operating)**

11.6.1 Where it is proposed that leasing (either operating or finance) shall be considered in preference to capital procurement then the following should apply:

- (a) the selection of a contract/finance company shall be on the basis of competitive tendering and quotations sought via the procurement department;
- (b) All proposals to enter into a leasing agreement shall be referred to the Chief Finance Officer before acceptance of any offer;
- (c) The Chief Finance Officer shall ensure that the proposal demonstrates best value for money; and
- (d) The proposal shall be agreed in writing by the Chief Finance Officer prior to acceptance of any offer to the lease.

In the case of property leases the guidance in the Health Building Note – Strategic framework for the efficient management of healthcare estates and facilities shall be followed.

## 11.7 Asset Registers

- 11.7.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the **Chief Financial Officer** concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 11.7.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the Department of Health and Social Care.
- 11.7.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architects certificates, suppliers invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads;
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 11.7.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 11.7.5 The **Chief Financial Officer** shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 11.7.6 The value of each asset shall be established and indexed to current values in accordance with methods consistent with the requirements issued by the Department of Health and Social Care.
- 11.7.7 The value of each asset shall be depreciated using methods and rates as specified by the Department of Health and Social Care.
- 11.7.8 The **Chief Financial Officer** of the Trust shall calculate and pay PDC dividend as specified by the Department of Health and Social Care.

## 11.8 Security of Assets

- 11.8.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 11.8.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the **Chief Financial Officer**. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;
  - (e) periodic verification of the existence of, condition of, and title to, assets recorded;

- (f) identification and reporting of all costs associated with the retention of an asset;
  - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 11.8.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the **Chief Financial Officer**.
- 11.8.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 11.8.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 11.8.6 Where practical, assets should be marked as Trust property.

## **12. STORES AND RECEIPT OF GOODS**

### **12.1 General Position**

- 12.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:
- (a) kept to a minimum;
  - (b) subjected to annual stock take;
  - (c) valued at the lower of cost and net realisable value.

### **12.2 Control of Stores, Stocktaking, Condemnations and Disposal**

- 12.2.1 Subject to the responsibility of the **Chief Financial Officer** for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the **Chief Financial Officer**. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.
- 12.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as **NHS** property.
- 12.2.3 The **Chief Financial Officer** shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 12.2.4 Stocktaking arrangements shall be agreed with the **Chief Financial Officer** and there shall be a physical check covering all items in store at least once a year. **External Audit and Internal Audit will be consulted on appropriate levels of stocktaking to**



ensure the trust has control but not onerous stock counting. High value items will be counted at least once per year.

12.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the **Chief Financial Officer**.

12.2.6 The designated manager shall be responsible for a system approved by the **Chief Financial Officer** Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated manager shall report to the **Chief Financial Officer** any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

### **12.3 Goods Supplied by NHS Supply Chain**

12.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the **Chief Financial Officer** who shall satisfy himself that the goods have been received before accepting the recharge. If there are any discrepancies these should be reported to the Chief Finance Officer or delegated officer to avoid overpayments where such discrepancies cannot be resolved via the procurement team.

## **13. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **13.1 Disposals and Condemnations**

13.1.1 The **Chief Financial Officer** must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

13.1.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy will determine and advise the **Chief Financial Officer** of the estimated market value of the item, taking account of professional advice where appropriate.

13.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the **Chief Financial Officer**;
- (b) recorded by the Condemning Officer in a form approved by the **Chief Financial Officer** 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 **Chief Financial Officer**.

13.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the **Chief Financial Officer** who will take the appropriate action.

### **13.2 Losses and Special Payments**

13.2.1 **Procedures**

The **Chief Financial Officer** must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

- 13.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their **supervisor, line manager and** head of department, **except where fraud, bribery or corruption is suspected in which case a referral must be made to LCFS for investigation in accordance with the Trust's Local Anti-Fraud, Bribery and Corruption policy.** The senior officer must immediately inform the Chief Executive and the **Chief Financial Officer** or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the **Chief Financial Officer** and Chief Executive.
- 13.2.3 Where a criminal offence is suspected, the **Chief Financial Officer** must immediately inform the police if theft or arson is involved.
- 13.2.4 In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the **Chief Financial Officer** must inform the relevant LCFS, NHS Protect with Secretary of State for Health and Social Care Directions, the Anti-Fraud and Security Management Services (AFSMS) and the External Auditor of all frauds..
- 13.2.5 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the **Chief Financial Officer** must immediately notify:
- (a) the Board,
  - (b) the External Auditor.
- 13.2.6 Within limits delegated to it by the Department of Health **and Social Care**, the Board shall approve the writing-off of losses.
- 13.2.7 The **Chief Financial Officer** shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 13.2.8 For any loss, the **Chief Financial Officer** should consider whether any insurance claim can be made.
- 13.2.9 The **Chief Financial Officer** shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 13.2.10 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health **and Social Care**.
- 13.2.11 All losses and special payments must be reported to the **Audit Committee and the Trust Board** at regular intervals.

## **14. INFORMATION TECHNOLOGY**

### **14.1 Responsibilities and Duties of the Chief Financial Officer**

- 14.1.1 The **Chief Financial Officer**, who is responsible for the accuracy and security of the computerised financial data of the Trust:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to

unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998 and **GDPR 2018**;

- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) ensure that an adequate audit trail exists through the computerised system and that such computer audit reviews as the Director or Data Protection Officer (DPO) may consider necessary are being carried out.

14.1.2 The **Chief Financial Officer** shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

**14.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

14.2.1 The **Medical Director** shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner.

14.2.2 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trusts in the Region wish to sponsor jointly) all responsible directors and employees will send to the **Chief Financial Officer**:

- (a) details of the outline design of the system;
- (b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

**14.3 Contracts for Computer Services with other health bodies or outside agencies**

14.3.1 The **Chief Financial Officer** shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy (in line with GDPR), accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

14.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the **Chief Financial Officer** shall periodically seek assurances that adequate controls are in operation.

14.3.3 **Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall need to be satisfied that:**

- (a) **systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;**

(b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;

(c) Chief Financial Officer's staff has access to such data, and;

(d) such computer audit reviews as are considered necessary are being carried out.

#### 14.4 Risk Assessment

14.4.1 The Chief Executive shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

### 15. PATIENTS' PROPERTY

15.1 The Trust 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.

15.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission that the Trust will not accept responsibility or liability for patients' property brought into Trust premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

15.3 The Chief Financial Officer must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients.

15.4 Where Department of Health and Social Care instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Chief Financial Officer. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

15.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates (Small Payments) Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

15.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

15.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

15.8 Patients' income, including pensions and allowances, shall be dealt with in accordance with current Department of Health and Social Care and Department of Social Security instructions and guidelines.

## **16. FUNDS HELD ON TRUST**

### **16.1 Corporate Trustee**

16.1.1 The discharge of the Trust's corporate trustee responsibilities is distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

16.1.2 The **Chief Financial Officer** shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

16.1.3 The Trust will comply with Charities Commission latest guidance and best practice.

### **16.2 Accountability to Charity Commission and Secretary of State for Health and Social Care**

16.2.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.

16.2.2 The Schedule of Matters Reserved to the Board and the Scheme of **Reservation and Delegation** make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust officers must take account of that guidance before taking action.

### **16.3 Applicability of Standing Financial Instructions to funds held on Trust**

16.3.1 In so far as it is possible to do so these Standing Financial Instructions will apply to the management of funds held on trust.

16.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

## **17. ACCEPTANCE OF GIFTS BY STAFF**

17.1.1 The **Chief Financial Officer** shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff (see SFI 10.6 (d)) This policy follows the guidance contained in the Department of Health **and Social Care** circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

## **18. RETENTION OF RECORDS**

18.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with **NHS Improvement and Department of Health and Social Care** guidelines.

18.2 The records held in archives shall be capable of retrieval by authorised persons.

- 18.3 Records held in accordance with latest Department of Health and Social Care guidance shall only be destroyed before the specified guidance limits at the express authority of the Chief Executive or Chief Financial Officer. Proper details shall be maintained of records and information so destroyed.

## **19. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

- 19.1 The Trust is required to report all its financial transactions in compliance with IFRS subject to amendments issued by the Department of Health and Social Care through the NHS Manual of Accounts. It is important that the reporting requirements of IFRS are anticipated and provided for when making decisions which have an impact on the Trust's financial position. This is particularly the case in respect of capital investment, leasing, use of external private finance and contractual relationships with other parties. The Chief Financial Officer and his team should be consulted for advice in such instances.

## **20. RISK MANAGEMENT AND INSURANCE**

### **20.1 Programme of Risk Management**

- 20.1.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health and Social Care assurance framework requirements, which must be approved and monitored by the Board.

- 20.1.2 The programme of risk management shall include:

- (a) a process for identifying and quantifying risks and potential liabilities;
- (b) engendering among all levels of staff a positive attitude towards the control of risk;
- (c) 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, health and safety review;
- (f) a clear decision of which risks shall be insured;
- (g) arrangements to review the risk management programme;
- (h) appropriate levels of external accreditation.

- 20.1.3 The existence, integration and evaluation of the above elements will assist in providing a basis for the effectiveness element under the Annual Governance Statement (within the Annual Report and Accounts) as required by current Department of Health and Social Care guidance.

### **20.2 Insurance: Risk Pooling Schemes**

- 20.2.1 The Board shall decide if the Trust will insure through the various schemes administered through the NHS Resolution (NHSR) or self-insure for some or all of the risks. If the Board decides not to use the NHSR risk pooling schemes for any of

the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

### **20.3 Insurance arrangements with commercial insurers**

20.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, four exceptions when Trusts may enter into insurance arrangements with commercial insurers. The exceptions are:

- 1) insuring motor vehicles owned or leased by the Trust including insuring third party liability arising from their use;
- 2) where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into;
- 3) where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool.

Confirmation of coverage in the risk pool must be obtained from NHS Resolution.

- 4) Where it is necessary to ensure that the Trust is able to continue providing a service where adequate levels of insurance are not available under any of the schemes administered by the NHR, the Trust arranges a policy in the name of "the employees of the Trust" or "members, for the time being, of a specific team". In such cases, the premium must be:
  - i. Paid by the use of charitable funds, providing the Trust establishes through the Charities Commission, or other relevant regulatory bod, whether this is an appropriate use of funds, or
  - ii. Paid by members of the team and then reimbursed by the Trust, or
  - iii. Paid by the Trust, provided this is with the recognition, and approval, of the Chief Financial Officer and/or internal audit.

In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Chief Financial Officer should first consult the NHR and then the Department of Health and Social Care.

### **20.4 Arrangements to be followed by the Board in agreeing Insurance cover**

20.4.1 Where the Board decides to use the risk pooling schemes administered by the NHR the Chief Financial Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial Officer shall ensure that documented procedures cover these arrangements.

20.4.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, the Chief Financial Officer shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Chief Financial Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

- 20.4.3 All the NHR risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible' element). The Chief Financial Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.



