

BARTS AND THE LONDON NHS TRUST

STANDING ORDERS, RESERVATION AND DELEGATION OF POWERS AND STANDING FINANCIAL INSTRUCTIONS

TRUST CORE POLICY

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| REVIEW | November 2012 |
| APPROVAL/ADOPTED | Trust Board: 4 February 1998, and review 31 July 2002, 28 March 2007, 23 April 2008, 25 November 2009, 24 November 2010 Policies Working Group (revised): 23 April 2002 Audit Committee: 30 July 2002, and review 28 March 2007, 26 March 2008 |
| DISTRIBUTION | Corporate Directors, Divisional Directors, Divisional General Managers, Divisional Nurses, CAU General Managers, Corporate Managers, Non Executive Directors |
| RELATED TRUST POLICIES | Standards of Business Conduct (BLT/POL/03610/TOF) Disciplinary Policy, Procedure and Rules (BLT/POL/06609/HR) Disciplinary Procedure for Medical and Dental Staff (BLT/POL/04705/HR) Grievance Policy and Procedure (BLT/POL/06706/HR) Recording and Disposal of Fixed Assets (BLT/POL/06000/FIN) Tendering for Goods and Services - Policy and Procedure (BLT/POL/22910/TOF) Policy for the Loan of Medical Devices (BLT/POL/03706/COR) Freedom of Information Act Policy (BLT/POL/28808/COR) Capital Procedures Manual Financial Year End (BLT/POL/06104/FIN) Fraud & Corruption (BLT/POL/01805/COR) Raising Concerns, Whistleblowing (BLT/POL/05008/HR) Budget Management (BLT/POL/09103/FIN) |
| AUTHOR/FURTHER INFORMATION | Director of Corporate Services and Trust Secretary (14-7493) Chief Financial Officer (14-7749) |
| THIS POLICY REPLACES | Previous version (BLT/POL/05209/TOF) Income policy (BLT/POL/05904/FIN) |

FOREWORD AND APPLICATION

The Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions, which all NHS trusts are required to produce, have been compiled in accordance with the requirements and provisions of the NHS and Community Care Act 1990 and are based on the model document issued by the Department of Health in March 2006.

The Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions together provide a regulatory framework for the business conduct of the Trust. They represent the governing instruments of the Trust, upon which all Trust policies, guidelines and procedures are founded and shall be reviewed annually by the Trust.

The policy applies to all those working in the Trust, in whatever capacity. A failure to follow the requirements of the policy may result in investigation and management action being taken as considered appropriate. This may include formal action in line with the Trust's disciplinary or capability procedures for Trust employees; and other action in relation to other workers, which may result in the termination of an assignment, placement, secondment or honorary arrangement.

Together with the Disciplinary Policy, Procedure and Rules, the Disciplinary Procedure for Medical and Dental Staff and the Grievance Policy and Procedure, the Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions make up the Trust's Articles of Corporate Governance. The Standing Orders and Standing Financial Instructions are supported by a number of specific financial policies and guidelines.

Ian Walker
Director of Corporate Services and Trust Secretary

Bash Attah
Acting Director of Finance

17 November 2010

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SECTION A

1. INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

- 1.1 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 they should be advised by the Chief Executive or Secretary to the Board).
- 1.2 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 or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:
- 1.2.1 **"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.
- 1.2.2 **"Appointing Authority"** means the Secretary of State for Health, the Appointments Commission or the relevant body or committee appointing the director.
- 1.2.3 **"Trust"** means the Barts and The London NHS Trust.
- 1.2.4 **"Board"** means the Chairman, Executive and Non-Executive directors of the Trust collectively as a body.
- 1.2.5 **"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.
- 1.2.6 **"Budget holder"** means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- 1.2.7 **"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.
- 1.2.8 **"Chief Executive"** means the chief officer of the Trust.
- 1.2.14 **"Director of Finance" or "CFO"** means the Chief Financial Officer of the Trust.
- 1.2.10 **"Clinical Governance Committee"** means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality of healthcare for which Barts and The London NHS Trust has responsibility.
- 1.2.11 **"Commissioning"** means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
- 1.2.12 **"Committee"** means a committee or sub-committee created and appointed by the Trust.
- 1.2.13 **"Committee members"** means persons formally appointed by the Board to sit on or to chair specific committees.
- 1.2.14 **"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.

- 1.2.15 **"Executive director"** means a member of the Trust Board who is an officer of the Trust.
- 1.2.16 **"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.
- 1.2.17 **"Member"** means Executive or Non-Executive director of the Board as the context permits. Member in relation to the Board does not include its Chairman.
- 1.2.18 **"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.
- 1.2.19 **"Membership, Procedure and Administration Arrangements Regulations"** means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.
- 1.2.20 **"Nominated officer"** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.21 **"Non-Executive director"** 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.
- 1.2.22 **"Officer"** means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.25 **"Officer 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).
- 1.2.24 **"Secretary"** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the Trust's compliance with the law, Standing Orders and Department of Health guidance. The Director of Corporate Services and Trust Secretary performs this function on behalf of Barts and The London NHS Trust.
- 1.2.25 **"SFIs"** means Standing Financial Instructions.
- 1.2.26 **"SOs"** means Standing Orders.
- 1.2.27 **"Vice Chairman"** means the Non-Executive director appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.

Any references in this document to one gender alone are made for ease of reference only and should be read as equally applicable to both male and female persons.

SECTION B: STANDING ORDERS

1. INTRODUCTION

1.1 Statutory Framework

The Royal Hospital of St. Bartholomew, the Royal London Hospital and London Chest Hospital National Health Service Trust is a statutory body which came into existence on 21 February 1994 under the Royal Hospital of St. Bartholomew, the Royal London Hospital and London Chest Hospital National Health Service Trust (Establishment Order) 1994 No. 307.

The Barts and The London NHS Trust (the Trust) is a statutory body which came into existence on 8 July 1999 under the Royal Hospital of St. Bartholomew, the Royal London Hospital and London Chest Hospital National Health Service Trust (Change of Name) Order 1999 No. 1825.

- (1) The principal place of business of the Trust is the Trust Office, 56/76 Ashfield Street, The Royal London Hospital, Whitechapel, London E1 2BL.
- (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, the Health Act 1999 and the Health and Social Care Act 2001.
- (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 Trust also has statutory powers under Section 28A of the NHS Act 1977, as amended by the Health Act 1999, to fund projects jointly planned with local authorities, voluntary organisations and other bodies.
- (6) The Code of Accountability for NHS Boards (see Appendix B) requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.
- (7) The Trust will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

1.2 NHS Framework

- (1) In addition to the statutory requirements, the Secretary of State through the Department of Health issues further directions and guidance. These are normally issued under cover of a circular or letter.
- (2) The Code of Accountability (see Appendix B) 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. From 1 January 2005, this was superseded by the Freedom of Information Act 2000.

1.3 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 (SO) relating to the Arrangements for the Exercise of Trust Functions by Delegation (SO 5), the Trust is given powers to "make arrangements for the exercise, on behalf of the Trust of any of their functions by a committee, sub-committee or joint committee appointed by virtue of SO 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".

Reservation of Powers to the Board and Delegation of Powers are covered in Section C. These documents have effect as if incorporated into the Standing Orders and Standing Financial Instructions.

1.4 Integrated Governance

Trust Boards are now encouraged to move away from silo governance and develop integrated governance that will lead to good governance and to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, clinical, information, education and research governance. Guidance from the Department of Health on the move toward and implementation of integrated governance has been issued and has been incorporated in the Trust's Healthcare Governance framework and committee structure (see Integrated Governance Handbook 2006). Integrated governance will better enable 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.

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

2.1 Composition of the Membership of the Trust Board

In accordance with the Trust's Establishment Order and Change of Name Order (see SO1.1), the Royal Hospital of St. Bartholomew, the Royal London Hospital and London Chest Hospital National Health Service Trust (Establishment) Amendment Order 2003 No. 1499, and 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 6 Non-Executive directors (excluding the Chairman, and appointed by the Appointments Commission). This will include one Non-Executive director drawn from Queen Mary University of London (QMUL);
- (3) Up to 5 Executive directors including:
 - The Chief Executive;
 - The Chief Financial Officer;
 - A Medical or Dental Practitioner; and
 - A Registered Nurse or Midwife, as defined in Section 10(7) of the Nurses, Midwives and Health Visitors Act 1979(a).

The Trust shall have not more than 12 and not less than 8 voting members (as determined by the Secretary of State for Health and set out in the Trust's Establishment Order or such other communication from the Secretary of State).

2.2 Appointment of Chairman and Members of the Trust

- (1) Appointment of the 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 upon the advice of the Independent Appointments Commission, but otherwise the appointment and tenure of office of the Chairman and members are set out in the Membership, Procedure and Administration Arrangements Regulations, and subsequent amendments.

2.3 Terms of Office of the Chairman and Members

- (1) 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.
- (2) The tenure of office for directors shall be:
 - (a) Chairman and Non-Executive directors – as determined by the Appointments Commission, but usually for a maximum period of four years, which may be renewable, subject to the provisions of SO 2.8.
 - (b) Chief Executive and Chief Financial Officer – for the period of their employment in those posts.
 - (c) Other Executive directors – for such period as specified by the Appointing authority or as long as they hold a post in the Trust.
- (3) The Chairman or a Non-Executive director may resign his/her office at any time during the period for which they were appointed by giving notice in writing to the Appointing Authority.
- (4) Where a Non-Executive director is appointed to be the Chairman of the Trust, his/her tenure of office as a Non-Executive director shall terminate when his/her appointment as Chairman takes effect.

2.4 Appointment and Powers of Vice Chairman

- (1) Subject to SO 2.4(2) below, for the purpose of enabling the proceedings of the Trust to be conducted in the absence of the Chairman, the Chairman and members of the Trust shall appoint a Non-Executive director from among them to be Vice Chairman, for such period, not exceeding the remainder of his/her 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 Non-Executive director as Vice Chairman in accordance with the provisions of Standing Order 2.4 (1).
- (3) Where the Chairman of the Trust has died or has ceased to hold office, or where they have been unable to perform their 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 their duties, as the case may be; 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.

2.5 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 SO 2.1 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; and
- (d) The presence of either or both of those persons should count as the presence of one person for the purposes of SO 3.11 (Quorum).

2.6 Local Involvement Networks (LINKs)

The Local Government and Public Involvement in Health Act 2007 required local authorities to establish Local Involvement Networks (LINKs), replacing previous Patient and Public Involvement Forums from April 2008. LINKs are made up of individuals and community groups who work together to improve local health and social care services. Local Involvement Networks must be independent of the local authority and health services.

2.7 Role of Members

The Board will function as a corporate decision-making body. Executive and Non-Executive directors will be full and equal members. Their role as members of the Trust Board will be to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions. All Board members shall subscribe to the Nolan Committee's Seven Principles of Public Life (see Appendix A) and the Codes of Conduct and Accountability for NHS Boards (see Appendix B).

(1) Executive directors

Executive directors shall exercise their authority within the terms of these Standing Orders and Standing Financial Instructions and the Scheme of Delegation. Executive directors are normally employees of the Trust. However, a person holding a post in a university or a person seconded to work for the Trust may be appointed as an Executive director. Executive directors (apart from the Chief Executive and the Chief Financial Officer) may be removed from the Trust Board if, in the view of the appointing committee, it is not in the interest of the Trust for them to continue as a Director. If any Executive director is suspended from his post with the Trust, he will also be suspended from being a director for the period of his suspension.

(2) 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.

(3) 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.

(4) Non-Executive directors

The Non-Executive directors 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.

(5) Chairman

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

Chairman shall liaise with the Appointments Commission over the appointment of the 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. 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.

2.8 Disqualification from Appointment as Chairman or Non-Executive director

- (1) The following people are disqualified from appointment as the Chairman or Non-Executive directors:
 - (a) Chairmen, members, directors or employees of a health service body. However, the University member of a designated teaching Trust shall not be disqualified by reason of being an employee of a health service body.
 - (b) General Medical Practitioners, General Dental Practitioners or their employees.
 - (c) Paid employees of a trade union that represents members who work in the NHS.
 - (d) Those who have:
 - Within the preceding 5 years, been convicted of any offence and received a sentence of imprisonment for a period exceeding 3 months;
 - Become bankrupt;
 - Been dismissed, other than by reason of redundancy, from paid employment with a health service body; or
 - Had their term of office as a Chairman, member or director of a health service body terminated under the provisions of SO 2.8(6) or for non-disclosure of a pecuniary interest.
 - (e) People who have had their names removed from a list of practitioners by a direction made under section 46 of the NHS Act 1977 and have not subsequently had their name included in such a list.
- (2) If a Local Involvement Network (LINK) member is appointed as a Non-Executive director of the Trust, he/she becomes disqualified from membership of the LINK.
- (3) Where the Non-Executive director drawn from Queen Mary University of London ceases to hold a post in the University, the Appointments Commission shall terminate his/her appointment.
- (4) The House of Commons Disqualification Act 1975, as amended by the National Health Service and Community Care Act 1990, prevents the Trust Chairman or any Non-Executive director from contesting an election to Parliament or from being a Member of Parliament. If a Non-Executive director is selected as a prospective parliamentary candidate, they must tender their resignation as a Non-Executive director with immediate effect.
- (5) Where the Chairman or Non-Executive director has been appointed:
 - (a) If he become disqualified under SO 2.8(1), the Appointing Authority shall notify him in writing forthwith, or
 - (b) If he was so disqualified at the time of his appointment he shall be notified in writing that he was not duly appointed.
- (6) The Secretary of State will terminate the term of office of the Chairman or a Non-Executive director who has not attended a meeting of the Trust for six months without reasonable cause. The appointing authority may, with the consent of the Appointments

Commission when necessary, terminate the appointment of the Chairman or a Non-Executive director if it considers that the individual's continuation in office would not be in the interests of the NHS.

- (7) If it appears to the Appointments Commission that the Chairman or a Non-Executive director has failed to comply with SO 7.1 (declaration of interests), they may terminate immediately his/her tenure of office.

2.9 Cessation of Disqualification

- (1) Where a person is disqualified by reason of having been adjudged bankrupt this disqualification shall cease if:
- (a) The bankruptcy is annulled on the ground that he ought not to have been adjudged bankrupt or on the ground that his debts have been paid in full, the disqualification shall cease on the date of the annulment; or
 - (b) He is discharged when the disqualification shall cease on the date of his discharge.
- (2) Where a person is disqualified by reason of having made a composition or arrangement with his creditors, if he pays his debts in full the disqualification shall cease on the date on which the payment is completed. In any other case it shall cease in the expiry of five years from the date on which the terms of the deed of composition or arrangement are fulfilled.
- (3) Subject to SO 2.9(4), where person is disqualified as an employee he may, after the expiry period of not less than two years, apply in writing to the Secretary of State to remove the disqualification and the Secretary of State may direct that disqualification shall cease.
- (4) Where the Secretary of State refuses an application to remove a disqualification no further application may be made by that person until expiration of two years from the date of the application.
- (5) Where a person is disqualified as a Chairman or director by reason of appointments: where such appointments have been terminated, the disqualification shall cease on the expiry of a period of two years or such longer period as the Appointing Authority specifies when terminating his period of office but the Secretary of State may on application being made to him by that person or by that appointing authority, reduce the period of disqualification.

2.10 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 SO 3.
- (4) The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.

2.11 Schedule of Matters reserved to the Board and Scheme of Delegation

- (1) The Board has resolved that certain powers and decisions may only be exercised or made 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. Both are set out in Section C.

2.12 Lead Roles for Board Members

- (1) The Chairman will ensure that the designation of lead roles or appointments of Board members as required by the Department of Health or as set out in any statutory or other guidance will be made in accordance with that guidance or statutory requirement (e.g. appointing a Lead Board Member with responsibilities for Infection Control or Child Protection Services).

3. MEETINGS OF THE TRUST

3.1 Calling Meetings

- (1) Ordinary meetings of the Trust 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.

3.2 Notice of Meetings and the Business to be Transacted

- (1) Before each meeting of the Trust Board, a written notice specifying the business proposed to be transacted shall be delivered to every member, 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 by the Chairman to sign on their behalf. The validity of a meeting shall not be affected, however, by lack of service of notice on any person.
- (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 SO 3.6.
- (4) A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chairman or the Trust Secretary at least 15 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 15 days before a meeting may be included on the agenda at the discretion of the Chairman.
- (5) Trust Board papers must be written in the required Trust Board format and be submitted to the Trust Office at least 10 clear days before the date of the Trust Board meeting to facilitate timely distribution of the papers. The Director of Corporate Services and Trust Secretary has the delegated authority of the Trust Board to remove an item from the agenda if not received in time or to a suitable standard.
- (6) Details of Board meetings shall be displayed at the Trust's principal offices and on the Trust website at least three clear days before the meeting or, if the meeting is convened at shorter notice, then at the time it is convened, as required by the Public Bodies (Admission to Meetings) Act 1960.

3.3 Agenda and Supporting Papers

- (1) The Agenda will be sent to members at least 5 days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be despatched no later than three clear days before the meeting, save in emergency. Copies of the

agenda and papers for public meetings will be placed on the Trust's website in advance of the meetings.

3.4 Petitions

- (1) 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 of the Trust Board.

3.5 Notice of Motion

- (1) Subject to the provision of SO 3.7 and SO 3.8, a member of the Trust 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 8 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.

3.6 Emergency Motions

Subject to the agreement of the Chairman, and subject also to the provision of SO 3.7, 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.

3.7 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:

- (a) The reception of a report.
- (b) Consideration of any item of business before the Trust Board.
- (c) The accuracy of minutes.
- (d) That the Board proceed to next business.
- (e) That the Board adjourn.
- (f) 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:

- (a) An amendment to the motion.
- (b) The adjournment of the discussion, or the meeting.
- (c) That the meeting proceed to the next business.
- (d) That the question should be now put.
- (e) The appointment of an 'ad hoc' committee to deal with a specific item of business.
- (f) That a member/director be not further heard.
- (g) 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 SO 3.18).

- (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.

3.8 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, and 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.

3.9 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 both absent, the remaining Board members shall choose a Non-Executive director from among their number to act as Chair. An Executive director cannot take the chair.
- (3) If the Chairman is absent from a meeting temporarily on the grounds of a declared conflict of interest, the Vice Chairman, if present, shall preside. If the Chairman and Vice Chairman are absent, or are disqualified from participating, the remaining Board members shall choose a Non-Executive director from among their number to act as Chair.

3.10 Chairman's Ruling

- (1) The decision of the Chairman of the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and their interpretation of the Standing Orders and Standing Financial Instructions, at the meeting, shall be final.

3.11 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 Executive director and one Non-Executive director) is present.
- (2) An officer in attendance for an Executive director (Officer 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 7.3) 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.
- (4) The above requirement for at least one Executive director to form part of the quorum shall not apply where the Executive directors are excluded from a meeting.
- (5) If after 15 minutes from the time appointed for a meeting of the Trust Board to take place no quorum is present, then there shall be no meeting. Likewise, if during a meeting the Chairman, after counting the number of directors present, declares that there is no quorum, the meeting shall stand adjourned to a time arranged by the Chairman or to the next ordinary meeting of the Trust Board.

3.12 Voting

- (1) Save as provided for in SO 3.13 and SO 3.14, every question put to a vote at a meeting shall be determined by a majority of the votes of the Chairman and 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 or casting vote.
- (2) At the discretion of the Chairman of the meeting, 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 (except when conducted by paper ballot).
- (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 director during a period of incapacity or temporarily to fill an Executive director vacancy shall be entitled to exercise the voting rights of the Executive director.
- (7) A manager attending the Trust Board meeting to represent an Executive director during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Executive director. An Officer's status when attending a meeting shall be recorded in the minutes.

- (8) For the voting rules relating to joint members see SO 2.5.

3.13 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 3.11), 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 Executive director and one Non-Executive director of the Trust) 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.

3.14 Waiver, variation and amendment of Standing Orders

- (1) These Standing Orders shall not be waived or varied except in the following circumstances:
- (a) Upon a notice of motion under SO 3.5.
 - (b) Upon a recommendation of the Chairman or Chief Executive included on the agenda for the meeting.
 - (c) 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 directors vote in favour of the amendment.
 - (d) Providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

3.15 Reporting of Waivers of Standing Orders and Standing Financial Instructions

- (1) All waivers of Standing Orders should be reported to the Audit Committee after approval has been granted. The Audit Committee should ensure that waivers have only been granted in compliance with the regulations and where necessary. However, these provisions do not apply where the competitive tendering process is to be omitted or modified. Approval should then be sought as detailed in the relevant section of the Standing Financial Instructions. All such waivers will be reported retrospectively to the Trust's Audit Committee.

3.16 Record of Attendance

- (1) The names of the Chairman and directors/members present at the meeting shall be recorded in the minutes.

3.17 Secretariat and Minutes

- (1) The Trust Secretary or a nominated officer from the Trust Office shall attend the meetings of the Trust Board and its Committees. He/she will be permitted to participate in discussions but will not be entitled to vote. The Secretary will be responsible for maintaining the records of such meetings. The minutes of the proceedings 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. Any amendment to the minutes shall be agreed and recorded at the next meeting.

