

Trust Board Report

Meeting Date:	24 June 2013
Title:	Amendments to Standing Orders and Standing Financial instructions
Executive Summary:	<p>To outline the need to make changes to Standing Orders and Standing Financial Instructions as presented to Audit Committee on the 6 June 2013.</p> <p>The Trust Board recently approved expenditure on equipment using Trust Funds, and requested that the threshold for seeking approval for such expenditure be reviewed and, if possible, significantly increased so as to avoid having to seek Board approval for relatively small amounts.</p> <p>It is also necessary to amend Standing orders to reflect the current composition of the Board.</p>
Action Requested:	<p>To approve the increase in Authorisation Limits for Charitable Funds spend for Chief Executive and Chief Financial Officer to £50,000</p> <p>To approve the changes to Standing Orders outlined.</p>
Report of:	Sandra Ness, Deputy Chief Financial Officer
Author: Contact Details:	<p>Kevin Stringer, Chief Financial Officer 01902 695954</p> <p>Email: kevin.stringer@nhs.net</p>
Resource Implications:	This report concerns procedural matters, without additional financial cost to the Trust.
Public or Private: (with reasons if private)	Public Session
References: (eg from/to other committees)	Standing Orders, Standing Financial Instructions, and The Royal Wolverhampton Hospitals NHS Trust (Establishment) Amendment Order 2009
Appendices/ References/ Background Reading	
NHS Constitution: (How it impacts on any decision-making)	<p>In determining this matter, the Board should have regard to the Core principles contained in the Constitution of:</p> <ul style="list-style-type: none"> ✚ Equality of treatment and access to services ✚ High standards of excellence and professionalism ✚ Service user preferences ✚ Cross community working Best Value ✚ Accountability through local influence and scrutiny

Background Details

1

Standing Financial Instructions

At the April Trust Board meeting, approval was given to spend £21,000 capital from Charitable Funds on an e-alerting system for Acute Kidney Injury. In approving the expenditure, the Board asked whether the threshold for seeking their approval to expenditure from Charitable Funds could be reviewed and if possible increased.

The Authorised Limits are set out in Appendix A to the SFI's, and in regard to Charitable Funds are as follows:-

Divisional/Directorate Funds:	
Divisional Directors or Div. Managers	Up to £5000
Chief Executive and Chief Financial Officer	Up to £20,000
General Funds:	
Chief Executive and Chief Financial Officer	Up to £20,000
All Funds:	
Trust Board, acting as Trustees	Above £20,000

For comparison, there are higher limits for other types of expenditure, for example Trust Board approval to award contracts is required only when their value is likely to exceed £250,000, and for capital schemes requiring business cases when their value is likely to be above £500,000.

The reason for pitching the approval threshold for Charitable Fund expenditure so much lower than for other types of expenditure reflects the sensitive nature of expenditure from funds donated by the public for specific purposes rather than general exchequer funding.

The number of times in any year that we require Board approval for Charitable Fund expenditure has until now been quite small. During 2012/13, there were three such requests to Board two of which were over £100,000 and a third which was under £50,000. So far in 2013/14 there have been 3 requests all of which were between £20,000 and £50,000.

In response to the request made by Board in April, it is proposed that the limit be increased. In setting these levels those used by other similar organisations have been reviewed. The authorisation levels differ significantly between organisations. The table below gives examples of the levels used.

Fund Manager/ Divisional Managers	This varies between levels of £250 - £5,000 with £5,000 being the most common level
Chief Financial Officer	Several organisations have Director of Finance only authorisation between £10,000 and £20,000
Chief Executive	Organisations included Chief Executive only approval at levels up to £50,000
Chief Executive and Chief Financial Officer	Where this authorisation level was included this was included at maximum levels from £25,000 to no upper limit
Board/ Trustees Board	Where the Board were included the limits varied from a low of £25,000 to £50,000. £50,000 was the most common.

Given this review it is proposed to increase the spend which the Chief Executive and Chief Financial Officer can authorize to £50,000. The limits for Fund Managers should remain at £5,000. The proposed revised limits are shown below:

Divisional/Directorate Funds:

Divisional Directors or Div. Managers	Up to £5,000 (Previous £5,000)
Chief Executive and Chief Financial Officer	Up to £50,000 (Previous £20,000)

General Funds:

Chief Executive and Chief Financial Officer	Up to £50,000 (Previous £20,000)
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All Funds:

Trust Board, acting as Trustees	Above £50,000 (Previous £20,000)
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It is suggested that, if this change is approved, all expenditure approved below the Board threshold be reported to the next available meeting of the Charity Committee, and summarised in the Annual Report of the Committee to the Trust Board.

2

Standing Orders

During the recent recruitment process for Non-Executive Directors (NEDs), it has become apparent that the number of NEDs (5) stipulated in the Trust's Standing Orders does not reflect the current Board position (6). Upon further investigation, it was noted that the number of NEDs was increased by one, when The Royal Wolverhampton Hospitals NHS Trust (Establishment) Amendment Order 2009 came into force on 10 December 2009. The process leading to this began with a Board decision in May 2009 and is clearly documented. Unfortunately, at the time the Trust's Standing Orders were not updated to reflect the change, and it is recommended that this be rectified so that Standing Order 2.1[2] be amended to read:-

- "6 non-executive directors"

It is anticipated that certain actions arising from the implementation of the recent review of governance will require further changes to Standing Orders, and these will form the basis of a further report later this year.

3

Delegations

Standing Orders stipulate that any proposed changes to SOs and SFIs must be considered by Audit Committee. A report was presented to members of the Audit Committee on the 6 June 2013 and approved.

4

Recommendations

The Board are asked to approve the proposed changes as follows:-

- To approve the revision to the authorised limits for approval of Charitable Funds, as outlined in paragraph 1 above;
- To approve the amendment of Standing Orders to reflect the number of Non-Executive Directors of the trust, as detailed in paragraph 2 above.