Bradford District Care NHS Foundation Trust

Governance Manual

[November 2016]
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FOREWORD

This Governance Manual provides Governors with important information which is not contained elsewhere within other Governor-related documents. The Manual contains:

- The Trust's vision, aims and values;
- The Governor Code of Conduct;
- Information about Monitor's NHS Foundation Trust Code of Governance;
- Information about Monitor’s Reference Guide for NHS Foundation Trust Governors
- Information about the matters that the Council of Governors has delegated to the Committees of the Council (including the terms of reference and membership of each Committee);
- Details of the decision levels through which the Board of Directors operates; and
- The Trust’s Standing Financial Instructions.

The Standing Orders for the Council of Governors (appended to the constitution) contains a requirement that this Governance Manual shall be reviewed annually by Governors and the Board of Directors.
TRUST VISION, AIMS AND VALUES

The Trust’s Vision:

“Working with diverse communities to provide outstanding care”

The Trust’s vision statement is supported by four aims. These are:

- To provide a top **quality** service
- To achieve excellence in **patient experience**
- To ensure great **relationships** between the Trust, its staff and stakeholders
- To deliver excellent **value for money**

The Trust’s Vision Wheel:

This contains statements which describe how we will achieve our aims. More importantly, the vision wheel recognises we won’t achieve our vision unless we put the care of those that experience our services at the center of everything we do. That’s why we use the strapline ‘you and your care’ in the vision wheel and many of our communications.
The Trust’s Values

Alongside ‘You and Your Care’, we have made a commitment to how the Trust and its staff will behave. This is set out in a set of values developed through a process involving many staff, patients and other stakeholders. Our staff work hard to promote these values which are:

Respect
- We value people as individuals, working with them to achieve their goals.
- We treat people with dignity and kindness.
- We embrace diversity and celebrate difference.
- We make sure that nobody is excluded, discriminated against or left behind.

Openness
- We encourage and demonstrate honest communication.
- We ensure everyone has a voice.
- We speak up when things go wrong.
- We are open to change and new ways of working.

Improvement
- We make best use of our resources to deliver best value.
- We adopt a 'right first time' approach and learn from our mistakes, acting promptly to put them right.
- We all take personal responsibility, challenging and supporting each other to find better ways of doing things.
- We embrace improvement in all its forms, from the small personal acts that make people’s lives better to full scale service improvements.

Excellence
- We provide high quality, safe and effective services, delivered with compassion and kindness.
- Our service users and carers come first in everything we do.
- We are customer focused and deliver on our promises.
- We use and develop the expertise of our staff to provide the best possible service user and carer experience.

Together
- We work best through teamwork celebrating our successes together.
- We view service users and carers as part of our team, welcoming and acting on their feedback for our continued improvement.
- We work well with our partners for the benefit of the communities we serve.
- We make time for service users, carers and our colleagues.
- We believe that our values, together with You and Your Care, captures the underpinning values of the NHS as enshrined in the NHS Constitution and we work to promote these with all our staff.
Code of Conduct for Governors of the Trust

Introduction

The purpose of this Code is to provide clear guidance on the standards of conduct and behaviour expected of all governors.

This Code, with the Code of Conduct for Directors and the NHS Constitution, forms part of the framework designed to promote the highest possible standards of conduct and behaviour within the foundation trust. The Code is intended to operate in conjunction with the Constitution, Standing Orders, and Monitor’s Code of Governance. The Code applies at all times when Governors are carrying out the business of the Trust or representing the Trust.

Governors shall, at all times, comply with the Constitution, as amended from time to time, the Trust’s Provider Licence, this Code, and any guidance and directions issued from time to time by NHS Improvement (formerly known as Monitor, the Independent Regulator of Foundation Trusts). This Code shall not limit or invalidate the duty of Governors to act in accordance with the Constitution and the Trust’s Provider Licence.

Where there is any inconsistency between this Code and the Constitution, the Constitution shall prevail.

Agreement

All Governors must sign and deliver a statement (in the form required by the Secretary) to the Secretary of the Trust, confirming agreement to this Code of Conduct. The Constitution provides that those Governors who fail to do so shall immediately cease to hold office as a Governor.

Council of Governors – Roles and Responsibilities

- As a Governor you will be expected to devote a substantial amount of time to the Trust, as and when required, in order to fulfil your responsibilities as a Governor.

- As a Governor you are responsible for representing the interests of the Trust’s members as a whole, the public and partner organisations and for regularly feeding back information about the Trust, its vision, and its performance to the constituencies and the stakeholder organisations that either elected or appointed you.

- The Council of Governors is responsible for holding the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors, including ensuring that the Board of Directors acts in such a manner that the Trust does not breach its Provider Licence. In carrying out its work, the Council of Governors needs to take account of and respect the statutory duties and liabilities of the Board of Directors and individual Directors.

- Governors should make every effort to attend the meetings of the Council of Governors where practicable.
  - Where a Governor is not able to attend a meeting, he/she shall submit apologies to the Deputy Trust Secretary in advance wherever possible. The Constitution provides that a Governor shall immediately cease to hold office if he/she has failed to attend two meetings of the Council of Governors in any financial year, unless the other Governors are satisfied that the absences were due to reasonable causes and that he/she will be able to start attending meetings of the Council of Governors again within such a period as the other Governors consider reasonable.
The role is set out in detail in the Constitution, Standing Orders, Monitor’s Code of Governance and is further addressed in Monitor’s guidance for Governors.

**General Principles**

As a Governor of the Trust, you will be expected, at all times, to:

1. Act in the best interests of the Trust;
2. Comply with the Trust’s Constitution, including the Standing Orders for the Council of Governors, and the Trust’s Provider Licence;
3. Adhere to the Trust’s values and principles contained in this Governance Manual;
4. Commit to and actively support the vision and objectives of the Trust;
5. Abide by the Trust’s policies and procedures;
6. Contribute to the workings of the Council of Governors to enable it to fulfil its functions;
7. Recognise that the Council of Governors exercises collective decision-making and that Governors do not exist in isolation;
8. Acknowledge that, other than when you are attending meetings and events as a Governor, you have no more rights or privileges than any other member of the Trust;
9. Recognise that the Council of Governors does not have a managerial role within the Trust;
10. Value, respect and treat with dignity and fairness all Governor colleagues, all members of the Trust’s staff that you may come into contact with and all members of the public accessing the Trust’s facilities, all patients, relatives, carers and partner organisations;
11. Seek to ensure that your fellow Governors are valued as colleagues and that judgments about such colleagues are fair and unbiased;
12. Comply with the Trust’s confidentiality policies and procedures;
13. Respect the confidentiality of the information you receive in your role as Governor;
14. Respect the confidentiality of individual patients of the Trust;
15. Must not seek to prevent a person from gaining access to information to which they are legally entitled.
16. Act with integrity and objectivity without any expectation of personal benefit;
17. Represent the constituency that elected you or the organisation that appointed you and not any trade union, political party or other organisation of which you may be a member;
18. Ensure that the membership of the constituency that you represent is properly informed and able to influence services;
19. Ensure that the best interests of the public, patients, and staff are upheld in decision-making and that decisions are not improperly influenced by gifts or inducements;

20. Be mindful of conduct, which may be deemed or thought to be unfair or discriminatory;

21. Conduct yourself in a manner that reflects positively on the Trust. Remain aware that you are an ambassador for the Trust at all times;

22. Show your commitment to working as a team member by working with your colleagues in the NHS and wider community;

23. Attend meetings of the Council of Governors and required training events;

24. Seek to ensure that nobody is unlawfully discriminated against because of their religion, belief, race, colour, gender, marital status, disability, sexual orientation, age, social and economic status or national origin;

25. Promote social inclusion through your role as Governor, so as to ensure that the development and delivery of initiatives do not prejudice any part of the community on the grounds of age, sex, disability, marital status, sexual orientation or religious belief. You must not promote any personal or political view that undermines such objective;

26. Not make, permit or knowingly allow to be made any untrue or misleading statement relating to your own duties as a Governor or the functions of the Trust;

27. Support and assist the Accounting Officer of the Trust in his/her responsibility to answer to the Independent Regulator, Commissioners and the public in terms of fully and faithfully declaring and explaining the use of resources and the performance of the local NHS in putting national policy into practice and delivering targets; and

28. Uphold the seven Nolan principles of public life, being:

   **Selflessness**: Holders of public office should act solely in terms of the public interest.

   **Integrity**: Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

   **Objectivity**: Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

   **Accountability**: Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

   **Openness**: Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

   **Honesty**: Holders of public office should be truthful.

   **Leadership**: Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
Eligibility to be a Governor

Governors must continue to meet the Trust’s eligibility criteria for Governors throughout their period of tenure. Governors should advise the Secretary as soon as reasonably practicable of any changes in circumstances, which may disqualify them from continuing in office.

Personal Conduct

Governors are expected to conduct themselves in a manner that reflects positively on the Trust and not to conduct themselves in a manner that could reasonably be regarded as bringing their office or the Trust into disrepute. Specifically, Governors must treat others with respect; not breach the equality enactments and not bully any person. Governors must not seek to use their position improperly to confer an advantage or disadvantage on any person and must comply with the Trust’s rules on the use of its resources. Finally, Governors must have regard to advice provided by the Chair and Trust Secretary pursuant to their statutory duties.

Fit and Proper Person Test

It is a condition of the Trust’s Provider Licence that each Governor serving on the Council of Governors is a ‘fit and proper person’ as defined in the Trust’s Provider Licence. Governors must certify on appointment, and each year that they are/remain a fit and proper person. A provision relating to the fit and proper person test is contained in the ‘declaration of interest’ form.

Training and Development

The Trust is committed to providing appropriate training and development opportunities for Governors to enable them to carry out their role effectively. Governors are expected to undertake to participate in training and development opportunities that have been identified as appropriate for them. Governors should also participate in the appraisal process and any skills audit carried out by the Trust.

Reasonable Adjustments

The Trust will make reasonable adjustments to ensure that Governors are able to fulfil their duties.

Conflicts of Interest

Governors have a duty to avoid a situation in which they have a direct or indirect interest that conflicts or may conflict with the interests of the Trust. Governors must not accept a benefit from a third party by reason of being a Governor or doing (or not doing) anything in that capacity. Governors must not offer a benefit to a third party by reason of being a Governor for doing (or not doing) anything in that capacity.

Governors must declare the nature and extent of any interest at the earliest opportunity. If such a declaration proves to be, or becomes, inaccurate or incomplete, a further declaration must be made. It is then for the Chair to advise whether it is necessary for the Governor to refrain from participating in discussion of the item or withdraw from the meeting. Failure to comply is likely to constitute a breach of this Code and the Trust’s constitution.
Register of Interests

Governors are required to register all relevant interests on the Trust's register of interests in accordance with the provisions of the Constitution. It is the responsibility of each Governor to report any changes in interests at Council of Governor meetings in order that the register can be updated accordingly.

Failure to register an interest in a timely manner may constitute a breach of this Code.

Qualification to Vote

All elected Governors shall make the declarations required by virtue of the Constitution so as to declare that they are eligible to vote.

Non-Compliance with the Code of Conduct

Non-compliance may result in any or all of the following actions:

1. The Chair of the Trust (or in his/her absence, the Deputy Chair) shall be authorised to take such action as may be immediately required, including the exclusion of the Governor concerned from any meeting.

2. The Council of Governors may decide at a formal meeting by a majority of those in attendance to lay a formal charge of misconduct.

3. The Governor concerned shall be notified of the specific details of the conduct, which is deemed to be misconduct and shall be given the opportunity to respond to the charge. The Governor may be invited to attend at a meeting of the Council and address the Council in person.

4. The Council shall consider any response provided by the Governor and shall decide at a formal meeting by a majority of those in attendance whether to uphold the charge.

5. If the charge is upheld, the Council may impose such sanctions as deemed appropriate, including removing the Governor from office if considered appropriate in accordance with the Constitution.

Interpretation of the Code

Questions and concerns about the application of this Code should be raised with the Trust Secretary. At meetings, the Chair will be the final arbiter of interpretation of the Code.
Changes to the Code of Conduct

Changes may be recommended by the Council of Governors but the Code may be altered only with the approval of a simple majority of both the Council and the Board of Directors.