APPENDIX A

**SCHEDULE OF AUTHORISED LIMITS**

**TENDERING, ORDERING, CONTRACTING – EXPENDITURE**

|                                 |                    |
|---------------------------------|--------------------|
| Competitive quotations to apply | £10,000 to £50,000 |
| Competitive tendering to apply  | above £50,000      |

**Authority to waive competitive process:-**

|                                                                |               |
|----------------------------------------------------------------|---------------|
| Head of Procurement/Estates                                    | up to £25,000 |
| Chief Executive/Deputy Chief Executive/Chief Financial Officer | above £25,000 |

**Authority to accept other than lowest quote:-**

|                                                                |                |
|----------------------------------------------------------------|----------------|
| Head of Procurement/Estates                                    | up to £50,000  |
| Chief Executive/Deputy Chief Executive/Chief Financial Officer | up to £250,000 |
| Trust Board                                                    | above £250,000 |

**Approval to contract awards (including extensions):-**

|                                                                |                |
|----------------------------------------------------------------|----------------|
| Head of Procurement/Estates                                    | up to £50,000  |
| Chief Executive/Deputy Chief Executive/Chief Financial Officer | up to £250,000 |
| Trust Board                                                    | above £250,000 |

**NB** – All contract awards above £50,000 to be reported to Trust Board for information

|                                                      |                               |
|------------------------------------------------------|-------------------------------|
| Evaluation Panel to include a Non-Executive Director | <b>£1,000,000 &amp; above</b> |
|------------------------------------------------------|-------------------------------|

**Note** – The above limits apply equally to asset disposals.

**CONTRACTING – Income**

**Approval to sign contracts other than for the provision of Healthcare by RWT:-**

|                                                                |                |
|----------------------------------------------------------------|----------------|
| Head of Procurement/Estates                                    | up to £50,000  |
| Chief Executive/Deputy Chief Executive/Chief Financial Officer | up to £250,000 |
| Trust Board                                                    | above £250,000 |

**CONTRACTING – Agreements for the Provision of Healthcare Services by RWT:-**

**Approval to sign contracts where RWT is the provider of Healthcare services to NHS and other Commissioners:-**

|                    |                             |
|--------------------|-----------------------------|
| Executive Director | up to 10% of Trust turnover |
| Trust Board        | above 10% of Trust turnover |

**REQUISITIONS**

**Revenue:-**

|                                |              |
|--------------------------------|--------------|
| Budget Manager eg Ward Manager | up to £5,000 |
|--------------------------------|--------------|

**Senior Budget Manager –**

|                                                         |   |               |
|---------------------------------------------------------|---|---------------|
| Senior Matron/Matron/Head of Midwifery                  | } | up to £15,000 |
| Heads of Nursing (Nursing Budgets Only)                 | } |               |
| Group Manager/Directorate Manager (Non Nursing Budgets) | } |               |
| Deputy HR Director                                      | } |               |
|                                                         | } |               |

|                                                           |   |                |
|-----------------------------------------------------------|---|----------------|
| Head of Education & Development                           | } |                |
| <u>Budget Holder –</u>                                    |   |                |
| Senior Pharmacist/Principle Pharmacist (drugs only)       |   | up to £25,000  |
| Deputy and Assistant Director of Pharmacy (drugs only)    |   | up to £50,000  |
| Director of Pharmacy Services (drugs only)                |   | up to £100,000 |
| Deputy Chief Operating Officer                            | } |                |
| Divisional Medical Director                               | } | up to £50,000  |
| Head of IT Services                                       | } |                |
| Divisional Manager Estates and Facilities                 | } |                |
| <u>Clinical/Research Network –</u>                        |   |                |
| Lead Research, Management & Governance Manager            |   | up to £5,000   |
| Research Delivery Divisional Managers                     |   | up to £5,000   |
| Industry Operations Manager                               |   | up to £15,000  |
| Chief Operating Officer                                   |   | up to £50,000  |
| <u>Black Country Pathology Services –</u>                 |   |                |
| Budget Holder                                             |   | up to £5,000   |
| Service Manager                                           |   | up to £10,000  |
| Deputy Group Operational Manager                          |   | up to £15,000  |
| Group Operational Manager                                 |   | up to £25,000  |
| Clinical Director                                         |   | up to £50,000  |
| <u>Executive Responsible Budget Officer –</u>             |   |                |
| Executive Director                                        |   | up to £100,000 |
| Chief Executive and Chief Financial Officer               |   | over £100,000  |
| <b>Capital:-</b>                                          |   |                |
| Team Manager (Capital)/Team Manager (Project and Estates) |   | up to £50,000  |
| Head of Estates Development                               |   | up to £500,000 |
| Chief Financial Officer                                   |   | up to £750,000 |
| Chief Executive <b>and</b> Chief Financial Officer        |   | over £750,000  |

**NB – Above capital limits are subject to agreement of Business Cases (where Applicable) and inclusion within a Board approved Capital Programme**

Capital schemes requiring Business Cases to be approved by value  
Trust Board £500,000 capital and/or £500,000 revenue cost (whether non-recurrent or recurrent), and above

Capital schemes requiring Business Cases to be approved by **NHSi and DHSC**  
£15,000,000 capital value (The delegated limit for a Trust is the lower of 3% turnover and £15,000,000 and is reviewed annually. This may be reduced should the Trust go into deficit.)

**Note – Officers will need to judge where schemes below this level will require Board approval, because of other issues of significance.**

**Charity Funds – following approval from Charity Trustees of the commitment of charitable funds the delegated officers below authorise payment as per the values set out:-**

Divisional/Directorate Funds -

|                                             |               |
|---------------------------------------------|---------------|
| Group Managers/Directorate Managers         | up to £5,000  |
| Deputy Chief Operating Officer              | up to £10,000 |
| Chief Executive and Chief Financial Officer | up to £50,000 |

General Funds -

|                                             |               |
|---------------------------------------------|---------------|
| Chief Executive and Chief Financial Officer | up to £50,000 |
|---------------------------------------------|---------------|

All Funds -

|                                 |               |
|---------------------------------|---------------|
| Trust Board, acting as Trustees | above £50,000 |
|---------------------------------|---------------|

**PAY**

**All Starter, Change and Termination Forms:-**

Clinical Directorates and Divisions –

Senior Matron/Matron/Head of Midwifery/Head of Nursing (Nursing Budgets Only)  
Group Manager/Directorate Manager (Non Nursing Budgets Only)  
Divisional Manager Estates and Facilities  
Deputy Chief Operating Officer  
Divisional Medical Director

Corporate Functions –

Executive Director (or delegated Deputies at Executive Director's discretion)

Clinical Research Network –

Lead Research, Management and Governance Manager  
Industry Operations Manager  
Research Delivery Divisional Managers  
Chief Operating Officer

**Subject to:**

- **Consultant appointments to be countersigned by Medical Director**
- **Any appointment/changes outside National Terms and Conditions/Agreed Trust Policy to be countersigned by HR Director and Chief Financial Officer (or in exceptional circumstances, where the Executive Director is absent, to delegated Deputies, named at Executive Director's discretion).**

**Junior Doctors (ROTATION ONLY) and Temporary Bank Medical Staff – Starter and Termination Forms: -**

Head of Workforce  
Senior Resourcing Manager/Head of Resourcing  
Resourcing Manager

**Bank Nurses – Starter, Change and Termination Forms:-**

Head of Workforce  
Senior Resourcing Manager/Head of Resourcing  
Resourcing Manager

**Trust Volunteers – Starter and Termination forms**

*(Required for the purpose of payment of volunteer expenses only)*

- Head of Patient Experience

**All turnaround documents, timesheets and expenses forms:-**

As above prime payroll documentation authorised officers plus

Budget Managers

***For Community Services and other Services where the Services are provided 'Off Site'***

The Budget Manager is able to devolve responsibility for the sign off to a Delegated Senior Manager.

***For Removals Expenses only – Director/Deputy of Human Resources/Head of Workforce, and additionally, for Medics Removals and Interview Expenses, specifically Senior Resourcing Manager.***

**Expenses of Non-Executive Directors/Chair and Chief Executive:-**

Expenses of Non Executive Directors/Chair

– Chief Executive

Expenses for Chief Executive

- Chair and Chief Financial Officer

**LOSSES COMPENSATIONS AND SPECIAL PAYMENTS**

Approval limit of Chief Financial Officer/Deputy Chief Financial Officer

up to £5,000

Audit Committee

above £5,000

Note – all losses, compensation and special payments to be reported to the Trust Board

**EXCEPTIONAL AUTHORISATION ARRANGEMENTS**

**In the absence of the Chief Executive and Chief Financial Officer**

**(For areas where Delegated Deputies are specifically not identified above.)**

Deputy Chief Executive

Non Executive Director, only in the absence of the Deputy Chief Executive



The Royal Wolverhampton  
NHS Trust

**Document Control**

|                                                                                                                                                                                                                                                                                                                             |                       |            |                                                               |                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <b>Reference Number and Policy name:</b><br>Scheme of Reservation and Delegation                                                                                                                                                                                                                                            | <b>Version:</b><br>V2 |            | <b>Status:</b><br>Final                                       | <b>Author:</b> Company Secretary and Head of Financial Control and Assurance<br><b>Director Sponsor:</b> Chief Financial Officer |
| <b>Version / Amendment History</b>                                                                                                                                                                                                                                                                                          | Version               | Date       | Author                                                        | Reason                                                                                                                           |
|                                                                                                                                                                                                                                                                                                                             | V1                    | March 2009 | Financial Controller                                          | Implementation of Scheme of Reservation and Delegation                                                                           |
|                                                                                                                                                                                                                                                                                                                             | V2                    | April 2019 | Company Secretary and Head of Financial Control and Assurance | Review of document in line with amendments made to SO's and SFI's                                                                |
|                                                                                                                                                                                                                                                                                                                             |                       |            |                                                               |                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                             |                       |            |                                                               |                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                             |                       |            |                                                               |                                                                                                                                  |
| <b>Intended Recipients:</b> This policy will apply to all persons employed by The Royal Wolverhampton NHS Trust. This incorporates community, acute staff, employees from other health or social care providers, educational establishments, volunteers, private contractors, agency workers working within Trust premises. |                       |            |                                                               |                                                                                                                                  |
| <b>Consultation Group / Role Titles and Date:</b> Company Secretary; Finance and Performance Committee, Audit Committee, Chief Financial Officer, Deputy Chief Financial Officer.                                                                                                                                           |                       |            |                                                               |                                                                                                                                  |
| <b>Name and date of Trust level group where reviewed</b>                                                                                                                                                                                                                                                                    |                       |            | Audit Committee 24 <sup>th</sup> April 2019                   |                                                                                                                                  |
| <b>Name and date of final approval committee</b>                                                                                                                                                                                                                                                                            |                       |            | Trust Board 13 <sup>th</sup> May 2019                         |                                                                                                                                  |
| <b>Date of Policy issue</b>                                                                                                                                                                                                                                                                                                 |                       |            | March 2009                                                    |                                                                                                                                  |
| <b>Review Date and Frequency</b> (standard review frequency is 3 yearly unless otherwise indicated)                                                                                                                                                                                                                         |                       |            | April 2019 annually                                           |                                                                                                                                  |

**Training and Dissemination:** Senior managers briefing, Divisional management forums, approving committees and dissemination via Intranet.

**To be read in conjunction with:** Standing Orders, Standing Financial Instruments, Conflicts of Interest Policy, and Counter Fraud, Bribery and Corruption Policy

**Initial Equality Impact Assessment (all policies):** Completed Yes

**Full Equality Impact assessment (as required):** Completed NA

If you require this document in an alternative format e.g., larger print please contact Central Governance Department on Ext 5114.

|                           |                                         |
|---------------------------|-----------------------------------------|
| <b>Contact for Review</b> | Head of Financial Control and Assurance |
|---------------------------|-----------------------------------------|

|                                                                      |                         |
|----------------------------------------------------------------------|-------------------------|
| <b>Implementation plan / arrangements (Name implementation lead)</b> | Chief Financial Officer |
|----------------------------------------------------------------------|-------------------------|

|                                              |                                            |
|----------------------------------------------|--------------------------------------------|
| <b>Monitoring arrangements and Committee</b> | Audit Committee<br>Approval by Trust Board |
|----------------------------------------------|--------------------------------------------|

**Document summary / key issues covered:**

This document sets out the powers (be that decisions, authorities or duties) reserved to the Board of Directors and the powers which may be delegated to sub committees, directors and other officers. The Scheme of Reservation and Delegation together with the Standing Orders, the Standing Financial Instructions and all other Trust policies provides a comprehensive framework for the Trusts business conduct. It sets out levels of decision-making in the current management structure of the Trust.

**VALIDITY STATEMENT**

**This document is due for review on the latest date shown above. After this date, policy and process documents may become invalid. The electronic copy of this document is the only version that is maintained. Printed copies must not be relied upon to contain the latest updates and amendments.**

**THE ROYAL WOLVERHAMPTON HOSPITALS NHS TRUST**

**SCHEME OF RESERVATION AND DELEGATION**

**NOTE: For authorized limits see Appendix A to Standing Financial Instructions**



# **SCHEME OF RESERVATION AND DELEGATION**

## **CONTENTS**

## **PAGES**

|                                                                           |         |
|---------------------------------------------------------------------------|---------|
| Decisions Reserved to the Board                                           | 3 - 6   |
| Decisions/Duties Delegated by the Board to Committees                     | 7 - 8   |
| Scheme of Delegation Derived from the Accountable Officer Memorandum      | 9 - 10  |
| Scheme of Delegation Derived from the Codes of Conduct and Accountability | 11 - 13 |
| Scheme of Delegation from Standing Orders                                 | 14 - 15 |
| Scheme of Delegation from Standing Financial Instructions                 | 16 - 26 |

**NOTE: For authorized limits see Appendix A to Standing Financial Instructions**

## **SCHEME OF RESERVATION AND DELEGATION**

### **DECISIONS RESERVED TO THE BOARD**

#### **General Enabling Provision**

The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.