3.18 Attendance at Meetings and Admission of Public and the Press

- (1) Corporate directors who are not Executive directors of the Trust Board shall be permitted to attend Board meetings and participate fully in the discussions but shall not be entitled to vote. Other persons may attend at the invitation of the Chairman for the discussion of specific agenda items.
- (2) The Chair of the Tower Hamlets Local Involvement Network (LINK) may attend meetings of the Trust Board at the invitation of the Chairman of the Trust and may be permitted to speak by invitation of the Chairman, but shall not be entitled to vote and shall be required to withdraw from the meetings in the circumstances described in SO 3.18(4).
- (3) The Chair or Vice Chair of the Trust's Medical Council shall attend meetings of the Trust Board at the invitation of the Chairman of the Trust. He/she shall be permitted to participate in discussions but shall not be entitled to vote.
- (4) **Admission and exclusion on grounds of confidentiality of business to be transacted**
The public and representatives of the press may attend all meetings of the Trust, but shall be required to withdraw from Trust Board meetings as follows:
 - (a) "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.
 - (b) On matters to be included in the exclusion, due regard should be given to the Freedom of Information Act 2000.
- (5) **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:
 - (a) "That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Trust Board to complete its business without the presence of the public", Section 1(8) Public Bodies (Admissions to Meetings) Act 1960.
- (6) **Business proposed to be transacted when the press and public have been excluded from a meeting**
Matters to be dealt with by the Trust Board following the exclusion of representatives of the press, and other members of the public, as provided in SO 3.18(4) and SO 3.18(5) 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 Trust Board meeting which may take place on such reports or papers.
- (7) **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 Committees thereof. Such permission shall be granted only upon resolution of the Trust.

- (8) Arrangements for the public to attend the Board's meetings shall not be construed as allowing them any right to speak at the meeting. However, at the discretion of the Chairman and with the agreement of directors, individuals may be invited to contribute views on specific matters.

3.19 Annual Public Meeting

- (1) Following publication of the annual report, the Board will hold a Public meeting in accordance with the NHS Trusts (Public Meetings) Regulations 1991 (SI(1991)482) and any subsequent amendments.

4. APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES

4.1 Appointment of Committees

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

4.2 Joint Committees

- (1) Joint committees may be appointed by the Trust by joining together with one or more other Strategic Health Authorities, or other Trusts consisting of, 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.

4.3 Applicability of Standing Orders and Standing Financial Instructions to Committees

- (1) 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.)

4.4 Terms of Reference

- (1) 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.

4.5 Delegation of Powers by Committees to Sub-Committees

- (1) Where committees are authorised to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorised by the Trust Board.

4.6 Approval of Appointments to Committees

- (1) 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. The appointment of directors to committees and sub-committees of the Trust comes to an end on the termination of their terms of office as directors.

4.7 Appointments for Statutory Functions

- (1) 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. Executive directors may not be appointed to any committee or sub committee set up to carry out the functions of "managers" under the Mental Health Act 1983. Most important of these is the hearing of appeals by detained patients under section 25 (3) (c) Schedule 9 of the 1990 Act.

4.8 Committees established by the Trust Board

- (1) The principal committees, sub-committees and joint-committees established by the Board are listed below. Their Terms of Reference are appended to these Standing Orders.

(2) **Audit Committee**

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, and more recently the Higgs report, an Audit Committee will be established and constituted to provide the Trust 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.

The Higgs report recommends a minimum of three Non-Executive directors be appointed, unless the Board decides otherwise, of which one must have significant, recent and relevant financial experience.

The Trust's Audit Committee will have overall responsibility for independently monitoring, reviewing and reporting to the Trust Board on all aspects of governance, risk management and internal control. It will be supported in this role by the Quality Assurance Committee.

(3) **Quality Assurance Committee**

The purpose of the Quality Assurance Committee will be to monitor, review and report on the quality of services provided by the Trust. This will include review of governance, risk management and internal control systems to ensure that the Trust's services deliver safe, high quality, patient-centred care; performance against internal and external quality improvement targets; and progress in implementing action plans to address shortcomings in the quality of services, should they be identified. Membership will comprise of two Non Executive Directors and the Chairman of the Trust. The Terms of Reference will be approved by the Trust Board and reviewed on a periodic basis.

(4) **Remuneration Committee**

In line with the requirements of the NHS Codes of Conduct and Accountability, and more recently the Higgs report, a Remuneration Committee will be established and constituted. The Higgs report recommends the committee be comprised exclusively of Non-Executive

directors, a minimum of three, who are independent of management. The Terms of Reference will be approved by the Trust Board and reviewed on a periodic basis.

The purpose of the Committee will be to advise the Trust Board about appropriate remuneration and terms of service for the Chief Executive and other Executive directors including:

- (a) All aspects of salary (including any performance-related elements/bonuses).
- (b) Provisions for other benefits, including pensions and cars.
- (c) Arrangements for termination of employment and other contractual terms.

(5) **Finance and Investment Committee**

The purpose of the Finance and Investment Committee will be to conduct objective Board-level review of financial and investment policy and financial performance issues. Membership will comprise of the Chair of the Trust Board, the Non Executive Director lead for finance, one additional Non Executive Director, the Chief Executive of the Trust and the Chief Financial Officer.

(6) **Other Committees**

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

4.9 Confidential Proceedings

- (1) A director or officer of the Trust shall not disclose a matter considered by the Trust Board or a Committee in confidence without its permission until the Board or Committee has considered the matter in public or has resolved to make the matter public.

5. ARRANGEMENTS FOR THE EXERCISE OF TRUST FUNCTIONS BY DELEGATION

5.1 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, sub-committee appointed by virtue of SO 4, or by an officer of the Trust, or by another body as defined in SO 5.1(2) 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 NHS trusts to be carried out by third parties. In accordance with The Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000 the functions of the Trust may also be carried out in the following ways:
- (a) By another Trust.
 - (b) Jointly with any one or more of the following: NHS trusts, Strategic Health Authorities or PCTs.
 - (c) By arrangement with the appropriate Trust or PCT, by a joint committee or joint sub-committee of the Trust and one or more other health service bodies.
 - (d) In relation to arrangements made under S63(1) of the Health Services and Public Health Act 1968, jointly with one or more Strategic Health Authorities, SHAs, NHS Trusts or PCT.

- (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.

5.2 Emergency Powers and Urgent Decisions

- (1) The powers which the Board has reserved to itself within these Standing Orders (see SO 2.11) may in emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted at least two Non-Executive directors. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Trust Board for formal ratification. In respect of the award of contracts, the Chairman may take Chairman's Action between Trust Board meetings, subject to ratification of his/her decision at the next formal meeting of the Trust Board.

5.3 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 in respect of its sub-committees.
- (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.

5.4 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 or other Executive directors to provide information and advise the Board in accordance with statutory or Department of Health requirements. Outside these statutory requirements the roles of the Chief Financial Officer shall be accountable to the Chief Executive for operational matters.

5.5 Schedule of Matters Reserved to the Trust and Scheme of Delegation of Powers

- (1) The arrangements made by the Board as set out in the "Schedule of Matters Reserved to the Board" and "Scheme of Delegation" of Powers – see Section C - shall have effect as if incorporated in these Standing Orders.

5.6 Duty to Report Non-Compliance with Standing Orders and Standing Financial Instructions

- (1) 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 Trust Board and staff have a duty to disclose any non-compliance with these Standing Orders to the Chief Executive as soon as possible.

6. OVERLAP WITH OTHER TRUST POLICY STATEMENTS/ PROCEDURES, REGULATIONS AND THE STANDING FINANCIAL INSTRUCTIONS

6.1 Policy Statements: General Principles

- (1) The Trust Board has delegated the approval of most new and revised Trust core policies and guidelines to the Trust's Policies Working Group. The Policies Working Group will agree and approve policy statements and procedures which will apply to all or specific groups of staff employed by Barts and The London NHS Trust and others working in the Trust. The decisions to approve such policies and procedures will be recorded in an appropriate Policies Working Group minute and will be deemed where appropriate to be an integral part of the Trust's Standing Orders and Standing Financial Instructions.
- (2) The Trust Board retains the responsibility for the review and approval of the following Trust core policies: the Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions; the Risk Management Strategy and Policy; and the Standards of Business Conduct Policy.

6.2 Specific Policy Statements

- (1) Notwithstanding the application of SO 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following Policy statements:
 - (a) The Standards of Business Conduct Policy for Barts and The London NHS Trust staff.
 - (b) The Disciplinary Policy, Procedure and Rules, the Disciplinary Procedure for Medical and Dental Staff, and the Grievance Policy and Procedure for Barts and The London NHS Trust.
 - (c) The Code of Conduct and the Code of Accountability for NHS Boards (2004) – see Appendix B.
- (2) The above Policy statements shall have effect as if incorporated in these Standing Orders.

6.3 Standing Financial Instructions

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

6.4 Specific Guidance

- (1) Notwithstanding the application of SO 6.1 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:
 - (a) Caldicott Guardian 1997.
 - (b) Human Rights Act 1998.
 - (c) Freedom of Information Act 2000.

7. DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND STAFF UNDER THESE STANDING ORDERS

7.1 Declaration of Interests

- (1) **Requirements for Declaring Interests and Applicability to Board Members**

- (a) The NHS Code of Accountability (see Appendix B) requires Trust 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. In addition to Board members, the requirements for other staff to declare interests are set out in the Trust's Standards of Business Conduct Policy.

(2) Interests which are Relevant and Material

- (a) Interests which should be regarded as "relevant and material" are:
 - (i) Directorships, including Non-Executive directorships held in private companies or PLCs (with the exception of those of dormant companies).
 - (ii) Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS.
 - (iii) Majority or controlling shareholdings in organisations likely or possibly seeking to do business with the NHS.
 - (iv) A position of authority in a charity or voluntary organisation in the field of health and social care.
 - (v) Any connection with a voluntary or other organisation contracting for NHS services.
 - (vi) Research funding/grants that may be received by an individual or their department.
 - (vii) Interests in pooled funds that are under separate management.
 - (viii) Any other interest in relation to an issue to be considered by the Trust Board.
- (b) Any member of the Trust 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 SO 7.7 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 Chairman and the Director of Corporate Services and Trust Secretary as soon as practicable.
- (c) There is no requirement in the Code of Accountability for the interests of Board members' spouses or partners to be declared. However, SO 7.7 which is based on the Membership Procedure and Administration Regulations requires that the interests of members' spouses, if living together, in contracts should be declared. Therefore the interests of Board members' spouses and cohabiting partners should also be regarded as relevant.

7.2 Advice on Interests

- (1) If Board members or staff have any doubt about the relevance of an interest, this should be discussed with the Chairman of the Trust or with the Director of Corporate Services and Trust Secretary.
- (2) 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.

7.3 Recording of Interests in Trust Board Minutes

- (1) At the time Board members' interests are declared, they should be recorded in the Trust Board minutes. Any changes in interests should be declared at the next Trust Board meeting following the change occurring and recorded in the minutes of that meeting.

7.4 Publication of Declared Interests in Annual Report

- (1) 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.

7.5 Conflicts of Interest which Arise During the Course of a Meeting

- (1) During the course of a Trust 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 7.7)

7.6 Register of Interests

- (1) The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board members. In particular the Register will include details of all directorships and other relevant and material interests (as defined in SO 7.1(2)) which have been declared by both Executive and Non-Executive directors of the Trust Board.
- (2) 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 12 months will be incorporated.
- (3) 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 publicise arrangements for viewing it.

7.7 Exclusion of Chairman and Members in Proceedings on Account of 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:
 - (a) "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).
 - (b) "Contract" shall include any proposed contract or other course of dealing.
 - (c) "Pecuniary interest"
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:

(i) He/she, or a nominee of his/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

(ii) 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.

(d) Exception to Pecuniary interests

A person shall not be regarded as having a pecuniary interest in any contract, proposed contract or other matter if:

(i) Neither he nor any person connected with him has any beneficial interest in the securities of a company or other body of which he or such person appears as a member; or

(ii) any interest that he or any person connected with him may have in the contract or other matter is so remote or insignificant that it cannot reasonably be regarded as likely to influence him in relation to considering, discussing or voting on that contract or matter; or

(iii) those securities of any company in which he (or any person connected with him) 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 (iii) above applies the person shall nevertheless be obliged to disclose/declare their interest in accordance with Standing Order 7.1(2)(b).

(2) Subject to the following provisions of this Standing Order, if the Chairman or a member of the Trust Board has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Trust Board at which the contract or other matter is the subject of consideration, they 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.

(3) 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 7.8 on the 'Waiver' which has been approved by the Secretary of State for Health.)

(4) The Trust 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.

(5) Any remuneration, compensation or allowance payable to the Chairman or a member by virtue of paragraph 9 of Schedule 2 to the National Health Service and Community Care Act 1990 shall not be treated as a pecuniary interest for the purpose of this Standing Order.

(6) 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.

7.8 Waiver of Standing Orders made by the Secretary of State for Health

(1) 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 has a pecuniary interest) is removed. A waiver has been agreed in line with sub-sections (2) to (4) below.

(2) Definition of ‘Chairman’ for the purpose of interpreting this waiver

For the purposes of paragraph 7.8(3) (below), the “relevant chairman” is:

- (a) At a meeting of the Trust, the Chairman of that Trust.
- (b) At a meeting of a Committee:
 - (i) In a case where the member in question is the Chairman of that Committee, the Chairman of the Trust.
 - (ii) In the case of any other member, the Chairman of that Committee.

(3) 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:

- (a) A member of Barts and The London NHS 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:
 - (i) Services under the National Health Service Act 1977; or
 - (ii) 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.
- (b) Where the ‘pecuniary interest’ of the member in the matter which is the subject of consideration at a meeting at which he 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:
 - Are members of the same profession as the member in question,
 - Are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the Trust is responsible.

(4) Conditions which apply to the waiver and the removal of having a pecuniary interest

The removal is subject to the following conditions:

- (a) 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.
- (b) The relevant chairman must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 7.8(2)(b) above, except where that member is the Chief Executive.

(c) **In the case of a meeting of the Trust:**

- (i) The member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded.
- (ii) May not vote on any question with respect to it.

(d) **In the case of a meeting of the Committee:**

- (i) The member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded.
- (ii) May vote on any question with respect to it. But
- (iii) The resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board.

7.9 Failure to Declare an Interest

- (1) If a director of the Board fails to declare an interest, or is found to have used the position or knowledge for private advantage, disciplinary action will be taken by the Trust which could lead to dismissal.

7.10 Standards of Business Conduct

(1) **Trust Policy and National Guidance**

All Trust staff and members must comply with the Trust's Standards of Business Conduct Policy and the national guidance contained in HSG(93)5 on 'Standards of Business Conduct for NHS staff' and the Code of Conduct for NHS Boards (see SO 6.2).

(2) **Interest of Officers in Contracts**

- (a) 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 7.8) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or the Director of Corporate Services and Trust Secretary as soon as practicable.
- (b) An Officer should also declare to the Chief Executive or the Director of Corporate Services and Trust Secretary 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.
- (c) 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 Directors and Officers in Relation to Appointments**

- (a) Canvassing of directors of the Trust or members of any committee or officers 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.
- (b) 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 director from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.
- (c) Informal discussions outside appointments panels or committees, whether solicited or unsolicited, should be declared to the panel or committee.

(4) Relatives of directors or officers

- (a) 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 director or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him/her liable to instant dismissal.
- (b) The Chairman and every member and officer of the Trust shall disclose to the Trust Board any relationship between himself 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 Trust Board any such disclosure made.
- (c) On appointment (and prior to acceptance of an appointment in the case of Executive directors), directors should disclose to the Trust whether they are related to any other director or holder of any office under the Trust.
- (d) Where the relationship of an officer or another director to a director of the Trust is disclosed, the Standing Order headed 'Exclusion of Chairman and members in proceedings on account of pecuniary interest' (SO 7.7) shall apply.

7.11 Acceptance of Gifts and Donations

- (1) Staff should not accept gifts in any form, whether from patients, patients' relatives or carers, or from potential or actual suppliers, other than as provided below. The Trust's Standards of Business Conduct Policy sets out the rules in relation to gifts and donations and should be read as if incorporated into Standing Orders.
- (2) It is in order in certain circumstances for staff to accept small gifts to a maximum value of £25 but their senior officer must be informed and a record made.
- (3) Any donated sums of money, cheques or gift vouchers given to a member of staff must be passed to the Barts and The London Charity (the Charitable Foundation). A receipt should be issued and letter of thanks sent.
- (4) Where the donor specifies how the money is to be spent, his/her wishes must be followed.

8. CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS

See the National Health Service and Community Care Act 1990 Schedule 2 paragraph 28.

8.1 Custody of the Seal

- (1) The Common Seal of the Trust shall be kept by the Director of Corporate Services and Trust Secretary in a secure place.

8.2 Sealing of Documents

- (1) The Seal is a corporate signature. It may be interchangeable with the words “for and on behalf of the Trust” for documents of minor importance and/or value. The use of the Seal indicates that the document is important and/or valuable. No common law exists regarding any financial limits which require a Seal. However, a Seal must be used in the conveyancing of land.
- (2) If the Trust gives an undertaking, the sealing of a document imposes an obligation. A signature does not reduce the obligation, but a Seal reaffirms the obligation expressed within the document. In cases where the Trust is uncertain, a signature could be offered “for and on behalf of the Trust” and if this is refused, the Seal can be used.
- (3) The Trust or its officers may decide that a document shall be sealed, within the provisions of the NHS Acts.
- (4) The following documents must be sealed:
 - (a) All contracts for the purchase or lease of land and/or buildings.
 - (b) All documents relating to the transfer or sale of shares, bonds and other financial instruments.
- (5) The following documents may be sealed:
 - (a) Legal agreements and licences.
 - (b) When a Seal is requested by the other party or parties.
- (6) The Trust Board has delegated the responsibility for the use of the Trust’s Seal to the Chief Executive and the Director of Corporate Services and Trust Secretary. However, in the absence of either of these two officers, the Chairman and/or another director (not from the originating department) duly authorised by the Chief Executive may attest the use of the Seal. Amendments to documents under Seal should be initialed by those attesting the use of the Seal. Every instance of the use of the Seal must be reported to the Trust Board for ratification and recorded in the minutes of the meeting.

8.3 Register of Sealings

- (1) The Director of Corporate Services and Trust Secretary shall keep a register in which he/she, or an officer from the Trust Office authorised by him/her, shall enter a summary record of the sealing of every document. Each record must be signed by those officers attesting the use of the Seal.

8.4 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 authorises, be signed by the Chief Executive or an Executive director.
- (2) In land transactions, the signing of certain supporting documents will be delegated to Managers and set out 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. MISCELLANEOUS

9.1 Joint Finance Arrangements

- (1) The Board may confirm contracts to purchase from a voluntary organisation or a local authority using its powers under Section 28A of the NHS Act 1977. The Board may confirm contracts to transfer money from the NHS to the voluntary sector or the health related functions of local authorities where such a transfer is to fund services to improve the health of the local population more effectively than equivalent expenditure on NHS services, using its powers under Section 28A of the NHS Act 1977, as amended by section 29 of the Health Act 1999.

9.2 Conflict

- (1) In the event of any conflict between the Standing Orders and any statutory provision, regulation or direction by the Secretary of State, the latter shall prevail.

9.3 Report on Trust Performance

- (1) The Trust Board will publish annually a report of the Trust's performance and activities. This will include a statement of the annual accounts in compliance with the requirements of the NHS Manual of Accounts.

APPENDIX A: THE NOLAN PRINCIPLES OF PUBLIC LIFE

In its first report in May 1995, the Nolan Committee on Standards in Public Life set out Seven Principles of Public Life which all those working in public service, including NHS staff, should act in accordance with. Barts and The London NHS Trust fully endorses these principles and requires its staff to act in accordance with them at all times.

Further details can be found at:

http://www.public-standards.gov.uk/about_us/the_seven_principles_of_life.aspx

The Seven Principles of Public Life are as follows:

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

APPENDIX B: CODES OF CONDUCT AND ACCOUNTABILITY FOR NHS BOARDS

CODE OF CONDUCT FOR NHS BOARDS

1. PUBLIC SERVICE VALUES

Public service values must be at the heart of the National Health Service. High standards of corporate and personal conduct based on a recognition that patients come first, have been a requirement throughout the NHS since its inception. Moreover, since the NHS is publicly funded, it must be accountable to Parliament for the services it provides and for the effective and economical use of taxpayers' money.

There are three crucial public service values which must underpin the work of the health service.

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

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

Openness – there should be sufficient transparency about NHS activities to promote confidence between the NHS organisation and its staff, patients and the public.

2. GENERAL PRINCIPLES

Public service values matter in the NHS and those who work in it have a duty to conduct NHS business with probity. They have a responsibility to respond to staff, patients and suppliers impartially, to achieve value for money from the public funds with which they are entrusted and to demonstrate high ethical standards of personal conduct.

The success of this Code depends on a vigorous and visible example from boards and the consequential influence on the behaviour of all those who work within the organisation. Boards have a clear responsibility for corporate standards of conduct and acceptance of the Code should inform and govern the decisions and conduct of all board directors.

3. OPENNESS AND PUBLIC RESPONSIBILITIES

Health needs and patterns of provision of health care do not stand still. There should be a willingness to be open with the public, patients and with staff as the need for change emerges. It is a requirement that major changes are consulted upon before decisions are reached. Information supporting those decisions should be made available, in a way that is understandable, and positive responses should be given to reasonable requests for information and in accordance with the Freedom of Information Act 2000.