This Code has been agreed by the Council of Governors. The Trust Secretary will lead periodically a review of the Code. It is for Governors to agree to any amendments or revisions to the Code.

You have been asked to sign and return a copy of the Code of Conduct for Governors. The copy in this governance manual is for your reference.
Monitor’s NHS Foundation Trust Code of Governance

The Council of Governors and Board of Directors shall at all times seek to comply with the NHS Foundation Trust Code of Governance (FT Code) in accordance with their duties under the Constitution.

Monitor’s Reference Guide for NHS Foundation Trust Governors

The Council of Governors shall also take into account Monitor’s Reference Guide which focuses on the statutory duties of NHS foundation trust governors and examines ways in which governors can deliver their duties.

The reference guide is available via:


The Deputy Trust Secretary can provide a hard copy of the guide if you are unable to access the document.
Committees of the Council of Governors

The Council of Governors has determined that some of its responsibilities will be exercised on its behalf by a committee or working group of the Council of Governors.

The structure of the Council of Governors' committees and the Terms of Reference for the time being of each of the committees are set out in this Governance Manual, as may be amended from time to time.

Committee structure
Nominations Committee Terms of Reference

A. Overall aim or purpose:
The Council of Governors hereby resolves to establish a Committee to be known as the Nominations Committee. The overall aim of the Committee is to assist in the process of appointment of Non-executive Directors (including the Chair).

B. Key objectives:
The Nominations Committee’s key objective is to make recommendations to the Council of Governors on the appointment of Non-Executive Directors (including the Chair).

C. Specific areas of responsibility:
The duties of the Committee will include the following:

- on expiry of the initial Non-executive Directors’ current term of appointment, to consider whether to recommend to the Council of Governors to re-appoint each or any retiring Non-executive Director;
- to ask the Board of Directors to identify suitable candidates if the Council of Governors does not make a re-appointment;
- to consider suitable candidates identified by the Board of Directors; and
- to make recommendations to the Council of Governors on each appointment taking into account the job description and person profile drawn up by the Board of Directors.

D. Chair:
The Chair of the Trust will be appointed as the Chair of the Committee, unless circumstances relate to his/her initial term of appointment. In the absence of the Chair, the meeting will elect a Chair for the purpose of the meeting.

E. Members:
The Committee will consist of five members comprised of three Governors and two members of the Board of Directors (at least one of whom will be a Non-executive Director). Membership of the Committee will be disclosed in the Annual Report.

F. Accountable to:
The Nominations Committee is accountable to the Council of Governors. The minutes of the Nominations Committee shall be formally recorded and submitted to the Council of Governors and the Trust Board.

G. Accountable for:
There are no formal lines of accountability between the Nominations Committee and other Governor Committees.
H. Roles
The duties of the Chair of the Committee will be to:

- ensure that the Governors are informed as to the deliberations of the Committee;
- ensure that minutes of the Committee are an accurate reflection of discussions;
- attend or designate another member of the Committee to attend public meetings of the Council of Governors as appropriate, to answer any questions related to the work of the Committee; and
- submit a report on the work of the Committee to the Council of Governors and Trust Board.

Minutes and administration of the meeting are undertaken through the Trust Secretary.

I. Frequency of Meetings:
The Nominations Committee will meet as required, at a place and time determined by the Committee.

J. Frequency of Attendance:
Members of the Committee will be expected to attend all meetings, unless there are exceptional circumstances. Attendance will be monitored by the Trust Secretary.

K. Quorum:
Four members of the Committee will constitute a quorum. The Chair of the Committee will have a casting vote if necessary.

L. Record Keeping:
Archives of minutes and papers relating to the Nominations Committee are kept on the intranet.

M. Lifespan of meeting:
The Nominations Committee is a standing committee of the Council of Governors. It will continue to meet in accordance with these Terms of Reference until the Council of Governors determines otherwise.

N. Other matters: attendance
The Chief Executive and/or other members of the Trust may be invited to attend meetings as the Chair of the Committee may decide. The Trust Secretary or Deputy Trust Secretary will be in attendance at all meetings. The Committee may have an independent assessor in attendance if appropriate, as agreed by the Committee.

O. Monitoring arrangements
All elements of the Nominations Committee Terms of Reference will be monitored annually by the Trust Secretary and reported in the Council of Governors through its Annual Report to the Trust Board.
Remuneration Committee: Terms of Reference

A. Overall aim or purpose:

The Council of Governors hereby resolves to establish a Committee to be known as the Remuneration Committee. The overall aim of the Committee is to ensure an appropriate level of remuneration and allowances for the Chair and Non-Executive Directors of the Trust Board.

B. Key objectives:

The Remuneration Committee’s key objective is reviewing the levels of remuneration and allowances for the Chair and Non-Executive Directors on an annual basis.

C. Specific areas of responsibility:

The duties of the Committee will include the following:

- consider annually the level of remuneration of the Chair and Non-Executive Directors;
- make recommendations to the Council of Governors on any increases in remuneration; and
- undertake, at least every three years, an assessment of remuneration levels (this will be through the use of external professional advisers).

D. Chair:

The Chair of the Committee will be appointed by the Council of Governors at a formal meeting. In the absence of the Chair, the meeting will elect a Chair for the purpose of the meeting.

E. Members:

The Committee shall consist of not less than five Governors appointed by the Council of Governors at a formal meeting. Membership of the Committee will be disclosed in the Annual Report.

F. Accountable to:

The Remuneration Committee is accountable to the Council of Governors. The minutes of the Remuneration Committee shall be formally recorded and submitted to the Council of Governors.

G. Accountable for:

There are no formal lines of accountability between the Remuneration Committee and other Governor Committees.
H. Roles
The duties of the Chair of the Committee will be to:

- ensure that the Governors are informed as to the deliberations of the Committee;
- ensure that minutes of the Committee are an accurate reflection of discussions;
- attend or designate another member of the Committee to attend public meetings of the Council of Governors as appropriate, to answer any questions related to the work of the Committee; and
- submit a report on the work of the Committee to the Council of Governors.

Minutes and administration of the meeting are undertaken through the Trust Secretary.

I. Frequency of Meetings:
The Remuneration Committee will meet at least once a year or as required, at a place and time determined by the Committee.

J. Frequency of Attendance:
Members of the Committee will be expected to attend at least one meeting a year. Attendance will be monitored by the Trust Secretary.

K. Quorum:
Four members of the Committee will constitute a quorum. The Chair of the Committee will have a casting vote if necessary.

L. Record Keeping:
Archives of minutes and papers relating to the Remuneration Committee are kept on the intranet.

M. Lifespan of meeting:
The Remuneration Committee is a standing committee of the Council of Governors. It will continue to meet in accordance with these Terms of Reference until the Council of Governors determines otherwise.

N. Other matters: attendance
The Trust Secretary and/or Deputy Trust Secretary will be in attendance at all meetings.

O. Monitoring arrangements
All elements of the Remuneration Committee Terms of Reference will be monitored annually by the Trust Secretary and reported in the Council of Governors through its Annual Report to the Trust Board.
Membership Development Working Group: Terms of Reference

A. Overall aim or purpose:

The Council of Governors hereby resolves to establish a Working Group to be known as the Membership Development Working Group. The overall aim of the Working Group is to develop the membership of the Trust and represent the interests of members.

B. Key objectives:

The Membership Development Working Group’s key objective is to assist the Trust in the delivery of its Membership Strategy.

C. Specific areas of responsibility:

The duties of the Working Group will include the following:

- to review the Trust’s current Membership Strategy;
- to produce an action plan with a view to increasing/engaging the public membership;
- to play a significant role in ensuring the membership is representative of the population the Trust serves;
- to provide regular updates about the Membership strategy to the Council of Governors;
- to develop a plan to engage with existing and future membership of the Trust; and
- to consider member-related issues affecting the Annual Plan and Annual Report.

D. Chair:

The Chair of the Working Group will be appointed by the Council of Governors at a formal meeting. In the absence of the Chair, the meeting will elect a Chair for the purpose of the meeting.

E. Members:

The Working Group shall consist of not less than five Governors appointed by the Council of Governors at a formal meeting. Membership of the Working Group will be disclosed in the Annual Report.

F. Accountable to:

The Membership Development Working Group is accountable to the Council of Governors. The minutes of the Membership Development Working Group shall be formally recorded and submitted to the Council of Governors.
G. Accountable for:
There are no formal lines of accountability between the Membership Development Working Group and other Governor Committees.

H. Roles
The duties of the Chair of the Working Group will be to:

- ensure that the Governors are informed as to the deliberations of the Working Group;
- ensure that minutes of the Working Group are an accurate reflection of discussions;
- attend or designate another member of the Working Group to attend public meetings of the Council of Governors as appropriate, to answer any questions related to the work of the Working Group; and
- submit a report on the work of the Working Group to the Council of Governors.

Minutes and administration of the meeting are undertaken through the Trust Secretary.

I. Frequency of Meetings:
The Membership Development Working Group will meet at least half yearly or as required, at a place and time determined by the Working Group.

J. Frequency of Attendance:
Members of the Working Group will be expected to attend at least one meeting a year. Attendance will be monitored by the Trust Secretary.

K. Quorum:
Four members of the Working Group will constitute a quorum. The Chair of the Committee will have a casting vote if necessary.

L. Record Keeping:
Archives of minutes and papers relating to the Membership Development Working Group can be obtained from the Membership office.

M. Lifespan of meeting:
The Membership Development Working Group is a standing Working Group of the Council of Governors. It will continue to meet in accordance with these Terms of Reference until the Council of Governors determines otherwise.

N. Other matters: attendance
The Chief Executive and/or other members of the Trust may be invited to attend meetings as the Chair of the Working Group may decide. The Trust Secretary and/or the Deputy Trust Secretary will be in attendance at all meetings.

O. Monitoring arrangements
All elements of the Membership Development Working Group Terms of Reference will be monitored annually by the Trust Secretary and reported in the Council of Governors through its Annual Report to the Trust Board.
Committees of the Board of Directors

The Board has determined that some of its responsibilities will be exercised on its behalf by Board Committees.

The structure of the Board and its committees and the Terms of Reference for the time being of each of the committees are set out in this Governance Manual, as may be amended from time to time.

Committee structure
Terms of Reference for the Nominations Committee

A. Overall aim or purpose:
The Trust Board hereby resolves to establish a Committee of the Board to be known as the Nominations Committee. The overall aim of the Committee is to review the structure, size and composition of the Board and, where necessary, be responsible for identifying and nominating for appointment candidates to fill posts within its remit.

B. Key objectives:
The Nominations Committee’s key objectives are to:

- regularly review the structure, size and composition (including the skills, knowledge and experience) required by the Board and make recommendations to the Board with regard to any changes;
- give full consideration to, and make plans for, succession planning for the Chief Executive and other Director posts taking into account the challenges and opportunities faced by the Trust and the skills and expertise needed on the Board in the future;
- identify and nominate for appointment candidates to fill Director-level posts (including the Chief Executive);
- evaluate the balance of skills, knowledge and experience on the Board, and in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- consider the use of external advisers to facilitate an executive search and consider candidates from a wide range of backgrounds and against objective criteria; and
- consider the training and induction programmes in place for Board members to ensure they have the appropriate experience and skills.

C. Chair:
The Nominations Committee shall be chaired by the Trust Chair and in his/her absence, by the Deputy Chair.

D. Members:
The membership of the Committee will consist of all Non-Executive Directors of the Trust Board.

E. Accountable to:
The Nominations Committee is accountable to the Board. The minutes of the Nominations Committee shall be formally recorded and submitted to the Trust Board.

F. Accountable for:
There are no formal lines of accountability between the Nominations Committee and other Trust Committees. The Nominations Committee interacts with other Trust Committees through cross attendance.
G. Roles
Minutes and administration of the meetings is undertaken through the office of the Trust Secretary.

H. Frequency of Meetings:
Meetings will be held at least once a year, or more frequently when a vacancy arises.

I. Quorum:
A quorum will be three Non-Executive Directors, one of which shall be the Trust Chair or Deputy Chair.

J. Record Keeping:
Archives of minutes and papers relating to the Nominations Committee will be maintained by the Director of Human Resources.