#### **Regulations and Control**

1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business.
2. Suspend Standing Orders.
3. Vary or amend the Standing Orders.
4. Ratify any urgent decisions taken by the Chairman (or Vice-Chairman) and Chief Executive in public session in accordance with SO 7.2
5. Approve a scheme of delegation of powers from the Board to committees.
6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration.
7. Require and receive the declaration of officers' interests that may conflict with those of the Trust.
8. Approve arrangements for dealing with complaints.
9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.
10. Receive reports from committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action.
11. Confirm the recommendations of the Trust's committees where the committees do not have executive powers.
12. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust.
13. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board.
14. Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property.
15. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 7.6.
16. Discipline members of the Board or employees who are in breach of statutory requirements or SOs.

### **Appointments**

1. Appoint the Vice Chairman of the Board.
2. Appoint and dismiss committees (and individual members) that are directly accountable to the Board.
3. Appoint, appraise, discipline and dismiss the Chief Executive.
4. Confirm appointment of members of any committee of the Trust as representatives on outside bodies.
5. Appoint Executive Directors.

### **Strategy, Plans and Budgets**

1. Define the strategic aims and objectives of the Trust.
2. Approve proposals for ensuring quality and developing governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State.
3. Approve the Trust's policies and procedures for the management of risk.
4. Approve Outline and Full Business Cases for Capital Investment.
5. Approve budgets.
6. Approve Trust's proposed organisational development proposals.
7. Ratify proposals for acquisition, disposal or change of use of land and/or buildings.
8. Approve PFI proposals.
9. Approve the opening of bank accounts.
10. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over **£500,000** over the period of the contract.
11. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Chief Financial Officer (for losses and special payments) approved by the Board.
12. Approve Trust Strategic Documents in line with Trust Strategic Objectives.

**Policy Determination**

1. Approve management policies.

**Audit**

1. Approve the appointment (and where necessary dismissal) of External Auditors and advise the Audit Commission on such matters.
2. Receive the annual management letter from the external auditor and agree proposed action, taking account of the advice, where appropriate, of the Audit Committee.

**Annual Reports and Accounts**

1. Receive and approve the Trust's Annual Accounts.
2. Receive and approve the Annual Accounts for funds held on trust.

**Monitoring**

1. Receive such reports as the Board sees fit from committees in respect of their exercise of delegated powers.
2. Continuously appraise the affairs of the Trust by means of the provision of information to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements.
3. Receive reports from Chief Financial Officer on financial performance.

## DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES

| COMMITTEE                                                                | DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AUDIT COMMITTEE*                                                         | <p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Advise the Board on internal and external audit services;</li> <li>2. Review the establishment and maintenance of an effective system of internal control, that supports the achievement of the organisation's objectives;</li> <li>3. Monitor compliance with Standing Orders and Standing Financial Instructions;</li> <li>4. Review the Annual Accounts prior to submission to the Board.</li> <li>5. Undertake other decisions and duties as delegated by the Board in relation to;               <ol style="list-style-type: none"> <li>a. Agreement of the Operating Plan.</li> <li>b. Agreement regarding the Trust Control Total.</li> <li>c. Approval of the Trust Annual Report and Accounts.</li> <li>d. Approval of all Losses and Compensations.</li> </ol> </li> <li>6. Monitor the operation of the Board Assurance Framework.</li> <li>7. Monitor and advise the Board on the operation and suitability of arrangements for Countering Fraud.</li> <li>8. Monitor and advise the Board on the operation of arrangements for recording Declarations in relation to the Trust Conflicts of Interests Policy.</li> <li>9. Manage specific BAF risks delegated to the committee, providing assurance updates to Trust Board.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| REMUNERATION AND TERMS OF SERVICE COMMITTEE*                             | <p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Agree appropriate remuneration and terms of service for the Chief Executive and other Executive Directors including:               <ul style="list-style-type: none"> <li>• All aspects of salary (including any performance-related elements/bonuses);</li> <li>• Provisions for other benefits, including pensions and cars (if applicable);</li> <li>• Arrangements for termination of employment and other contractual terms;</li> </ul> </li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| BOARD ASSURANCE COMMITTEE<br><br>QUALITY, GOVERNANCE ASSURANCE COMMITTEE | <p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Be accountable for overseeing all risk management activity in the Trust including:               <ol style="list-style-type: none"> <li>a. The maintenance of the Corporate Risk Register</li> <li>b. Prioritization of risks</li> <li>c. Agreeing acceptable risks and monitoring action plans to reduce unacceptable risks</li> <li>d. Monitoring trends in incidents, complaints, claims and risk assessments.</li> </ol> </li> <li>2. Review all relevant indicators of patient experience/satisfaction, patient care and patient safety and to assure itself that good practice is being disseminated and that any deficiencies are put right.</li> <li>3. Promote continuous quality improvement through a culture which encourages open and honest reporting and an educative and supportive approach to the management of risk.</li> <li>4. Approve the Terms of Reference and membership of its reporting subgroups (and oversee the work of the sub-groups, receiving reports for consideration and action as necessary.</li> <li>5. Co-ordinate the monitoring of risks utilizing the Board Assurance Framework (BAF)/Trust Risk register framework (TRR) to assess the effectiveness of controls, assurances/gaps in assurance and further action.</li> <li>6. Manage specific BAF risks delegated to the committee, providing assurance updates to Trust Board.</li> <li>7. Utilize the assurance reporting processes to inform the Audit Committee and Trust Board on the management of risk and proposed internal audit work.</li> <li>8. Oversee the Risk Management Assurance Strategy delivery (along with Risk management policies OP10) across the Trust.</li> <li>9. Review the Annual Governance Statement together with any accompanying Head of Internal audit statement, external audit</li> </ol> |

| COMMITTEE                  | DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | <p>opinion or other appropriate independent assurances, prior to endorsement by the Board. To support this process, the Audit Committee will meet annually with the Quality Governance Assurance Committee.</p> <p>10. Receive the Clinical Audit annual report ensuring it is consistent with the audit priorities of the Trust.</p> <p>11. Examine any relevant matters referred to it by the Board of Directors or Audit Committee.</p> <p>12. Monitor and report on quality and safety performance to the Trust Board.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| CHARITY COMMITTEE*         | <p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Offer strategic direction and guidance to ensure that the Trust's charity has all the hallmarks of an effective charity, as set out in the standards issued by the Charity Commission.</li> <li>2. Ensure the management/administration of the charity, in accordance with the charity's purposes, as set out in its Governing Documents.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| TRUST MANAGEMENT COMMITTEE | <p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Advise on and be responsible to the Trust Board on all matters relating to Trust operations. This will include responsibility for the following activities:- <ol style="list-style-type: none"> <li>a) Direct and monitor progress with implementation of key Trust strategies</li> <li>b) Approval of Trust wide strategy, policies and procedures</li> <li>c) Annual approval of the rolling 5 year service strategies for the Trust, via the Divisional structure</li> <li>d) Approve business cases to deliver key Trust strategies and the corporate business plan which are in excess of £100,000 but below £500,000.</li> <li>e) Monitor delivery of the Trust Estate strategy</li> <li>f) Monitor and redress as appropriate financial performance across operational service areas</li> <li>g) Monitor the delivery of the Trust Nursing &amp; Midwifery programme, ensuring effective integration into operational areas</li> <li>h) Monitor the operational performance and implementation of the IM&amp;T strategy</li> <li>i) Receive advisory reports on the operation of governance, risk management and compliance deliverables across the Trust.</li> <li>j) Approve annual sign off of the IG Toolkit requirements.</li> <li>k) Receive regular updates and advice from the Finance, HR, Governance Directors to ensure effective operational integration with the following: <ul style="list-style-type: none"> <li>• Policy</li> <li>• Strategy</li> <li>• Developments</li> <li>• National &amp; local strategies, policies and developments</li> <li>• Legal issues</li> </ul> </li> </ol> </li> <li>2. Monitor the delivery of the Trust Strategic goals and plans.</li> <li>3. Review and act upon operational performance information including the Quality and Performance KPI/Activity Report, financial position and key governance reports.</li> <li>4. Receive and comment upon service delivery change plans.</li> <li>5. Review Divisional risk registers to be assured on the progressive management and identification of risks.</li> <li>6. Approve the Terms of Reference annually and membership of its reporting subgroups and oversee the work of the subgroups, receiving reports for consideration and action as necessary.</li> <li>7. Review all reports to the Committee with a view to extrapolating risks to inform the Board Assurance Framework (BAF)/Trust Risk register or Divisional risk registers.</li> <li>8. Review new/existing red and high amber risks across the Trust to inform appropriate progression and/or escalation.</li> <li>9. Promote a culture within the Trust which encourages open and honest reporting of risk and an educative and supportive</li> </ol> |

| COMMITTEE                                                          | DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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|                                                                    | <p>approach to the management of risk.</p> <ol style="list-style-type: none"> <li>10. Examine any relevant matters referred to it by the Board of Directors or other Board Sub Committee.</li> <li>11. Seek opinions on potential innovation and development opportunities.</li> <li>12. Approve Trust Policy, Procedures and Guidelines on behalf of the Board.</li> <li>13. Recommend Strategic Documents for approval by the Board.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>WORKFORCE &amp; ORGANISATIONAL DEVELOPMENT COMMITTEE</b></p> | <p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Provide assurance to the Board that the organisational development and workforce strategy, structures, systems and processes are in place and functioning to support employees in the provision and delivery of high quality, safe patient care</li> <li>2. Provide assurance to the Board that the processes are in place to support optimum employee performance to enable the delivery of strategy and business plans in line with the trust's values</li> <li>3. Provide assurance to the Board that the Trust is meeting its legal and regulatory duties in relation to its employees</li> <li>4. Provide assurance to the Board that where there are human resource risks and issues that may jeopardise the Trusts ability to deliver its objectives, that these are being managed in a controlled way through the Trust Management Committee.</li> <li>5. Ensure that work streams of the Academy Steering Group reflects the Trust's Quality agenda and seek assurance on the use of Education funding streams.</li> <li>6. Manage specific BAF risks delegated to the committee, providing assurance updates to Trust Board.</li> <li>7. Provide assurance on the following key areas of workforce governance: <ol style="list-style-type: none"> <li>a. Resourcing</li> <li>b. Skills</li> <li>c. Leadership &amp; organisational effectiveness</li> <li>d. Engagement.</li> <li>e. Productivity</li> </ol> </li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>FINANCE &amp; PERFORMANCE COMMITTEE</b></p>                  | <p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Utilize the assurance reporting processes (BAF/TRR) to inform the Trust Board of Finance, performance, investment or related risk and redress actions.</li> <li>2. Review annual plan modelling assumptions and in particular capital and revenue allocations as well as activity and investment assumptions.</li> <li>3. Review and endorsement of the annual revenue and capital budgets before they are presented to the Board for approval.</li> <li>4. Approve the development of financial and contractual reporting in line with best practice.</li> <li>5. Monitor income and expenditure against planned levels and make recommendations for corrective action should excess variances occur.</li> <li>6. Receive and review the trust wide and divisional reports on finance and contractual performance and CIP before they are presented to the Board. The focus will be on forecast outturn, risks to delivering the plan and the mitigation plans.</li> <li>7. Review expenditure against the agreed capital plan.</li> <li>8. Review any matters which impact adversely on the financial performance or reputation of the Trust.</li> <li>9. Oversee the development of Service line reporting.</li> <li>10. Approve financial returns prior to submission to any external accountable authority, e.g. reference costs, ERIC, etc. (other than NHSI monthly returns due to timeliness)</li> <li>11. Ensure the appropriate training and support is in place for budget holders/managers.</li> <li>12. Make arrangements as necessary to ensure that all members of the Board and senior officers of the trust maintain an appropriate level of knowledge and understanding of key financial issues affecting the Trust.</li> <li>13. Periodically review financial policies and procedures including scheme of delegation etc. to ensure that they are still relevant and appropriate.</li> <li>14. Review financial and contractual performance against the main healthcare contracts.</li> </ol> |

| COMMITTEE | DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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|           | <p>15. Receive reports regarding contract negotiations and progress in agreeing contracts with the Commissioning bodies.</p> <p>16. In line with the NHSI, assess if any proposed investments should be reported to NHSI in the annual planning process or in year prior to financial closure.</p> <p>17. Receive and undertake investment appraisals of submitted developments and maintain an oversight of the Trust's investments, ensuring compliance with the Trust's policy and external requirements to ensure that capital investments and transactions comply with the latest NHSI guidance. Ensure risks of any investments are properly evaluated and risk management arrangements put in place, including:-</p> <ul style="list-style-type: none"> <li>a. Obtaining independent professional advice where appropriate.</li> <li>b. Evaluate, scrutinize and monitor investments.</li> <li>c. Ensure Investments are supported by relevant stakeholders.</li> <li>d. To examine any relevant matters referred to it by the Board of Directors</li> </ul> <p>18. Receive reports regarding new business and tender opportunities and the progress of tenders.</p> <p>19. Manage specific BAF risks delegated to the committee, providing assurance updates to Trust Board.</p> |



## SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM

| DELEGATED TO                               | DUTIES DELEGATED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHIEF EXECUTIVE<br>(CE)                    | Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| CE AND CHIEF<br>FINANCIAL OFFICER<br>(CFO) | Ensure the accounts of the Trust are prepared under principles and in a format directed by the SofS. Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs.<br>Sign the accounts on behalf of the Board.                                                                                                                                                                                                                                                                                                                                                                                                   |
| CHIEF EXECUTIVE                            | Sign a statement in the accounts outlining responsibilities as the Accountable Officer.<br>Sign a statement in the accounts outlining responsibilities in respect of Internal Control.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| CHIEF EXECUTIVE                            | <i>Ensure effective management systems that safeguard public funds and assist the Trust Chairman to implement requirements of corporate governance including ensuring managers:</i> <ul style="list-style-type: none"> <li>• “have a clear view of their objectives and the means to assess achievements in relation to those objectives</li> <li>• be assigned well defined responsibilities for making best use of resources</li> <li>• have the information, training and access to the expert advice they need to exercise their responsibilities effectively.”</li> </ul>                                                                                  |
| CHAIRMAN                                   | Implement requirements of corporate governance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| CHIEF EXECUTIVE                            | Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities.<br>Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).                                                                                                                                                                                                                                                                                                                                    |
| CFO                                        | Operational responsibility for effective and sound financial management and information.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| CHIEF EXECUTIVE                            | Primary duty to see that CFO discharges the above function.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| CHIEF EXECUTIVE                            | Ensure that expenditure by the Trust complies with Parliamentary requirements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| CE and CFO                                 | Chief Executive, supported by Chief Financial Officer, ensures appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| CHIEF EXECUTIVE                            | If CE considers the Board or Chairman is doing something that might infringe probity or regularity, he/she should set this out in writing to the Chairman and the Board. If the matter is unresolved, he/she should ask the Audit Committee to inquire and if necessary refer to the <del>SHA</del> and Department of Health <b>and Social Care, NHS Improvement or NHS England</b>                                                                                                                                                                                                                                                                             |
| CHIEF EXECUTIVE                            | If the Board is contemplating a course of action that raises an issue not of formal propriety or regularity but affects the CE's responsibility for value for money, the CE should draw the relevant factors to the attention of the Board. If the outcome is that he/she is overruled it is normally sufficient to ensure that the advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the Department of Health <b>and Social Care, NHS Improvement or NHS England</b> . In such cases, the CE should as a member of the Board vote against the course of action rather than merely abstain from voting. |

## SCHEME OF DELEGATION DERIVED FROM THE CODES OF CONDUCT AND ACCOUNTABILITY

| DELEGATED TO                            | AUTHORITIES/DUTIES RESERVED OR DELEGATED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| BOARD                                   | Approve procedure for declaration of hospitality and sponsorship.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| BOARD                                   | Ensure proper and widely publicized procedures for voicing complaints, concerns about misadministration, breaches of Code of Conduct, and other ethical concerns.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| ALL BOARD MEMBERS                       | Subscribe to Code of Conduct.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| BOARD                                   | Board members share corporate responsibility for all decisions of the Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| CHAIR AND NON EXECUTIVE/OFFICER MEMBERS | Chair and non-executive members are responsible for monitoring the executive management of the organisation and are responsible to the SofS for the discharge of those responsibilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| BOARD                                   | <p>The Board has six key functions for which it is held accountable by the Department of Health and <b>Social Care</b> on behalf of the Secretary of State:</p> <ol style="list-style-type: none"> <li>1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy;</li> <li>2. to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation;</li> <li>3. to appoint, appraise and remunerate senior executives;</li> <li>4. 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;</li> <li>5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;</li> <li>6. to ensure effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.</li> </ol> |
| BOARD                                   | <p>It is the Board's duty to:</p> <ol style="list-style-type: none"> <li>1. act within statutory financial and other constraints;</li> <li>2. be clear what decisions and information are appropriate to the Board and draw up Standing Orders, a schedule of decisions reserved to the Board and Standing Financial Instructions to reflect these,</li> <li>3. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| DELEGATED TO        | AUTHORITIES/DUTIES RESERVED OR DELEGATED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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|                     | <p>the main programmes of action and for performance against programmes to be monitored and senior executives held to account;</p> <ol style="list-style-type: none"> <li>4. establish performance and quality measures that maintain the effective use of resources and provide value for money;</li> <li>5. specify its requirements in organizing and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities;</li> <li>6. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference that set out the membership of the sub-committees, the limit to their powers, and the arrangements for reporting back to the main Board.</li> </ol>                                                                                                                                                                                       |
| CHAIRMAN            | <p>It is the Chairman's role to:</p> <ol style="list-style-type: none"> <li>1. provide leadership to the Board;</li> <li>2. enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team;</li> <li>3. ensure that key and appropriate issues are discussed by the Board in a timely manner,</li> <li>4. ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions;</li> <li>5. 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;</li> <li>6. appoint Non-Executive Board members to an Audit Committee of the main Board;</li> <li>7. advise the Secretary of State on the performance of Non-Executive Board members.</li> </ol> |
| CHIEF EXECUTIVE     | <p>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.</p> <p>The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| CHAIR AND DIRECTORS | Declaration of conflict of interests.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| BOARD               | <p>NHS Boards must comply with legislation and guidance issued by the Department of Health and Social Care, <b>NHS Improvement or NHS England</b> on behalf of the Secretary of State, respect agreements entered into by themselves or on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## **SCHEME OF DELEGATION FROM STANDING ORDERS**

| <b>SO REF</b>    | <b>DELEGATED TO</b>           | <b>AUTHORITIES/DUTIES RESERVED OR DELEGATED</b>                                                                                                                                                   |
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| SECTION A -<br>2 | CHAIRMAN                      | Final authority in interpretation of Standing Orders (SOs).                                                                                                                                       |
| 4.4              | BOARD                         | Appointment of Vice Chairman                                                                                                                                                                      |
| 5.1              | CHAIRMAN                      | Call meetings.                                                                                                                                                                                    |
| 5.9              | CHAIRMAN                      | Chair all Board meetings and associated responsibilities.                                                                                                                                         |
| 5.10             | CHAIRMAN                      | Give final ruling in questions of order, relevancy and regularity of meetings.                                                                                                                    |
| 5.12             | CHAIRMAN                      | Having a second and casting vote                                                                                                                                                                  |
| 5.13             | BOARD                         | Suspension of Standing Orders                                                                                                                                                                     |
| 5.13             | AUDIT COMMITTEE               | Audit Committee to review every decision to suspend Standing Orders                                                                                                                               |
| 5.14             | BOARD                         | Variation or amendment of Standing Orders                                                                                                                                                         |
| 7.3              | BOARD                         | Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference.                                                                      |
| 7.2              | CHAIRMAN & CHIEF<br>EXECUTIVE | The powers which the Board has reserved to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive.                                                    |
| 7.4              | CHIEF EXECUTIVE               | The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals that shall be considered and approved by the Board, subject to any amendment agreed during the discussion. |
| 7.6              | ALL                           | Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.                                                                                                     |
| 9.1              | THE BOARD                     | Declare relevant and material interests.                                                                                                                                                          |
| 9.2              | CHIEF EXECUTIVE               | Maintain Register of Interests.                                                                                                                                                                   |
| 9.4              | ALL STAFF                     | Comply with national guidance contained in HSG (93/5) "Standards of Business Conduct for NHS Staff" and with any Trust policy derived therefrom.                                                  |
| 9.3              | ALL                           | Disclose any pecuniary interest (direct or indirect) in any contract entered into (or about to be entered into) by the Trust.                                                                     |
| 9.4 (2)          | ALL                           | Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.)                                                                               |
| 9.5              | CHIEF EXECUTIVE               | Keep seal in safe place and maintain a register of sealing.                                                                                                                                       |
| 9.9              | CHIEF<br>EXECUTIVE/EXECUTIVE  | Approve and sign all documents which will be necessary in legal proceedings.                                                                                                                      |

| SO REF | DELEGATED TO | AUTHORITIES/DUTIES RESERVED OR DELEGATED |
|--------|--------------|------------------------------------------|
|        | DIRECTOR     |                                          |

### **SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS**

| SFI REF | DELEGATED TO                              | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| 1.1.3   | CHIEF FINANCIAL OFFICER                   | Approval of all financial procedures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 1.1.4   | CHIEF FINANCIAL OFFICER                   | Advice on interpretation or application of SFIs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1.1.6   | ALL MEMBERS OF THE BOARD AND EMPLOYEES    | Duty to disclose any non-compliance with Standing Financial Instructions to the Chief Financial Officer as soon as possible.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1.2.2   | CHIEF EXECUTIVE                           | Responsible as the Accountable Officer to ensure financial targets and obligations are met and has overall responsibility for the System of Internal Control.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1.2.2   | CHIEF EXECUTIVE & CHIEF FINANCIAL OFFICER | Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 1.2.3   | CHIEF EXECUTIVE                           | To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 1.2.4   | CHIEF FINANCIAL OFFICER                   | Responsible for: <ul style="list-style-type: none"> <li>a) ensuring that the Standing Financial Instructions are maintained and regularly reviewed;</li> <li>b) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;</li> <li>c) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;</li> <li>d) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time; and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Chief Financial Officer include: <ul style="list-style-type: none"> <li>(a) the provision of financial advice to other members of the Board and employees;</li> <li>(b) the design, implementation and supervision of systems of internal financial control;</li> <li>(c) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.</li> </ul> </li> </ul> |
| 1.2.5   | ALL MEMBERS OF THE BOARD AND EMPLOYEES    | Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions, financial procedures and <b>The Scheme of Reservation and Delegation.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| SFI REF       | DELEGATED TO                              | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                                                                                           |
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| 1.2.6         | CHIEF EXECUTIVE                           | Ensure that any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income is made aware of these instructions and the requirement to comply.                                       |
| 2.1.1         | AUDIT COMMITTEE                           | Provide independent and objective view on internal control.                                                                                                                                                                                                            |
| 2.1.2         | CHAIR OF AUDIT COMMITTEE                  | Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.                                                                                                                                  |
| 2.1.3 & 2.2.1 | CHIEF FINANCIAL OFFICER                   | Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.)                                                              |
| 2.2.1         | CHIEF FINANCIAL OFFICER                   | Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.                                                                                                                                        |
| 2.2.3         | CEO AND CFO                               | Responsible for ensuring access rights are given to NHS Counter Fraud Authority where necessary for the prevention, detection and investigation of cases of fraud, bribery and corruption, in accordance with NHS Counter Fraud Authority Standards for NHS Providers. |
| 2.3           | INTERNAL AUDIT SERVICE PROVIDER           | Review, appraise and report in accordance with guidance from Department of Health and Social Care and Social Care and best practice.                                                                                                                                   |
| 2.4           | AUDIT COMMITTEE                           | Ensure cost-effective, efficient External Audit.                                                                                                                                                                                                                       |
| 2.5           | CHIEF EXECUTIVE & CHIEF FINANCIAL OFFICER | Monitor and ensure compliance with SofS Directions on fraud and corruption as specified in the NHS Tackling Fraud, Bribery & Corruption Policy & Corporate procedures.                                                                                                 |
| 2.6           | CHIEF EXECUTIVE                           | Monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS security management.                                                                                                                                  |
| 3.1 & 3.2     | CHIEF FINANCIAL OFFICER                   | Submit budgets to the Board for approval.<br>Monitor performance against budget; submit to the Board financial estimates and forecasts.                                                                                                                                |
| 3.1.6         | CHIEF FINANCIAL OFFICER                   | Ensure adequate training is delivered on an on going basis to budget holders.                                                                                                                                                                                          |
| 3.2.1         | CHIEF EXECUTIVE                           | Delegate budgets to budget holders.                                                                                                                                                                                                                                    |
| 3.2.2         | CHIEF EXECUTIVE & BUDGET HOLDERS          | Must not exceed the budgetary total or virement limits set by the Board.                                                                                                                                                                                               |
| 3.3.1         | CHIEF FINANCIAL OFFICER                   | Devise and maintain systems of budgetary control.                                                                                                                                                                                                                      |
| 3.3.2         | BUDGET HOLDERS                            | Ensure that:<br>(a) no overspend or reduction of income that cannot be met from virement is incurred without appropriate consent;<br>(b) approved budget is not used for any other than specified purpose subject to rules of virement;                                |