NHS business should be conducted in a way that is socially responsible. As a large employer in the local community, NHS organisations should forge an open and positive relationship with the local community and should work with staff and partners to set out a vision for the organisation in line with the expectations of patients and the public. NHS organisations should demonstrate to the public that they are concerned with the wider health of the population including the impact of the organisation's activities on the environment.

The confidentiality of personal and individual patient information must, of course, be respected at all times.

4. PUBLIC SERVICE VALUES IN MANAGEMENT

It is unacceptable for the board of any NHS organisation, or any individual within the organisation for which the board is responsible, to ignore public service values in achieving results. Chairs and

board directors have a duty to ensure that public funds are properly safeguarded and that at all times the board conducts its business as efficiently and effectively as possible. Proper stewardship of public monies requires value for money to be high on the agenda of all NHS boards. Accounting, tendering and employment practices within the NHS must reflect the highest professional standards. Public statements and reports issued by the board should be clear, comprehensive and balanced, and should fully represent the facts. Annual and other key reports should be issued in good time to all individuals and groups in the community who have a legitimate interest in health issues to allow full consideration by those wishing to attend public meetings on local health issues.

5. PUBLIC BUSINESS AND PRIVATE GAIN

Chairs and board directors should act impartially and should not be influenced by social or business relationships. No one should use their public position to further their private interests. Where there is a potential for private interests to be material and relevant to NHS business, the relevant interests should be declared and recorded in the board minutes, and entered into a register which is available to the public. When a conflict of interest is established, the board director should withdraw and play no part in the relevant discussion or decision.

6. HOSPITALITY AND OTHER EXPENDITURE

Board directors should set an example to their organisation in the use of public funds and the need for good value in incurring public expenditure. The use of NHS monies for hospitality and entertainment, including hospitality at conferences or seminars, should be carefully considered. All expenditure on these items should be capable of justification as reasonable in the light of the general practice in the public sector. NHS boards should be aware that expenditure on hospitality or entertainment is the responsibility of management and is open to be challenged by the internal and external auditors and that ill-considered actions can damage respect for the NHS in the eyes of the community.

7. RELATIONS WITH SUPPLIERS

NHS boards should have an explicit procedure for the declaration of hospitality and sponsorship offered by, for example, suppliers. Their authorisation should be carefully considered and the decision should be recorded. NHS boards should be aware of the risks in incurring obligations to suppliers at any stage of a contracting relationship. Suppliers should be selected on the basis of quality, suitability, reliability and value for money. The Department of Health has issued guidance to NHS organisations about standards of business conduct (ref: HSG(93)5).

8. STAFF

NHS boards should ensure that staff have a proper and widely publicised procedure for voicing complaints or concerns about maladministration, malpractice, breaches of this code and other concerns of an ethical nature. The board must establish a climate:

- that enables staff who have concerns to raise these reasonably and responsibly with the right parties;
- that gives a clear commitment that staff concerns will be taken seriously and investigated; and
- where there is an unequivocal guarantee that staff who raise concerns responsibly and reasonably will be protected against victimisation.

(Ref: Whistleblowing in the NHS, letter dated 25 July 2003 from the Director of HR in the NHS)

9. COMPLIANCE

Board directors should satisfy themselves that the actions of the board and its directors in conducting board business fully reflect the values in this Code and, as far as is reasonably practicable, that concerns expressed by staff or others are fully investigated and acted upon. All

BLT/POL/05210/TOF

board directors of NHS organisations are required, on appointment, to subscribe to the Code of Conduct.

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CODE OF ACCOUNTABILITY FOR NHS BOARDS

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

1. STATUS

NHS organisations, such as NHS trusts, primary care trusts, strategic health authorities and special health authorities, are established under statute as corporate bodies so ensuring that they have separate legal personality. Statutes and regulations prescribe the structure, functions and responsibilities of the boards of these bodies and prescribe the way chairs and directors of boards are to be appointed.

2. CODE OF CONDUCT

All board directors of NHS organisations are required, on appointment, to subscribe to the Code of Conduct. Breaches of this Code of Conduct by the chair or a non-executive director of the board should be drawn to the attention of the appropriate Regional Commissioner of the NHS Appointments Commission. NHS managers are required to take all reasonable steps to comply with the requirements set out in the Code of Conduct for NHS Managers. Chairs and non-executive directors of NHS boards are responsible for taking firm, prompt and fair disciplinary action against any executive director in breach of the Code of Conduct for NHS Managers.

3. STATUTORY ACCOUNTABILITY

The Secretary of State for Health has statutory responsibility for the health of the population of England and uses statutory powers to delegate functions to NHS organisations who are thus accountable to the Secretary of State and to Parliament. The Department of Health is responsible for directing the NHS, ensuring national policies are implemented and for the effective stewardship of NHS resources.

NHS trusts provide services to patients (these may be acute services, ambulance services, mental health or other special services, e.g. for children). Other main functions are to:

- Ensure services are of high quality and accessible; and
- Lead the development of new ways of working to fully engage patients and ensure a patient-centred service;

Primary care trusts are expected to identify the health needs of the population, to work to improve the health of the community and to secure the provision of a full range of services. Other main functions are to:

- Maintain an effective public health function;
- Lead local planning;
- Manage and develop primary healthcare services;
- Develop and improve local services;
- Lead the integration of health and social care; and
- Deliver services within their remit.

Strategic health authorities provide strategic leadership to ensure the maintenance of provision and the delivery of improvements in local health and health services by primary care trusts and NHS trusts, within the national framework of developing a patient-centred NHS and supported by effective controls and clinical governance systems. Other main functions for which the Strategic Health Authority is responsible are to:

- Lead the development and empowerment of uniformly excellent frontline NHS organisations committed to innovation and improvement;
- Consider the overall needs of the health economy across primary, community, secondary and tertiary care, and working with primary care trusts and NHS trusts to deliver a programme to meet these needs;

- Performance manage and ensure accountability of local primary care trusts and NHS trusts;
- Lead on the creation and development of clinical and public health networks;
- Create capacity through the preparation and delivery of strategies for capital investment, information management and workforce development;
- Ensure effective networks and joint working exists between NHS organisations for the provision of health and social care; and
- Ensure the development and training of an adequate workforce of competent clinical personnel.

NHS trust, primary care trust and strategic health authority finances are subject to external audit by the Audit Commission and, for the value for money element, by the Healthcare Commission.

NHS boards must co-operate fully with the Department of Health, the Audit Commission and the Healthcare Commission when required to account for the use they have made of public funds, the delivery of patient care and other services, and compliance with statutes, directions, guidance and policies of the Secretary of State. The Chief Executive/Permanent Secretary of the Department of Health, as Accounting Officer for the NHS, is accountable to Parliament. The work of the Department of Health and its associated bodies is examined by the House of Commons Health Committee. Its remit is to examine the expenditure, administration and policy of the Department of Health. Two other Parliamentary Committees, the Public Accounts Committee and the Public Administration Select Committee, scrutinise the work of the Department of Health and the health service.

4. THE BOARD OF DIRECTORS

NHS boards comprise executive directors together with non-executive directors and a chair who are appointed by the NHS Appointments Commission on behalf of the Secretary of State. Together they share corporate responsibility for all decisions of the board. There is a clear division of responsibility between the chair and the chief executive; the chair's role and board functions are set out below; the chief executive is directly accountable to the board for meeting their objectives, and as Accountable Officer, to the Chief Executive of the NHS for the performance of the organisation.

Boards are required to meet regularly and to retain full and effective control over the organisation; the chair and non-executive directors are responsible for monitoring the executive management of the organisation and are responsible to the Secretary of State for the discharge of these responsibilities. Strategic health authorities generally provide the line of accountability from local NHS organisations to the Secretary of State for the performance of the organisation. Regional Commissioners of the NHS Appointments Commission will always be available to chairs and non-executive directors on matters of concern to them relating to the personal effectiveness of individual chairs and non-executives.

The duty of an NHS board is to add value to the organisation, enabling it to deliver healthcare and health improvement within the law and without causing harm. It does this by providing a framework of good governance within which the organisation can thrive and grow. Good governance is not restrictive but an enabling ingredient to underpin change and modernisation. The role of an NHS board is to:

- Be collectively responsible for adding value to the organisation, for promoting the success of the organisation by directing and supervising the organisation's affairs.
- Provide active leadership of the organisation within a framework of prudent and effective controls which enable risk to be assessed and managed.
- Set the organisation's strategic aims, ensure that the necessary financial and human resources are in place for the organisation to meet its objectives, and review management performance.
- Set the organisation's values and standards and ensure that its obligations to patients, the local community and the Secretary of State are understood and met.

Further details may be obtained from *Governing the NHS: A Guide for NHS Boards* at www.dh.gov.uk.

The Role of the Chair

The overall role of the chair is one of enabling and leading so that the attributes and specific roles of the executive team and the non executives are brought together in a constructive partnership to take forward the business of the organisation. The key responsibilities of the chair are:

- Leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda;
- Ensuring the provision of accurate, timely and clear information to directors;
- Ensuring effective communication with staff, patients and the public;
- Arranging the regular evaluation of the performance of the board, its committees and individual directors; and
- Facilitating the effective contribution of non executive directors and ensuring constructive relations between executive and non-executive directors.

A complementary relationship between the chair and chief executive is important. A complementary relationship between the chair and chief executive is important. The chief executive is accountable to the chair and non-executive directors of the board for ensuring that the board is empowered to govern the organisation and that the objectives it sets are accomplished through effective and properly controlled executive action. The chief executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the board. Further details may be obtained from *Governing the NHS: A Guide for NHS Boards*.

Non-Executive directors

Non-executive directors are appointed by the NHS Appointments Commission on behalf of the Secretary of State to bring an independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community. The duties of non-executive directors are to:

- Constructively challenge and contribute to the development of strategy;
- Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- Satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
- Determine appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary, removing senior management and in succession planning; and
- Ensure the board acts in the best interests of the public and is fully accountable to the public for the services provided by the organisation and the public funds it uses. Non-executive directors also have a key role in a small number of permanent board committees such as the Audit Committee, Remuneration and Terms of Service Committee, the Clinical Governance Committee and Risk Management Committee.

Further details may be obtained from *Governing the NHS: A Guide for NHS Boards*.

5. REPORTING AND CONTROLS

It is the board's duty to present through the timely publication of an annual report, annual accounts and other means, a balanced and readily-understood assessment of the organisation's performance to:

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

Detailed financial guidance, including the role of internal and external auditors, issued by the Department of Health must be observed. (Ref: the *NHS Finance Manual* at www.info.doh.gov.uk/doh/finman). The Standing Orders of boards should prescribe the terms on which committees and sub-committees of the board may be delegated functions, and should include the schedule of decisions reserved for the board.

6. DECLARATION OF INTERESTS

It is a requirement that chairs and all board directors should declare any conflict of interest that arises in the course of conducting NHS business. All NHS organisations maintain a register of member's interests to avoid any danger of board directors being influenced, or appearing to be influenced, by their private interests in the exercise of their public duties. All board members are therefore expected to declare any personal or business interest which may influence, or may be *perceived* to influence, their judgement. This should include, as a minimum, personal direct and indirect financial interests, and should normally also include such interests of close family members. Indirect financial interests arise from connections with bodies which have a direct financial interest, or from being a business partner of, or being employed by, a person with such an interest.

7. EMPLOYEE RELATIONS

NHS boards must comply with legislation and guidance from the Department of Health 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. Fair and open competition should be the basis for appointment to posts in the NHS.

The terms and conditions agreed by the board for senior staff should take full account of the need to obtain maximum value for money for the funds available for patient care. The board should ensure through the appointment of a remuneration and terms of service committee that executive board directors' remuneration can be justified as reasonable. Board directors' remuneration for the NHS organisation should be published in its annual report.

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APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE

1. Authority

- 1.1 The Audit Committee is constituted as a non-executive standing committee of the Trust Board and has no executive powers, other than those specifically delegated in these terms of reference. Its constitution and terms of reference are set out below and can only be amended with the approval of the Trust Board.
- 1.2 The Committee is authorised by the Trust Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Trust and all employees are directed to cooperate with any request made by the Committee.
- 1.3 The Committee is authorised by the Trust Board to obtain outside legal or other independent professional advice and to secure the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary.

2. Purpose

- 2.1 The Audit Committee will assist the Trust Board with its oversight responsibilities and will independently and objectively monitor, review and report to the Trust Board on the processes of governance in place in the Trust and, where appropriate, facilitate and support through its independence the attainment of effective processes.
- 2.2 In fulfilling its responsibilities, the Audit Committee will work with the Quality Assurance Committee which has a specific focus on the quality of services provided by the Trust and the governance, risk management and internal control systems to ensure that the Trust's services deliver safe, high quality, patient-centred care.

3. Membership

- 3.1 The Committee shall be appointed by the Trust Board and shall normally be composed of three Non Executive Directors, one of whom will be appointed as the Chair of the Audit Committee by the Trust Board. At least one member of the Audit Committee should have significant, recent and relevant financial experience.
- 3.2 A quorum shall be two members. The Chairman of the Trust shall not be a member of the Committee but shall be entitled to attend all meetings.
- 3.3 Wherever possible, the Chair of the Trust's Quality Assurance Committee should be one of the Non Executive Director members of the Audit Committee.
- 3.4 Members should make every effort to attend all meetings of the Committee and will be required to provide an explanation to the Chair of the Committee if they fail to attend two meetings in a calendar year. If a member fails to attend more than two meetings in a calendar year the Chair of the Committee will consider the appropriate action to be taken, including the option of recommending to the Trust Board the removal of the member from the Committee. The Committee Secretary will monitor attendance by members and report this to the Chair of the Committee on a regular basis.

4. Attendance

- 4.1 No one other than Audit Committee members and the Chairman of the Trust shall be entitled to attend Audit Committee meetings.
- 4.2 The Chief Executive, the Chief Financial Officer and appropriate representatives of Internal and External Audit shall normally attend meetings at the invitation of the Chair of the Committee.
- 4.3 Other executive directors or any other individual deemed appropriate by the Committee should be invited to attend for specific items for which they have responsibility.
- 4.4 The first part of each meeting of the Committee will normally be held with the Internal and/or External Auditors and without executive board members present.
- 4.5 The Director of Corporate Services will ensure that the Trust Office provides a Secretary to the Committee and appropriate support to the Chairman and committee members. This shall include agreement of the agenda with the Chair and attendees, collation of papers, taking the minutes and keeping a record of matters arising and issues to be carried forward and advising the Committee on pertinent areas.

5. Frequency of meetings

- 5.1 Meetings shall be held not less than four times a year (to coincide with key dates in the Trust's financial reporting cycle). The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

6. Reporting

- 6.1 The approved minutes of the Audit Committee's meetings will be circulated to all Board members for information and the Chair of the Audit Committee will provide an oral report to the next Trust Board after each Committee meeting. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board or require executive action.
- 6.2 The Committee will report to the Trust Board annually on its work in support of the Statement on Internal Control, specifically commenting on the fitness for purpose of the Board Assurance Framework, the completeness and embeddedness of risk management in the Trust, the integration of governance arrangements and the appropriateness of the self-assessment against the Standards for Better Health. In doing so, it will in particular draw on the work undertaken by and the assurances gained by the Quality Assurance Committee.
- 6.3 Such a report should specifically include:
 - A summary of the role of the Audit Committee.
 - The names and qualifications of all members of the Audit Committee during the period.
 - The number of Audit Committee meetings and attendance by each member.

- The way the Audit Committee has discharged its responsibilities.
- 6.4 The Quality Assurance Committee will provide an annual report to the Audit Committee on the effectiveness of its work and its findings, including its review of the Board Assurance Framework and corporate risk register and audit reports covering areas within its terms of reference. In addition, the Minutes of the latest Quality Assurance Committee meetings will be included on the Audit Committee agenda for information and there will be a standing item on the agenda at each meeting for the Chair of the Quality Assurance Committee to report back on the work of that Committee. This will assist the Audit Committee in discharging its responsibility for providing assurance to the Trust Board in relation to all aspects of governance, risk management and internal control within the Trust.

7. Review

- 7.1 The Terms of Reference should be reviewed by the Committee and approved by the Trust Board at least annually.

8. Duties

- 8.1 The duties of the Committee are as follows:

Governance, risk management and internal control

- 8.2 The Committee shall review the establishment and maintenance of an effective system of governance, risk management and internal control across the Trust's activities that support the achievement of the organisation's objectives. It will be assisted in this duty by the Quality Assurance Committee, which will have responsibility for reviewing governance, risk management and related internal control systems, and for providing assurance in relation to clinical, information, research and development and education and training governance.

- 8.3 In particular, the Committee will review – either directly or through the work of the Quality Assurance Committee – the adequacy of:

- All risk and control related disclosure statements (in particular the Statement on Internal Control and declarations of compliance with the Essential Standards of Quality and Safety), together with any accompanying Head of Internal Audit Opinion, External Audit opinion or other appropriate independent assurances, prior to endorsement by the Trust Board.
- The underlying assurance processes that indicate the degree of achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
- The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Counter Fraud and Security Management Service.

- 8.4 In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, and in particular the Quality Assurance Committee, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.
- 8.5 This will be evidenced through the Committee's use of an effective Board Assurance Framework to guide its work and that of the audit and assurance functions that report to it. The Audit Committee will receive and review at each meeting the Board Assurance Framework entries to be overseen by the Audit Committee. (Agreement on the allocation of primary oversight of BAF risks between the Quality Assurance Committee and the Audit Committee will be made by the chairs of the two committees and endorsed by the Trust Board.) The Quality Assurance Committee will similarly undertake a review of the Board Assurance Framework entries allocated to it and carry out a review of the corporate risk register twice a year. The full BAF will be received by the Trust Board twice a year.

Internal Audit

- 8.6 The Committee shall ensure that there is an effective internal audit function put in place by management that meets mandatory NHS Internal Audit standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:
- Consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal.
 - Review and approval of the Internal Audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Board Assurance Framework and the recommendations of the Quality Assurance Committee.
 - Consideration of the major findings of Internal Audit work and the management response and ensuring coordination between the Internal and External Auditors to optimise audit resources. While the Quality Assurance Committee will lead on the review of audit reports covering areas other than financial and corporate risk and controls, the Audit Committee will receive summaries of these reports and will seek assurance that they have been carefully reviewed by the Quality Assurance Committee.
 - Reviewing and monitoring management's responsiveness to auditor's findings and recommendations, assuring itself that the management of the Trust have implemented the agreed recommendations of Internal Audit reports in a timely and effective way.
 - Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
 - An annual review of the effectiveness of internal audit.

External Audit

- 8.7 The Committee shall review the work and findings of the External Auditor appointed by the Audit Commission and consider the implications and management responses to their work. This will be achieved by:
- Consideration of the appointment and performance of the External Auditor, as far as the Audit Commission's rules permit.
 - Discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the Annual Plan, and ensure coordination, as appropriate, with other External Auditors in the local health economy.
 - Discussion with the External Auditors of their local evaluation of audit risks and assessment of the Trust and associated impact on the audit fee.
 - Review of External Audit reports, including agreement of the annual audit letter before submission to the Trust Board and any work carried out outside the annual audit plan, together with the appropriateness of management responses. While the Quality Assurance Committee will lead on the review of external audit reports covering areas other than financial and corporate risk and controls, the Audit Committee will receive summaries of these reports and will seek assurance that they have been carefully reviewed by the Quality Assurance Committee.
 - Assuring itself that the management of the Trust have implemented the agreed recommendations of External Audit reports in a timely and effective way.

Other assurance functions

- 8.8 The Audit Committee shall review as appropriate the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation.
- 8.9 These will include, but not be limited to, any reviews by Department of Health Arm's Length Bodies, Regulators/Inspectors (e.g. Care Quality Commission, NHS Litigation Authority, etc.) and professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.).
- 8.10 In doing this, the Committee may review the work of other committees within the Trust whose work can provide relevant assurance to the Audit Committee's own scope of work. In particular, the Audit Committee will look to the assurance provided by the Quality Assurance Committee, which will report annually to the Audit Committee on its work. In reviewing clinical governance arrangements and issues around clinical risk management, the Audit Committee will wish to satisfy itself on the assurance that can be gained from the work of the Quality Assurance Committee.

Management

- 8.11 The Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

8.12 They may also request specific reports from individual functions within the organisation as they may be appropriate to the overall arrangements.

Financial reporting

8.13 The Audit Committee shall review the Annual Report and Financial Statements before submission to the Trust Board, focusing particularly on:

- The wording in the Statement on Internal Control and other disclosures relevant to the terms of reference of the Committee.
- Changes in, and compliance with, accounting policies and practices.
- Unadjusted miss-statements in the financial statements.
- Major judgemental areas.
- Significant adjustments resulting from the audit.

8.14 The Committee should also ensure that the systems for financial reporting to the Finance and Investment Committee and the Trust Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Trust Board.