K. Lifespan of meeting:
The Nominations Committee is a standing committee of the Trust Board. It will continue to meet in accordance with these Terms of Reference until the Trust Board determines otherwise.

L. Other matters: attendance
The Chief Executive, Director of Human Resources and other Directors or members of staff will be invited to attend where appropriate. The Committee may choose to invite external organisations and individuals to present issues and reports from time to time.
Terms of Reference for the Remuneration Committee

A. Overall aim or purpose:

The Board hereby resolves to establish a Committee of the Board to be known as the Remuneration Committee. The overall and prime aim of the Remuneration Committee is:

- To decide appropriate remuneration and terms of service for the Chief Executive and Executive Directors including all aspects of salary, provision for other benefits including pensions and cars, arrangements for termination of employment including redundancy and other contractual terms.

The Committee also has a key role in:

- Reviewing pay, terms and conditions for the most senior staff below executive director level
- The applicability of any national agreements for staff on local terms and conditions or pay arrangements that are not determined nationally
- Receiving information on the outcome of Clinical Excellence Awards Rounds and any new proposals
- Reviewing and approving all redundancy business cases and any proposed payments to staff that do not fall within contractual entitlements e.g. settlement agreements.
- Reviewing Trust strategies and proposals around pay and reward including Foundation Trust freedoms, flexibilities and options.

A1 The level and components of remuneration:

Main principle

Levels of remuneration should be sufficient to attract, retain and motivate directors of quality, and with the skills and experience required to lead the NHS foundation trust successfully, but an NHS foundation trust should avoid paying more than is necessary for this purpose and should consider all relevant and current directions relating to contractual benefits such as pay and redundancy entitlements.

B. Key objectives:

The Remuneration Committee’s key objectives are to:

- Determine the remuneration and terms of service of Directors and the Chief Executive 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 agreements for such staff where appropriate. The Committee will report to the Board the decisions taken at the Committee
- Agree contractual arrangements for such staff and to approve and have oversight of the proper calculation and scrutiny of payments including those upon termination of employment with the Trust taking into account guidelines issued by the Department of Health and the Treasury, as appropriate
- Approved payments and strategies linked to its other roles including redundancy payments, non-contractual settlements and pay and reward proposals.

B1 Supporting principles

B1.1 Any performance-related elements of executive directors’ remuneration should be stretching and designed to promote the long-term sustainability of the NHS foundation trust.
They should also take as a baseline for performance any competencies required and specified within the job description for the post.

B1.2 The remuneration committee should decide if a proportion of executive director’s remuneration should be structured so as to link reward to corporate and individual performance. The remuneration committee should judge where to position its NHS foundation trust relative to other NHS foundation trusts and comparable organisations. Such comparisons should be used with caution to avoid any risk of an increase in remuneration levels with no corresponding improvement in performance.

B1.3 The remuneration committee should also be sensitive to pay and employment conditions elsewhere in the NHS foundation trust, especially when determining annual salary increases.

Attached at Appendix 1 are the Monitor Code provisions on performance related schemes, increases in basic salary, release of a director to service elsewhere and compensation commitment considerations in the event of early termination.

C. Specific areas of responsibility:

The Remuneration Committee’s significant role is to ensure that the Chief Executive and Executive Directors are appropriately remunerated and employed upon appropriate terms and conditions of service.

C1 Main principle
C1.1 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

Supporting principle
C1.2 The remuneration committee should consult the chairperson and/or chief executive about its proposals relating to the remuneration of other executive directors.
C1.3 The remuneration committee should also be responsible for appointing any independent consultants in respect of executive director remuneration.
C1.4 Where executive directors or senior management are involved in advising or supporting the remuneration committee, care should be taken to recognise and avoid conflicts of interest.

The Remuneration Committee will:

- Advise the Board about appropriate remuneration and terms of service for the Chief Executive and Directors
- Advise the Board on all aspects of salary including; annual pay uplifts, and any performance related elements and bonuses
- Advise the Board about provisions for other benefits including pensions and cars
- Advise on appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
- Have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of senior management for this purpose should be determined by the board, but should normally include the first layer of management below board level.
- Will make available its terms of reference, explaining its role and the authority delegated to it by the board of directors.
The Committee will have the power to make recommendations to the Board regarding relevant matters.

It will have the power to include other parties, not members of the Committee, in order to address specific issues.

The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of external individuals with relevant experience and expertise if it considers this necessary in furtherance of its duties. Where remuneration consultants are appointed, a statement should be made available through the annual report as to whether they have any other connection with the NHS Foundation Trust.

The Committee will request and receive relevant minutes and reports where appropriate.

**D. Chair:**
The Remuneration Committee shall be chaired by the Trust Chair and in his/her absence, by the Deputy Chair.

**E. Membership**
The Remuneration Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Trust and shall consist of not less than 4 members, including the Chair.

The Trust’s Chief Executive and any other appropriate Director will attend by invitation to provide appropriate advice.

Other advisers may be invited to attend if necessary, in particular with regard to the Chief Executive.

**F. Accountable to:**
The Remuneration Committee is accountable to the Board from whom it has delegated authority for decision making for those areas within its remit. The minutes of the Committee meetings shall be formally recorded and submitted to the private section of the Board. The Board Committee report will include a submission from the Remuneration Committee reflecting the items that were discussed.

**G. Accountable for:**
There are no formal lines of accountability between the Remuneration Committee and other Trust Committees. The Remuneration Committee interacts with other Trust Committees through cross attendance.

**H. Roles**
Minutes and administration of the meetings is undertaken through the office of the Director of Human Resources and Organisation Development.

**I. Frequency of Meetings:**
Meetings will be held at least once a year. The Trust Chair may request a meeting if they consider that one is necessary.
J. Frequency of Attendance:
All Committee members will be expected to attend at least one meeting a year.

K. Quorum:
A quorum shall be 3 Non-Executive Directors -two of whom must be the Chair (or Deputy Chair) and senior independent director.

L. Record Keeping:
Archives of minutes and papers relating to the Remuneration Committee are maintained by the Director of Human Resources and Organisation Development.

M. Lifespan of meeting:
The Remuneration Committee is a standing committee of the Trust Board. It will continue to meet in accordance with these Terms of Reference until the Trust Board determines otherwise.

N. Other matters: attendance
The Chief Executive, Director of Human Resources and Organisation Development and other Directors or members of staff will be invited to attend where appropriate. The Committee may choose to invite external organisations and individuals to present issues and reports from time to time.

O. Terms of Reference review
The Remuneration Committee will review its Terms of Reference at least annually.
Code Provisions on Performance related schemes and other payments

- Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels. In designing schemes of performance-related remuneration, the remuneration committee should consider the following provisions:

  i) The remuneration committee should consider whether the directors should be eligible for annual bonuses in line with local procedures. If so, performance conditions should be relevant, stretching and designed to match the long-term interests of the public and patients.

  ii) Pay-outs or grants under all incentive schemes should be subject to challenging performance criteria reflecting the objectives of the NHS foundation trust. Consideration should be given to criteria which reflect the performance of the NHS foundation trust relative to a group of comparator trusts in key indicators, and the taking of independent and expert advice where appropriate.

  iii) Performance criteria and any upper limits for annual bonuses and incentive schemes should be set and disclosed.

  iv) The remuneration committee should consider the pension consequences and associated costs to the NHS foundation trust of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.

- Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.

- The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors’ terms of appointments would give rise to in the event of early termination. The aim should be to avoid rewarding poor performance. Contracts should allow for compensation to be reduced to reflect a departing director’s obligation to mitigate loss. Appropriate claw-back provisions should be considered in case of a director returning to the NHS within the period of any putative notice.
Terms of Reference for the Mental Health Legislation Committee

A. Overall aim or purpose:

The overall aim of the Committee is to monitor, review and report to the Board the adequacy of the Trust’s processes to support the operation of mental health legislation.

B. Key objectives:

The Mental Health Legislation Committee’s key objectives are to:

- monitor, review and report to the Trust Board on all aspects of mental health legislation;
- be assured that there are systems, structures and processes in place to support the operation of mental health legislation, within both inpatient and community settings and ensure compliance with associated codes of practice and recognised best practice;
- be assured that the Trust has in place and utilises appropriate policies and procedures in relation to mental health legislation and to facilitate the publication, distribution and explanation of the same to all relevant staff, service users and managers; and
- be assured that Associate Hospital Managers and appropriate staff groups receive guidance, education and training in order to understand and be aware of the impact and implications of all new relevant mental health associated legislation.

C. Specific areas of responsibility:

The Mental Health Legislation Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

In particular the Committee shall review the adequacy of:

- the implementation and performance of operational arrangements in relation to mental health legislation through quarterly dashboard reporting of key performance indicators;
- reports from inspecting authorities and the development of action plans in response to recommendations;
- progress against any other action plans and any risks identified within the Corporate Risk Register relevant to mental health legislation;
- analysis and information reports in relation to the use of the Mental Health Act and to make recommendations in response to findings;
- the schedule of powers and responsibilities of the Associate Hospital Managers, including those powers and responsibilities delegated to officers of the Trust;
- information provided to Associate Hospital Managers of their legal duties and appropriate training to support their duties under mental health legislation;
- the process of recruitment, induction, appraisal and development of Associate Hospital Managers (through the Trust Chair and Chair of the Mental Health Legislation Committee);
- implementation and requirements of any new and amended mental health legislation, establishing groups to undertake detailed implementation work as required;
- introduction, development, revocation and ratification of Trust policies and procedures in relation to mental health legislation, developed where appropriate with partner agencies;
- the provision of adequate guidance, information, education and training on mental health legislation to staff, service users, carers and other stakeholders;
- joint working arrangements around the use of mental health legislation with partner agencies, notably including local authorities, other NHS commissioners and providers, and the police.

D. Chair:

The Mental Health Legislation Committee shall be chaired by a Non-Executive Director appointed by the Trust Board. A second Non-Executive Director shall be identified to act as Deputy to the Chair.

E. Members:

The membership of the Committee will consist of the Medical Director, Deputy Chief Executive/Director of Nursing, Trust Secretary and three Non-Executive Directors (NEDs). One NED will be Chair and one will be Deputy Chair. The Chief Executive and Chair are invited / reserve the right to attend any meeting.

In addition, the following attendance is expected:

In attendance for whole of meeting

- Deputy Director of Quality and Governance
- Deputy Director, Specialist In patient Services (representing all in-patient areas)
- One Associate Hospital Manager;
- A Doctor appointed under Section 12;
- Mental Capacity Act and DOLS Clinical Lead;
- Mental Health Legislation and Care Programme Approach Lead, (to act as Committee administrator);
- Approved Mental Health Professional Manager;
- A Service User Development Worker; and
- One Carer support representative.
In attendance for specific updates from sub-groups:

- Mental Health Act Advisor
- A DoLS/Best Interest Assessor or Practitioner

F. Accountable to:

The Mental Health Legislation Committee is accountable to the Board. The minutes of the Mental Health Legislation Committee shall be formally recorded and submitted to the Trust Board. In addition, minutes of the Mental Health Legislation Committee will be submitted to the Audit Committee for information.

G. Accountable for:

There are no formal lines of accountability between the Mental Health Legislation Committee and other Trust Committees. The Mental Health Legislation Committee interacts with other Trust Committees through cross attendance.

H. Roles

The role of the Chair is undertaken via a nominated Non-Executive Director Minutes and administration of the meeting are undertaken through the Mental Health Legislation and Care Programme Approach Lead and Trust Secretary.

I. Frequency of Meetings:

Meetings will be held on a quarterly basis. There will be further meetings if required by the Committee or Trust Board.

J. Frequency of Attendance:

All Committee members will be expected to attend at least three meetings a year. Attendance will be monitored by the Trust Secretary/Mental Health Legislation and Care Programme Approach Lead.

K. Quorum:

The Committee will be considered quorate where at least two Non-Executive Directors and one Executive Director are in attendance.

L. Record Keeping:

Archives of minutes and papers relating to the Mental Health Legislation Committee are maintained by the Committee Support Officer.