| SFI REF | DELEGATED TO                                | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                                                                                 |
|---------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                             | (c) no permanent employees are appointed without the appropriate approval other than those provided for within available resources and manpower establishment.                                                                                               |
| 3.3.3   | CHIEF EXECUTIVE                             | Identify and implement cost improvements and income generation activities.                                                                                                                                                                                   |
| 3.5     | CHIEF EXECUTIVE                             | Ensure the submission of monitoring returns                                                                                                                                                                                                                  |
| 4.1     | CHIEF FINANCIAL OFFICER                     | Preparation of annual accounts and reports.                                                                                                                                                                                                                  |
| 5.1     | CHIEF FINANCIAL OFFICER                     | Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories.                                                                                                   |
| 5.5.1   | CHIEF FINANCIAL OFFICER                     | The CFO will advise the Board on the Trust's ability to pay dividend on PDC and report, periodically, concerning the PDC debt and all loans and overdrafts.                                                                                                  |
| 5.5.2   | CHIEF FINANCIAL OFFICER                     | Any application for a loan or overdraft will only be made by CFO or by an employee delegated by them                                                                                                                                                         |
| 5.5.3   | CHIEF FINANCIAL OFFICER                     | Prepare detailed procedural instructions concerning applications for loans and overdrafts.                                                                                                                                                                   |
| 5.5.4   | CHIEF FINANCIAL OFFICER                     | Ensure that the process for approving short term borrowings is consistent with the Board-approved Treasury Management Policy/Guidelines.                                                                                                                     |
| 5.6.2   | CHIEF FINANCIAL OFFICER                     | Will advise the Board on investments and report, periodically, on performance of same.                                                                                                                                                                       |
| 5.6.3   | CHIEF FINANCIAL OFFICER                     | Prepare detailed procedural instructions on the operation of investments held.                                                                                                                                                                               |
| 6.1     | CHIEF FINANCIAL OFFICER                     | Responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collecting and coding of all monies due                                                                                                     |
| 6.3     | CHIEF FINANCIAL OFFICER                     | Responsible for appropriate recovery action on all outstanding debts                                                                                                                                                                                         |
| 7.6.3   | CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER | Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.                                                                                                        |
| 7.6.7   | CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER | Where one tender is received will assess for value for money and fair price.                                                                                                                                                                                 |
| 7.6.9   | CHIEF EXECUTIVE                             | No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with SFIs except with the authorisation of the Chief Executive.                                             |
| 7.7.2   | CHIEF EXECUTIVE                             | The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.                                                                                                                        |
| 7.7.4   | CHIEF EXECUTIVE OR CHIEF FINANCIAL OFFICER  | No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive or Chief Financial Officer. |
| 7.9     | CHIEF EXECUTIVE                             | The Chief Executive shall demonstrate that the use of private finance represents value for money and                                                                                                                                                         |

| SFI REF | DELEGATED TO            | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                                                                                                                                                                                                   |
|---------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                         | genuinely transfers risk to the private sector.                                                                                                                                                                                                                                                                                                                                |
| 7.9     | BOARD                   | All PFI proposals must be agreed by the Board.                                                                                                                                                                                                                                                                                                                                 |
| 7.10    | CHIEF EXECUTIVE         | The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.                                                                                                                                                                                                                                                               |
| 7.11    | CHIEF EXECUTIVE         | The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.                                                                                                                                                                                                |
| 7.14    | CHIEF EXECUTIVE         | The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.                                                                                                                                                                                                                            |
| 7.14.5  | CHIEF EXECUTIVE         | The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.                                                                                                                                                                                                                                                                       |
| 8.1.1   | CHIEF EXECUTIVE         | Shall ensure that the Trust enters into suitable Service Level Agreements (SLAs) with commissioners for the provision of NHS services                                                                                                                                                                                                                                          |
| 8.2     | CHIEF EXECUTIVE         | As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from SLAs                                                                                                                                                                                                                                               |
| 9.2.1   | BOARD                   | Establish a Remuneration <b>Committee</b>                                                                                                                                                                                                                                                                                                                                      |
| 9.2.2   | REMUNERATION COMMITTEE  | Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.<br><br>Advise the Board on and make recommendations on the remuneration and terms of service of the CE, and other executive members employed by the Trust. Monitor and evaluate the performance of individual executive members. |
| 9.2.3   | REMUNERATION COMMITTEE  | Report in writing to the Board its advice and the basis for recommendations.                                                                                                                                                                                                                                                                                                   |
| 9.5     | CHIEF FINANCIAL OFFICER | Ensure that the chosen method for payroll processing is supported by appropriate terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.                                                                                     |
| 9.6     | NOMINATED MANAGER       | Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and<br><br>Deal with variations to, or termination of, contracts of employment.                                                                                                                                             |
| 10.1    | CHIEF EXECUTIVE         | Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.                                                                                                                                 |



| SFI REF | DELEGATED TO            | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.2    | REQUISITIONER           | In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supply shall be sought.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 10.3.1  | CHIEF FINANCIAL OFFICER | Shall be responsible for the prompt payment of accounts and claims.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 10.3.2  | CHIEF FINANCIAL OFFICER | <ul style="list-style-type: none"> <li>a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SFIs and regularly reviewed;</li> <li>b) Prepare procedural instructions [where not already provided in the Scheme of <b>Reservation and</b> Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds;</li> <li>c) Be responsible for the prompt payment of all properly authorised accounts and claims;</li> <li>d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable;</li> <li>e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received</li> </ul> |
| 10.4(a) | APPROPRIATE OFFICER     | Make a written case to support the need for a prepayment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 10.4(b) | CHIEF FINANCIAL OFFICER | Approve proposed prepayment arrangements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 10.4(c) | BUDGET HOLDER           | Ensure that all items due under a prepayment contract are received (and immediately inform CFO if problems are encountered).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 10.5    | CHIEF EXECUTIVE         | Authorise who may use and be issued with official orders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 10.6    | MANAGERS AND OFFICERS   | Ensure that they comply fully with the guidance and limits specified by the Chief Financial Officer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 11.1.1  | CHIEF EXECUTIVE         | <ul style="list-style-type: none"> <li>(a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;</li> <li>(b) shall ensure that the capital investment is not undertaken without confirmation of affordability;</li> <li>(c) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                     |
| 11.1.2  | CHIEF EXECUTIVE         | Issue procedures for management of contracts involving stage payments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 11.1.4  | CHIEF FINANCIAL OFFICER | Assess the requirement for the operation of the construction industry taxation deduction scheme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 11.1.5  | CHIEF FINANCIAL OFFICER | Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 11.1.7  | CHIEF EXECUTIVE         | Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| SFI REF | DELEGATED TO                                  | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                              |
|---------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                               | Issue a scheme of delegation for capital investment management.                                                                                                                                           |
| 11.1.9  | CHIEF FINANCIAL OFFICER                       | Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.                                                   |
| 11.7.1  | CHIEF EXECUTIVE                               | Maintenance of asset registers (on advice from CFO).                                                                                                                                                      |
| 11.7.5  | CHIEF FINANCIAL OFFICER                       | Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.                                                                                |
| 11.7.8  | CHIEF FINANCIAL OFFICER                       | Calculate and pay PDC dividend in accordance with Department of Health and Social Care and Social Care requirements.                                                                                      |
| 11.8.1  | CHIEF EXECUTIVE                               | Overall responsibility for fixed assets.                                                                                                                                                                  |
| 11.8.2  | CHIEF FINANCIAL OFFICER                       | Approval of fixed asset control procedures.                                                                                                                                                               |
| 11.8.4  | BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF | Responsibility for security of Trust assets including notifying discrepancies to CFO, and reporting losses in accordance with Trust procedure.                                                            |
| 12.2.1  | CHIEF EXECUTIVE                               | Delegate overall responsibility for control of stores (subject to CFO responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded. |
| 12.2.1  | CHIEF FINANCIAL OFFICER                       | Responsible for systems of control over stores and receipt of goods.                                                                                                                                      |
| 12.2.1  | DESIGNATED PHARMACEUTICAL OFFICER             | Responsible for controls of pharmaceutical stocks                                                                                                                                                         |
| 12.2.1  | DESIGNATED ESTATES OFFICER                    | Responsible for control of stocks of fuel oil and coal.                                                                                                                                                   |
| 12.2.3  | CHIEF FINANCIAL OFFICER                       | Set out procedures and systems to regulate the stores.                                                                                                                                                    |
| 12.2.4  | CHIEF FINANCIAL OFFICER                       | Agree stocktaking arrangements.                                                                                                                                                                           |
| 12.2.5  | CHIEF FINANCIAL OFFICER                       | Approve alternative arrangements where a complete system of stores control is not justified.                                                                                                              |
| 12.2.6  | CHIEF FINANCIAL OFFICER                       | Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.                                                                    |
| 12.2.6  | NOMINATED OFFICERS                            | Operate system for slow moving and obsolete stock, and report to CFO evidence of significant overstocking.                                                                                                |

| SFI REF | DELEGATED TO            | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| 12.3.1  | CHIEF EXECUTIVE         | Identify persons authorised to requisition and accept goods from NHS Supply Chain stores.                                                                                                                                                                                                                                                                                                                                                                                                              |
| 13.1.1  | CHIEF FINANCIAL OFFICER | Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.                                                                                                                                                                                                                                                                                                                                                                             |
| 13.2.1  | CHIEF FINANCIAL OFFICER | Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft.                                                                                                                                                                                                                                                                                                                                                                |
| 13.2.2  | ALL STAFF               | Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and CFO.                                                                                                                                                                                                                                                                                               |
| 13.2.2  | CHIEF FINANCIAL OFFICER | Where a criminal offence is suspected, CFO must inform the police if theft or arson is involved. In cases of fraud and corruption CFO must inform the relevant LCFS and CFSMS Regional Team in line with SoS directions.                                                                                                                                                                                                                                                                               |
| 13.2.3  | CHIEF FINANCIAL OFFICER | Notify Board and External Auditor of losses caused by theft, arson, neglect of duty or gross carelessness (unless trivial).                                                                                                                                                                                                                                                                                                                                                                            |
| 13.2.6  | BOARD                   | Approve write off of losses (within limits delegated by DHSC).                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 13.2.8  | CHIEF FINANCIAL OFFICER | Consider whether any insurance claim can be made.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 13.2.9  | CHIEF FINANCIAL OFFICER | Maintain losses and special payments register.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 14.1.1  | CHIEF FINANCIAL OFFICER | Responsible for accuracy and security of computerised financial data.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 14.1.2  | CHIEF FINANCIAL OFFICER | Need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation assurances of adequacy must be obtained from them prior to implementation.                                                                                                                                                                                                  |
| 14.2.1  | MEDICAL DIRECTOR        | Shall publish and maintain a Freedom of Information Scheme.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 14.2.2  | RELEVANT OFFICERS       | Send proposals for general computer systems to CFO                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 14.3    | CHIEF FINANCIAL OFFICER | Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review.<br><br>Seek periodic assurances from the provider that adequate controls are in operation.                                                                                                        |
| 14.3.3  | CHIEF FINANCIAL OFFICER | Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall need to be satisfied that:<br><br>(a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;<br><br>(b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;<br><br>(c) Chief Financial Officer's staff has access to such data, and; |

| SFI REF | DELEGATED TO            | AUTHORITIES/DUTIES DELEGATED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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|         |                         | (d) such computer audit reviews as are considered necessary are being carried out.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 14.4    | CHIEF EXECUTIVE         | Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 15.2    | CHIEF EXECUTIVE         | Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 15.3    | CHIEF FINANCIAL OFFICER | Provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 15.6    | DEPARTMENTAL MANAGERS   | Inform staff of their responsibilities and duties for the administration of the property of patients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 16.1.2  | CHIEF FINANCIAL OFFICER | Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 17.1    | CHIEF FINANCIAL OFFICER | Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 18.1    | CHIEF EXECUTIVE         | Retention of document procedures in accordance with NHSi and DHSC Guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 20.1.1  | CHIEF EXECUTIVE         | Risk management programme exists.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 20.1.1  | BOARD                   | Approve and monitor risk management programme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 20.2.1  | BOARD                   | Decide whether the Trust will use the risk pooling schemes administered by the NHS Resolution or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 20.4    | CHIEF FINANCIAL OFFICER | <p>Where the Board decides to use the risk pooling schemes administered by the NHS Resolution the Chief Financial Officer shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Chief Financial Officer shall ensure that documented procedures cover these arrangements.</p> <p>Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for any one or other of the risks covered by the schemes, the Chief Financial Officer shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Chief Financial Officer will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.</p> |