APPENDIX D: QUALITY ASSURANCE COMMITTEE TERMS OF REFERENCE

1. Authority

- 1.1 The Quality Assurance Committee is constituted as a non-executive standing committee of the Trust Board and has no executive powers, other than those specifically delegated in these terms of reference. Its constitution and terms of reference are set out below and can only be amended with the approval of the Trust Board.
- 1.2 The Committee is authorised by the Trust Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Trust and all employees are directed to cooperate with any request made by the Committee.
- 1.3 The Committee is authorised by the Trust Board to secure the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary.

2. Purpose

- 2.1 The Quality Assurance Committee will monitor, review and report on the quality of services provided by the Trust. This will include review of:
 - Governance, risk management and internal control systems to ensure that the Trust's services deliver safe, high quality, patient-centred care.
 - Quality indicators flagged as of concern through escalation reporting or as requested by the Trust Board.
 - Progress in implementing action plans to address shortcomings in the quality of services, should they be identified.
- 2.2 The Quality Assurance Committee will provide assurance to the Trust Board that the most efficient and effective systems are in place and the associated assurance processes are optimal. The Trust Board or Audit Committee may request that the Quality Assurance Committee reviews specific issues where it requires additional assurance about the effectiveness of the governance, risk management and internal control systems in place.

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2.3 The Quality Assurance Committee will also be responsible for reviewing, on behalf of the Trust Board, the proposed quality improvement targets set in the annual plan. It will provide assurance to the Trust Board that improvement targets are based on achievable action plans to deliver them and that quality performance issues are followed up and acted on appropriately.

2.4 The Trust's Audit Committee will have overall responsibility for independently monitoring, reviewing and reporting to the Trust Board on all aspects of governance, risk management and internal control. Section 6 of these terms of reference sets out the reporting arrangements which will support the Audit Committee in discharging this responsibility.

3. Membership

3.1 The Committee shall be appointed by the Trust Board and composed of at least two Non Executive Directors and the Chairman of the Trust. One Non Executive Director will be appointed as the Chair of the Committee and the other will be appointed as the Vice Chair by the Trust Board.

3.2 A quorum shall be two members.

3.3 Wherever possible, the Chair of the Quality Assurance Committee should also be a member of the Audit Committee.

3.4 Members should make every effort to attend all meetings of the Committee and will be required to provide an explanation to the Chair of the Committee if they fail to attend more than two meetings in a calendar year. If a member fails to attend more than two meetings in a calendar year the Chair of the Committee will consider the appropriate action to be taken, including the option of recommending to the Trust Board the removal of the member from the Committee. The Committee Secretary will monitor attendance by members and report this to the Chair of the Committee on a regular basis.

4. Attendance

4.1 The following shall be expected to attend meetings at the standing invitation of the Chair of the Committee:

Chief Executive
Medical Director
Chief Nurse
Chief Operating Officer
Director of Corporate Services
Director of Internal Audit
Lay member

4.2 All other Non Executive Directors and the Associate Directors for Risk Management and Healthcare Governance shall be invited to attend and all members of the Trust Board will receive papers to be considered by the Committee.

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- 4.3 The Committee may invite other Trust staff to attend its meetings as appropriate. In particular, where appropriate, the Committee will invite clinical teams to attend its meetings to provide assurance on key governance and risk issues.
 - 4.4 The Director of Corporate Services will ensure that the Trust Office provides a Secretary to the Committee and appropriate support to the Chair and committee members. This shall include agreement of the agenda with the Chair and attendees, collation of papers, taking the minutes and keeping a record of matters arising and issues to be carried forward and advising the Committee on pertinent areas.
5. Frequency of meetings
 - 5.1 Meetings shall be held six times a year, with additional meetings as deemed necessary.
6. Reporting
 - 6.1 The Quality Assurance Committee will receive a regular governance and risk exception report covering governance and risk issues referred from the Quality and Safety Committee and the Risk Management Committee via the Trust Management Executive. This will be outlined in a work programme and reporting schedule to be agreed by the Quality Assurance Committee on an annual basis.
 - 6.2 The Chair of the Quality Assurance Committee will provide an oral report to the Trust Board after each meeting and the approved minutes of the Committee's meetings will be circulated to all Board members for information. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board or require executive action.
 - 6.3 The Quality Assurance Committee will provide an annual report to the Audit Committee on the effectiveness of its work and its findings, including its review of the Board Assurance Framework and corporate risk register and audit reports covering areas within its terms of reference. This will assist the Audit Committee in discharging its responsibility for providing assurance to the Trust Board in relation to all aspects of governance, risk management and internal control within the Trust. In addition, the Minutes of the latest Quality Assurance Committee meetings will be included on the Audit Committee agenda.
7. Review
 - 7.1 The Terms of Reference should be reviewed by the Committee and approved by the Trust Board at least annually
8. Duties

Governance, risk management and internal control

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8.1 To review the establishment and maintenance of an effective system of governance, risk management and internal control, and to provide assurance in relation to the following areas:

- Clinical governance, as defined by the arrangements in place to deliver high standards of safety, clinical outcomes and patient experience.
- Research and development governance
- Education and training governance

This will be facilitated by the exception reporting arrangements outlined in paragraph 6.1 above. The Quality Assurance Committee will monitor and review the above areas of governance on behalf of the Audit Committee. The Audit Committee will directly monitor and review financial and corporate governance issues.

8.2 To receive and review on an annual basis the Trust's revised Risk Management Strategy and Policy and to make recommendations as appropriate for Trust Board approval.

8.3 To receive and to the extent appropriate review at each meeting those entries on the Trust's Board Assurance Framework (BAF) which are to be overseen by the Quality Assurance Committee. (Proposals on the allocation of oversight of BAF risks between the Quality Assurance Committee and the Audit Committee will be made by the chairs of the two committees and agreed by the Trust Board.) This will include monitoring progress made in mitigating principal risks and identifying any areas where the Committee requires additional assurance from the executive team. The full BAF will be received by the Trust Board twice a year.

8.4 To receive and review twice a year the corporate risk register, monitoring progress made in mitigating risks and identifying any areas where the Committee requires additional assurance from the executive team.

8.5 To receive and review the findings of internal and external audit reports relating to areas covered by the Committee's Terms of Reference and to assure itself that Trust management is implementing agreed recommendations in a timely and effective way. Through its annual report to the Audit Committee and the submission of the Minutes of its meetings to the Audit Committee, the Quality Assurance Committee will ensure that the Audit Committee is informed of its work in this area and the levels of assurance received.

8.6 To review and recommend, subject to Audit Committee approval, those aspects of the annual workplan for Internal Audit relating to areas covered by the Committee's Terms of Reference.

8.7 To receive reports on a rolling basis of compliance with each of the Care Quality Commission's Regulations on Essential Standards of Quality and Safety, grouped by key themes.

8.8 To receive and review other key non-financial governance submissions to national bodies, including the NHTSLA risk management standards, and to make recommendations for sign off by the Trust Board.

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- 8.9 To receive all reports on the Trust produced by the Care Quality Commission and to seek assurance on the actions being taken to address recommendations and other issues identified.
- 8.10 To input to the draft annual Clinical Audit programme and to review performance against the programme on an annual basis.
- 8.11 To receive annual assurance reports in relation to both research and education governance issues.

Quality and safety

- 8.12 To ensure that the Trust learns from national and local reviews and inspections and implements all necessary recommendations to improve the safety and quality of care.
- 8.13 To monitor and review the systems and processes in place in the Trust in relation to Infection Control and to review progress against identified risks to reducing hospital acquired infections.
- 8.14 To monitor and review the effectiveness of actions to support a safer environment for patients, staff and visitors, including the work of the Safer Patients Initiative programme and Patient Environment Action Team (PEAT) assessments.
- 8.15 To review adverse events, complaints, claims and litigation, both in terms of specific cases where appropriate and common themes and trends and gain assurance that appropriate actions are being taken.
- 8.16 To monitor the incidence, handling and follow up of Serious Untoward Incidents.
- 8.17 To have a specific focus on the patient experience, reviewing Trust initiatives to learn more about and improve patient experience and spread best practice.
- 8.17 To advise the Trust Board on the appropriate quality and safety indicators and benchmarks for inclusion on the Trust performance dashboard and keep these under regular review.
- 8.18 To review the Trust's annual Quality Development Plan and Quality Account and make recommendations as appropriate for Trust Board approval, and to provide assurance to the Trust Board on the accuracy of the Quality Account.
- 8.19 To receive a series of clinical presentations based around the key annual priorities linked to the Trust's Quality Improvement Strategy.
- 8.22 To receive an annual report from each clinical division on progress in delivering Quality Development Plans and actions taken to enhance clinical quality and safety, including in response to the findings of internal and external reviews, audits and inspections and trends in adverse events, complaints, claims and litigation.

APPENDIX E: REMUNERATION COMMITTEE TERMS OF REFERENCE

1. Authority

- 1.1 The Remuneration Committee is constituted as a non-executive standing committee of the Trust Board and has no executive powers, other than those specifically delegated in these terms of reference. Its constitution and terms of reference are set out below and can only be amended with the approval of the Trust Board.
- 1.2 The Committee is authorised by the Trust Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Trust and all employees are directed to cooperate with any request made by the Committee.
- 1.3 The Committee is authorised by the Trust Board to obtain outside legal, remuneration or other independent professional advice and to secure the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary.

2. Purpose

- 2.1 The Remuneration Committee shall have delegated authority from the Trust Board to determine the broad remuneration policy and performance management framework and to set individual remuneration arrangements for the Trust's senior managers.
- 2.2 For the purposes of these Terms of Reference, the Trust's senior managers are defined as the Chief Executive, Corporate Directors, Divisional Directors and other managerial posts where salaries fall within the range of Corporate Directors (other than Medical posts).

3. Membership

- 3.1 The Committee shall be appointed by the Trust Board and comprise the Chairman and all Non Executive Directors of the Trust. One member will be appointed as the Chair of the Remuneration Committee by the Trust Board.
- 3.2 A quorum shall be two members.

- 3.3 Members should make every effort to attend all meetings of the Committee and will be required to provide an explanation to the Chair of the Committee if they fail to attend two or more meetings in a calendar year. If a member fails to attend two or more meetings in a calendar year the Chair of the Committee will consider the appropriate action to be taken, including the option of recommending to the Trust Board the removal of the member from the Committee. The Committee Secretary will monitor attendance by members and report this to the Chair of the Committee on a regular basis.

4. Attendance

- 4.2 No one other than the members of the Committee is entitled to be present at Committee meetings. The Chief Executive and the Director of Human Resources shall normally be in attendance except when issues regarding their own remuneration are discussed.
- 4.2 The Director of Corporate Services shall act as Secretary to the Committee and provide appropriate support to the Chair and committee members. This will include agreement of the agenda with the Chair and attendees, collation of papers, taking the minutes and keeping a record of matters arising and issues to be carried forward and advising the Committee on pertinent areas.

5. Frequency of meetings

- 5.1 Meetings of the Remuneration Committee shall be held as necessary but not less than twice a year and at such other times as the Chair of the Committee shall require.
- 5.2 Where it is necessary for decisions to be taken between meetings of the Remuneration Committee, these decisions shall be taken by the Chair of the Committee and ratified and minuted at the next meeting of the Committee to ensure an effective audit trail.

6. Reporting

- 6.1 The minutes of Remuneration Committee meetings shall be formally recorded and circulated to the Trust Chairman, all Non Executive Directors, the Chief Executive and the Director of Human Resources.
- 6.2 The Chair of the Committee shall report verbally to the Trust Board after each meeting, outlining the key agenda items discussed while having due regard for the sensitive nature of some of the Committee's discussions.
- 6.3 The Trust's Annual Report, which is approved by the Trust Board, shall include a statement of the Trust's broad remuneration policy.

7. Review

- 7.1 The Terms of Reference shall be reviewed by the Committee and approved by the Trust Board at least annually.

8. Duties

- 8.1 The duties of the Committee acting under the delegated authority of the Trust Board are set out below.
- 8.2 To agree the broad remuneration policy and performance management framework for the Trust's senior managers, as defined at paragraph 2.2 of these terms of reference.
- 8.3 To approve the service contracts of the Trust's senior managers, including starting salaries and termination arrangements.
- 8.4 To review the performance of the Trust's senior managers against objectives for the previous year, note forward objectives and agree individual remuneration arrangements for these postholders.
- 8.5 In determining remuneration policy and packages, to have due regard to the policies and recommendations of the Department of Health and the NHS, and all relevant codes, laws and regulations.
- 8.6 To keep abreast of executive level remuneration policy and practice and market developments elsewhere in the NHS and in other relevant organisations, drawing on external advice as required.
- 8.7 To receive regular reports on Compromise Agreements, Settlements and Redundancies approved in accordance with Trust policies.
- 8.8 To agree proposals for severance payments which fall outside the provisions of the contract of employment before submission to HM Treasury for approval.
- 8.9 To receive an annual report on the outcome of the employer-based (local) Clinical Excellence Awards round.
- 8.10 To undertake its duties having due regard to the provisions of Monitor's NHS Foundation Trust Code of Governance.
- 8.11 To undertake any other duties as directed by the Trust Board.

APPENDIX F: FINANCE AND INVESTMENT COMMITTEE TERMS OF REFERENCE

1. Authority

- 1.1 The Finance and Investment Committee is constituted as a standing committee of the Trust Board. Its constitution and terms of reference are set out below and can only be amended with the approval of the Trust Board.
- 1.2 The Committee is authorised by the Trust Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Trust and all employees are directed to cooperate with any request made by the Committee.
- 1.3 The Committee is authorised by the Trust Board to secure the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary.

2. Purpose

- 2.1 The Finance and Investment Committee shall undertake on behalf of the Trust Board objective scrutiny of the Trust's financial plans, investment policy and major investment decisions. Review of the Trust's monthly financial performance will be primarily undertaken by the Trust Board, although the Board may request that the Committee reviews specific aspects of financial performance where the Board requires additional scrutiny and assurance.

3. Membership

- 3.1 The Committee shall be appointed by the Trust Board and be composed of:
- Non Executive Director lead for finance
 - Three additional Non Executive members of the Trust Board (to be agreed from time to time by the Board)
 - Chief Executive
 - Chief Financial Officer
 - Chief Operating Officer
- 3.2 One Non Executive member of the Board will be appointed as the Chair of the Committee by the Trust Board.
- 3.3 A quorum shall be three members, at least two of whom should be Non Executive members of the Trust Board.
- 3.4 Members should make every effort to attend all meetings of the Committee and will be required to provide an explanation to the Chair of the Committee if they fail to attend more than two meetings in a calendar year. If a member fails to attend more than two meetings in a calendar year the Chair

of the Committee will consider the appropriate action to be taken, including the option of recommending to the Trust Board the removal of the member from the Committee. The Committee Secretary will monitor attendance by members and report this to the Chair of the Committee on a regular basis.

4. Attendance

4.1 Other Executive and Non Executive Directors shall be entitled to receive papers to be considered by the Committee and will be invited to attend for specific agenda items as appropriate.

4.2 The Committee may invite other Trust staff to attend its meetings for specific agenda items as appropriate.

4.3 The Director of Corporate Services will ensure that the Trust Office provides a Secretary to the Committee and appropriate support to the Chair and committee members. This shall include agreement of the agenda with the Chair and the Chief Financial Officer, collation of papers, taking the minutes and keeping a record of matters arising and issues to be carried forward and advising the Committee on pertinent areas.

5. Frequency of meetings

5.1 Meetings will *normally* be held monthly. Additional meetings may be arranged to discuss specific issues but any such meetings should be infrequent and exceptional.

6. Reporting

6.1 The Chair of the Finance and Investment Committee will provide an oral report to the Trust Board after each meeting and the approved minutes of the Committee's meetings will be circulated to all Trust Board members for information. The Chair of the Committee will draw to the attention of the Board any issues that require disclosure to the full Board, including those that affect the financial standing of the Trust or require executive action.

7. Review

- 7.1 The terms of reference shall be reviewed by the Finance and Investment Committee and approved by the Trust Board at least annually.

8. Duties

- 8.1 Scrutinise the development of the Trust's 1, 5 and 10 year financial strategy and plans (including both revenue and capital plans), including the underlying assumptions and methodology used, ahead of review and approval by the Trust Board.
- 8.2 Review at the request of the Trust Board specific aspects of financial performance where the Board requires additional scrutiny and assurance, while recognising that the primary responsibility for the monthly monitoring and review of the Trust's financial performance rests with the full Trust Board.
- 8.3 Scrutinise on behalf of the Trust Board the delivery of the Performing for Excellence programme, including review of key risks and the achievement of objectives and milestones, with specific reference to delivery of financial targets.
- 8.4 Approve and keep under review, on behalf of the Trust Board, the Trust's investment and borrowing strategy and policies.
- 8.5 Set a framework and relevant criteria for evaluating capital investment proposals within the Trust.
- 8.6 Evaluate, scrutinise and approve individual investment decisions, including through the review of Outline and Final Business Cases. The following investment decisions shall be subject to review by the Committee:
- All capital schemes (including leased assets) with an investment value in excess of £1 million.
 - All business case proposals with a cost implication in excess of £5 million over five years.
 - All proposed asset disposals where the value of the asset exceeds £1 million.
 - Variations to New Hospitals service provision, design and development or the Project Agreement within cost ranges set out in the Scheme of Delegation in Standing Orders and Standing Financial Instructions.
- 8.7 Review any post-implementation investment audits undertaken by or on behalf of the Trust.
- 8.8 Monitor compliance with treasury policies and procedures.
- 8.9 Approve the incorporation of start-up companies and to make recommendations to the Trust Board in relation to any due diligence,

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warranties, assignments, investment agreements, etc. related to start-up companies.

8.10 Examine any matter referred to the Committee by the Trust Board.

SECTION C: SCHEMES OF RESERVATION AND DELEGATION

Introduction

Standing Order 5.1(1) states that “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, sub-committee appointed by virtue of Standing Order 4, or by an officer of the Trust, or by another body as defined in Standing Order 5.1(2), in each case subject to such restrictions and conditions as the Trust thinks fit. The Code of Accountability for NHS Boards (see Section B, Appendix B) also requires that the Standing Orders include a schedule of decisions reserved for the Board.

The Scheme of Reservation and Delegation of Powers clarifies the powers reserved to the Trust Board – generally matters for which it is held accountable to the Secretary of State, while at the same time delegating to the appropriate level the detailed application of Trust policies, guidelines and procedures. However, the Board remains accountable for all of its functions, even those delegated to the Chairman, individual directors or officers, and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role.

Role of the Chief Executive

The Chief Executive shall exercise all powers of the Trust which have not been retained as reserved by the Board or delegated to an executive committee or sub-committee on behalf of the Board. The Chief Executive shall prepare a Scheme of Delegation identifying which functions he/she shall perform personally and which functions have been delegated to other directors and officers. The Scheme of Delegation will be reviewed at least every two years and changed as necessary if any of the duties or responsibilities of the specified Trust office changes.

All powers delegated by the Chief Executive can be re-assumed by him/her should the need arise. As Accountable Officer, the Chief Executive is accountable to the Accounting Officer of the Department of Health for the funds entrusted to the Trust.

Caution over use of Delegated Powers

Powers are delegated to directors and officers on the understanding that they will not exercise them in a matter that in their judgement is likely to be a cause for public concern.

Directors’ ability to delegate their own Delegated Powers

The Scheme of Delegation shows only the ‘top level’ of delegation within the Trust. The Scheme is to be used in conjunction with the system of budgetary control and other established procedures within the Trust.

Absence of directors or officers to whom powers have been delegated

In the absence of a director or officer to whom powers have been delegated, those powers shall be exercised by that director's or officer's superior unless alternative arrangements have been approved by the Trust Board. If the Chief Executive is absent, powers delegated to him/her may be exercised by the Deputy Chief Executive or the Acting Chief Executive after taking appropriate advice from the Chairman.