M. Lifespan of meeting:

The Mental Health Legislation Committee is a standing committee of the Trust Board. It will continue to meet in accordance with these terms of reference until the Trust Board determines otherwise.
N. Other matters: attendance

Deputy Directors, Heads of Service, Medical and Professional Leads will be required to attend Committee meetings to present agenda items as required by the Committee. Other Trust Directors, Managers and Clinicians will be required to attend to address specific issues as they arise. The Committee may choose to invite external organisations and individuals to present issues and reports from time to time.

O. Monitoring arrangements

All elements of the Mental Health Legislation Committee Terms of Reference will be monitored annually by the Mental Health Legislation and Care Programme Approach Lead and reported to the Trust Board through the Annual Mental Health Legislation Report.

The following groups/services will report into the Mental Health Legislation Committee:
- Associate Hospital Managers Group;
- Mental Health Legislation Forum;
- Mental Capacity Act and DOLS Leads meeting
Terms of Reference for the Audit Committee

A. Overall aim or purpose:
The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee. The Audit Committee is a Non-Executive Committee of the Board and has no executive powers, other than those specifically delegated in these terms of reference.

B. Key objectives:
The Audit Committee shall provide the Trust Board with a means of independent and objective review of financial and corporate governance, and risk management. In addition, the Audit Committee shall provide assurance of independence for external and internal audit.

C. Specific areas of responsibility:
The Audit 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 and all employees are directed to co-operate with any request made by the Committee. The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The duties of the Audit Committee can be categorised as follows:

**Governance, Risk Management and Internal Control**

The Audit Committee shall 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. In particular, the Audit Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Annual Governance statement and declarations of compliance with Care Quality Commission registration (the latter led through the Quality & Safety Committee)), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Trust Board;

- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements; and

- the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification.

In carrying out this work the Audit 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, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

This will be evidenced through the Audit Committee’s use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it.
Internal Audit

The Audit Committee shall ensure that there is an effective internal audit function established 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 Assurance Framework;
- consideration of the major findings of internal audit work (and management’s response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources;
- ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation; and
- annual review of the effectiveness of internal audit.

External Audit

The Audit Committee shall review the work and findings of the External Auditor appointed by KPMG and consider the implications and management’s responses to their work. This will be achieved by:

- consideration of the appointment and performance of the External Auditor, as far as the Public Sector Audit Appointments Limited 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 rust and associated impact on the audit fee; and
- review all External Audit reports, including agreement of the annual audit letter before submission to the Trust Board and any work carried outside the annual audit plan, together with the appropriateness of management responses.

Counter fraud

The Committee shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review outcomes of counter fraud work. The Committee shall review the adequacy of 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.

Other Assurance Functions

The Audit Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation.

These will include, but will not be limited to, any reviews by Department of Health Arm’s Length Bodies or Regulators/Inspectors (e.g. Care Quality Commission, NHS Litigation Authority, etc.), professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.)
Management

The Audit Committee shall request and review reports and positive assurances from Directors and managers on the overall arrangements for governance, risk management and internal control. They may also request specific reports from individual functions within the organisation (e.g. clinical audit) as they may be appropriate to the overall arrangements.

Financial Reporting

The Audit Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust’s financial performance.

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

- the wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
- changes in, and compliance with, accounting policies and practices unadjusted mis-statements in the financial statements;
- major judgemental areas;
- significant adjustments resulting from the audit;
- qualitative aspects of financial reporting; and
- letters of representation from Directors.

The Audit Committee should also ensure that the systems for financial reporting to 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.

D. Chair:

The Audit Committee shall be chaired by a Non-Executive Director appointed by the Trust Board. A second Non-Executive Director shall be identified to act as Deputy Chair.

E. Members:

The Audit Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Trust and shall consist of not less than three members. A quorum shall be two members. One of the members will be appointed Chair of the Committee by the Board. The Chairman of the organisation shall not be a member of the Committee.

F. Accountable to:

The Audit Committee is accountable to the Board. The minutes of the Audit Committee shall be formally recorded and submitted to the Trust Board. The Chair of the Audit Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

The Committee will report to the Board annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and ‘embeddedness’ of risk management in the organisation and the integration of governance arrangements.

G. Accountable for:

The Audit Committee will review the work of other Board Committees within the organisation, whose work can provide relevant assurance to the Audit Committee’s own scope of work. This
will include the Finance, Business and Investment Committee and the Quality and Safety Committee.

In reviewing the work of the Quality and Safety Committee, and issues around clinical risk management, the Audit Committee will wish to satisfy itself on the assurance that can be gained from the clinical audit function.

H. Roles
The role of the Chair is undertaken via a nominated Non-Executive Director. Minutes and administration of the meeting is undertaken through the Trust Secretary, whose duties in this respect will include:

- Agreement of the agenda with the Chairman and attendees and 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 issues.

I. Frequency of Meetings:
Meetings shall be held at least four times a year. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

J. Frequency of Attendance:
All Committee members will be expected to attend the meeting at least three times annually. Attendance will be monitored by the Trust Secretary.

The Director of Finance and appropriate Internal and External Audit representatives shall normally attend meetings. However, at least once a year the Committee should meet privately with the External and Internal Auditors.

The Chief Executive and other Executive Directors should be invited to attend, but particularly when the Committee is discussing areas of risk or operation that are the responsibility of that Director. The Chief Executive should also attend when the Committee considers the draft Internal Audit Plan and the draft Annual Report & Accounts.

NB. The Chief Executive should have a standing invitation to attend the meeting and as a minimum will need to attend the meeting annually, to discuss the process for assurance that supports the Annual Governance Statement.

K. Quorum:
The Committee will be considered quorate where two Non-Executive Directors are present.

L. Record Keeping:
Archives of minutes and papers relating to the Audit Committee are kept on the Trust shared drive.

M. Lifespan of meeting:
The Audit Committee is a standing committee of the Trust Board. It will continue to meet in accordance with these Terms of Reference until the Trust Board determines otherwise.
N. Monitoring arrangements

All elements of the Audit Committee Terms of Reference will be monitored by the Trust Secretary, reviewed annually by the Committee and reported in its Annual Report to the Board. The Committee may choose to invite external organisations and individuals to present issues and reports from time to time.
Terms of Reference for the Finance, Business and Investment Committee

A. Overall aim or purpose:
The Trust Board hereby resolves to establish a Committee of the Board to be known as the Finance, Business and Investment Committee. The overall aim of the Committee is to undertake objective scrutiny of the Trust’s financial performance, longer term financial strategy and commercial investment decisions.

B. Key objectives:
The Finance, Business and Investment Committee’s key objectives are to:

- Monitor financial performance of the Trust against plan, reporting any proposed remedial action to the Board as necessary;
- Consider the Trust’s medium to longer term financial strategy; and
- Provide an oversight of the development and implementation of financial systems across the Trust.

C. Specific areas of responsibility:
The Finance, Business and Investment Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

In particular the Committee shall:

- Scrutinise the Trust’s in-year financial performance, delivery of Cost Improvement Plans and other key financial targets;
- Review the annual budget, prior to submission to the Board of Directors and formally approve other external plan and quarterly submissions to NHS Improvement;
- Review and recommend to the Board any decisions relating to control totals set by NHS Improvement;
- Oversee the development and implementation of business systems across the Trust that have a significant impact on income and expenditure (including CPPP, SLR and Personalisation projects);
- Review the development of the Trust’s five year financial plan, ensuring it is aligned with clinical, estates, workforce, IT and other business strategies;
- Review the business strategies that drive the financial planning of the organisation (e.g. Estates, IM&T, Workforce, Change Programme and OD);
- Maintain an oversight of, and receive assurances on the robustness of the Trust’s key income sources and contractual safeguards;
- Review key cost drivers such as procurement practice and human resources assets;
- Consider proposals for investment in commercial business cases and their respective funding sources, use of financial surplus, and where appropriate make recommendations to the Trust Board;
- Review the process for determining capital expenditure projects and their monitoring, including post-implementation reviews;
- Act as an Assurance Committee of the Trust’s business and finance risks via
the Board Assurance Framework and in relation to corporate risks that are assigned to the Committee; and

- Approve the quarterly returns of the Trust to the Independent Regulator, Monitor (once authorised as a Foundation Trust)

**D. Chair:**
The Finance, Business and Investment Committee shall be chaired by a Non-Executive Director appointed by the Trust Board. A second Non-Executive Director shall be identified to act as Deputy Chair. The Chair of the Audit Committee shall not be a member of the Committee but is authorised to attend any meeting of the Committee if (s) he wishes.

**E. Members:**
The membership of the Committee will consist of:

- three Non-Executive Directors, one of whom will act as Chair and one as Deputy Chair;
- Chief Executive;
- Director of Finance, Contracting and Facilities; and
- Director of Human Resources and OD.

The Deputy Director of Finance will be in attendance at all meetings.

**F. Accountable to:**
The Finance, Business and Investment Committee is accountable to the Board. The minutes of the Finance, Business and Investment Committee shall be formally recorded and submitted to the Trust Board.

**G. Accountable for:**
There are no formal lines of accountability between the Finance, Business and Investment Committee and other Trust Committees. The Finance, Business and Investment Committee interacts with other Trust Committees through cross attendance.

**H. Roles**
The role of the Chair is undertaken via a nominated Non-Executive Director. Minutes and administration of the meeting is undertaken through the Trust Secretary.

**I. Frequency of Meetings:**
Meetings will be held six weekly. There will be separate meetings if required by the Trust Board.

**J. Frequency of Attendance:**
All Committee members will be expected to attend a minimum of four meetings a year. Attendance will be monitored by the Trust Secretary.
K. Quorum:

The Committee will be considered quorate where three members of the Committee are present, two of whom must be Non-Executive Directors.

L. Record Keeping:

Archives of minutes and papers relating to the Finance, Business and Investment Committee are maintained by the Committee Support Officer.

M. Lifespan of meeting:

The Finance, Business and Investment Committee is a standing committee of the Trust Board. It will continue to meet in accordance with these Terms of Reference until the Trust Board determines otherwise.

Members of the Committee may not send deputies unless specifically approved by the Committee Chair.

The Committee may choose to invite external organisations and individuals to present issues and reports from time to time.

O. Monitoring arrangements

All elements of the Finance, Business and Investment Committee Terms of Reference will be monitored by the Trust Secretary, reviewed annually by the Committee and reported in its Annual Report to the Board.
Terms of Reference for the Charitable Funds Committee

A. Overall aim or purpose:

The Trust Board hereby resolves to establish a Committee of the Board to be known as the Charitable Funds Committee. The purpose of the Committee is to give additional assurance to the Board that the Trust’s Charitable activities are within the law and regulations set by the Charity Commissioners for England and Wales. It does not remove from the Board the overall responsibility for this area but provides a forum for a more detailed consideration of Charitable matters and allows for direct contact with the Charity commissioners when necessary.

B. Key objectives:

The Charitable Funds Committee’s key objectives are to:

- monitor all aspects of charitable activity within the Trust, as set out within its Terms of Reference; and
- obtain, as and when required, external independent professional advice through normal business processes and to secure the attendance of outside parties with relevant experience and expertise if this is considered to be appropriate.

C. Specific areas of responsibility:

The Charitable Funds Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

In particular the Committee shall:

- ensure that the Charity complies with current legislation;
- review new legislation and its impact on the charity (i.e. Trustees Act 2000, SORP 2005 & the Charities Act 2006, Charities Act 2011);
- set and review an investment policy for the charity;
- appoint brokers to manage the charities funds;
- review the performance of the charities investments as managed by its brokers;
- set and review an expenditure policy including the use of investment gains;
- review individual fund balances within the overall charity on a regular basis;
- seek expenditure plans from individual fund holders where funds are currently not being used;
- agree guidance and procedures for fund holders (current delegated approval limits established as up to £1,000 for Fund Managers, up to £10,000 for Director of Finance, Contracting and Facilities, and over £10,000 by the Charitable Funds Committee itself);
- review audit recommendations;
- review the Annual Report and Accounts for the Charity;
- encourage a culture of fundraising and raise the profile of the Charity within the Trust and local population; and
- approve promotional material of the Charity on behalf of the Trustees to ensure that material used will not place the Charity’s reputation at undue risk.
D. Chair:
The Charitable Funds Committee shall be chaired by a Non-Executive Director appointed by the Trust Board. A second Non-Executive Director shall be identified to act as Deputy to the Chair.