(Scheme of reservation & delegation April 2019)

**Document Control**

|                                                                                                                                                                                                                 |                           |                             |                                                                                                                |                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <b>Reference Number and Policy name:</b><br><br>Budget Management Principles and Guidance                                                                                                                       | <b>Version:</b><br><br>V2 | <b>Status:</b><br><br>Final | <b>Author:</b> Head of Financial Control and Assurance<br><br><b>Director Sponsor:</b> Chief Financial Officer |                                                                                        |
| Version / Amendment History                                                                                                                                                                                     | Version                   | Date                        | Author                                                                                                         | Reason                                                                                 |
|                                                                                                                                                                                                                 | V1                        | September 2010              | Deputy Chief Financial Officer                                                                                 | Initial set-up of SOP                                                                  |
|                                                                                                                                                                                                                 | V2                        | April 2019                  | Head of Financial Control and Assurance                                                                        | Review of SOP to ensure meets current process, with tweaks to reflect current practice |
|                                                                                                                                                                                                                 |                           |                             |                                                                                                                |                                                                                        |
|                                                                                                                                                                                                                 |                           |                             |                                                                                                                |                                                                                        |
|                                                                                                                                                                                                                 |                           |                             |                                                                                                                |                                                                                        |
| <b>Intended Recipients:</b> All managers with budgetary responsibility                                                                                                                                          |                           |                             |                                                                                                                |                                                                                        |
| <b>Consultation Group / Role Titles and Date:</b> Finance & Performance Committee; Audit Committee; Trust Management Committee; Chief Financial Officer; Deputy Financial Officer; Head of Financial Management |                           |                             |                                                                                                                |                                                                                        |
| <b>Name and date of Trust level group where reviewed</b>                                                                                                                                                        |                           |                             | Trust Management Committee                                                                                     |                                                                                        |
| <b>Name and date of final approval committee</b>                                                                                                                                                                |                           |                             | Audit Committee                                                                                                |                                                                                        |
| <b>Date of Policy issue</b>                                                                                                                                                                                     |                           |                             | September 2010                                                                                                 |                                                                                        |
| <b>Review Date and Frequency</b> (standard review frequency is 3 yearly unless otherwise indicated)                                                                                                             |                           |                             | April 2019 annually                                                                                            |                                                                                        |
| <b>Training and Dissemination:</b> Senior managers briefing, Divisional management forums, approving committees and dissemination via Intranet.                                                                 |                           |                             |                                                                                                                |                                                                                        |
| <b>To be read in conjunction with:</b> Standing Orders, Scheme of Delegation, Conflicts of Interest Policy, and Counter Fraud, Bribery and Corruption Policy                                                    |                           |                             |                                                                                                                |                                                                                        |
| <b>Initial Equality Impact Assessment (all policies):</b>                                                                                                                                                       |                           |                             | Completed Yes                                                                                                  |                                                                                        |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| <b>Full Equality Impact assessment (as required):</b> Completed NA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                            |
| If you require this document in an alternative format e.g., larger print please contact Central Governance Department on Ext 5114.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                            |
| <b>Contact for Review</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Head of Financial Control and Assurance    |
| <b>Implementation plan / arrangements (Name implementation lead)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Chief Financial Officer                    |
| <b>Monitoring arrangements and Committee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Audit Committee<br>Approval by Trust Board |
| <b>Document summary / key issues covered:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                            |
| <p>It is the Trust Board's philosophy that the responsibility for achieving the Trust's objectives should be devolved to the lowest practical level. Accordingly, departmental managers are responsible for their departments' contributions towards overall objectives - including the provision of services within specific resource levels.</p> <p>This document identifies budget responsibilities that are consistent with the Trust's management structure and philosophy. Each executive director of the Trust is accountable for the financial performance of their area of responsibility.</p> |                                            |

**VALIDITY STATEMENT**

**This document is due for review on the latest date shown above. After this date, policy and process documents may become invalid. The electronic copy of this document is the only version that is maintained. Printed copies must not be relied upon to contain the latest updates and amendments.**

**THE ROYAL WOLVERHAMPTON NHS TRUST**

**BUDGET MANAGEMENT PRINCIPLES AND GUIDANCE**

**CONTENTS**

|    |                                                    | <b><u>PAGE</u></b> |
|----|----------------------------------------------------|--------------------|
| 1  | Foreword                                           | 4                  |
| 2  | Standing Financial Instructions                    | 5                  |
| 3  | Financial Advice                                   | 6                  |
| 4  | Budgets - General Principles                       | 7-8                |
| 5  | Trust Business Planning and Budget Setting Process | 9-13               |
| 6  | Staffing Establishments                            | 14-15              |
| 7  | Cost Pressures/Unfunded Developments               | 16                 |
| 8  | Monitoring                                         | 17-18              |
| 9  | Over and Underspendings                            | 19                 |
| 10 | Virement (transfers between budget heads)          | 20-21              |
| 11 | Reserves                                           | 22                 |
| 12 | Patient Level Costing/Service Line Reporting       | 23-24              |

## **SECTION 1 - FOREWORD**

1. It is the Trust Board's philosophy that the responsibility for achieving the Trust's objectives should be devolved to the lowest practical level. Accordingly, departmental managers are responsible for their departments' contributions towards overall objectives - including the provision of services within specific resource levels.
2. This document identifies budget responsibilities that are consistent with the Trust's management structure and philosophy. Each executive director of the Trust is accountable for the financial performance of their area of responsibility.
3. Although devolution is the Board's philosophy, it must be remembered that ultimate responsibility for the Trust's overall budgetary and cash control lies with the Board. Budget Holders must strictly observe the budgetary limits and control procedures defined by the Board.
4. You are also advised to read the Budget Manager Training booklet, which is available from your Finance Manager. It provides a basic explanation of the information that appears on budget reports, how to interpret them and how to complete some of the financial processes that ensure that your reports are timely and accurate.
5. The Finance and Information Directorate are happy to provide training on any aspect of budgetary control or financial procedures. This can be arranged for individual managers or groups of staff. Please speak to your Finance Manager for further details, or Deputy Chief Financial Officer (ext. 5376).



## **SECTION 2 - STANDING FINANCIAL INSTRUCTIONS**

1. Standing Financial Instructions are issued for the regulation of the conduct of the Trust, its directors, officers and agents in relation to all financial matters. The Board is responsible for ensuring that adequate Standing Financial Instructions are adopted and adhered to.
2. This document is written to supplement the broad policy statements relating to budgets, as documented in Section 3 of Standing Financial Instructions.
3. Notwithstanding the budgetary limits identified within this budget policy document, the Authorised Limits (particularly as they apply to requisitioning, procurement and payment) identified in Standing Financial Instructions must always be observed.

**SECTION 3 - FINANCIAL ADVICE**

1. The Chief Financial Officer's duties, powers and responsibilities in relation to the Trust's overall financial performance are set out in Statutory Financial Regulations and in the Trust's Standing Financial Instructions.
2. In order to discharge such responsibilities, the Financial Management Section of the Finance Department has been organised into teams, each headed by a Finance Manager to provide financial monitoring, advice and support to budget managers. Thus each budget holder in the Trust will have a named contact point on day-to-day budget issues, and will also have access to a designated senior member of the Department, a Finance Manager, for detailed professional advice and support. Regular contact with both is essential and is encouraged.
3. Financial advice and support will include:-
  - Assistance with variance analysis, supporting managers to understand under or overspends.
  - Provision of estimated resource allocations, revenue consequences of capital proposals, other developments and changes in activity levels.
  - Costing of changes to services, including the impact on service level agreements or contracts with commissioners.
  - Development of annual cost improvement programme savings initiatives.
  - Assistance in the development of the budget holder's services in line with agreed strategic priorities and policies
  - Evaluating planning proposals emanating from the budget holder for inclusion in the annual budget and strategic and annual planning cycle
  - Developing business plans and business cases
  - Training in financial issues
4. In the modern NHS it is likely that most major decisions made by budget holders or managers in the Trust will have some impact upon either spending or income levels. As part of the management process, early identification and full discussion and disclosure of the financial effects of development or savings proposals is of great importance. In the clinical arena this will include the impact of significant changes to drug therapies, care pathways or clinical techniques etc. In support of this, all reports should indicate clearly the financial effects of any proposals - both on the income and expenditure of the budgets directly affected and on other areas or departments - prior to implementation. These financial implications **MUST** be agreed with the Finance Directorate in advance of submission for approval and the figures reported shown as having been so agreed (see also Service Developments and Business Cases under Section 5 below)
5. To comply with these requirements it is obviously necessary for any report which has a financial impact to be agreed with finance staff at as early a stage as possible.

## **SECTION 4 - BUDGETS - GENERAL PRINCIPLES**

1. A number of general principles underpin the Trust's approach to financial management and will impact on the further development of budgets within the Trust.

- (a) **Levels of budgetary responsibility**

It is important to clarify individual responsibilities and to ensure both that accountability lines are clear and that such accountabilities are consistent with the Trust's wider management arrangements. Levels of responsibility are:

**Budget Holder:-**

Budget holders will normally be ward/departmental managers, who are responsible for day to day management of the budget.

**Monitoring Officer:-**

Monitors performance of a designated group of budget holders, ensuring that action is taken to bring about individual and collective balance. In the clinical operational areas, monitoring officers would normally be members of the Clinical Directorate teams.

**Divisional/Corporate Director:-**

Monitors performance of his/her division or directorate, ensuring that appropriate action is being taken and that, as a minimum, the division's/directorate's overall position is in balance.

It follows from the above that the budget holder is responsible for ensuring that his/her department operates within budgetary limits. In the exceptional cases where there is a possibility of this not being the case, discussion needs to take place with monitoring officer/director to identify how such a position will be accommodated within an overall balanced division/directorate.

A detailed list of these is available from Finance.

- (b) **Openness**

In the interests of "no surprises", it is important that issues impacting upon the ability to achieve budgetary targets are communicated at an early stage – both up and down the Trust.

- (c) **Scope of budgetary responsibility**

**Activity and Income**

The Trust's ability to spend is constrained by the amount of income it can reasonably expect to generate from its commissioners and the risk

associated with such expectations. It is, therefore, important that expenditure levels respond to changes in service level agreements and contracts and to in year activity levels. The Trust will incorporate - where appropriate - income into budget reports and budget managers will be responsible for ensuring a balanced position across both income and expenditure.

### **Ability to control and internal recharges**

It is a basic budgetary principle that responsibility should rest where control can actually be exercised, although there are circumstances where this is impractical from a systems viewpoint e.g. postage. However, there are areas where it is felt that internal recharging arrangements may have some beneficial impact (as demonstrated, for example by the devolution of the drugs budget).

This approach will only be pursued where there are significant benefits in accountability and decision-making and where recharges can be supported by robust activity data.

## (d) **Value for Money and Efficiency**

### **Measurement of Performance at Service Level**

The Trust will develop measures that allow performance to be measured at service level e.g. specialty or HRG. This will assist in identifying areas for operational improvement and growth or where savings in expenditure may be possible. Directorates are expected to contribute to this process by working with the Finance Directorate to analyse this information and develop action plans.