SCHEME OF RESERVATION

The Trust Board shall not delegate under Standing Order 5.1(1) its functions in respect of the following:

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| 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 <ol style="list-style-type: none">1. Amendments to and approval of Standing Orders (SOs), the Schemes of Reservation and Delegation, Standing Financial Instructions (SFIs) (to be submitted for approval at least every two years); at least three-yearly review and approval of the Standards of Business Conduct Policy.2. Suspension of Standing Orders.3. Ratification of any urgent decisions taken by the Chairman and Chief Executive in accordance with SO 5.2.4. Require and receive directors' declarations of interests and, where there is conflict with Trust business, determine the extent to which that director may remain involved with the matter under consideration.5. Require and receive declarations of officers' interests that may conflict with those of the Trust.6. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.7. 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 thereon.8. Confirm the recommendations of the Trust's committees where the committees do not have executive powers.9. Approve arrangements relating to the discharge of any responsibilities of the Trust as a corporate trustee for funds held on trust.10. Establish and regularly review the terms of reference and reporting arrangements of all committees and sub-committees that are established by the |

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| DECISIONS RESERVED TO THE BOARD |
| Board. 11. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.6. 12. Discipline members of the Board who are in breach of statutory requirements or Standing Orders. 13. Recognition or withdrawal of recognition of Specialist Advisory Committees. 14. Ratify use of the Trust Seal. 15. Approve arrangements for dealing with complaints. |
| Appointments/Dismissal 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 Executive directors (subject to SO 2.2). 4. Confirm appointment of members of any committee of the Trust as representatives on outside bodies. 5. Confirm the appointment of the Chief Executive of the Trust on the recommendation of the Remuneration Committee 6. Approve proposals of the Remuneration Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Remuneration Committee. |
| Strategy, Plans and Budgets 1. Define the mission statement and strategic aims and objectives of the Trust. 2. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State. 3. Approve the Trust's Risk Management Strategy and Policy following annual review. 4. Approve annual revenue budgets and the Trust's capital programme. 5. Approve annually Trust's proposed organisational development proposals. 6. Ratify proposals for acquisition, disposal or change of use of land and/or buildings. 7. Approve PFI proposals. 8. Approve the opening of bank accounts. 9. Approve the award of individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to, £600,000 (excluding VAT) or over during the period of the contract. 10. Approve waivers of competition or waivers of Standing Financial Instructions where it is proposed not to accept the lowest priced tender in respect of |

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| DECISIONS RESERVED TO THE BOARD |
| <p>the award of individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to, £100,000 (excluding VAT) during the period of the contract.</p> <ol style="list-style-type: none">11. Approve expenditure in excess of approved revenue and capital budgets or cash limits.12. The discontinuation of any significant activity or operation.13. Approve Trust responses to consultations on major changes in health policy and health care provision both nationally and locally.14. Approve decisions to make formal representations to government or other authorities on matters of major policy. |
| <p>Policy Determination</p> <ol style="list-style-type: none">1. Approve revised versions of the following Trust core policies: Standing Orders (SOs), the Schemes of Reservation and Delegation and Standing Financial Instructions (SFIs); Standards of Business Conduct; and the Risk Management Strategy and Policy. The power to approve other Trust core policies and guidelines is delegated to the Policies Working Group. |
| <p>Audit</p> <ol style="list-style-type: none">1. Approve the appointment (and where necessary dismissal) of External Auditors. Approval of external auditors' arrangements for the separate audit of any funds held on trust.2. Receive of the annual management letter received from the external auditor and agree proposed action, taking account of the advice, where appropriate, of the Audit Committee.3. Receive the Head of Internal Audit Opinion and agree action on recommendations, where appropriate, of the Audit Committee. |

| DECISIONS RESERVED TO THE BOARD |
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| <p>Annual Reports and Accounts</p> <ol style="list-style-type: none">1. Receipt and approval of the Trust's Annual Report and Annual Accounts.2. Receipt and approval of the Annual Report and Accounts for any funds held on trust. |
| <p>Financial and performance monitoring and reporting</p> <ol style="list-style-type: none">1. Receive of such reports as the Board sees fit from committees in respect of their exercise of powers delegated.2. Continuous appraisal of the affairs of the Trust by means of the receipt of reports from directors, committees and officers of the Trust. Monitoring returns required by the Department of Health shall be reported, at least in summary form, to the Board.3. Receive reports from the Chief Financial Officer on financial performance against budget/financial plans.4. Receive reports from the Chief Financial Officer on actual and forecast income from SLAs.5. Review of compliance with the core Standards for Better Health and approval of the Trust's annual compliance statement.6. Receive reports on complaints investigated by the Health Service Ombudsman.7. Approval of the Trust's annual end-year Information Governance Toolkit submission. |

DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES IN STANDING ORDERS

| REF | COMMITTEE | DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES |
|------------|----------------------------------|---|
| 1 | Audit Committee | Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board). Other - see Terms of Reference: Standing Orders Appendix C |
| 2 | Quality Assurance Committee | Review trends in complaints and actions taken by the Trust. Other - see Terms of Reference: Standing Orders Appendix D |
| 3 | Remuneration Committee | See Terms of Reference: Standing Orders Appendix E |
| 4 | Finance and Investment Committee | Approve Outline and Final Business Cases for capital investment above £1,000,000, subject to Trust Board approval of the Trust's overall capital programme. Other - see Terms of Reference: Standing Orders Appendix F |
| 5 | Appointments Advisory Committee | Appointment of consultant and honorary consultant medical and dental staff. |
| 6 | Policies Working Group | Approval of new and revised Trust core policies and guidelines. |

SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM

| REF | DELEGATED TO | DUTIES DELEGATED |
|------------|--|---|
| 7 | CHIEF EXECUTIVE (CE) | Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources. |
| 9 | CE AND CHIEF FINANCIAL OFFICER (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. Sign the accounts on behalf of the Board. |
| 10 | CHIEF EXECUTIVE | Sign a statement in the accounts outlining responsibilities as the Accountable Officer. Sign a statement in the accounts outlining responsibilities in respect of Internal Control. |
| 12 & 13 | CHIEF EXECUTIVE | Ensure effective management systems that safeguard public funds and assist the Trust Chairman to implement requirements of corporate governance including ensuring managers: <ul style="list-style-type: none"> • “have a clear view of their objectives and the means to assess achievements in relation to those objectives • be assigned well defined responsibilities for making best use of resources • have the information, training and access to the expert advice they need to exercise their responsibilities effectively.” |
| 12 | CHAIRMAN | Implement requirements of corporate governance. |
| 13 | CHIEF EXECUTIVE | Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities. 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). |
| 15 | CFO | Operational responsibility for effective and sound financial management and information. |
| 15 | CHIEF EXECUTIVE | Primary duty to see that CFO discharges this function. |

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| REF | DELEGATED TO | DUTIES DELEGATED |
|------------|---------------------|---|
| 16 | CHIEF EXECUTIVE | Ensuring that expenditure by the Trust complies with Parliamentary requirements. |
| 18 | CE and CFO | Chief Executive, supported by Chief Financial Officer, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness. |
| 19 | CHIEF EXECUTIVE | If CE considers the Board or Chairman is doing something that might infringe probity or regularity, he 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 the SHA and Department of Health. |
| 21 | 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 you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the Strategic Health Authority and the DH. In such cases, and in those described in paragraph 24, 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

| REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|------------|---|---|
| 1 | BOARD | Approve procedure for declaration of hospitality and sponsorship (within Standards of Business Conduct Policy). |
| 2 | BOARD | Ensure proper and widely publicised procedures for voicing complaints, concerns about misadministration, breaches of Code of Conduct, and other ethical concerns. |
| 3 | ALL BOARD MEMBERS | Subscribe to Code of Conduct. |
| 4 | BOARD | Board members share corporate responsibility for all decisions of the Board. |
| 5 | CHAIR AND NON EXECUTIVE/OFFICER MEMBERS | Chair and non-officer members are responsible for monitoring the executive management of the organisation and are responsible to the SofS for the discharge of those responsibilities. |
| 6 | BOARD | <p>The Board has six key functions for which it is held accountable by the Department of Health on behalf of the Secretary of State:</p> <ol style="list-style-type: none"> 1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy; 2. to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation; 3. to appoint, appraise and remunerate senior executives; 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; 5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary; 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. |
| 7 | BOARD | It is the Board's duty to: |

| REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|-----|-----------------|--|
| | | <ol style="list-style-type: none"> 1. act within statutory financial and other constraints; 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, 3. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account; 4. establish performance and quality measures that maintain the effective use of resources and provide value for money; 5. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities; 6. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference that set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board. |
| 8 | CHAIRMAN | <p>It is the Chairman's role to:</p> <ol style="list-style-type: none"> 1. provide leadership to the Board; 2. enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team; 3. ensure that key and appropriate issues are discussed by the Board in a timely manner, 4. ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions; 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; 6. appoint Non-Executive Board members to an Audit Committee of the main Board; 7. advise the Secretary of State on the performance of Non-Executive Board members. |
| 9 | 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. The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board.</p> <p>The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer</p> |

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| REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|------------|-------------------------|--|
| | | Memorandum. |
| 10 | NON EXECUTIVE DIRECTORS | Non-Executive Directors are appointed by Appointments Commission to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community. |
| 11 | CHAIR AND DIRECTORS | Declaration of conflict of interests. |
| 12 | BOARD | NHS Boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money. |

SCHEME OF DELEGATION FROM STANDING ORDERS

| SO REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|---------------|--|--|
| 1.1 | CHAIRMAN | Final authority in interpretation of Standing Orders (SOs). |
| 2.4 | BOARD | Appointment of Vice Chairman. |
| 3.1 | CHAIRMAN | Call meetings. |
| 3.2 | DIRECTOR OF CORPORATE SERVICES AND TRUST SECRETARY | Remove an item from the agenda of the Trust Board if not received in time or to a suitable standard. |
| 3.9 | CHAIRMAN | Chair all Board meetings and associated responsibilities. |
| 3.10 | CHAIRMAN | Give final ruling in questions of order, relevancy and regularity of meetings. |
| 3.12 | CHAIRMAN | Having a second or casting vote. |
| 3.13 | BOARD | Suspension of Standing Orders. |
| 3.14 | BOARD | Waiver, variation or amendment of Standing Orders. |
| 4.1 | BOARD | Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference. |
| 5.2 | CHAIRMAN & CHIEF EXECUTIVE | The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members. |
| 5.4 | 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. |
| 5.6 | ALL | Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible. |

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| SO REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|---------------|--|---|
| 7.1 | THE BOARD | Declare relevant and material interests. |
| 7.6 | DIRECTOR OF CORPORATE SERVICES AND TRUST SECRETARY | Maintain Register(s) of Interests. |
| 7.10 | ALL STAFF | Comply with national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff". |
| 7.10 | ALL | Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.) |
| 8.1/8.3 | DIRECTOR OF CORPORATE SERVICES AND TRUST SECRETARY | Keep the Trust Seal in a safe place and maintain a Register of Sealings. |
| 8.4 | CHIEF EXECUTIVE/ EXECUTIVE DIRECTOR | Approve and sign all documents which will be necessary in legal proceedings. |

OTHER DELEGATED FUNCTIONS

| REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|------------|--|--|
| 1 | Chief Executive and New Hospitals Programme Director | Arrangements for the management of land, buildings and other assets belonging to or leased by the Trust. |
| 2 | New Hospitals Programme Director | Preparation of tenancy agreements. |
| 3 | Medical Director and Director of R&D | Authorisation of sponsorship deals and research projects. |
| 4 | Relevant Divisional General Manager or Corporate Director | Management and control of stocks. |
| 5 | Director of ICT | Management and control of IT systems and facilities. |
| 6 | Director of Corporate Services and Trust Secretary New Hospitals Programme Director Director of HR Medical Director and Chief Nurse | Engaging the Trust's legal advisers: <ul style="list-style-type: none"> - Commercial legal issues - Property issues - HR issues - Medical staff and clinical litigation issues |
| 7 | Chief Nurse | Health and safety arrangements including statutory compliance and fire. |
| 8 | Director of Corporate Services and Trust Secretary | Compliance with the Data Protection Act and the Freedom of Information Act. |
| 9 | Medical Director and Chief Nurse | Management of the NHS Litigation Authority's Risk Management Standards and medical litigation and personal injury claims. |
| 10 | Director of Corporate Services and Trust | Membership of the NHSLA non-clinical insurance schemes and other non-clinical insurance arrangements. |

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| REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|------------|---|---|
| | Secretary | |
| 11 | Director of Communications | Arrangements for dealing with the media. |
| 12 | Chief Financial Officer | Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property. |
| 13 | Chief Financial Officer | 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) previously approved by the Board. |
| 14 | Chief Financial Officer and Director of Human Resources | Approve individual compensation payments. |

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|----------------|---|--|
| 10.1.3 | CHIEF FINANCIAL OFFICER | Approval of all financial procedures. |
| 10.1.4 | CHIEF FINANCIAL OFFICER | Advice on interpretation or application of SFIs. |
| 10.1.6 | ALL MEMBERS OF THE BOARD AND EMPLOYEES | Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Chief Financial Officer as soon as possible. |
| 10.2.4 | CHIEF EXECUTIVE | Responsible as the Accountable Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control. |
| 10.2.4 | CHIEF EXECUTIVE & CHIEF FINANCIAL OFFICER | Accountable for financial control but will, as far as possible, delegate their detailed responsibilities. |
| 10.2.5 | CHIEF EXECUTIVE | To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions. |
| 10.2.6 | CHIEF FINANCIAL OFFICER | Responsible for: a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and staff; e) Maintaining such accounts, certificates, etc. as are required for the Trust to carry out its statutory duties. |
| 10.2.7 | 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, Financial Instructions and financial procedures. |
| 10.2.8 | 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 are made aware of these instructions and their requirement to comply. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| 11.1.1 | AUDIT COMMITTEE | Provide independent and objective view on internal control and probity. |
| 11.1.2 | CHAIR | Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts. |
| 11.1.3 & 11.2.1 | 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.) |
| 11.2.1 | CHIEF FINANCIAL OFFICER | Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption. |
| 11.3 | HEAD OF INTERNAL AUDIT | Review, appraise and report in accordance with NHS Internal Audit Manual and best practice. |
| 11.4 | AUDIT COMMITTEE | Ensure cost-effective External Audit. |
| 11.5 | CHIEF EXECUTIVE & CHIEF FINANCIAL OFFICER | Monitor and ensure compliance with SofS Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist. |
| 11.6 | CHIEF EXECUTIVE | Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist. |
| 12.1.1 | CHIEF EXECUTIVE | Compile and submit to the Board an Annual Plan which takes into account financial targets and forecast limits of available resources. The Annual Plan will contain: <ul style="list-style-type: none"> • a statement of the significant assumptions on which the plan is based; • details of major changes in workload, delivery of services or resources required to achieve the plan. |
| 12.1.2 & 12.1.3 | CHIEF FINANCIAL OFFICER | Submit revenue and capital budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts. |
| 12.1.6 | CHIEF FINANCIAL OFFICER | Ensure adequate training is delivered on an ongoing basis to budget holders. |
| 12.2.1 | CHIEF EXECUTIVE | Delegate budget to budget holders. |
| 12.2.2 | CHIEF EXECUTIVE & BUDGET HOLDERS | Must not exceed the budgetary total or virement limits set by the Board. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| 12.4.1 | CHIEF FINANCIAL OFFICER | Devise and maintain systems of budgetary control. |
| 12.4.2 | BUDGET HOLDERS | Ensure that <i>a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of Board;</i> b) approved budget is not used for any other than specified purpose subject to rules of virement; c) With the exception of Medical and Dental Consultants, no permanent employees are appointed without the approval of the Chief Executive other than those provided for within available resources and manpower establishment. (d) No new Medical or Dental Consultant posts can be created other than those agreed to in the Annual Business Plan or by approval of a business case by the relevant Trust committee according to terms of reference. (e) Identifying and implementing cost improvements, cost savings and income generation initiatives to achieve a balanced budget; and (f) Effective systems exist within the directorate to ensure that all expenditure is authorised in advance of commitment (e.g. operation of authorised signatory systems) and that the individuals incurring expenditure fully understand their budgetary control responsibilities. |
| 12.4.3 | CHIEF EXECUTIVE | Identify and implement cost improvements and income generation activities in line with the Annual Plan. |
| 12.6.1 | CHIEF EXECUTIVE | Submit monitoring returns |
| 13.1 | CHIEF FINANCIAL OFFICER | Preparation of annual accounts and reports. |
| 14.1 | CHIEF FINANCIAL OFFICER | Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. (Board approves arrangements.) |
| 15. | CHIEF FINANCIAL OFFICER | Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash. |
| 15.2.3 | ALL EMPLOYEES | Duty to inform CFO of money due from transactions which they initiate/deal with. |
| 16. | CHIEF EXECUTIVE | Tendering and contract procedure. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| 16.5.3 | CHIEF EXECUTIVE, CHIEF FINANCIAL OFFICER, DIRECTOR OF PROCUREMENT AND ECOMMERCE | Waive formal tendering procedures for contracts below the current EU procurement thresholds For contracts over the thresholds Trust Board approval is required. |
| 16.5.3 | CHIEF FINANCIAL OFFICER | Report waivers of tendering procedures to the Board. |
| 16.5.5 | CHIEF FINANCIAL OFFICER | Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the Chief Executive. |
| 16.6.2 | DIRECTOR OF CORPORATE SERVICES AND TRUST SECRETARY | Responsible for the receipt, endorsement safe custody and opening of tenders. |
| 16.6.3 | CHIEF FINANCIAL OFFICER DIRECTOR OF CORPORATE SERVICES | Maintain a register to show each set of competitive tender invitations despatched. |
| 16.6.4 | CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER DIRECTOR OF PROCUREMENT AND ECOMMERCE | Where one tender is received will assess for value for money and fair price. |
| 16.6.6 | CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER | 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 as advised by the Chief Financial Officer. |
| 16.6.7 | CHIEF FINANCIAL OFFICER | Will appoint a manager to maintain a list of approved firms. |
| 16.6.9 | 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. |
| 16.7 | DIRECTOR OF | Responsible for the provision and updating of the Tendering for Goods and Services policy. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| | PROCUREMENT AND ECOMMERCE | |
| 16.7.1 | DIRECTOR OF PROCUREMENT AND ECOMMERCE | The Director of Procurement and eCommerce or his nominated officer and the respective Directorate should evaluate the tender/quotation and select the quote which gives the best value for money. |
| 16.7.3 | 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 advised by the Chief Financial Officer. |
| 16.8 | GENERAL MANAGER, CLINICAL / CORPORATE DIRECTOR | Authorisation of Tenders and Competitive Quotations; Under £300,000 (excluding VAT), subject to confirmation from the Director of Procurement and e-Commerce that procedures have been complied with. |
| 16.8 | EXECUTIVE DIRECTOR | Authorisation of Tenders and Competitive Quotations; Over £300,000 to £600,000 (excluding VAT), subject to confirmation from the Director of Procurement and e-Commerce that procedures have been complied with. |
| 16.8 | TRUST BOARD | Authorisation of Tenders and Competitive Quotations; Over £600,000 (excluding VAT), subject to confirmation from the Director of Procurement and e-Commerce that procedures have been complied with. |
| 16.10 | CHIEF EXECUTIVE | The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector. |
| 16.10 | BOARD | All PFI proposals must be agreed by the Board. |
| 16.11 | CHIEF EXECUTIVE | The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust. |
| 16.12 | 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. With the exception of Medical Consultant staff and, subject to compliance with existing HR and financial controls, this will be Divisional General Managers and Corporate Directors. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| 16.15 | 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. |
| 16.15.5 | CHIEF EXECUTIVE | The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust. |
| 17.1.1 | CHIEF EXECUTIVE | Must ensure the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services. |
| 17.3 | CHIEF EXECUTIVE | As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA. |
| 18.1.1 | BOARD | Establish a Remuneration Committee. |
| 18.1.2 | REMUNERATION COMMITTEE | Agree the remuneration and terms of service of the Chief Executive, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements. Monitor and evaluate the performance of individual senior employees. Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments. |
| 18.2.2 | CHIEF EXECUTIVE | Approval of variation to funded establishment of any department. |
| 18.3 | CHIEF EXECUTIVE | Staff, including agency staff, appointments and re-grading. |
| 18.4.1 and 18.4.2 | CHIEF FINANCIAL OFFICER | Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions (as listed in SFI 10.4.2). |
| 18.4.3 | NOMINATED MANAGERS* | Submit time records in line with timetable. Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| 18.4.4 | CHIEF FINANCIAL OFFICER | Ensure that the chosen method for payroll processing is supported by appropriate (contracted) 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. |
| 18.5 | 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 deal with variations to, or termination of, contracts of employment. |
| 19.1 | 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. [It is good practice to append such lists to the Scheme of Delegation document.] |
| 19.1.3 | CHIEF EXECUTIVE | Set out procedures on the seeking of professional advice regarding the supply of goods and services. |
| 19.2.1 | 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. |
| 19.2.2 | CHIEF FINANCIAL OFFICER | Shall be responsible for the prompt payment of accounts and claims. |
| 19.2.3 | CHIEF FINANCIAL OFFICER | <ul style="list-style-type: none"> 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 and regularly reviewed; b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] 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; e) 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; f) Instructions to employees regarding the handling and payment of accounts within the Finance Department; g) Be responsible for ensuring that payment for goods and services is only made once the goods and |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| | | services are received |
| 19.2.4 | APPROPRIATE EXECUTIVE DIRECTOR | Make a written case to support the need for a prepayment. |
| 19.2.4 | CHIEF FINANCIAL OFFICER | Approve proposed prepayment arrangements. |
| 19.2.4 | BUDGET HOLDER | Ensure that all items due under a prepayment contract are received (and immediately inform CFO if problems are encountered). |
| 19.2.5 | CHIEF EXECUTIVE | Authorise who may use and be issued with official orders. |
| 19.2.6 | MANAGERS AND OFFICERS | Ensure that they comply fully with the guidance and limits specified by the Chief Financial Officer. |
| 19.2.7 | CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER | Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director. |
| 19.3 | CHIEF FINANCIAL OFFICER | Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act. |
| 20.1.1 | CHIEF FINANCIAL OFFICER | The CFO will advise the Board on the Trust's ability to pay dividend on PBC and report, periodically, concerning the PDC debt and all loans and overdrafts. |
| 20.1.2 | BOARD | Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the CE and CFO.) |
| 20.1.3 | CHIEF FINANCIAL OFFICER | Prepare detailed procedural instructions concerning applications for loans and overdrafts. |
| 20.1.4 | CHIEF EXECUTIVE OR CHIEF FINANCIAL OFFICER | Be on an authorising panel comprising one other member for short term borrowing approval. |
| 20.2.2 | CHIEF FINANCIAL OFFICER | Will advise the Board on investments and report, periodically, on performance of same. |
| 20.2.3 | CHIEF FINANCIAL OFFICER | Prepare detailed procedural instructions on the operation of investments held. |
| 21 | CHIEF FINANCIAL OFFICER | Ensure that Board members are aware of the Financial Framework and ensure compliance |
| 22.1.1 & 2 | CHIEF EXECUTIVE | Capital investment programme: a) ensure that there is adequate appraisal and approval process for determining capital expenditure |