E. Members:
The membership of the Committee will consist of three Non-Executive Directors one of whom will be Chair and one who will be Deputy Chair plus:

- Chief Executive;
- Director of Finance, Contracting and Facilities; and
- Deputy Chief Executive.

F. Accountable to:
The Charitable Funds Committee is accountable to the Board. The minutes of the Charitable Funds Committee shall be formally recorded and submitted to the Trust Board. In addition, minutes of the Charitable Funds Committee will be submitted to the Audit Committee for information.

G. Accountable for:
There are no formal lines of accountability between the Charitable Funds Committee and other Trust Committees. The Charitable Funds Committee interacts with other Trust Committees through cross attendance.

H. Roles
The role of the Chair is undertaken via a nominated Non-Executive Director. Administration of the meetings is undertaken by the Head of Financial Services who is responsible for Charitable Funds.

I. Frequency of Meetings:
Meetings will be held twice a year. There will be further meetings if required by the Committee or Trust Board.

J. Frequency of Attendance:
All Committee members will be expected to attend at least one meeting a year.

K. Quorum:
A minimum of three Executive or Non-Executive Directors with at least one Executive and Non-Executive Director.

L. Record Keeping:
Archives of minutes and papers relating to the Charitable Funds Committee are kept on the Trust shared drive.

M. Lifespan of meeting:
The Charitable Funds Committee is a standing committee of the Trust Board. It will continue to meet in accordance with these Terms of Reference until the Trust Board determines otherwise.
N. Other matters: attendance

Other Trust Directors, Managers and Clinicians will be required to attend to address specific issues as they arise. The Committee may choose to invite external organisations and individuals to present issues and reports from time to time. The Trust’s brokers will attend the meetings to provide professional advice on the Charity’s investment portfolio as required.
Terms of Reference for the Quality & Safety Committee

A. Overall Aim or Purpose:

The overall aim of the Committee is to seek and obtain evidence of assurance on the effectiveness of the Trust’s quality and safety systems and processes and the quality and safety of the services provided. This includes identifying and seeking assurance on the management of quality and safety related risks at operational and strategic level.

The Committee will monitor and report to the board on the effectiveness of these systems and processes.

B. Key objectives:

The Quality & Safety Committee’s key objectives are to:

• Seek assurance that:
  o Systems and processes are effective;
  o The quality of services is good and continuously improving; and
  o The quality of the experience of people using our service is good and continuously improving.
• monitor, review and report to the Trust Board on all of the above; highlighting assurances received and risks to assurance identified
• support the range of quality and safety initiatives in place within the Trust, providing advice where appropriate
• support and promote a risk awareness culture and positive approach to investigating and learning from adverse events
• approve and ratify relevant strategies ensuring that they are fit for purpose

C. Specific areas of responsibility:

The Quality & Safety Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

In particular the Committee shall review the adequacy of:

• Systems and processes to ensure monitoring and assessment of the quality and improvements in services
• Mechanisms to involve service users, carers, the public and partner organisations in improving services
• Arrangements for implementation and monitoring of clinical audit, clinical guidelines and protocols, NICE guidelines.
• Systems for identifying, reporting, mitigating and managing quality and safety related risks including the monitoring of incidents and complaints, and any risks within the Corporate Risk Register that have been allocated to the committee; different font and below?
• The development and implementation of action plans in response to Grade 2 Serious Incidents
• Research governance structures and proposals and work programme for Research and Development
• Structures and processes for developing and assuring clinical effectiveness
• Performance monitoring relating to key quality and safety indicators
• The Trust response to key external reports
In addition the Committee shall receive regular reports (including where applicable key performance indicators) on activity within operational services and the work of the sub groups of the committee that contribute to the understanding and improvement of quality and safety.

D. Chair:

The Quality & Safety Committee shall be chaired by a Non-Executive Director appointed by the Trust Board. A Non-Executive Director shall be identified to act as Deputy to the Chair.

E. Members:

The membership of the Committee will consist of the Medical Director, the Director of Nursing and Operations and three Non-Executive Directors. One NED will be Chair and one will be Deputy Chair. The Chief Executive and Chair are invited / reserve the right to attend any meeting.

In addition the following attendance is expected:

**In attendance for the whole meeting**
- Deputy Director of Quality & Governance
- Service user / carer representative
- Trust Secretary

**In attendance for the quarterly performance dashboard item**
- Operational Deputy Directors (x4)
- Deputy Director of Nursing and Specialist Services
- Head of Performance Management

**In attendance for twice annual locality reports**
- Deputy Director for locality
- Head of Service
- Chair of the locality Quality & Safety Group
- Clinical Lead for the locality

**In attendance for other reports:**
- Deputy Director(s) relevant to subject of paper
- Head(s) of Profession / clinical staff relevant to subject of paper
- Service user / carer representatives as relevant to subject of paper
- Representative from the facilities department as relevant to subject of paper

Where an Executive Director is unable to attend they may delegate to a Deputy Director; in such cases it should be made clear at the meeting who is undertaking the deputising role.

F. Accountable to:

The Quality & Safety Committee is accountable to the Board. The minutes of the Quality & Safety Committee shall be formally recorded and submitted to the Trust Board. In addition, minutes of the Quality & Safety Committee will be submitted to the Audit Committee for information.

G. Accountable for:

There are no formal lines of accountability between the Quality & Safety Committee and other Trust Committees. The Quality & Safety Committee interacts with other Trust Committees through cross attendance.
H. Roles

The role of the Chair is undertaken via a nominated Non-Executive Director. Minutes and administration of the meeting are undertaken through the Deputy Director of Quality and Governance and the Trust Secretary.

I. Frequency of Meetings:

Meetings will be held every six weeks. There will be separate meetings if required by the Trust Board.

J. Frequency of Attendance:

All Committee members will be expected to attend at least six meetings a year. Attendance will be monitored by the Trust Secretary.

K. Quorum:

The Committee will be considered quorate where at least two Non-Executive Directors and one Director are in attendance. In exceptional circumstances an Executive Director can temporarily delegate their responsibility at committee through a formal written letter of delegation.

L. Record Keeping:

Archives of minutes and papers relating to the Quality & Safety Committee are maintained by an identified committee support officer.

M. Lifespan of meeting:

The Quality & Safety Committee is a standing committee of the Trust Board. It will continue to meet in accordance with these Terms of Reference until the Trust Board determines otherwise.

N. Other matters: attendance

Deputy Directors, Heads of service, Medical and Professional Leads will be required to attend Committee meetings to present regular agenda items as requested by the Committee. Other Trust Directors, managers and clinicians will be required to attend to address specific issues as they arise. The Committee may choose to invite external organisations and individuals including service users and carers to present or attend for specific issues and reports from time to time.

O. Monitoring arrangements

All elements of the Quality & Safety Committee Terms of Reference will be monitored annually by the Deputy Director of Quality & Governance and reported in the Annual Quality & Safety Report.

The following groups/services will receive delegated actions from, and report into the Quality & Safety Committee:

- You and Your Care Steering Group (service user & carer involvement)
- Clinical Audit Steering Group
- Medicines Management Group
• Research & Development Forum
• NICE Monitoring Group
• Safeguarding Forum
• Infection control Sub Committee
• Resilience Group
• Serious Incident & Complaints Forum
• Locality quality and safety groups
SCHEME OF DECISIONS AND SCHEME OF DELEGATION

August 2015
SCHEME OF DECISIONS AND SCHEME OF DELEGATION

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1. **INTRODUCTION**

This Schedule of Reserved Decisions and Scheme of Delegation sets out all roles and decision levels through which the Board of Directors operates. Many of the areas shown can be linked to specific paragraphs in the Standing Orders (where references to such relate to the specific paragraph(s) contained in Annex 7 “Standing Orders for the Board of Directors” of the Trust’s Constitution), Standing Financial Instructions or Procurement Regulations and these should also be consulted as required. (The Schedules are set out in the following tables).

The general description of the roles of the Board of Directors, the Chair, the Chief Executive and Executive Directors, are shown below followed by descriptions of the role/decision level in specific areas which form part of the Trust’s regular business.

2. **GENERAL CONDITIONS**

- All powers are vested in the Board of Directors and remain to be exercised by the Board unless specifically delegated within a scheme of delegation authorised by the Board. The ultimate responsibility for all decisions taken under delegated powers remains with the Board of Directors.

- Decisions made under delegated powers must comply with statutory and legal provisions, with Trust policy and regulations and must not incur expenditure that is not provided for, in the Trust’s Business Plan (revenue or capital budget).

- No Committee may exercise power greater that those available to the Board of Directors or greater than those specifically delegated by the Board.

- It is the responsibility of each Chair (or acting Chair) of each Committee, operating within delegated powers, to ensure that:
  - Business is conducted in accordance with formal agenda reports.
  - Minutes are compiled in respect of all business considered at meetings and that those minutes are comprehensive and clear and adequately reflect the considerations and decisions made.
  - Minutes of meetings including reference to decisions taken, should be submitted to the Board of Directors at the earliest practical opportunity, but in any case on a regular and timely basis.
3. ROLE OF THE BOARD OF DIRECTORS

The Trust sets the strategic direction of the organisation within Monitor’s Risk Assessment Framework and overall NHS policy, sets objectives and the plans to meet them and oversees their delivery. It aims to ensure high standards of corporate governance and personal behaviour in the conduct of business with high standards of financial stewardship and value for money and achieves this through officers led by the Chief Executive and a team of Executive Directors who will advise and appraise. It is important to note that the Board of Directors functions as a unified Board as opposed to individuals accountabilities.

4. ROLE OF THE CHAIR

The Chair acts as the main link in communication between the Chief Executive and the Board of Directors; to provide a focus for Directors’ views; to act on behalf of the Board between meetings where necessary and to report on such actions where appropriate; to advise and guide the Chief Executive; and to maintain close contact with Governors and other NHS Chairmen; to act as the main spokesperson for the Board. The Chair also has a responsibility for authorising, on behalf of the Trust, urgent actions in respect of appropriate matters. In the event of the absence of the Chair, the Deputy Chair will deputise over the whole range of the Chair’s responsibilities.

5. ROLE OF THE CHIEF EXECUTIVE

The Chief Executive is directly accountable to the Board of Directors in relation to the performance of all of the Trust’s functions. Whilst Executive Directors have a crucial role in the development of policy, The Chief Executive is ultimately responsible for advice to the Board and for ensuring that the Board’s policies and decisions are implemented. The only exception to this is when advice is given by other officers in their professional capacity.