This will include benchmarking data on clinical performance and reference costs, for instance under the Trust's Model Hospital, Clinical Excellence and Getting It Right First Time programmes and will develop productivity measures that link budget performance with activity and outcome indicators.

This work is supported by the Trust's Patient Level Costing and Service Line Reporting systems (see Section 12).

## **SECTION 5 – TRUST BUSINESS PLANNING AND BUDGET SETTING PROCESS**

### **Business Planning**

1. Budget setting is part of the wider Trust business planning process. The income to fund budgets comes from contracts with commissioners (CCGs and NHSE/LA), service level agreements (SLAs), and from charges (e.g. catering, accommodation etc.). Income from commissioners makes up over 90% of the total. One of the main aims of Business planning is to identify service developments, cost pressures and levels of activity required to achieve national and local targets. Actual levels of activity achieved by the Trust will determine the level of funding available to fund these plans. The Trust is now moving towards forms of contract with a shared risk basis e.g. Shared Aligned Incentives Contract. This is in line with National Guidance and the Standard NHS Contract also increasingly moving towards shared risk basis. Negotiations take place with commissioners each year to agree target levels of activity. Trust will always seek to work with Commissioners for maximum income to meet activity completed with the NHS standard Contract being used as a last resort.
2. Contracts with commissioners consist of funding for agreed activity levels, and include an uplift determined each year to fund:
  - Pay award and inflation increases.
  - National cost pressures (e.g. new drugs).
  - Less a real reduction in funding in anticipation of increased efficiency.
3. The implication of the efficiency requirement in contract pricing is that the Trust must achieve a productivity gain each year. This will require either reductions in cost, or increases in activity that produce more income than increased cost. This increased productivity is the only mechanism available to the Trust to fund new developments and cost pressures. It is important that service developments, whether avoidable or unavoidable, are identified as early as possible to include in the business planning process (see Section 7: Cost Pressures/ Unfunded Developments).
4. The annual process of identifying service developments, cost pressures and levels of activity required to achieve national and local targets, and agreeing these with commissioners takes place according to an agreed timetable in order that contracts with commissioners and an income and expenditure (I&E) plan can be approved by the Trust Board prior to the start of the financial year, as well as to enable submission of plans to monitoring organisations. The Chief Financial Officer is responsible for establishing a Trust Budget each year for approval by the Trust Board.
5. The Long Term Financial Model (LTFM) will also be updated each year to assist the forward planning process.

## **Budget Setting**

6. Meetings will be held, in accordance with an agreed timetable, between budget holders/monitors and members of the Finance Department designed to establish a package of agreed budgets for inclusion in the Trust's Annual I&E plan. This process will normally take place between November and February. A more detailed set of guidance on budget setting is embedded as an Appendix at the end of this section.
7. Budgets will be based on planned levels of activity and income, based on the outcome of contract agreements, and priorities agreed by the Trust Board that are reflected in the Trust's strategic objectives and business plans. Budgets will be drawn up so that at aggregate level they are contained within income levels and are consistent with the achievement of the Trust's overall financial targets.
8. The Finance Department is responsible for assisting budget holders in the preparation of budgets. This will normally entail a two stage process, as follows:-

### (a) **Baseline budget**

This is essentially a calculation of the costs of sustaining existing levels of agreed recurrent staffing and non-pay expenditure. The full year effect of part year changes will be incorporated and any non recurrent adjustments will be negated. The bases of producing baseline budgets will be:-

- agreed establishment costed using -
  - (i) Pay rates prevailing at budget setting, including actual incremental points of staff in post (subject to these being consistent with funded establishment); and
  - (ii) Effect of forecast increments (subject to the Trust's overall financial position). Posts vacant at the point of budget setting will be funded at minimum of scale.
  - (iii) Anticipated "vacancy factor" (see Section 6)
- Non pay budgets at full year effect "rollover" levels.

Whilst discussions around baseline budgets may identify cost pressures, these can only be accommodated at this stage if self-funded within the budget.

Where appropriate, the baseline activity level underpinning the baseline expenditure budget will be explicitly agreed.

### (b) **Post-baseline adjustments**

These adjustments are significantly linked to income from planned activity and contracts and would include, subject to funding being identified:-

- Service developments
- Changes in activity (both increases and decreases)

- Cost pressure funding
  - Cost improvements
9. Once budgets have been agreed, they will be updated normally for changes in pay rates or price levels. Such changes will always be subject to the Trust's overall financial position.
  10. The Finance and Information Directorate will be responsible for agreeing the monthly phasing of income and expenditure plans with operational divisions and directorates at the start of the year. In order for this to be undertaken on an informed basis, divisions/directorates will need to develop phased plans for delivering agreed activity levels. The "default" option for monthly budget phasing will be twelfths – and any changes from that position will only be implemented where it is agreed that such a change will make a significant impact.

### **Cost Improvement Programme**

11. The Trust will need to achieve financial efficiencies each year (see Section 3). This leads to a gap between planned income and planned expenditure each year which will need to be filled by efficiency savings. Plans to achieve efficiency savings are summarised in the Trust's Cost Improvement Programme and savings otherwise known as CIPs. CIPs may relate to income or expenditure, though income CIPs are likely to require engagement with the paying organisation.
12. Once identified CIPs are taken from budgets recurrently or non-recurrently. Non-recurrent CIPs are reflections of underspends in year where there is no ongoing plan to reduce costs or increase income. Non-recurrent CIPs demonstrate to regulators that the Trust has identified ways to improve its financial position in year, but they do nothing to improve the underlying financial position. Amounts saved non-recurrently in one year will need to be saved again in the following year and will need to be added to the CIP requirement for the following year.
13. The budget setting process will identify the financial gap between planned income and planned expenditure. The Board will then need to take a view on the level of CIP that should be delivered to address this gap. This will depend on the size of the gap, whether financial mitigations can be found outside of the Cost Improvement Programme, and on the level of CIPs that the Board considers can be delivered without adversely affecting patient care. CIPs greater than 5% of budgets are widely considered unachievable and are likely to be challenged by regulators.
14. Responsibility for managing the Trust's Cost Improvement Programme rests with the Service Redesign Team and service transformation is the key to delivering sustainable, high-value CIPs. However, operational and financial managers can make a significant contribution to this through their understanding of services. Operational teams will need to review the practicality of proposed schemes and consider their impact on patient care. Financial support will be required to evaluate the deliverability and realism of schemes and also to use financial information to identify opportunities.

15. The earlier CIPs can be identified; the more likely they are to be delivered at the time they are needed, so work on identifying efficiencies needs to be ongoing throughout the year. A successful CIP programme is likely to plan more than one year in advance. If we only start to identify CIPs at the start of the financial year, we are unlikely to reach our target.
15. Once the Trust-wide CIP target has been set, targets will be set for Divisions and Directorates. The default for this is that a percentage target will be applied proportionally to reach the required total. Certain areas will be exempted from this, usually where the costs are not controllable or are matched equally by income.
16. Monitoring and approval of the CIP is discussed further in Section 8 below. Once a CIP is identified as likely it will generate a Project Initiation Document (PID) and subsequent budget changes will need to be consistent with this PID.
17. Once identified and implemented, CIPs are removed from budgets recurrently or non-recurrently to reflect the fact that spend is no longer required or additional income has been generated. There are three special cases:
  - Where budget can be removed due to never been spent in recent years. This helps to reduce the planned financial gap at budget setting, by removing budgets that are no longer required, but has no impact on actual spend. Savings of this type should be declared where possible to assist with realistic planning but will not improve the Trust's actual financial performance.
  - Where savings can be made but cannot be taken out of budgets, because they relate to reducing overspends. In some cases the Trust may consider funding cost pressures on agency or WLI payments, which will allow CIPs to be identified against these areas. In any case the Trust's financial position will improve if costs are reduced, so savings of this type should be pursued with equal importance as savings from budgets, even if they are not counted against the Trust's CIP target.
  - Where spend can be reduced but is linked to reduction in income, or where income can be increased but at a cost. In these cases the net position should be considered in budget setting.

### **Planned Activity Changes**

18. Planned changes to activity levels will clearly affect the budgets that divisions/directorates require. A review of the impact of activity will take place each year according to a process agreed by the Chief Operating Officer with the Chief Financial Officer.
19. Increases in planned income that are agreed to be recurrent by the Chief Financial Officer (following discussion with the Chief Operating Officer) can be used to fund recurrent developments, subject to the procedure on business cases (see below). They can also be used (net of any additional recurrent expenditure) to meet annual recurrent cost improvement (CIP) targets.
20. The process around in-year income performance is described in Section 8 below. The main distinction to income variances is that they will not normally be treated as recurrent within the financial year.



**Service Developments and Business Cases**

21. It is essential that service developments/improvements/changes are not actioned without (a) a clear identification of potential impacts on income and costs and (b) agreement over funding. A business case procedure and documentation has been developed and is available on the intranet to ensure that there is a clear statement of the impact of any proposed change and that the case is approved at the appropriate level with the Trust.
22. Recurrent developments/changes must not be agreed unless the business case (detailing, amongst other things, income and expenditure impact) has been authorised in accordance with the agreed approval process.
23. The Trust's Business Case Process should be utilised and this can be obtained from relevant Finance Managers.
24. Budge-setting guidance is updated on an annual basis and the latest guidance can be obtained via relevant Finance Manager.

**SECTION 6 – STAFFING ESTABLISHMENTS**

1. Staffing costs represent a significant proportion of the budget. It is extremely important that managers control and operate within their agreed establishments and net pay budgets (i.e. after reduction for vacancy factor\*).
2. Ability to recruit to funded posts may also be subject to the overall (i.e. including non pay) position of a manager’s budget. Managers are required to refer to the Trust’s existing vacancy control procedure before any new or replacement post is advertised, and this must be approved at Divisional and Executive Directors vacancy panels, which must include appropriate finance managers.

**Definition**

3. An establishment is a maximum number and grade/mix of staff that a manager is permitted to employ. Agreed establishments include (where appropriate) an element for annual leave, study leave and sickness cover. In no case may a budget manager exceed establishment and/or pay budget without prior approval.

**Funding**

4. Given that baseline budget funding will be by reference to actual increment point of staff in post, it follows that, within a grade, should staff at a higher point be replaced by those at a lower point, then no CIP can be declared. However, this “one off” gain will be available for budget holders to use to offset the vacancy factor (see below), as no funding adjustments to reflect in-year changes in incremental points would normally be made. Any excess budget over and above vacancy factor can be declared none recurrently to CIP.

**Manpower Statistics**

5. Budget and actual manpower information is produced on a whole time equivalent (WTE) basis. These are derived by taking the hours actually worked (including paid leave and sickness) and dividing by the standard hours in a working week for that grade. Thus, for any member of staff covered by Agenda For Change, the WTE of that individual, if working for 45 hours per week would be:

|                          |      |   |  |          |
|--------------------------|------|---|--|----------|
| Actual hours worked      | 45   |   |  |          |
| -----                    | ---- | = |  | 1.20 WTE |
| Standard hours for grade | 37½  |   |  |          |

**Vacancy Factor**

6. In costing pay budgets, in many areas an explicit reduction is made to gross establishment costings in respect of a “vacancy factor”. This acknowledges the fact that staff turnover will result in vacancies; that vacant posts are not always filled immediately; and that leavers are often replaced by staff at a lower incremental point.
7. It should be noted that without this vacancy factor, the Trust’s budgets would not be financially sustainable and that establishments would then need to be reduced. The real terms value of the vacancy factor will be maintained by annual uplifts to reflect the rate of increase in the paybill (both inflation and any incremental drift).

8. Vacancy factors are normally rolled over from year to year within individual budgets and are not therefore sensitive to changing circumstances in each area. As part of the annual budget setting process, divisions/directorates have the freedom to reallocate vacancy factor within their overall areas of control; however, the requirement to achieve aggregate vacancy factor remains.