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| | | <p>priorities and the effect that each has on plans</p> <p>b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost;</p> <p>c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences;</p> <p>d) ensure that a business case is produced for each proposal.</p> |
| 22.1.2 | CHIEF FINANCIAL OFFICER | Certify professionally the costs and revenue consequences detailed in the business case for capital investment. |
| 22.1.3 | CHIEF EXECUTIVE | Issue procedures for management of contracts involving stage payments. |
| 22.1.4 | CHIEF FINANCIAL OFFICER | Assess the requirement for the operation of the construction industry taxation deduction scheme. |
| 22.1.5 | CHIEF FINANCIAL OFFICER | Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure. |
| 22.1.6 | CHIEF EXECUTIVE | <p>Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender.</p> <p>Issue a scheme of delegation for capital investment management.</p> |
| 22.1.7 | CHIEF FINANCIAL OFFICER | Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes. |
| 22.2.1 | CHIEF FINANCIAL OFFICER | Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector. |
| 22.2.1 | BOARD | Proposal to use PFI must be specifically agreed by the Board. |
| 22.3.1 | CHIEF EXECUTIVE | Maintenance of asset registers (on advice from CFO). |
| 22.3.5 | CHIEF FINANCIAL OFFICER | Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers. |
| 22.3.8 | CHIEF FINANCIAL OFFICER | Calculate and pay capital charges in accordance with Department of Health requirements. |
| 22.4.1 | CHIEF EXECUTIVE | Overall responsibility for fixed assets. |
| 22.4.2 | CHIEF FINANCIAL OFFICER | Approval of fixed asset control procedures. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| 22.4.4 | 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. |
| 23.2 | 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. (Good practice to append to the scheme of delegation document.) |
| 23.2 | CHIEF FINANCIAL OFFICER | Responsible for systems of control over stores and receipt of goods. |
| 23.2 | DIRECTOR OF PHARMACY | Responsible for controls of pharmaceutical stocks |
| 23.2 | NEW HOSPITALS PROGRAMME DIRECTOR | Responsible for control of stocks of fuel oil and coal. |
| 23.2 | NOMINATED OFFICERS* | Security arrangements and custody of keys. |
| 23.2 | CHIEF FINANCIAL OFFICER | Set out procedures and systems to regulate the stores. |
| 23.2 | CHIEF FINANCIAL OFFICER | Agree stocktaking arrangements. |
| 23.2 | CHIEF FINANCIAL OFFICER | Approve alternative arrangements where a complete system of stores control is not justified. |
| 23.2 | CHIEF FINANCIAL OFFICER | Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items. |
| 25.2 | NOMINATED OFFICERS* | Operate system for slow moving and obsolete stock, and report to CFO evidence of significant overstocking. |
| 25.3.1 | CHIEF EXECUTIVE | Identify persons authorised to requisition and accept goods from NHS Supplies stores. |
| 24.1.1 | CHIEF FINANCIAL OFFICER | Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers. |
| 24.2.1 | CHIEF FINANCIAL OFFICER | Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft. |
| 24.2.2 | ALL STAFF | Discovery or suspicion of loss of any kind must be reported immediately to either head of department or |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| | | nominated officer. The head of department / nominated officer should then inform the CE and CFO. |
| 24.2.2 | 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. |
| 24.2.2 | CHIEF FINANCIAL OFFICER | Notify CFSMS and External Audit of all frauds. |
| 24.2.3 | CHIEF FINANCIAL OFFICER | Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial). |
| 24.2.4 | BOARD | Approve write off of losses (within limits delegated by DH). |
| 24.2.6 | CHIEF FINANCIAL OFFICER | Consider whether any insurance claim can be made. |
| 24.2.7 | CHIEF FINANCIAL OFFICER | Maintain losses and special payments register. |
| 25.1 | CHIEF FINANCIAL OFFICER | Responsible for accuracy and security of computerised financial data. |
| 25.1 | CHIEF FINANCIAL OFFICER | Satisfy himself 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. |
| 25.1.3 | DIRECTOR OF CORPORATE SERVICES AND TRUST SECRETARY | Shall publish and maintain a Freedom of Information Publication Scheme. |
| 25.2.1 | RELEVANT OFFICERS | Send proposals for general computer systems to CFO |
| 25.3 | CHIEF FINANCIAL OFFICER | <i>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.</i> Seek periodic assurances from the provider that adequate controls are in operation. |
| 25.4 | CHIEF FINANCIAL OFFICER | Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place. |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| 25.5 | CHIEF FINANCIAL OFFICER | Where computer systems have an impact on corporate financial systems satisfy himself that: a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; c) CFO and staff have access to such data; Such computer audit reviews are being carried out as are considered necessary. |
| 26.2 | CHIEF EXECUTIVE | Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission. |
| 26.3 | 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. |
| 26.6 | DEPARTMENTAL MANAGERS | Inform staff of their responsibilities and duties for the administration of the property of patients. |
| 27 | 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. |
| 28 | CHIEF EXECUTIVE | Retention of document procedures in accordance with HSC 1999/053. |
| 29.1 | CHIEF EXECUTIVE | Risk management programme. |
| 29.1 | BOARD | Approve and monitor risk management programme. |
| 29.2 | BOARD | Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually. |
| 29.4 | CHIEF FINANCIAL OFFICER | Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority 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. Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the Chief Financial Officer shall |

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| SFI REF | DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
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| | | 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. |
| 29.4 | CHIEF FINANCIAL OFFICER | Ensure documented procedures cover management of claims and payments below the deductible. |

* Nominated officers and the areas for which they are responsible should be incorporated into the Trust's Scheme of Delegation document.

NEW HOSPITALS PROGRAMME: SCHEDULE OF DELEGATION

| Trust Board Approval | Finance and Investment Committee Approval | Delegated Limits to Executive Lead and the NH Programme Director |
|--|---|---|
| 1. Scope of services | | |
| 1.1 Approval of changes to service provision or scope of services where they result in costs exceeding £250k per annum on the UC | Approval of changes to service provision or Trust's requirements, where they result in an increase to the UC exceeding £20k up to £250k per annum (on a cumulative basis for each month) , up to the agreed maximum budget | Individual changes to the scope of the service provision or Trust requirements, where they would result in changes to the UC of less than £20k per annum (on a cumulative basis up to £20k for each month) , up to the agreed maximum project budget (affordability position); |
| 1.2 Project structure (in house team and advisors), resources and budget. Approval of changes to project structure, where costs exceed £250k per annum 1.3 Approval of the annual Project budget | Approval of changes to project structure, where costs exceed £50k up to 250k per annum (on a cumulative basis) . <i>Financial viability issues beyond the scope and capabilities of Programme Board</i> | <i>Approval of individual changes to the structure and items of expenditure from the Project budget up to £50k in value per annum (on a cumulative basis), subject to compliance with usual Trust policies/procedures.</i> Approval of the employee consultation and support programme in relation to staff transfer and the Retention of Employment Model |
| | 1.4 Approval of the appointment of all Advisors where costs exceed £30k on a cumulative basis . | Approval of the appointment of Advisors to the Project up to a total cost of £30k (on a cumulative basis) , and within the flexibility of approved budgets; |

| | | |
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| <p>2. Key contractual terms</p> | | |
| <p>2.1 Approval of the Project Agreement</p> <p>2.2 Approval of any variations to the Project Agreement in excess of 250k per annum</p> | <p>Approval of any variations to the Project Agreement exceeding £20k up to 250k (on a cumulative basis) per annum</p> | <p>Agreement of any key departures from the design and commercial solution included in the preferred bidder's ITN submission, where costs to the annual UC do not increase by more than £20k (on a cumulative basis) per annum. Agreement on key commercial terms that arise through negotiations with the preferred bidder up to £20k per annum (on a cumulative basis pre and post contract i.e design development)</p> |
| <p>3. Full Business Case</p> | | |
| <p>Approve the Full Business Case for the Project in advance of its submission to the Department of Health and Treasury</p> | <p>Approval of the Full Business Case, prior to submission to the Trust Board</p> | <p>Approval of the individual chapters of the FBC</p> |
| <p>4. Design/ Development</p> | | |
| <p>Approval of any variations to the Design /Development of the New Hospitals which exceed 250k (capital equivalent)</p> | <p>Approval of any variations to the Design /Development of the New Hospitals which exceed £50k up to 250k (capital cost) in value (exc VAT)</p> | <p>Approval of any variations to the Design /Development of the New Hospitals up to £50k (capital cost) in value (exc VAT)</p> |

SECTION D: STANDING FINANCIAL INSTRUCTIONS

10. INTRODUCTION

10.1 General

- 10.1.1 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 Standing Orders (SOs).
- 10.1.2 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.
- 10.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. 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.
- 10.1.4 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.
- 10.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 10.1.6 **Overriding Standing Financial Instructions** – 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 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 Director of Performance and Finance as soon as possible.

10.2 Responsibilities and delegation

10.2.1 The Trust Board

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy;
- (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);

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

10.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the ['Reservation of Matters Reserved to the Board'] document. All other powers have been delegated to such other committees as the Trust has established.

10.2.4 **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.

10.2.5 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.

10.2.6 **The Chief Financial Officer**

The Chief Financial Officer is responsible for:

- (a) implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) 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;
- (c) 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:

- (d) the provision of financial advice to other members of the Board and employees;
- (e) the design, implementation and supervision of systems of internal financial control;
- (f) 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.

10.2.7 **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;
- (d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

10.2.8 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.

- 10.2.9 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.

STANDING FINANCIAL INSTRUCTION 1

11. AUDIT

11.1 Audit Committee

- 11.1.1 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 (2005), 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 organisation's 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 schedules of losses and compensations and making recommendations to the Board;
- (f) reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and explanations/action plans;
- (g) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

- 11.1.2 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, the matter may need to be

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referred to the Department of Health. (To the Chief Financial Officer in the first instance.)

- 11.1.3 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.

11.2 Chief Financial Officer

11.2.1 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;
- (e) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee [and the Board]. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health 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 five years;
 - (vi) a detailed plan for the coming year.

11.2.2 The Chief Financial Officer or designated auditors 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 or members of the Board or employee of the Trust;
- (c) the production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
- (d) explanations concerning any matter under investigation.

11.3 Role of Internal Audit

11.3.1 Internal Audit will 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 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.
 - (e) Internal Audit shall also independently verify the Assurance Framework, Statement of Internal Control and Standards for Better Health Declaration in accordance with Department of Health guidance.
- 11.3.2 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.
- 11.3.3 The Director 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.
- 11.3.4 The Director 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 Director of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation of the objectivity of the audit, the Director of Audit shall seek advice of the Board Chairman or Chairman of the Audit Committee
- 11.3.5 The designated officers must carry out agreed audit recommendations within the timescale for action agreed with the Director of Internal Audit. Failure to do so shall be reported to the Chief Executive who shall take necessary action to ensure compliance with such recommendations

11.4 External Audit

- 11.4.1 The External Auditor is appointed by the Audit Commission and paid for by the Trust. The Audit Committee must ensure a cost-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.

11.5 Fraud and Corruption

- 11.5.1 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 on fraud and corruption.
- 11.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the Department of Health Fraud and Corruption Manual and guidance. The LCFS 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.
- 11.5.3 The Local Counter Fraud Specialist shall report to the Trust Chief Financial Officer and shall work with staff in the Counter Fraud and Security Management Services (CFSMS) and the Regional Counter Fraud and Security Management Services

(CFSMS) in accordance with the Department of Health Fraud and Corruption Manual.

11.5.4 The Local Counter Fraud Specialist will provide an annual written report, on counter fraud work within the Trust.

11.6 Security Management

11.6.1 In line with their responsibilities, the Trust Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.

11.6.2 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 guidance on NHS security management.

11.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

STANDING FINANCIAL INSTRUCTION 2

12. ALLOCATIONS, PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

12.1 Preparation and Approval of Plans and Budgets

12.1.1 The Chief Executive will compile and submit to the Board an Annual Plan which takes into account financial targets and forecast limits of available resources. The Annual Plan will contain:

- (a) a statement of the significant assumptions on which the plan is based;
- (b) details of major changes in workload, delivery of services or resources required to achieve the plan.

12.1.2 Prior to the start of the financial year the Chief Financial Officer will, on behalf of the Chief Executive, prepare and submit revenue and capital budgets for approval by the Board. Such budgets will:

- (a) be in accordance with the aims and objectives set out in the Annual Plan;
- (b) accord 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.

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

12.1.4 All budget holders must provide information as required by the Chief Financial Officer to enable budgets to be compiled and monitored.

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

12.1.6 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 successfully.

12.2 Budgetary Delegation

12.2.1 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;
- (f) the provision of regular reports.

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

12.2.3 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.

12.2.4 Non-recurring 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.

2.3 Non-Budget Expenditure

2.3.1 Budget holders must obtain the prior authorization of the Chief Executive or the Trust Board before incurring (or authorizing to be incurred) any planned expenditure which has not been provided for in an approved budget. Authorisation is required as follows:

| | | | |
|----|---|---|---|
| a) | Expenditure up to £100,000 | - | Chief Executive |
| b) | Expenditure above £100,000 | - | Trust Board (prior approval by Chief Executive Team) |
| c) | Expenditure on Legal Cases and Litigation and other Losses and Compensation | - | See Schedule 3 |

12.4 Budgetary Control and Reporting

12.4.1 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;

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- (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's 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.

12.4.2 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 prior consent of the Board;
- (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) With the exception of Medical and Dental Consultants, no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.
- (d) New Medical and Dental Consultant posts are identified and agreed to as part of the Annual Business Plan or via approval of a business case by the required Trust committee.
- (e) identifying and implementing cost improvements, cost savings and income generation initiatives to achieve a balanced budget; and
- (f) effective systems exist within the directorate to ensure that all expenditure is authorised in advance of commitment (e.g. operation of authorised signatory systems) and that the individuals incurring expenditure fully understand their budgetary control responsibilities.

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

2.4.4 The Directorate Boards must consider the directorate finance report each month and take any corrective action to meet their delegated budget and Best Value and Cost Improvement targets.

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12.5 Capital Expenditure

- 12.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 12).

12.6 Monitoring Returns

- 12.6.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

STANDING FINANCIAL INSTRUCTION 3

13. ANNUAL ACCOUNTS AND REPORTS

13.1 The Chief Financial Officer

- 13.1.1 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 the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
 - (b) prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
 - (c) submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.
 - (e) responsible for the issue of full guidance and timetables relating to the preparation of the financial returns and annual report to all finance and non finance staff identified as stakeholders in the process.
 - (f) will ensure that an adequate audit trail exists for the financial returns.
 - (g) Liase with the Trust secretariat to ensure that the financial returns are examined by the Audit Committee and considered by and adopted by the Trust Board in accordance with the timetable.

13.2 Appointment of Auditors

- 13.2.1 The Trust's annual accounts must be audited by an auditor appointed by the Audit Commission. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

13.3 Annual report

- 13.3.1 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Manual for Accounts.

STANDING FINANCIAL INSTRUCTION 4

14. BANK AND OPG ACCOUNTS

14.1 General

14.1.1 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. In line with 'Cash Management in the NHS' Trusts should minimize the use of commercial bank accounts and consider using Office of the Paymaster General (OPG) accounts for all banking services.

14.1.2 The Board shall approve the banking arrangements.

14.2 Bank and OPG Accounts

14.2.1 The Chief Financial Officer is responsible for:

- (a) bank accounts and Office of the Paymaster General (OPG) accounts;
- (b) establishing separate bank accounts for the Trust's non-exchequer funds;
- (c) ensuring payments made from bank or OPG accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- (e) monitoring compliance with DH guidance on the level of cleared funds.

14.3 Banking Procedures

14.3.1 The Chief Financial Officer will prepare detailed instructions on the operation of bank and OPG accounts which must include:

- (a) the conditions under which each bank and OPG account is to be operated;
- (b) those authorised to sign cheques or other orders drawn on the Trust's accounts.

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

14.4 Tendering and Review

14.4.1 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 by periodically seeking competitive tenders for the Trust's commercial banking business.

14.4.2 Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Board. This review is not necessary for OPG accounts.

14.5 Signatories

4.5.1 SFI Schedule I sets out the authority limits for cheque and other payments methods. The Chief Financial Officer will advise the bankers in writing of the officers authorised to release money from or draw cheques on each bank account of the Trust. Cancellation of authorisation will be notified promptly to the bankers.

14.6 Charitable Funds/Special Trustees

14.6.1 Most charitable funds associated with the Trust are administered by the Charitable Foundation. The Foundation operates both general and specific (special purposes) funds, and separate bank accounts which must not be confused with those operated by the Trust for its Exchequer funds. Guidance on the handling and management of donations etc are contained in the Trust's Policy Manuals (Donations and Gifts)

14.7 External Borrowing

14.7.1 The Chief Financial Officer will include any key balance sheet changes in the "Balanced Scorecard" report prepared for the Trust Board. This will include changes to public dividend capital and other borrowings.

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

14.7.3 The Chief Financial Officer is responsible for the detailed procedural instructions concerning applications for loans and overdrafts.

4.7.4 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 requirement in excess of one month must be authorized by the Chief Financial Officer.

14.7.5 All long term borrowing must be consistent with the plans outlined in the current Annual Plan.

STANDING FINANCIAL INSTRUCTION 5

15. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

15.1 Income Systems

15.1.1 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.

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

15.2 Fees and Charges

15.2.1 The Trust shall follow the Department of Health's advice in the "Costing" Manual in setting prices for NHS service agreements.

15.2.2 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 or by Statute. Independent professional advice on matters of valuation shall

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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's Commercial Sponsorship – Ethical standards in the NHS shall be followed.

- 15.2.3 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. Relevant and full supporting details must be supplied. A deposit must be obtained for all self pay elective activity in advance of any treatment being provided
- 15.2.4 No officer of the Trust, except within the boundaries of any delegated authority, is allowed to confirm or agree with a third party (whether NHS or Non-NHS), any reduction to or waiver of the Trusts normal charges, without the prior express authority of the Chief Financial Officer.

15.3 Debt Recovery

- 15.3.1 The Chief Financial Officer is responsible for the appropriate recovery action on all outstanding debts.
- 15.3.2 Income not received should be dealt with in accordance with losses procedures (Instruction 14 Disposals And Condemnations, Losses And Special Payments).
- 15.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.
- 15.3.4 No officer without prior approval from the Chief Financial Officer is allowed to agree with any third party to the cancellation or reduction of a legitimate debt owed to the Trust.

15.4 Security of Cash, Cheques and other Negotiable Instruments

- 15.4.1 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.
- 15.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 15.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Chief Financial Officer.
- 15.4.4 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 (Instruction 16 Patients Property).
- 15.4.5 Duties of Managers and Officers required to manage and handle cash

Must ensure that;

- (a) cash is recorded upon receipt, and that there is secure storage available for that cash until it is transferred to the Cashiers Office for banking.
- (b) all transactions are adequately witnessed and that amounts received are identical to those deposited in Finance.
- (c) staff are not put at unnecessary risk while handling or transporting cash.

STANDING FINANCIAL INSTRUCTION 6

16. TENDERING AND CONTRACTING PROCEDURE

16.1 Duty to comply with Standing Orders and Standing Financial Instructions

- 16.1.1 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), supplemented by such operational procedures as deemed necessary by the Chief Executive and the Chief Financial Officer. These operational procedures shall have effect as if incorporated in Standing Orders and Standing Financial Instructions.
- 16.1.2 For all procurements, the Trust's Tendering for Goods and Services Policy must be followed. For procurement in relation to IT equipment or systems/Medical Equipment, regardless of value, the Director of ICT/Head of Clinical Engineering respectively must approve the specification prior to commencement of the procurement process.
- 16.1.3 Prior to tenders being invited, it must be confirmed that funding approval has been granted by the relevant board or committee; the proposed goods, services or works have been adequately specified; as appropriate, the design brief and drawings have been approved and signed off by the primary users; any required statutory approvals have been obtained.

16.2 EU Directives Governing Public Procurement

Directives by the Council of the European Union promulgated by the Department of Health (DH) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions. In the event of any conflict between these SFIs and such Directives, the Directives shall prevail.

16.3 Reverse eAuctions

Tendering activity carried out by Reverse eAuction shall adhere to the **Tendering for Goods and Services Policy**. The operational procedure shall have effect as if incorporated in Standing Orders and Standing Financial Instructions.

16.4 Capital Investment Manual and other Department of Health Guidance

The Trust shall comply as far as is practicable with the requirements of the Department of Health "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 guidance "The Procurement and Management of Consultants within the NHS".

16.5 Formal Competitive Tendering (contract value of £50,000 excluding VAT or more)

16.5.1 General Applicability

Where the value of a contract over the life of the contract is £50,000 (excluding VAT) or more, the Trust shall ensure that, unless national contracts or Procure 21 or similar procedures are followed, competitive tenders are invited for:

- the supply of goods, materials, equipment and manufactured articles;
- the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the Department of Health or the Strategic Health Authority);
- the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens);
- disposals.