6. ROLE OF THE EXECUTIVE DIRECTORS

Executive Directors are responsible to the Chief Executive for the scope of work delegated to them and for assisting him in the formulation of policy and advice to the Board.
## 7. SCHEME OF DECISIONS AND SCHEME OF DELEGA

<table>
<thead>
<tr>
<th>DECISION BY BOARD</th>
<th>DECISION BY ROLE OF:</th>
<th>CHAIR</th>
<th>CHIEF EXECUTIVE</th>
<th>DIRECTOR/SENIOR MANAGER</th>
<th>SO/SFI REF</th>
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<tbody>
<tr>
<td><strong>1.6 Risk Management</strong></td>
<td>Approves Policy. Receives regular reports on quantified Risks from the Audit Committee. Approves the Assurance Framework. Through the Audit Committee, approves the Annual Governance Statement.</td>
<td></td>
<td>Overall responsibility for Risk Management Delegated to MD. Overall responsibility for the signed Annual Governance Statement.</td>
<td>MD to ensure that the Risk Management Policy is implemented. Advises Board and CE of significant risk. ED's/Senior Manager responsibility to put in place Risk Management for arrangements within the scope of operations and for taking appropriate action based upon risk assessments.</td>
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<tr>
<td><strong>1.7 Sealing of Documents</strong></td>
<td>Receives Annual Reports on the documents on which the Common Seal has been fixed in the presence of Chair and CE (or an ED)</td>
<td>To be present and attested by the Chair for all contracts which exceed £0.6m (with organisations other than NHS or government bodies) or for any leases as deemed appropriate.</td>
<td>To be present and attested by CE/ED for all contracts which exceed £0.1m (with organisations other than NHS or government bodies) and up to £0.6m for any leases as deemed appropriate.</td>
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<td><strong>1.8 Complaints against the Health Service</strong></td>
<td>Approves complaints policy. Assesses and actions reports submitted on complaints or allegations of ill treatment/inappropriate treatment.</td>
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<td>Advises Chair/Board on specific issues.</td>
<td>DCE/DN advises CE on specific issues.</td>
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<tr>
<td><strong>1.9 Research &amp; Development (R&amp;D)</strong></td>
<td>Approves policy and strategy having regard to the advice of the Quality and Safety Committee.</td>
<td></td>
<td>Reports R&amp;D performance and governance to Board of Directors.</td>
<td>MD to put in place an effective Research Governance System and reporting.</td>
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<td><strong>1.10 Data Protection</strong></td>
<td>To ensure policy on data protection is effective</td>
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<td>DFCF in line with statute and Trust policy to nominate a Data Protection Manager. CD responsible for reports to Board annually and as required.</td>
<td>S.F.I 14</td>
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<tr>
<td>DESCRIPTION</td>
<td>DECISION BY BOARD</td>
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<td>CHAIR</td>
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<td>DIRECTOR/SENIOR MANAGER</td>
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<td>2.  Finance</td>
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<tr>
<td>2.1  Business Plan, Budget, Annual Report and Accounts</td>
<td>Accepts and approves reports submitted by the CE/DFCF</td>
<td>Approves Business Plan, Annual Report and Accounts for submission to the Board of Directors.</td>
<td>DFCF submits budgets and financial reports to the Board.</td>
<td>S.F.I. 3 &amp; 4</td>
<td></td>
</tr>
<tr>
<td>2.2  Delegation of Budgets and Approval to spend.</td>
<td>Accepts and approves delegated budgets</td>
<td></td>
<td>DFCF to draw up proposals for individual budgets within the limits and plans of the Board. Individual Directors to accept responsibility for budgets allocated to them, to operate within SFIs, and to delegate to individual budget holders as required. DFCF approves virement according to SFIs.</td>
<td>S.F.I. 3</td>
<td></td>
</tr>
<tr>
<td>2.3  Service Development &amp; Business Cases (including responding to Health Tenders/ Contracts)</td>
<td>Approves Trust’s Annual Plan</td>
<td>Responsible, as the Trust’s accountable officer for the legality of service developments &amp; (via EMT, and where appropriate FBIC) approves in-year developments (with the DFCF) between £0.25m &amp; £0.6m.</td>
<td>DFCF responsible for ensuring that the business planning process and service developments take account of legality considerations</td>
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<tr>
<td>2.4  Operation of all Detailed Finance Matters including Bank Accounts and Banking Procedures.</td>
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<td></td>
<td>DFCF to be responsible for the implementation of the Board’s financial policies, in accordance with SFIs.</td>
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<td>DESCRIPTION</td>
<td>DECISION BY BOARD</td>
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<tr>
<td>2.5 Banking</td>
<td>All banking arrangements must be approved by the Board of Directors.</td>
<td>CHAIR</td>
<td>CHIEF EXECUTIVE</td>
<td>DFCF to advise the Board on: Banking needs</td>
<td>S.F.I. 5</td>
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<td></td>
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<td></td>
<td>The provision of banking services</td>
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<td>The need for re-tendering.</td>
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<td>DFCF to stipulate operational and day-to-day controls.</td>
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<tr>
<td>2.6 Insurance Arrangements</td>
<td>Approves insurance portfolio.</td>
<td>Reports to Board on</td>
<td>DFCF draws up insurance portfolio recommendations. MD responsible for</td>
<td>S.F.I. 19.2 –</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>potential insurable</td>
<td>R&amp;D clinical indemnity arrangements.</td>
<td>19.4</td>
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<td></td>
<td></td>
<td>risks.</td>
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<tr>
<td>2.7 Management and Control of Stocks</td>
<td></td>
<td></td>
<td>DFCF defines what is to be classed as stock and the controls and records</td>
<td>S.F.I. 9 &amp; 12</td>
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<td></td>
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<td></td>
<td>required.</td>
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<td></td>
<td>Individual Directors are responsible for stocks under their control but may</td>
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<td></td>
<td></td>
<td></td>
<td>delegate day-to-day control to Divisional Directors/Heads of Department.</td>
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<tr>
<td>2.8 Recording and Monitoring of Payments under the Losses and Compensation Regulations</td>
<td></td>
<td></td>
<td>Directors and Senior Managers will notify DFCF in writing of losses and</td>
<td>S.F.I. 13</td>
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<td>special payments who will arrange for the appropriate authorisation, notify</td>
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<td>the DFCF and provide quarterly reports to the Audit Committee.</td>
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<td>DFCF will notify the CE/Chair/Board of Directors of specific items of a</td>
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<td></td>
<td></td>
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<td>managerial nature without delay.</td>
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Source: Bradford District Care NHS Foundation Trust
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<tr>
<th>Section</th>
<th>Description</th>
<th>Responsible Party</th>
<th>Note</th>
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<tbody>
<tr>
<td>2.9</td>
<td>Management of Charitable Funds (Endowment Funds)</td>
<td>Approve the composition of Charitable Funds Committee. Charitable Funds Committee approves Charity/Endowment Scheme of Delegation and Sets overall policy on investments and accepts annual progress reports.</td>
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<td></td>
<td></td>
<td>DFCF acts as Treasurer to the Charitable Fund Committee. DFCF to be responsible for ensuring management and accounting arrangements are in place which must comply with legislation. Fund Manager</td>
<td>Up to £1,000</td>
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<td></td>
<td></td>
<td>DFCF</td>
<td>£1k - £10k</td>
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<td></td>
<td>Charitable Funds Committee</td>
<td>Above £10k</td>
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<tr>
<td>2.10</td>
<td>Service Delivery: Budgets and Monitoring</td>
<td>Monitors financial and patient activity on a regular basis.</td>
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<td></td>
<td></td>
<td>DFCF to prepare monthly corporate report which monitors the progress of financial and patient activity within the Trust.</td>
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<tr>
<td>2.11</td>
<td>External/Internal Audit</td>
<td>Through the Audit Committee takes necessary action on external audit reports and internal audit provision.</td>
<td>Considers submission to Board of Directors.</td>
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<td></td>
<td></td>
<td>DFCF monitors audit issues.</td>
<td>S.F.I. 16</td>
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<td>S.F.I. 3 &amp; 7</td>
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<td>S.F.I. 2</td>
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<td><strong>3. Procurement</strong></td>
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<tr>
<td>3.1 General</td>
<td>Agrees Standing Orders regarding tendering.</td>
<td>Ensures compliance with Standing Orders.</td>
<td>DFCF advises CE on Standing Order requirements.</td>
</tr>
</tbody>
</table>
| 3.2 Receipt and Opening of Tenders |                                                                                   | DFCF nominates and authorises Senior Officers and decides on admissibility and acceptance of tenders.  
<p>|                              | Two nominated Senior Officers to open and receive tenders. Neither should have been involved in the commissioning of the work. | DFCF agrees to post tender negotiations taking place.                                |            |
|                              |                                                                                   | Directors advise DFCF in writing that post tender negotiations are to take place or are being considered. |            |
| 3.3 Post Tender Negotiations |                                                                                   | CE, or DFCF, waives quotations and tenders over £5k and reports to Audit Committee.   |            |
|                              | Agrees tendering limits as part of Standing Orders/Standing Financial Instructions. |                                                                                     |            |
|                              |                                                                                   | Approves acceptance of tenders over £600k.                                          |            |
|                              |                                                                                   | Approves any tender accepted that is other than the lowest                         |            |
| 3.4 Approvals and Limits     |                                                                                   |                                                                                     |            |
|                              | Agrees tendering limits as part of Standing Orders/Standing Financial Instructions. |                                                                                     |            |
|                              | Approves acceptance of tenders over £600k.                                        |                                                                                     |            |
|                              | Approves any tender accepted that is other than the lowest                         |                                                                                     |            |
|                              |                                                                                   | CE, or DFCF, waives quotations and tenders over £5k and reports to Audit Committee.   |            |
|                              | Details of all tenders accepted to be reported to the DFCF.                        | Details of all tenders accepted to be reported to the DFCF.                          |            |
|                              | Limits for approving acceptance of tenders:-                                      |                                                                                     |            |
|                              | Head of Supplies                                                                 | Up to £5k                                                                            |            |
|                              | Prime Budget Holder                                                               | £5k - £50k                                                                           |            |
|                              | Deputy Director                                                                   | £50k - £75k                                                                          |            |
|                              | Director                                                                       | £75k - £100k                                                                         |            |
|                              | CE &amp; DFCF                                                                       | £100k - £600k                                                                         |            |</p>
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<td>CHAIR</td>
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<td>CHIEF EXECUTIVE</td>
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<td>DIRECTOR/SENIOR MANAGER</td>
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<tr>
<td>3.5 Ordering Goods and Services</td>
<td></td>
<td>Authorises named individuals to raise and sign orders within prescribed monetary levels.</td>
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<td></td>
<td>These are maximum levels for authorised signatories:</td>
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<td></td>
<td>Budget Monitor: Up to £5k</td>
<td>Up to £5,</td>
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<td>Delegated Budget Holder: Up to £10k</td>
<td>S.F.I. 9</td>
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<td>Prime Budget Holder: Up to £50k</td>
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<td></td>
<td>Deputy Director: Up to £75k</td>
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<td></td>
<td>Director: Up to £100k</td>
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<td>DFCF: Up to £250k</td>
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<td>CE &amp; DFCF: Up to £600k</td>
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<td>Trust Board: Over £600k</td>
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<tr>
<td>3.6 Appointment of Management Consultants</td>
<td></td>
<td>Ensure Monitor’s consultancy expenditure approval process is adhered to.</td>
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<td>Approval of Management Consultancy services within the limits of:</td>
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<td>ED &amp; DFCF signing new contracts for consultancy projects up to £50k</td>
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<td>ED &amp; DFCF extending or varying existing contracts or incurring additional expenditure to which they are</td>
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<td>not already committed (where the total contract value does not exceed £50k)</td>
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<td>CE &amp; DFCF signing new contracts for consultancy projects over £50k (see below additional Monitor requirement)</td>
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<td>CE &amp; DFCF extending or varying existing contracts or incurring additional expenditure to which they are</td>
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<td>not already committed (where the total contract value exceeds £50k) (see below additional Monitor requirement)</td>
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<td>Monitor expects any submission (for costs in excess of £50k) to be authorised by at least two board</td>
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<td>level executives. For projects with direct impact on clinical services, authorisation by the Nursing</td>
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<td>Director or the Medical Director is required.</td>
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<td>DESCRIPTION</td>
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<tr>
<td>Sale or purchase of capital assets (land or buildings) greater than £600k.</td>
<td>Authorise purchase (following reporting through FBIC), with CE, or determines submission to Board of Directors on the purchase or sale of capital assets up to £600k.</td>
<td>In conjunction with DFCF, granting and termination of leases, including leases with annual rent.</td>
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<tr>
<td>DESCRIPTION</td>
<td>DECISION BY BOARD</td>
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<td></td>
<td></td>
<td>CHAIR</td>
<td>CHIEF EXECUTIVE</td>
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<td>4. Human Resources</td>
<td></td>
<td></td>
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<tr>
<td>4.1 Remuneration and Terms of</td>
<td>To be determined following recommendations from Remuneration Committee.</td>
<td></td>
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<tr>
<td>Services for EDs</td>
<td></td>
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<tr>
<td>4.2 Human Resources Policy</td>
<td>Approves policies for Trust</td>
<td></td>
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<tr>
<td>Disputes/Arbitration/</td>
<td></td>
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<tr>
<td>Disciplinary Matters</td>
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<tr>
<td>4.3 Education and Training</td>
<td>Approves overall policy and monitors implementation.</td>
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<tr>
<td>4.4 Manpower Plan</td>
<td>Approves as part of Annual Plan.</td>
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DHR advises Remuneration Committee.
DHR to prepare options and draft policy in liaison with EDs.
DHR reports to EDs or Board as required.
DHR to prepare options and draft policy in liaison with EDs.
DHR and DFCF for changes where not in Annual Plan.
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<td>5. Asset Management</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>5.1 Management and Control of Computer Systems and Facilities.</td>
<td>Approves overall corporate IT policy on procurement and control of systems and facilities based on regular reports submitted by EDs.</td>
<td>CD co-ordinates IT policy on behalf of Trust and is responsible for ensuring satisfactory arrangements exist for the control and security of hardware, software and data.</td>
<td>S.F.1.14</td>
</tr>
<tr>
<td>5.3 Management of Land and Buildings</td>
<td>Approves the general policy in respect of acquisitions, sale exchange or reservation of land and buildings and also the apportionment of proceeds as required.</td>
<td>DFCF to be responsible for the design and management of capital schemes, surveys land and building acquisition and disposal. DFCF to be responsible for the day-to-day management of land and buildings.</td>
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## Corporate Investments, R&D, Shares etc.