### **Changes to Establishment**

9. These may only occur
  - (a) as part of an approved and funded change in service provision, reflected in an agreed Business Case
  - (b) As a consequence of an agreed virement (requesting a transfer of resources within or between budgets – see also section 10), identifying source of internal funding
  - (c) As part of a Cost Improvement Programme (CIP) which has been approved via a “Project Initiation Document”, through the Financial Recovery Board (FRB).
  - (d) No change will be reflected in budgets or establishments unless specific approval has been obtained and funding identified, as confirmed by one of the above completed processes – if in doubt, please consult your Finance Manager. All costings of changes to establishments must be undertaken by the Financial Management Department.
10. Changes to the grades attached to posts must be agreed in accordance with Trust HR policies, and any increased cost will normally fall to be met from within the department or directorate.
11. It should be noted, that due to the greater levels of difficulty in controlling non-pay budgets, establishment variation proposals involving the transfer of funds from non-pay to pay are unlikely to be approved without a clear demonstration of the recurring non-pay cost reduction.

**SECTION 7 - COST PRESSURES/UNFUNDED DEVELOPMENTS**

1. A significant element of the financial pressures experienced by the Trust emanates from so-called "cost pressures". In reality, a large proportion of such pressures would more accurately be called "unfunded service developments"- often arising from changes in clinical practice and/or product designed to improve the quality of patient care.
2. Clearly, implementing such changes - where resulting in an increased cost - is likely to have a detrimental impact on the budget holder's responsibility not to overspend.
3. It is important, therefore, to pre-empt and any such changes should be identified in advance. The procedure on business cases provides a framework for considering service changes that potentially impact on costs reviewing this guidance may help in considering cost pressures. It is important that the budget holder takes a view on whether the cost pressure can be financed by virement (see Section 10) within his/her budget. Should this not be the case, discussions will need to be held within the directorate or division to agree whether the development should proceed and, if so, how funding will be provided. In exceptional cases, the relevant director may wish to bring a proposal to the Executive Directors' Team, it is expected that this would be in the form of a business case, prior to the service change.
4. It is important to identify any cost pressures arising from changes in activity levels, revised national guidance (e.g. NICE) and inflationary pressures as part of the annual budget setting process (see Section 5). This will enable the finance team to work with departments, directorates and divisions to ensure the financial pressure is either built into budget or mitigated in other ways.

## SECTION 8 - MONITORING

1. All levels of Trust management shall receive monthly statements detailing actual performance against income and expenditure budgets. The level of detail will vary according to need, with, for instance, budget holders having the greatest level of detail and the Trust Board receiving summarised information. At each level reported there will be exception reports detailing material variances.
2. Although it is the budget holder's responsibility to manage within the agreed budget, monthly budget reports will also be monitored, in summary form, by the monitoring officer/director as part of the accountability relationship within the Directorate/Divisional structure. The monitoring officer must ensure that where overspending is occurring the necessary corrective action is taken.
3. At a Directorate and Divisional level it is important to monitor both Income and Expenditure. The combined total of income minus expenditure is referred to as contribution. By taking the values for budgeted income and expenditure (including CIP reduction), the planned contribution is known. This would then be compared to the actual values and the variance must remain positive. An example is shown below:

|                  | <b>Plan/<br/>Budget</b> | <b>Actual</b>  | <b>Variance</b> |                                    |
|------------------|-------------------------|----------------|-----------------|------------------------------------|
| <b>Income</b>    | 3,000                   | 3,200          | 200             | Over performance                   |
| Expenditure      |                         |                |                 |                                    |
| Pay              | (1,500)                 | (1,400)        | 100             | Underspend                         |
| Non Pay          | (750)                   | (850)          | (100)           | Overspend                          |
| CIP              |                         |                |                 |                                    |
| Target           | 150                     |                | (150)           |                                    |
| <b>Sub Total</b> | <b>(2,100)</b>          | <b>(2,250)</b> | <b>(150)</b>    | Overspend                          |
|                  |                         |                |                 |                                    |
|                  | <b>900</b>              | <b>950</b>     | <b>50</b>       | Net contribution greater than plan |

4. In order to avoid problems and mitigate financial risks, budget holders will be included in forecasting to project income and spending forward to the year end. This will take into account performance to date and any known future issues. Finance staff will lead this process and agree forecasts with budget holders. Corrective actions may be required to ensure that the planned contribution for each Division and Directorate is achieved by year end
5. Formal processes of forecasting the Divisional/Directorate and Trust end of year positions will take place regularly during the financial year.

### In Year Variances

5. The policy for reflecting budget changes relating to planned changes to activity and income is stated in Section 5 above. Where there is an in-year variance (either

positive or negative) against planned income levels the relevant directorate will need to work with their Finance Manager to identify the financial impact.

6. The Payment by Results (PbR) mechanism ensures that the Trust is paid for actual activity undertaken. Commissioners will normally, however, expect the Trust to work within agreed targets for planned activity e.g. elective admissions, and divisions/directorates cannot assume that over-performance will be paid. However nationally moving towards a shared risk basis so providers and commissioners will be discussing activity and performance removing PbR.
7. Whilst Payment by Results is predominantly paid on a Cost and Volume basis with each activity generating a tariff and income, some activity is paid for under block contracts or alternative arrangements such as collar and cap, or marginal prices. The finance team will work with Directorates to ensure that they are aware of how specific activities are funded by commissioners so that financial impact of changing activity levels can be understood.
8. The Finance Directorate will provide monitoring information on performance against all contract targets in terms of both financial and activity detail. This will include quarterly reconciliations with commissioners to ensure activity levels are agreed with and monitoring alongside the shared aligned incentives contracts.
9. Meetings are held regularly with commissioners to monitor contracts and agree action on variances. Any such action will be communicated to divisions/directorates to enable activity plans to be amended in-year if necessary.

### **Cost Improvement Programme (CIP)**

10. The monitoring of budgets will also include monitoring the delivery of CIP, to ensure the targets set during budget setting are achieved.
11. As CIP's are achieved the CIP target within a directorate will be reduced, crediting budgets where the CIP has been identified from.
12. In order to achieve the required contribution for a directorate the balance of unmet CIP will be shown within the overall position as a budget reduction
13. The system for monitoring CIP delivery is maintained by the finance team in conjunction with the Service Redesign department. Monthly reports are produced for each directorate to enable their ongoing monitoring and review.

## **SECTION 9 - OVER AND UNDERSPENDS**

1. Managers are required to ensure that budgets are managed in such a way as to avoid overspends. In exceptional circumstances, should overspends against individual budgets occur it will be the relevant director's responsibility to ensure that such overspends are justified and can be accommodated within an overall balanced position across the division/directorate and the overall required contribution is maintained (where a service is income generating).
2. Underspends will be available for use by the manager/directorate in accordance with the policy on virement, as set out in Section 10. Within this general policy, the following should be noted:-
  - (a) Underspends arising from activity shortfalls that result in reduced income levels will be applied to offset such income losses through the calculation of variances against contribution, including the requirement to achieve a cost improvement programme.
  - (b) Development reserves not required for their original purpose cannot automatically be retained and a written proposal for any alternative use should be approved by the Chief Executive and Chief Financial Officer.
  - (c) The ability to retain underspends within a particular department/directorate will be subject to the Trust's overall financial position as determined by the Chief Financial Officer.
  - (d) Due to the inflexible nature of the NHS financial regime, the ability to carry underspends from one year into another is very limited, and will only be exercised in exceptional circumstances (e.g. "Earmarked" funding) as agreed in advance by the Chief Financial Officer, via the relevant finance team.

## SECTION 10 - VIREMENT

1. Virement is the movement of funds from one budget head to another. Thus virement could be between expenditure lines in the same budget or between two (or more) separate budgets, either within or across directorates. Virement will also be either in-year only (non-recurrent) or recurrent.
2. A virement policy exists to ensure that budget adjustments have been carried out with the approval of the budget holder and, where appropriate, with the approval of the responsible Divisional team, Director, Chief Executive and Chief Financial Officer.
3. This virement policy excludes the re-phasing of budgets, the input of baseline budgets at the start of the year and release of Trust reserves into budgets
4. Subject to virement being in accordance with the Trust's overall objectives, the delegated limit for an individual budget manager and Division or Corporate Directorate) is set out below, and is in line with authorised signatory levels as dictated in Standing Financial Instructions.
5. As outlined in Section 6, paragraph 11, it is unlikely that proposals to transfer from non-pay to pay budgets will normally be approved. Should such a request be made this will require 'sign off' by both the Divisional Manager (and Corporate Directorate equivalent) and the designated Finance Manager.

| <u>Authorisation level</u>                                                           | <u>Authorisation Required</u>                                                                                                           |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Up to £5,000<br>(Within an individual budget Holders area of responsibility)         | Budget Holder<br>Finance Manager                                                                                                        |
| = £5,000 up to £14,999<br>(Or less than £5,000 across Budget Holders responsibility) | Releasing Budget Holder<br>Receiving Budget Holder<br>Receiving Directorate Manager<br>Releasing Directorate Manager<br>Finance Manager |
| = £15,000 up to £99,999                                                              | as above plus Divisional Manager<br>(Or Corporate Directorate equivalent)                                                               |
| = £100,000                                                                           | as above plus Chief Executive<br>Chief Financial Officer                                                                                |

All virements which include Nursing Staff must also be authorised by the relevant Head of Nursing (who will have agreed changes with Nursing Directorate).

6. A virement may be requested through one of the following routes:
  - (a) Using the form provided by your Finance Manager. Assistance in completing this can be gained from your Financial Management team. The authorisation of this form can be done either by physical signature or email from the relevant signatories to the Finance Team.



- (b) An email describing the budget transfers required, forwarded through the relevant signatories to the Finance Team.
  - (c) Minutes/Notes of a 'budget surgery' meeting which have been signed/approved by the relevant signatories and sent on to the Finance Team
6. All virements which include a movement of pay budgets will be sent from finance to Human Resources (HR), to ensure that establishment records retained in HR and the Electronic Staff Record System are updated.
  7. Where virement is used for non-recurrent purposes (e.g. purchase of equipment) any consequent recurrent costs should be established, and funding identified, before the funds are committed.

## **SECTION 11 - RESERVES**

1. Limited reserves will be held at Board level under the control of the Chief Financial Officer. These will include a reserve to fund the in-year effects of pay awards and non-pay inflation. Other specific corporate reserves may be established with the approval of the Trust Board.
2. At the start of the year, and as part of the agreed income and expenditure plan, a reserve will be agreed for activity changes and service developments (largely in the Operations Directorate). Funding from this reserve will normally only be released into budgets as and when appointments are made (pay) or the service commences (non-pay).
3. In the event that specific reserves (e.g. for pay and prices) prove to be insufficient the Board will determine the appropriate course of action.
4. Within the constraints of the available resources, the creation of contingency reserves at divisional/directorate level is encouraged. Clearly, such reserves should be identifiable and the position on these should be included in the monthly reporting processes.

**SECTION 12 – PATIENT LEVEL COSTING/SERVICE LINE REPORTING**

1. The Costing Team produce patient level financial (and operational) information each month using Patient Level Information and Costing System (PLICS) software. Because the information is produced at patient level, it can also be grouped together to look at the financial characteristics of e.g. all of a specific consultant's patients, or all patients of a particular specialty. Dividing all of the Trust's patients into their relevant Service Lines (i.e. collection of one or more specialties) also enables Service Line Reporting (SLR).
2. The key aims of Patient Level Costing (PLC) are:
  - To provide better information on the Trust's activities to support local decision-making.
  - To ensure the costing process is as transparent as possible and that any areas needing improvement are more easily located.
  - To improve the level of accuracy of Reference Costs and therefore the national tariff which is based upon Reference Costs.
3. The key roles of the Costing Team within this process are:
  - To produce PLICS reports in a timely fashion at the end of each month.
  - To ensure that these reports are loaded into Qlikview documents on the intranet where they can be viewed and manipulated by Trust staff.
  - To communicate via e-mail to colleagues within and outside the Finance Department when the new Qlikview reports are available each month at: <http://rwplics2a/qlikview/index.htm>
  - To look to constantly improve the reports' accuracy by e.g. internal/external benchmarking, using more refined costing methods.
  - To work with colleagues within and outside the Finance Department to enable greater understanding of the Qlikview documents.
  - To communicate to colleagues where there are anomalies within the reports requiring further investigation.
4. The key roles of the users of PLICS reports within this process are:
  - To provide timely patient activity and financial data each month where necessary for the production of the PLICS reports.
  - To familiarise themselves with the Qlikview documents and seek assistance from the Costing Team or Finance colleagues where necessary in order to use them fruitfully.
  - To feedback to the Costing Team where there are concerns about the accuracy of the model.

- To communicate to colleagues where there are anomalies within the reports requiring further investigation.