16.5.2 Health Care Services

Where the Trust elects to invite tenders for the supply of health care services, these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 18 and No. 19.

16.5.3 Exceptions and instances where formal tendering need not be applied

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

- (a) the estimated expenditure or income is, or is reasonably expected to be, less than £50,000 (excluding VAT) over the life of the contract, Standing Financial Instruction No 6: 16.7 applies instead;
- (b) where the supply is proposed under special arrangements negotiated by the Department of Health in which event the said special arrangements must be complied with;
- (c) regarding disposals as set out in Standing Financial Instructions No. 14;
- (d) Formal tendering procedures ***may only be*** waived in very exceptional circumstances detailed in A to I below (up to the current Official Journal of The European Union limit for goods and services) in accordance with the procedure defined by the Chief Financial Officer. The full circumstances for the waiver must be are detailed in an appropriate Trust record maintained by the Chief Financial Officer and reported to the Trusts Audit committee for scrutiny.

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- (a) where the requirement is covered by an existing contract;
- (b) where OGC, NHS Supply Chain or any other public sector body led (e.g. NHS collaborative procurement hub) agreements are in place which are legally constructed to permit our participation;
- (c) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members where the Director of Procurement is satisfied that the consortium procurement arrangements conform to current statute and deliver value for money.
- (d) where the timescale genuinely precludes competitive tendering. However, failure to plan the work properly is not a justification for a waiver of competitive tendering;
- (e) where there is only one supplier of the goods or services required or where specialist expertise is required and is available from only one source;
- (f) 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;
- (g) where there is a clear benefit to be gained from maintaining continuity with an earlier project/equipment procurement exercise. Specifically in relation to standardisation of medical equipment, a waiver to enable a contract award up to £300,000 may be allowed provided that the procurement relates to an earlier award of contract following a competitive tendering process and that the subsequent contract award is for a lower value than the original procurement. Definitions to be used in relation to the above are provided in the Tendering for Goods and Services Policy. In all cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (h) where allowed and provided for in the Capital Investment Manual.

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 proposed that the circumstances in SFI 6, 16.5. apply, a formal request for a waiver of competition must be made in writing to the Director of Procurement and E-Commerce using the required application form. This shall set out the nature of the goods and services, reasons why a waiver is deemed necessary, the proposed supplier and an estimate of the value of the contract concerned.

In considering waiver requests, the Director of Procurement and E-Commerce must and will have regard for specific European Union legislation regarding requirements for competition and exemption from the specified processes where the value of the procurement exceeds the EU threshold.

Where the proposed waiver is for a contract with a value a) that exceeds the Official Journal of The European Union Limit for Goods and Services (excluding VAT) or b) exceeds £300,000 where the waiver relates to the standardisation of medical equipment [in line with the requirements described at (g) above], the Chief Financial Officer must submit the request for a waiver, in advance, to the Trust Board for approval. Only after Board approval may the waiver be granted.

The details of every application for a waiver of competition and the reasons for approval or rejection shall be documented in a Tender Waivers Register held by the Chief Financial Officer and reported to the Trust's Audit Committee at each meeting.

16.5.4 Fair and Adequate Competition

Where the exceptions set out in SFI Nos. 6, 16.1 and 16.5.3 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. This should normally be between 4 and 6 companies and never less than 3. If fewer than 3 companies are to be invited to tender, the reasons for this must be documented as detailed in the Tendering for Goods and Services Policy. No firm should be formally invited to tender unless they have expressed a willingness to do so.

16.5.5 List of Approved Firms – Works contracts

The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists, where approved lists are held either by the Trust or third parties. Seeking of tenders from suppliers not on the approved lists shall be treated as a waiver of these SFIs. Such instances must be approved in writing by the Chief Financial Officer, recorded in the Tender Waivers Register and reported to the Audit Committee (see also SFI 6, 16.6.7 List of Approved Firms). Where Framework Agreements have been tendered, the rotation of firms may depend upon particular expertise otherwise on a fair basis. Under EU procurement regulations the restriction of competition to approved lists of companies is not permitted and therefore such lists should not be held for goods/services where the threshold captures a significant proportion of tendered business.

16.5.6 Building and Engineering Construction Works

Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Departmental of Health approval.

16.5.7 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 and which subsequently prove to have a value above such limits shall be reported to the Chief Financial Officer. He/she will ensure that they are recorded in the [Procurement Non Tender Breaches Register] which he/she holds and are reported to the Audit Committee.

16.6 Contracting/Tendering Procedure

16.6.1 Invitation to tender – manual tenders, excludes Electronic Tenders (see the Tendering for Goods and Services Policy for full details)

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless:

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- (iii) Submitted in a pre-printed tender envelope which is obtainable from the Trust Office or a plain sealed package or envelope correctly addressed to the Trust Secretary;
- (iv) Tender envelopes/ packages do not bear any names or marks indicating the name or any details of the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (v) Received by the time and date stated as the latest time for receipt.
- (vi) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (vii) Every tender for building or engineering works (except for maintenance work, when Estmancode 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 guidance and, in minor respects, to cover special features of individual projects.
- (ix) The identity of firms being invited to tender shall not be revealed to other tenderers for that work (any exception to this as part of an eProcurement arrangement will need to follow procedural requirements set out in the Tendering for Goods and Services policy and require endorsement by the Director of Procurement and eCommerce).
- (x) The Director of Corporate Services and Trust Secretary must be informed, at the time the tender is issued, of the subject of the tender, its estimated value, the names of the companies invited to tender, the closing date for the receipt of tenders and details of the evaluation panel. A tender specification form is available from the Trust office for this purpose. Approval for the granting of an extension to the closing date for receipt of tenders may be granted by the Project Officer provided that the Trust secretary is informed accordingly. It is the responsibility of the Project Officer to ensure that all companies invited to tender are informed of and acknowledge in writing any change. If an error is discovered in the invitation to tender, the Project Officer shall issue corrections to each tenderer in writing and shall notify the Director of Corporate Services and Trust Secretary.

16.6.2 Receipt and safe custody of tenders

The Director of Corporate Services and Trust Secretary will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed on the tender envelope/package together with the name and signature of the receiving officer.

16.6.3 Opening tenders and Register of Tenders

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two designated senior officers of the Trust as set out below.
 - *Where the estimated value of the contract over the contract life is £600,000 (excluding VAT) or more:* 2 Corporate directors; or 1 Corporate director plus 1 Corporate director or the Deputy Board Secretary. In both cases, at least one of the designated officers must not be from the originating department.
 - *Where the estimated value of the contract over the contract life is less than £600,000 (excluding VAT):* Deputy Board Secretary; Business and Committee Administrator; or any 2 senior officers of the Trust (defined for these purposes as being graded at Agenda for Change Pay Band 6 or above), at least one of whom must not be from the originating department.
- (ii) The rules relating to the opening of tenders shall need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.
- (iii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iv) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Chief Financial Officer or any approved Senior Manager from the Finance Directorate from serving as one of the designated senior officers to open tenders.
- (v) Every tender received shall be marked with the date of opening and signed by those present at the opening.
- (vi) A register shall be maintained by the Director of Corporate Services and Trust Secretary to show for each set of competitive tender invitations dispatched:
 - the names of all firms/individuals invited to tender;
 - the names of firms/individuals from which tenders were received;
 - the date and time that the tenders were received, highlighting any late tenders;
 - the date the tenders were opened;
 - the persons present at the opening;
 - the price shown on each tender where possible to deduce a price;
 - a note where price alterations have been made on the tender.

Where a company has declined to tender, "Not Received" should be annotated against the entry in the Tender Register.

A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

Each entry to this register shall be signed by those opening the tenders.

- (vii) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after

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the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Financial Instruction No. 6, 16.6.5 below).

- (viii) In addition to entering the details of each tender in the Tender Register, the Tender Specification Form should be completed with details of:
- the price shown on each tender where possible to deduce a price;
 - the designated officers' initials against each entry;
 - the names of the designated officers who opened and witnesses the opening of the tender;
 - the date the tenders were opened; and
 - the number of tenders received.
- (ix) The Tender Specification Form should then be photocopied, the original being kept by the Director of Corporate Services and Trust Secretary and the copy being returned with the opened tenders to the officer leading on the procurement exercise.

16.6.4 Retention of tender documentation

The returned tender envelopes and responses, the specification and evaluation notes and Minutes must be retained for audit purposes for the financial year in which the tender exercise falls plus six financial years. The Trust Office will hold the tender envelopes and the Project Lead is responsible for ensuring that the other documentation is retained.

Internal and External Audit will periodically review all aspects of procurement, including the choice of companies invited to tender and the operation of these procedures. The process may also be challenged by unsuccessful bidders. It is therefore vital that complete documentation demonstrating the decision making process is produced and retained.

16.6.5 Admissibility of tenders

- (i) If all tenders received exceed the approved estimate, the procuring officer, taking into account the advice of the appropriate senior manager and the Chief Financial Officer, shall determine how best to proceed.
- (ii) 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), the Director of Corporate Services and Trust Secretary, taking into account the advice of the Chief Financial Officer, shall determine how best to proceed. The ultimate decision shall be recorded, together with any reasons
- (iii) Tenders received after the due time and date, but prior to the opening of the other tenders, may be regarded as having arrived in due time only if the Director of Corporate Services and Trust Secretary or his nominated officer decides that the tender was dispatched in good time but delayed through no fault of the tenderer.
- (iv) 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 tenders that have been duly opened have not left the custody of the Director of Corporate Services and Trust Secretary or his nominated officer or if the process of evaluation and adjudication has not started. The reason for admitting a tender under such circumstances must be formally minuted and retained with the tender documentation.

- (v) A late tender which is deemed inadmissible should be opened, so that the Bills of Quantities (if enclosed) may be returned unopened to the contractors. In this eventuality, the tender and the Tender Register should be clearly marked to show that the tender was received late and is not to be considered for evaluation. The Director of Corporate Services and Trust Secretary shall write to the company concerned to explain that the tender is inadmissible.
- (vi) Qualified tenders (i.e. where a contractor proposed conditions which differ from those laid down by the Board), incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing), amended tenders (i.e. those amended by the tenderers upon his own initiative either orally or in writing after the due time for receipt) and those accidentally opened in error, shall be considered by the Chief Executive. He, taking into account advice of the Chief Financial Officer, shall decide whether they are admissible and minute decisions taken, together with any reasons.
- (vii) While decisions as to the admissibility of late, qualified, incomplete or amended tenders or tenders opened in error are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Director of Corporate Services and Trust Secretary or his nominated officer.
- (viii) Any tender received which has not been invited by the Trust shall be returned to the tenderer.

16.6.6 Acceptance of formal tenders (See overlap with SFI No. 6,17.7)

- (i) Where only one tender is sought and/or received, the Chief Executive and the Chief Financial Officer shall, as far as is practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.
- (ii) 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.
- (iii) The lowest tender (if payment is to be made by the Trust) or the highest tender (if payment is to be received by the Trust) shall be accepted unless there are good and sufficient reasons to the contrary. Exceptions to this provision will require a waiver of Standing Financial Instructions. Application for such a waiver must be made in writing to the Director of Procurement and E-Commerce, setting out the reasons for the request. Such waivers will be recorded in a Tender Waivers Register held by the Chief Financial Officer and reported to the Trust's Audit Committee at each meeting. Where the proposed waiver is for a contract with a value exceeding the Official Journal of The European Union Limit (excluding VAT), the Chief Financial Officer must submit the request for a waiver, in advance, to the Trust Board for approval. Only after Board approval may the waiver be granted.
- (iv) 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.
- (v) Tenders for contracts of £600,000 (excluding VAT) or more in value over the life of the contract shall only be awarded after they have been approved by the Trust Board. Tenders below this value can be accepted by the appropriate senior manager (Corporate or Clinical Director or General Manager) following confirmation from the Director of Procurement and E-

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commerce that correct procedures have been adhered to for the particular procurement process.

- (vi) 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 as advised by the Chief Financial Officer.
- (vii) 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;
 - (b) that best value for money was achieved.
- (viii) All tenders should be treated as confidential and should be retained for inspection.

16.6.7 List of approved firms (see SFI No. 6, 16.5.5)

- (a) Responsibility for maintaining list

A manager nominated by the Chief Financial Officer 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. Under EU procurement rules it is not permitted to restrict competition to an approved list where the expenditure exceeds the relevant threshold.

- (b) Building and Engineering Construction Works
 - (i) 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).
 - (ii) 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 Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
 - (iii) 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. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.
- (c) 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.

16.6.8 Exceptions to using approved contractors

If in the opinion of the Chief Executive and the Chief Financial Officer or the Director of Procurement and E-commerce with lead responsibility for clinical governance 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 Financial Officer and Director of Procurement and E-commerce 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.

16.7 Quotations: Competitive and non-competitive

Quotations can be handled entirely by the Procurement and Supplies Department in liaison with the respective Directorate. Further details are provided in the Trust's Tendering for Goods and Services Policy. The policy is complementary to the Standing Financial Instructions and use is mandatory for all staff involved in any aspect of procurement. The Director of Procurement and eCommerce is responsible for the provision and updating of the policy.

16.7.1 Competitive Quotations (contract value of between £10,000 and £49,999.99 excluding VAT)

- (i) Competitive quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to be between £10,000 and £49,999.99 (excluding VAT). If the actual expenditure later becomes £50,000 or more (excluding VAT), the Chief Financial Officer must be requested to approve the allocation of work without the use of competitive tendering.
- (ii) Quotations should be obtained from at least 3 or 4 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust. In all cases adhering to Trust Terms and conditions unless agreed by the Director of Procurement.
- (iii) Quotations should be in writing unless the Chief Financial Officer 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 must be obtained in writing/email as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iv) All quotations should be treated as confidential and should be retained for inspection.
- (v) The Director of Procurement and eCommerce or his nominated officer and the respective Directorate should evaluate the competitive 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.

16.7.2 Non-Competitive Quotations (contract value under £10,000 excluding VAT)

- (i) For contracts under £10,000 (excluding VAT) in value, competitive quotations are not required. However, a written quotation must be obtained from the preferred supplier (and wherever possible the department should still seek competition from 3 suppliers). If on receipt of the non-competitive written quotation it is found to exceed £10,000, competitive written quotations should be obtained. Where the contract is for miscellaneous services, supplies, disposals, etc. procedures approved by the Chief Financial Officer shall be complied with.
- (ii) If the written quotation does not exceed £10,000 but subsequently the actual expenditure exceeds £10,000, the Chief Financial Officer should be requested to approve in retrospect the allocation of work without competitive quotations.

16.7.3 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.

16.8 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value of the contract as follows:

- General Manager, Clinical/Corporate Director: Under £300,000 (excluding VAT) with professional guidance from the Director of Procurement and e-Commerce.
- Executive Director £300,000 to £599,999 (excluding VAT) with professional guidance from the Director of Procurement and eCommerce.
- Trust Board £600,000 or more (excluding VAT)

These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust Board's Scheme of Delegation.

Formal authorisation must be put in writing. In the case of authorisation by the Trust Board this shall be recorded in their minutes.

16.9 Instances where formal competitive tendering or competitive quotation is not required (where value is below £10,000).

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

- (a) The Trust shall use in preference and where possible the NHS supply chain or any other procurement public sector body whose agreements are legally

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constructed to permit the trust's participation 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 or other public sector bodies - where tenders or competitive 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.

16.10 Private Finance for capital procurement (see overlap with SFI No. 12)

The Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a 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 Department of Health for approval or treated as per 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.

16.11 Contracts

16.11.1 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, Estatecode 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 endeavor 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.

16.11.2 Authority is delegated to the appropriate General Manager or Clinical/Corporate Director to negotiate and enter into contracts up to a maximum value of £600,000, subject to adherence to the Trust's procurement and budgetary control procedures.

16.11.3 Every contract shall specify:

- (a) The same terms and conditions of contract as was the basis on which tenders or quotations were invited. Letters of intent should include all the tender conditions to preserve the contractual relationship before formal execution;
- (b) The work, materials to be used, quality specification and service specification (where applicable);
- (c) The price to be paid with a statement of discounts or other deductions if any;
- (d) The time or times within which the contract is to be performed (where applicable);
- (e) Quality standards and compliance monitoring arrangements.

16.11.4 Contracts will be signed on behalf of the Board by:

- (a) An Executive Director/Director of Procurement and e-Commerce for contracts of £300,000 to £600,000 (excluding VAT) or more, where a contract has been approved for award by the Trust Board (if over £600,000 excluding VAT) or Executive Director (if over £300,000 up to £600,000 excluding VAT) . The New Hospitals Programme Director is authorised to sign building contracts of £300,000 (excluding VAT) or more, where a contract has been approved for award by the Trust Board/Executive Director;
- (b) An Executive Director for contracts over £600,000 (excluding VAT), where a contract has been approved for award by Chairman's Action and this is awaiting Trust Board ratification; or
- (c) The appropriate General Manager or Clinical/Corporate Director or Director of Procurement and E-commerce under £300,000 (excluding VAT).

16.12 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.

16.13 Cancellation of Contracts

16.13.1 Except where specific provision is made in model Forms or Contracts or standard Schedules of Conditions approved for use within the National Health Service, there shall be inserted in every written contract a clause empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor or a member of his employ (whether with or without his knowledge) has offered, given or agreed to give, any person any gift or consideration of any kind as an inducement or reward for carrying out or failing to carry out any action in relation to the obtaining or execution of the contract or any other contract with the Trust, or if in relation to any contract with the Trust the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Prevention of Corruption Acts 1906 and 1916 and other appropriate legislation.

16.14 Determination of Contracts for Failure to Deliver Goods or Material and liquidated damages

16.14.1 There shall be inserted in every written contract for the supply of goods or materials, a clause to ensure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Trust may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined, the goods or materials remaining to be delivered. The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds

the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

- 16.14.2 All contracts for building and engineering works shall include provision for liquidated damages having regards to the CONCODE provisions. Where a sum above the minimum is required, this shall be determined by the Project Officer in accordance with an estimate of the damages the Trust is likely to incur through late completion of the works by the contractor provided that the amount so derived does not in the opinion of the Project Director or their nominee amount to a penalty.
- 16.14.3 The Project Director shall determine when liquidated damages shall be enforced after consultation with the Design Team and, if the Project Director considers it necessary, with lawyers.

16.15 National Contracts

- 16.15.1 Where national contracts exist for the supply of goods or services, the use of these contracts shall be mandatory unless the goods or services required are of such a nature i.e. highly specialised as to render the use of these contracts impracticable, or better value for money can be obtained elsewhere. In the latter case, the contract should be referred back to the Procurement and Supplies Department for confirmation before the contract is let. The Supplies Officer shall monitor orders placed by Procurement and Supplies Department in the Trust to ensure that proper use is made of negotiated contracts.

16.16 Healthcare Services Agreements (see overlap with SFI No. 7)

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with an NHS Foundation Trust, being a Public Benefit Corporation, 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.

16.17 Disposals (See overlap with SFI No. 14)

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 £1,000, 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 buildings concerning which Department of Health guidance has been issued but subject to compliance with such guidance.

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For any item which is to be disposed of by sale, in any form, i.e. competitive tender, quotation, non-competitive quotation or advertisement, the Trust's Recording and Disposal of Fixed Assets Policy must be followed.

16.18 In-house Services

16.18.1 Section 16.20 now replaces this section.

16.19 Applicability of SFIs on Tendering and Contracting to funds held in

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

16.20 In-House Services

16.20.1 In all cases where the Trust 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(s).
- b) In-house tender group, comprising representatives of the in-house team, a nominee of the Chief Executive and technical support.
- c) Evaluation group, comprising normally a specialist officer, a member of the Procurement and Supplies department and a Chief Financial Officer representative.

16.20.2 All groups should work independently of each other but individual officers may be a member of more than one group. No member of the in-house tender group may, however, participate in the evaluation of tenders.

16.20.3 The evaluation group shall make recommendations to the Board.

16.20.4 The Chief Executive shall nominate an officer to oversee and manage the contract.

16.21 Research and Development

16.21.1 All research activities (sponsored or unsponsored), to be undertaken by Trust employees, or staff paid directly or indirectly by the Trust and/or using Trust premises, facilities or resources of any kind and/or involving Trust patients or volunteers, must be reported to the Trust's Research & Development (R&D) Office.

16.21.2 This office has been established to support staff in their research activities, assist them in securing the most beneficial contracts, and ensuring intellectual property rights are properly protected for the benefit of the individual and the Trust. Individuals who do not take projects (which utilise Trust resources) through the R&D Office, shall be liable to reimburse the Trust a sum for overhead costs as determined by the Director of Research & Development.

16.21.3 The R&D Office will have a number of standard operating procedures.

16.22 ICT procurement

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- 16.22.1 There is a need for a consistent approach to ICT procurement, security, development and practice in the Trust, to ensure value for money and that opportunity and risks associated with the above are properly managed. The Trust will have a number of standard policies and procedures.
- 16.22.2 Compliance with these policies and procedures is compulsory. Systems (hardware/software) purchased or in use without due authority from the Director of ICT will not be supported and may result in disciplinary action being taken.