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<th>DESCRIPTION</th>
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<td>CHIEF EXECUTIVE</td>
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<td>DIRECTOR /SENIOR MANAGER</td>
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<td>SO/SFI REF</td>
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<tr>
<td>6. Corporate Investments</td>
<td>Approves overall corporate policy on any investments in third party corporate vehicles and/or any internal financial support required to protect the Trust’s Intellectual Property, based on reports submitted by ED’s.</td>
<td>CD co-ordinates policy on behalf of Trust and is responsible for ensuring satisfactory arrangements exist for the control on any investments in third party corporate vehicles and/or any internal financial support required to protect the Trust’s Intellectual Property. DFCF to be responsible for the accounting treatment resulting from any commercial interests arising.</td>
</tr>
<tr>
<td>6.1 Commercialisation of Trust’s Intellectual Property</td>
<td>Approves the general policy in respect of joint ventures and strategic alliances, based on reports submitted by ED’s.</td>
<td>DFCF to be responsible for the structuring of any joint ventures and strategic alliances and the accounting treatment of such transactions.</td>
</tr>
<tr>
<td>6.2 Strategic Alliances, Partnerships and Joint Ventures</td>
<td>Approves the general policy in respect of acquisitions, sale exchange or reservation of land and buildings and also the apportionment of proceeds as required.</td>
<td>DFCF to be responsible for the design and management of capital schemes, surveys, land and building acquisition and disposal. DFCF to be responsible for the day-to-day management of land and buildings.</td>
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<tr>
<td>6.3 Major Projects</td>
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### Approvals to sign SLA/Contracts with Commissioners

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<td>CHAIR</td>
<td>CHIEF EXECUTIVE</td>
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<tr>
<td>7. Contracts for Provision of Services</td>
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<tr>
<td>7.1</td>
<td>Receives Annual overview of Contract agreements/ baseline and consistency with Annual Budget plan.</td>
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<td></td>
<td>Receives updates on contractual negotiations and exception reporting on material contractual matters.</td>
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STANDING FINANCIAL INSTRUCTIONS

August 2015
# STANDING FINANCIAL INSTRUCTIONS

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1. **INTRODUCTION**

1.1 **General**

1.1.1 These Standing Financial Instructions (SFIs) 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 the Independent Regulator’s relevant guidance. They should be used in conjunction with the *Scheme of Decisions and Scheme of Delegation* and Annex 7 of the Trust’s Constitution “Standing Orders for the Board of Directors” (the Trust’s Standing Orders).

1.1.2 These SFIs identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations including any 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 Director of Finance, Contracting and Facilities. These SFIs do not set out in full the requirements of the Independent Regulator’s guidance and all relevant guidance of the Independent Regulator should be consulted. Such guidance will also change over time and these SFIs do not record or reference all such applicable guidance.

1.1.3 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Finance, Contracting and Facilities must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's Standing Orders (SOs).

1.1.4 **Failure to comply with SFIs and SOs is a disciplinary matter that could result in dismissal.**

1.1.5 If for any reason these SFIs 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 SFIs to the Director of Finance, Contracting and Facilities as soon as possible.

1.1.6 Officers of the Trust should note that the SFIs, SOs and Scheme of Decisions and Scheme of Delegation do not contain every legal obligation applicable to the Trust. The Trust and each officer of the Trust must comply with all requirements of legislation (which shall mean any statute, subordinate or secondary legislation, any enforceable community right within the meaning of section 2(1) European Community Act 1972 and any applicable judgment of a relevant court of law which is a binding precedent in England) and all guidance and directions binding on the Trust. Legislation, guidance and directions will impose requirements additional to the SOs, SFIs and Scheme of Decisions and Scheme of Delegation. All such legislation and binding guidance and directions shall take precedence over these SFIs, SOs and the Scheme of Decisions and Scheme of Delegation. The SFIs, SOs and Scheme of Decisions and Scheme of Delegation shall be interpreted accordingly.
1.1.7 All policies and procedures of the Trust, to the extent that they are consistent with this SFI, must be followed by all Governors, Directors and Officers of the Trust in addition to the provisions of this SFI (whether specifically referenced in this schedule or not).

1.2 Responsibilities and delegation

1.2.1 The Trust Board

The Board exercises financial supervision and control by:

(a) formulating the financial strategy;

(b) requiring the submission and approval of the Annual Plan and budgets within 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 Decisions and Scheme of Delegation document.

1.2.2 The Chief Executive and Director of Finance, Contracting and Facilities

The Chief Executive and Director of Finance, Contracting and Facilities 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 Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust’s system of internal control.

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

1.2.4 The Director of Finance, Contracting and Facilities

The Director of Finance, Contracting and Facilities 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 Director of Finance, Contracting and Facilities 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.

1.2.5 **Board Members and Employees**

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

(a) the security of the property of the Trust;

(b) avoiding loss;

(c) exercising economy and efficiency in the use of resources;

(d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Decisions and Scheme of Delegation.

1.2.6 **Contractors and Their Employees**

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

1.2.7 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Director of Finance, Contracting and Facilities.
2. **AUDIT**

2.1 **Audit Committee**

The Committee has been formally constituted by the Board in accordance with its Standing Orders and will report through to the Board of Directors.

The Committee is authorised to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.

The Committee is authorised to obtain outside legal and other independent professional advice and to secure the attendance of outsiders with relevant experience, expertise if it considers it necessary.

2.2 **Scope and Duties**

2.2.1 To provide the Board of Directors with a means of independent and objective review of financial systems, internal financial control, financial information used by the Trust and compliance with law, guidance and codes of conduct and accountability.

2.2.2 To monitor the implementation of policies and procedures and standards of probity and business conduct for the Board of Directors and staff.

2.2.3 To review the annual financial statements before submission to the Board, focusing particularly on:-

(a) Changes in/and compliance with accounting policies and practices

(b) Major judgmental areas

(c) Significant adjustments resulting from the audit

2.2.4 To review the establishment and maintenance of an effective system of internal control and risk management.

2.2.5 Review the adequacy of all risk and control related disclosure statements together with any accompanying Head of Internal Audit Annual Opinion Statement prior to endorsement by the Board. This will encompass all risks that affect the Trust not just financial risks.

2.2.6 Review the structure processes and responsibility for identifying and managing key risks facing the organisation.

2.2.7 Review policies for ensuring that there is compliance with relevant regulatory, legal, and code of conduct requirements as set out in the relevant guidance.

2.2.8 Review and monitor tenders waived.

2.2.9 Review the operational effectiveness of policies and procedures.
2.2.10 Review the policies and procedures for all work related to fraud and corruption as set out in the Secretary of State directions and as required by the Director of Counter Fraud Services.

2.2.11 Review and monitor the Trust's Board Assurance Framework.

2.2.12 To consider the appointment of the Local Counter Fraud Service (LCFS).

2.2.13 To consider the appointment of the Internal Audit Services, the audit fee and any questions of resignation and dismissal.

2.2.14 To review the internal audit programme considering the major findings of internal audit investigations and management's response and ensure co-ordination between the Internal and External Auditors.

2.2.15 To ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.

2.2.16 To advise and support the appointment of the External Auditors by the Council of Governors.

2.2.17 To discuss with External Audit before the audit commences the nature and scope of the audit and ensures co-ordination as appropriate with External Auditors within the local health economy.

2.2.18 To review External Audit reports including value for money reports and annual audit letters, together with the management response.

2.2.19 To review proposed changes to Standing Orders and Standing Financial Instructions.

2.2.20 To examine circumstances associated with each occasion when Chair's Action is taken to waive Standing Orders and/or Standing Financial Instructions.

2.2.21 To review schedules of losses and compensation and make recommendations to the Trust Board.

2.3 Director of Finance, Contracting and Facilities

2.3.1 The Director of Finance, Contracting and Facilities 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; ensuring that the internal audit is adequate and meets the NHS internal audit standards, the Audit Code for NHS Foundation Trusts;

(b) deciding at what stage to involve the police in cases of fraud, misappropriation and other regularities; and

(c) ensuring there are appropriate terms of reference for the internal audit function, and that these are reflected in the SFIs.

2.3.2 The Director of Finance, Contracting and Facilities 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, members of the Board or Officers of the Trust;

(c) the production of any cash, stores or other property of the Trust under a member of the Board and/or Officer’s control; and

(d) explanations concerning any matter under investigation.

2.4 Role of Internal Audit

2.4.1 Internal audit provides an independent and objective opinion to the Chief Executive, the Audit Committee and the Board on the degree to which risk management, control and governance support the achievement of the Trust’s agreed objectives.

2.4.2 The Head of Internal Audit will provide an annual opinion statement, in accordance with Department of Health guidelines, which will be based on a systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to:

(a) establish, and monitor the achievement of, the Trust’s objectives;

(b) identify, assess and manage the risks to achieving the Trust’s objectives;

(c) ensure the economical, effective and efficient use of resources;

(d) ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;

(e) safeguard the Trust’s assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and

(f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

2.4.3 Where key systems are being operated on behalf of the Trust by anybody external to the Trust, the Head of Internal Audit must ensure arrangements are in place to form an opinion on their effectiveness.

2.4.4 Where the Trust operates systems on behalf of other bodies, the Head of Internal Audit must be consulted on the audit arrangements proposed or in place.

2.4.5 Whenever a 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 Director of Finance, Contracting and Facilities must be notified immediately.

2.4.6 The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of the Trust.
2.4.7 The Director of Finance, Contracting and Facilities shall produce written procedures for the issue and clearance of audit reports. These shall include the appropriate following action and the steps to be taken when managers fail to take remedial action within the appropriate time period.

2.4.8 Where in exceptional circumstances the use of normal reporting channels could be seen as possibly limiting the objectivity of the audit, the Head of Internal Audit shall have access to report directly to the Chair or Deputy Chair of the Board, Chair of the Audit Committee or Chief Executive.

2.4.9 The Head of Internal Audit shall be accountable to the Director of Finance, Contracting and Facilities. The reporting system for internal audit shall be agreed between the Director of Finance, Contracting and Facilities, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with any guidance on reporting contained in the Audit code for NHS Foundation Trusts. The reporting system shall be reviewed at least every three years.

2.5. **External Audit**

2.5.1 The Council of Governors shall appoint or remove the auditor at a general meeting of the Council of Governors.

2.5.2 The Audit Code for NHS Foundation Trusts ("The Audit Code") contains directions of the Independent Regulator under Schedule 7 paragraph 24 of the National Health Service Act 2006, with respect to the standards, procedures and techniques to be adopted by the Auditor.

2.5.3 The Trust shall apply and comply with the Audit Code.

2.5.4 The Auditor shall be required by the Trust to comply with the Audit Code.

2.5.5 SFI 2.3.2 relates equally to internal and external audit.

2.5.6 In the event of the Auditor issuing a public interest report the Trust shall forward a report to the Independent Regulator within 30 days (or such shorter period as the Independent Regulator may specify) of the report being issued. The report shall include details of the Trust’s response to the issues raised within the public interest report.