STANDING FINANCIAL INSTRUCTION 7

17. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

17.1 Service Level Agreements (SLAs)

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

All SLAs should aim to implement the agreed priorities contained within the Local Delivery Plan (LDP) and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive should take into account:

- the standards of service quality expected;
- the relevant national service framework (if any);
- the provision of reliable information on cost and volume of services;
- the NHS National Performance Assessment Framework;
- that SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based on integrated care pathways.

17.2 Involving Partners and jointly managing risk

A good SLA 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 SLA 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.

17.4 Reports to Board on SLAs

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 SLA. 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.

STANDING FINANCIAL INSTRUCTION 8

18. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

18.1 Remuneration and Terms of Service

18.1.1 In accordance with Standing Orders the Board shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

18.1.2 The Committee will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the Trust and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual officer members (and other senior employees);
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

18.1.3 The Remuneration Committee Chair shall report orally to the Board after each of its meetings.

18.1.4 The Remuneration Committee will receive reports detailing all Trust employees who have been made redundant or taken early retirement. These reports will include the cost of the redundancy or early retirement.

18.1.5 The Trust will pay allowances to the Chairman and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

18.2 Funded Establishment

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

18.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

18.3 Staff Appointments

- 18.3.1 All new Medical and Dental Consultant posts must form part of the Division's annual Business Plan. Exceptionally the relevant Trust committee may approve business cases to grant funding for a new post in year.
- 18.3.2 For all other Staff groups, no officer or 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:
- (a) unless authorised to do so by the Chief Executive;
 - (b) within the limit of their approved budget and funded establishment.
- 18.3.4 No officer or employee of the Trust may commit the Trust to any redundancy, early retirement, or negotiated employment termination settlement without the approval in advance of the Directors of Finance and Human Resources.
- 18.3.4 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees.

18.4 Processing Payroll

- 18.4.1 The Chief Financial Officer is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
 - (b) the final determination of pay and allowances;
 - (c) making payment on agreed dates;
 - (d) agreeing method of payment.
- 18.4.2 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 and allowances;
 - (c) maintenance of subsidiary records for superannuation, income tax, social security 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;
 - (g) methods of payment available to various categories of employee and officers;
 - (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
 - (i) procedures for the recall of cheques and bank credits;
 - (j) pay advances and their recovery;

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- (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 by them to the Trust.
- (n) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement

18.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Chief Financial Officer's 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 employee's 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.

18.4.4 Regardless of the arrangements for providing the payroll service, the Chief Financial Officer shall ensure that the chosen method is supported by appropriate (contracted) 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.

18.5 Contracts of Employment

18.5.1 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.

18.6 Ex-Gratia Payments

18.6.1 Ex-gratia payments can only be made after approval has been obtained in accordance with schedule III of the SFI's.

18.7 Managers Responsibility

18.7.1 Managers are responsible for:

- (a) following the procedures and guidance relating to the completion and submission of payroll documentation.
- (b) submission of termination forms submitted to payroll as soon as an employee within their establishment resigns, is terminated or gives notice of retirement.

- (c) ensuring that there are appropriate systems of internal check and control in place within their directorate etc, to ensure that time records, expense claims etc are capable of meaningful certification.

STANDING FINANCIAL INSTRUCTION 9

19. NON-PAY EXPENDITURE

19.1 Delegation of Authority

19.1.1 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.

19.1.2 The Chief Executive 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.

19.1.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

19.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 6)

19.2.1 Requisitioning

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.

19.2.2 System of Payment and Payment Verification

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.

19.2.3 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 and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of 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:

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- (i) A list of Board employees (including specimens of their signatures) authorised to certify invoices.
- (ii) Certification that:
 - goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - 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;
 - 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;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - 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 No. 9, 19.2.4 below.

19.2.4 Prepayments

Prepayments are only permitted where exceptional circumstances apply. In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages;
- (b) 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;
- (c) 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);
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

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19.2.5 Official orders

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.

19.2.6 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 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;
- (d) 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;

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) "Standards of Business Conduct for NHS Staff");

- (e) 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;
- (f) 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;
- (g) all orders must time and or value limited with an annual renewal unless clear advantages in achieving value for money can be demonstrated from longer term agreements.
- (h) all orders exceeding £300K in value must be approved by the Board.
- (i) 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 and clearly marked "Confirmation Order";

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- (j) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (k) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (l) changes to the list of employees and officers authorised to certify invoices are notified to the Chief Financial Officer;
- (m) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Chief Financial Officer;
- (n) petty cash records are maintained in a form as determined by the Chief Financial Officer.

19.2.7 Receipting of goods and services

All departments must have arrangements in place that ensure that:

- a) Goods and services ordered are received and checked for quality and acceptability against the order specification.
- b) That a goods received note is certified and passed promptly to the Finance Directorate (Accounts Payable).

19.2.8 The Chief Executive and Chief Financial Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

19.3 **Joint Finance Arrangements with Local Authorities and Voluntary Bodies (see overlap with Standing Order No. 9.1)**

19.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act **shall** comply with procedures laid down by the Chief Financial Officer which shall be in accordance with these Acts. (See overlap with Standing Order No. 9.)

19.4 **Responsibilities of All Employees**

19.4.1 All employees must:

prior to raising or authorising any requisition ensure that adequate budgetary provision exists against the budget code they are using, or they have made appropriate arrangements for virement or reporting the expected over commitment . If these checks have not been undertaken or budgetary provision does not exist, they should draw this to the attention of the signatory/line manager.

follow the Trust's procedures when obtaining goods, works and services (e.g. Tendering for Goods and Services Procedure) and obtain best value for money,

- (a) follow the Trust's procedures on certifying receipt of goods, works and services to enable invoices to be paid (relevant management procedures);
- (b) and in particular note and comply with the following points:-
 - i) prepayments are permitted only in exceptional circumstances and must be approved in advance by the Chief Financial Officer,

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ii) all non-stock orders (ie orders to be satisfied by means other than NHS Logistics orders) must be placed via requisitions or iProcurement “self service” and passed to Supplies (except where the employee has been issued specifically with a Trust-authorized purchase card),

iii) ensure that “stock” requisition items (ie those obtained via NHS Logistics) are used wherever possible,

iv) budgetary provision exists, unless the transaction is specifically authorized by the Chief Financial Officer on behalf of the Chief Executive,

v) not seek to place orders with firms who have made offers of gifts, rewards or benefits (see Standards of Business Conduct),

vi) not take goods on trial or loan where this commits the Trust to a future purchase,

vii) split requisitions to avoid financial thresholds, enter contracts, including rental and leasing agreements, that are for items of a capital nature without the express approval of the Chief Executive and Chief Financial Officer (see SF 6),

viii) Only place orders via Supplies; telephone and direct orders to suppliers are not permitted unless specific arrangements have been agreed in advance with the Head of Supplies or Chief Financial Officer.

19.5 Supplies

19.5.1 The Trust Supplies department will:-

- (a) only process properly authorised requisitions and ensure that competition is (or has been) appropriately taken in accordance with the Trust’s Tendering for Goods and Services Procedure;
- (b) distribute copy orders to enable the system of authorisation of receipt and payment to function smoothly;
- (c) liaise with the Chief Financial Officer on issues regarding the systems for ordering, receipt and payment;
- (d) place sequentially numbered Purchase Orders incorporating the Trust’s terms and conditions of trade.

19.6 Petty Cash

19.6.1 Purchases that will be reimbursed from petty cash are restricted in type (see Schedule II part b) and value (currently £75, see Schedule II part a) and must be supported by receipt(s) and certified by an authorised signatory. Other types of expenditure and financial limits that can be reimbursed from petty cash are listed in Schedule II to the SFIs.

19.6.2 The Chief Financial Officer will determine record-keeping and other instructions relating to petty cash.

STANDING FINANCIAL INSTRUCTION 10

20. EXTERNAL BORROWING

20.1 General

20.1.1 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. The Chief Financial Officer is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.

20.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Chief Financial Officer.

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

20.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from the Department of Health.

20.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Chief Financial Officer. The Board must be made aware of all short term borrowings at the next Board meeting.

20.1.6 All long-term borrowing must be consistent with the plans outlined in the current Annual Plan and be approved by the Trust Board.

20.2 INVESTMENTS

20.2.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.

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

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

STANDING FINANCIAL INSTRUCTION 11

21. FINANCIAL FRAMEWORK

21.3. Chief Financial Officer

21.3.1 The Chief Financial Officer should ensure that members of the Board are aware of the Financial Framework. This document contains directions which the Trust must follow. It also contains directions to Strategic Health Authorities regarding resource and capital allocation and funding to Trust's. The Chief Financial Officer should also ensure that the direction and guidance in the framework is followed by the Trust.

STANDING FINANCIAL INSTRUCTION 12

22. CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

22.1 Capital Investment

22.1.1 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) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.

22.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

- (a) that a business case (in line with the guidance contained within the *Capital Investment Manual*) 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;
 - (ii) appropriate project management and control arrangements;
- (b) that the Chief Financial Officer has certified professionally to the costs and revenue consequences detailed in the business case.

22.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estatecode".

22.1.4 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 Inland Revenue guidance.

22.1.5 The Chief Financial Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

22.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

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.

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The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Estatecode" guidance and the Trust's Standing Orders.

22.1.7 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 included in Annex C of HSC (1999) 226.

22.2 Private Finance (see overlap with SFI No. 6, 16.10)

22.2.1 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Chief Financial Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.
- (c) The proposal must be specifically agreed by the Board.

22.3 Asset Registers

22.3.1 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. Medical and ICT Equipment and will be identified and managed by the Medical Equipment and ICT departments respectively.

22.3.2 The Trust shall maintain an asset register recording fixed assets With sufficient details to enable the assets identification, type of asset, location, budget holder and asset manager.

22.3.3 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, architect's certificates, supplier's 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.

22.3.4 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).

22.3.5 The Chief Financial Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

22.3.6 The value of each asset shall be indexed to current values in accordance with methods specified by the Department of Health in the NHS Manual for Accounts.

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22.3.7 The value of each asset shall be depreciated using methods and rates as specified by the Department of Health in the NHS Manual for Accounts.

22.3.8 The Chief Financial Officer of the Trust shall calculate and pay capital charges as specified by the Department of Health in the NHS Manual for Accounts.

22.4 Security of Assets

22.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.

22.4.2 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.

22.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Financial Officer.

22.4.4 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.

22.4.5 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.

22.4.6 Where practical, assets should be marked as Trust property.

STANDING FINANCIAL INSTRUCTION 13

23. STORES AND RECEIPT OF GOODS

23.1 General position

23.1.2 A controlled store is one which is subject to formal control over access to stocks and detailed records are kept of stock, issues and receipts. Stock is subject to an annual stocktake and subject to formal valuation at the lower of cost and not realisable value. Transactions are only charged to departmental budgets when stock is issued from the store

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- 23.1.3 Departmental stores are unlikely to have the same level of control as controlled stores and transactions are charged to departmental budgets on receipt of goods. Stock should be subject to periodic stocktake and material differences between year-end figures notified to the Chief Financial Officer.
- 23.1.4 A number of principles apply to the operation of all stores; managers of stores and stock are responsible for ensuring:-
- (a) kept to a minimum commensurate with delivery and cost effective purchasing;
 - (b) subjected to annual stock take, which complies with Year End procedures and timetable issued by the Finance Department.;
 - (c) valued at the lower of cost and net realizable value.
 - (i) losses and the disposal of obsolete stock are reported to the Chief Financial Officer (and Local Counter Fraud Officer/Risk Management where there is loss due to theft, criminal damage or other untoward incident). (See also SFI 12);

23.2 Control of Stores, Stocktaking, condemnations and disposal

- 23.2.1 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 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.
- 23.2.2 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/Pharmaceutical Officer. Wherever practicable, stocks should be marked as health service property.
- 23.2.3 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.
- 23.2.4 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.
- 23.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Financial Officer.
- 23.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 14 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

23.3 Goods supplied by NHS Logistics

- 23.3.1 For goods supplied via the NHS Logistics 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.

STANDING FINANCIAL INSTRUCTION 14

24. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

24.1 Disposals and Condemnations

24.1.1 Procedures

The Chief Financial Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to all relevant managers. In the case of Medical and ICT equipment the notification of disposal will be received from the medical equipment or ICT equipment management databases.

24.1.2 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.

24.1.3 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 or other notification approved by the Chief Financial Officer which will indicate whether the articles are to be converted, destroyed or otherwise disposed of.

24.1.4 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.

24.2 Losses and Special Payments

24.2.1 Procedures

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

24.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who 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/or Chief Executive. Where a criminal offence is suspected, the Chief Financial Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Chief Financial Officer must inform the relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health's Directions.

The Chief Financial Officer must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.

24.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Chief Financial Officer must immediately notify:

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- (a) the Board,
 - (b) the External Auditor.
- 24.2.4 Following processes notified by the Department of Health and within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.
- 24.2.5 The Chief Financial Officer shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 24.2.6 For any loss, the Chief Financial Officer should consider whether any insurance claim can be made.
- 24.2.7 The Chief Financial Officer shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 24.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 24.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

STANDING FINANCIAL INSTRUCTION 15

25. INFORMATION TECHNOLOGY

25.1 Responsibilities and duties of the Chief Financial Officer

- 25.1.1 The Chief Financial Officer, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:
- (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;
 - (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 management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.
- 25.1.2 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.

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25.1.3 The Director of Corporate Services and Trust Secretary shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

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

25.2.1 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the Director of Information Technology:

- (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.

25.3 Contracts for Computer Services with other health bodies or outside agencies

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, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

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.

25.4 Risk Assessment

The Chief Financial Officer 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.

25.5 Requirements for Computer Systems which have an impact on corporate financial systems

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 staff have access to such data;
- (d) such computer audit reviews as are considered necessary are being carried out.

STANDING FINANCIAL INSTRUCTION 16

26. PATIENTS' PROPERTY

26.1 General

26.1.1 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.

26.2 Chief Executive Responsibilities

26.2.1 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:

- notices and information booklets;
- hospital admission documentation and property records;
- the oral advice of administrative and nursing staff responsible for admissions,

that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

26.3 Management of Property

26.3.1 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. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

26.3.2 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Chief Financial Officer.

26.3.3 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.

26.3.4 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.

26.3.5 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.

STANDING FINANCIAL INSTRUCTION 17

27. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 6 and SFI No. 21.2.6 (d))

27.1 Chief Financial Officer Responsibilities

- 27.1.1 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. This policy follows the guidance contained in the Department of Health 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 (see overlap with SO No. 6).

STANDING FINANCIAL INSTRUCTION 18

28. RETENTION OF RECORDS

28.1 Chief Executive responsibilities

- 28.1.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health guidelines.

28.2 General

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

28.3 Records Destruction

- 28.3.1 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

STANDING FINANCIAL INSTRUCTION 19

29. RISK MANAGEMENT AND INSURANCE

29.1 Programme of Risk Management

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

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 indication of which risks shall be insured;
- g) arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a Statement on the effectiveness of Internal Control (SIC) within the Annual Report and Accounts as required by current Department of Health guidance.

29.2 Insurance: Risk Pooling Schemes administered by NHSLA

The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the 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.

29.3 Insurance arrangements with commercial insurers

29.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **three exceptions** when Trust's may enter into insurance arrangements with commercial insurers. The exceptions are:

- (1) Trust's may enter commercial arrangements for **insuring motor vehicles** owned 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; and
- (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 the Litigation Authority. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance Director should consult the Department of Health.

29.4 Arrangements to be followed by the Board in agreeing Insurance cover

- (1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority 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.
- (2) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority 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.
- (3) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Chief Financial Officer should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

SCHEDULES TO STANDING FINANCIAL INSTRUCTIONS**SCHEDULE I**

SFI NO. 4

BANK ACCOUNTS AND PGO ACCOUNTS

| SFI Section | Description | Maximum Amount |
|--------------------|---|-----------------------|
| 4.5.1 | <p><i>Cheque and Other Non-PGO Payments Signatories:</i></p> <p><u>Single signature</u></p> <p style="padding-left: 40px;"><i>Open Cheques</i> £2000</p> <p style="padding-left: 40px;"><i>Crossed Cheques</i> £25,000</p> <p><u>Double signature</u></p> <p style="padding-left: 40px;"><i>Open Cheques - Any Two Signatories</i> £,5000</p> <p style="padding-left: 40px;"><i>Crossed Cheques - Any Two Signatories</i> £250,000</p> <p style="padding-left: 40px;"><i>Crossed Cheques - Chief Financial Officer/Chief Executive and another signatory</i> No Limit</p> <p><i>PGO Signatories:</i></p> <p style="padding-left: 40px;"><i>Any Two Signatories</i> No Limit</p> <p><i>BACS Transfer:</i></p> <p style="padding-left: 40px;"><i>Requiring pre payment review and certification of individual invoice payment by BACS transfers by any authorised signatory for cheques</i> above £250,000</p> | |

SCHEDULE II

SFI NO. 8 NON-PAY EXPENDITURE

Part A

| SFI Section | Description | Amount |
|-------------|--|---|
| 8.5.1 | Petty Cash Payments: | |
| | Return of Patients Cash | Up to the amount of cash deposited for Safe-keeping |
| | Payment of Patients Fares: | Up to the amount of fares paid |
| | Return of Rental Accommodation Key Deposits | Up to the amount of deposit |
| | Cremation Fees | £750 |
| | Payments to individuals participating in research projects | £125 |
| | ALL other Petty Cash Payments | £75 |

Part B

| | | |
|--|---------------------------------|---|
| | Hospitality | This includes all supplies of catering, restaurant or bar bills, and purchases of food and drink from supermarkets. Hospitality must be ordered from the Trust's catering department |
| | Phone Cards | Mobile phones are supplied by the Trust for staff who need them as part of their job. If someone has used their own phone for Trust business the cost of individual calls must be claimed from the Expenses unit using a Staff Expenses Claim Form. |
| | Postage | All postage should be submitted to the Post Rooms on each site to be franked. |
| | Staff Gifts, Flowers etc | Gifts can only be funded by staff collections, not by the Trust. |
| | Staff Pay | Any extra pay for additional |

| | | |
|--|---|---|
| | | duties must be paid via payroll |
| | Staff Refreshments | The Trust is not responsible for the provision of tea, coffee, milk etc for staff. It is the responsibility of each staff member to obtain their own refreshments |
| | Staff Travel and Staff Subsistence | All costs should be claimed from the Expenses unit using a Staff Expenses Claim Form. |
| | Toasters | Purchase of toasters is not permitted by the Trust as they are a fire hazard |
| | Training Fees | All fees should be paid in advance by submitting a request to Accounts Payable. Books for study must be claimed from the Expenses unit using a Staff Expenses Claim Form. |
| | USB Data Sticks | To ensure safe storage of confidential data, all data sticks must be obtained through normal stationery ordering process. No exceptions will be made. |

SCHEDULE III

SFI NO. 12
LOSSES AND SPECIAL PAYMENTS

Prior NHS executive approval is required to make payments or write off losses in excess of the Trust limits.

| DESCRIPTION | TRUST LIMIT £000 | SUMMARY OF INTERNAL DELEGATION | | | |
|--|----------------------------------|---|---|--|-----------------|
| | | £000 | £000 | £000 | £000 |
| Cash Losses (Theft, Fraud, Salary Overpayments, Loss of Cash), Bad Debts and Abandoned Claims | Full Delegation | 0-10 HFC | 10-50 CFO | 50-100 CE | 100+ Board |
| Fruitless Payments (including Abandoned Capital Schemes) | Full Delegation | 0-50 HFC | 50-100 CFO | 100-250 CE | 250+ Board |
| Loss or Damage to Buildings, Property, Equipment and stock including Linen | Full Delegation | 0-50 DoNH | 50-100 CE | 100+ Board | - |
| Compensation under legal obligation | Full Delegation | 0-10 HMPL(All) | 0-50 DRM(PIs) 10-250 CGUM(Med.Lit)T S | 50+ CE(PIs) 250-500 CE(Med.Lit)) | 500+ Board)) |
| Extra Contractual Payments to Contractors | Full Delegation | 0-50 DF | | | |
| Ex-Gratia payments for clinical negligence and personal injuries involving negligence (i.e. negotiated or agreed settlements following legal advice) | 1000 (including plaintiff costs) | 0-10 HMPL(All) | 0-50 DRM(PIs) 10-250 CGUM(Med.Lit) | 50+ CE(PIs) 250-500 CEO (Med.Lit) | 250+ Board |
| Ex-Gratia payments to patients and staff for loss of personal effects; clinical negligence and personal injuries not covered under Type III and most other ex-gratia payments (BUT SEE TYPE V BELOW) | 50 (including costs) | 0-10 DHR(Personnel cases) HMPL(All) DRM (Loss of Effects, PIs) | 10-50 CFO or CGUM | 50+ Board | - |
| Extra statutory and extra regulatory payments, and payments relating to maladministration | No Delegation (refer to NHSE) | | | | - |

BLT/POL/05210/TOF

Key to officers with delegated authority to approve write offs and special payments

- CE Chief Executive
- CFO Chief Financial Officer
- HFC Head of Financial Control
- DoNH Director of New Hospitals
- DRM Director of Risk Management
- TS Trust Secretary
- HMPL Head of Medical and Personal Litigation
- CGUM Clinical Governance Unit Manager
- DHR Director of Human Resources