2.6. **Fraud and Corruption**

2.6.1 The Trust shall take all necessary steps to counter fraud and deal effectively with security management issues affecting NHS funded services in accordance with:

(a) the NHS Fraud and Corruption Manual published by the Counter Fraud and Security Management Service (CFSMS);

(b) the policy statement “Applying appropriate sanctions consistently” published by CFSMS;

(c) any other reasonable guidance or advice issued by CFSMS that affects efficiency, systemic and/or procedural matters; and

(d) the security management manual.
2.6.2. The Chief Executive and Director of Finance, Contracting and Facilities shall monitor and ensure compliance with the above.

2.6.3 The Trust shall nominate a suitable person to carry out the duties of the local counter fraud specialist (LCFS) and local security management specialist (LSMS) in accordance with relevant Secretary of State Directions.

2.6.7 The LCFS and LSMS shall report to the Director of Finance, Contracting and Facilities and shall work with staff in the NHS counter fraud & security management service and the counter fraud operational service in accordance with the Department of Health fraud and corruption manual.

3. BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

3.1 Preparation and Approval of Plans and Budgets

3.1.1 The Chief Executive will compile and submit to the Board an integrated Business Plan which takes into account financial targets and forecast limits of available resources. The Business 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

(c) full compliance with the Independent Regulator’s requirements as detailed in the authorisation

3.1.2 Prior to the start of the financial year the Director of Finance, Contracting and Facilities will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:

(a) be in accordance with the aims and objectives set out in the Business 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; and

(f) enable the Trust to comply with the prudential borrowing code set out by the Independent Regulator.

3.1.3 The Director of Finance, Contracting and Facilities shall monitor financial performance against budget and plan, periodically review them, and report to the Board.

3.1.4 All budget holders must provide information as required by the Director of Finance, Contracting and Facilities to enable budgets to be compiled.
3.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

3.1.6 The Director of Finance, Contracting and Facilities has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

3.2 **Budgetary Delegation**

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

(a) the amount of the budget;

(b) the purpose(s) of each budget heading;

(c) individual and group responsibilities;

(d) autonomy within approved Locality budget envelope, income growth and trading gap plans;

(e) achievement of planned levels of service;

(f) the provision of regular reports.

3.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total but have autonomy within Board approved budget envelope, income growth and trading gap plans to vary budget in order to meet their agreed targets.

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

3.3 **Budgetary Control and Reporting**

3.3.1 The Director of Finance, Contracting and Facilities will devise and maintain systems of budgetary control. These will include:

(a) monthly financial reports to the Board in a form approved by the Board containing:

   (i) income and expenditure to date showing trends and forecast year-end position;

   (ii) movements in working capital;

   (iii) movements in cash and capital;

   (iv) capital project spend and projected outturn against plan;

   (v) explanations of any material variances from plan; and

   (vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance, Contracting and Facilities' view of whether such actions are sufficient to correct the situation.
(b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;

(c) investigation and reporting of variances from financial, workload and manpower budgets;

(d) monitoring of management action to correct variances; and

(e) arrangements for the authorisation of budget transfers.

3.3.2 Each Budget Holder is responsible for ensuring that:

(a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the 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; and

(c) no permanent employees are appointed without the approval of the Directors of Finance, Contracting and Facilities and Human Resources and Organisational Development other than those provided for within the available resources and manpower establishment as approved by the Board.

3.3.3 The Chief Executive is responsible for identifying trading gaps and implementing initiatives to close them in accordance with the requirements of a balanced budget.

3.4 Capital Expenditure & Leases

3.4.1 The Board approves the overall programme as part of the annual plan and delegates to Executive Management Team decisions on variations/business cases between £250k and £600k. Capital Planning & Investment Group approves any below those limits. (The particular applications relating to capital are contained in SFI 11).

3.5 Monitoring Returns

3.5.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the Independent Regulator and Department of Health as required.

4. ANNUAL ACCOUNTS AND REPORTS

4.1.1 The Trust is to keep accounts in such form as Monitor, the Independent Regulator, may direct. The accounts are to be audited by the Trust’s external Auditor.

4.1.2 The following documents will be made available to the Comptroller and Auditor General for examination at his request

(a) the accounts;
(b) any records relating to them; and
(c) any report of the external Auditor on them.

4.1.3 The Trust is to prepare in respect of each financial year annual accounts in such form as Monitor may direct with the approval of the Treasury.
4.1.4 In preparing its annual accounts, the Trust is to comply with any directions given by Monitor with the approval of the Treasury as to:

(a) the methods and principles according to which the accounts are to be prepared; and

(b) the information to be given in the accounts.

4.1.5 The annual accounts, any report of the external Auditor on them, and the annual report are to be presented to the Council of Governors at a General Meeting.

4.1.6 The Trust shall:

(a) lay a copy of the annual accounts, and any report of the external Auditor on them, before Parliament; and

(b) send copies of those documents to Monitor.

4.1.7 Responsibility for complying with the requirements relating to the form, preparation and presentation of the accounts shall be delegated to the Chief Executive.

4.2 Annual Report

4.2.1 The Trust is to prepare annual reports and send them to Monitor, the Independent Regulator. The reports are to give:

(a) information on any steps taken by the Trust to secure that (taken as a whole) the actual membership of its public constituencies and of the classes of the staff constituency is representative of those eligible for such membership; and

(b) any other information Monitor, the Independent Regulator requires.

4.2.2 The Trust is to comply with any decision by Monitor with regard to:

(a) the form of the reports;

(b) when the reports are to be sent; and

(c) the periods to which the reports are to relate.

4.3 Annual Plan

4.3.1 The Trust is to give information as to its forward planning in respect of each financial year to Monitor. The document containing this information is to be prepared by the Directors, and in preparing the document, the Board of Directors must have regard to the views of the Council of Governors.
5. **BANKING**

5.1 **General**

5.1.1 The Director of Finance, Contracting and Facilities 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 Monitor or HM Treasury. In line with ‘Managing Operating Cash in NHS Foundation Trusts’ Trusts should minimise the use of commercial bank accounts and consider using the Government Banking Service (GBS) accounts for all banking services.

5.1.2 The Board shall approve the banking arrangements.

5.2 **Bank and GBS Accounts**

5.2.1 The Director of Finance, Contracting and Facilities is responsible for:

(a) bank accounts and the Government Banking Service (GBS) accounts;

(b) establishing separate bank accounts for the Trust’s non-exchequer (Charitable) funds;

(c) ensuring payments made from bank or GBS 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; and

(e) monitoring compliance with the Independent Regulator’s guidance on the level of cleared funds.

5.3 **Banking Procedures**

5.3.1 The Director of Finance, Contracting and Facilities will prepare detailed instructions on the operation of bank and GBS accounts which must include:

(a) the conditions under which each bank and GBS account is to be operated; and

(b) those authorised to sign cheques or other orders drawn on the Trust’s accounts.

5.3.2 The Director of Finance must advise the Trust’s bankers in writing of the conditions under which each account will be operated.

5.4 **Tendering and Review**

5.4.1 The Director of Finance, Contracting and Facilities 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.

5.4.2 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 GBS accounts.
6. **INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**

6.1 **Income Systems**

6.1.1 The Director of Finance, Contracting and Facilities is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

6.1.2 The Director of Finance, Contracting and Facilities is also responsible for the prompt banking of all monies received.

6.2 **Fees and Charges**

6.2.1 The Trust shall follow the Department of Health advice in the Payment by Result (PbR) guidelines and any other applicable guidance in setting prices for contracts with NHS Commissioners for all services falling within PbR from time to time.

6.2.2 The Director of Finance, Contracting and Facilities 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 be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is being considered the guidance in the Department of Health’s Commercial Sponsorship – Ethical Standards in the NHS shall be followed.

6.2.3 All employees must inform the Director of Finance, Contracting and Facilities promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

6.3 **Debt Recovery**

6.3.1 The Director of Finance, Contracting and Facilities is responsible for the appropriate recovery action on all outstanding debts.

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

6.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

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

6.4.1 The Director of Finance, Contracting and Facilities 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; and

(d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
6.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.

6.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance, Contracting and Facilities.

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

7. LEGALLY BINDING CONTRACTS FOR THE PROVISION OF SERVICES

7.1 Legally Binding Contracts (LBCs)

The Chief Executive, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Legally Binding Contracts (LBCs) with service commissioners for the provision of NHS services.

The Trust will follow the detail contained within the schedules of the contract. 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 Performance Assessment Framework within the LBC;
- that the LBC builds on existing partnership arrangements;
- that SLAs are based on integrated care pathways.

7.2 Involving Partners and jointly managing risk

A good LBC 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 LBC 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.

7.3 Reports to Board on LBCs

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 LBCs. 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.
8. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE TRUST BOARD AND EMPLOYEES

8.1 Remuneration and Terms of Service

8.1.1 The Remuneration Committee has been established by the Board to ensure that proper systems exist to advise on the appropriate level of remuneration for the Chief Executive and Executive Directors of the Trust.

8.2 Scope and Duties

8.2.1 To recommend to the Board the appropriate level of remuneration and terms of service of the Chief Executive, Executive Directors ensuring that they are fairly rewarded for their individual contribution to the Trust, having proper regard to the organisation, circumstances and performance and the provision of any national arrangements for such staff where appropriate and appropriate labour market information.

8.2.2 To ensure that the appropriate systems exist to monitor the performance of the Chief Executive and Executive Directors of the Trust.

8.2.3 To review the level of performance and remuneration of the Chief Executive and Executive Directors annually.

8.2.4 To advise on, and oversee contractual arrangements for such staff including a proper calculation and scrutiny of termination payments, taking account of relevant national guidance and legal advice.

8.2.5 The Committee has no authority in relation to the remuneration and terms of service of the Chair and Non-Executive Directors. It is the Council of Governors who will decide these remuneration and allowances.

8.3 Staff Appointments

8.3.1 No officer or Member of the Board of Directors 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 Directors of Finance, Contracting and Facilities and Human Resources and Organisational Development; and

(b) they are within the approved limit of the annual plan.

8.3.2 The Board will approve procedures presented by the Directors of Finance, Contracting and Facilities and Human Resources and Organisational Development for the determination of commencing pay rates, condition of service, etc., for employees.

8.4 Processing Payroll

8.4.1 The Director of Finance, Contracting and Facilities 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.

8.4.2 The Director of Finance, Contracting and Facilities 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;
(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.

8.4.3 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 Director of Finance, Contracting and Facilities’ instructions and in the form prescribed by the Director of Finance, Contracting and Facilities;
(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 Director of Finance, Contracting and Facilities must be informed immediately.

8.4.4 Regardless of the arrangements for providing the payroll service, the Director of Finance, Contracting and Facilities 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.

8.5 Contracts of Employment

8.5.1 The Board shall delegate responsibility to the Director of Human Resources and Organisational Development for:

(a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;

(b) dealing with variations to, or termination of, contracts of employment.

9. NON-PAY EXPENDITURE

9.1 Delegation of Authority

9.1.1 The Scheme of Delegation sets out the delegated powers.

9.2 Requisitioning

9.2.1 Wherever possible a requisitioner shall use the iProcurement (iProc) facility to order goods and services supported by Trust negotiated contracts.

9.2.2 Where a service or good is not available then the requisitioner should consult with the Supplies department. In choosing the item to be supplied (or the service to be performed) best value for money for the Trust should always be sought. Where the advice of the Supplies department is not acceptable to the requisitioner, the Director of Finance, Contracting and Facilities (and/or the Chief Executive) shall be consulted.

9.3 System of Payment and Payment Verification

The Director of Finance, Contracting and Facilities 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.

9.3.1 The Director of Finance, Contracting and Facilities 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 (Procurement) 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:
(i) A list of Trust employees (including specimens of their signatures) authorised to certify invoices.

(ii) Proper Certification.

9.4 Prepayments

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

(a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate, for a period similar to the contract term, plus 2%).

(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 Director of Finance, Contracting and Facilities 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.

9.5 Official orders

9.5.1 Official Orders must:

(a) be consecutively numbered;

(b) be in a form approved by the Director of Finance, Contracting and Facilities;

(c) state the Trust’s terms and conditions of trade;

(d) only be raised by the Purchasing system.

9.5.2 Duties of Managers and Officers

Managers and Officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance, Contracting and Facilities 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 Director of Finance, Contracting and Facilities 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 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 Director of Finance, Contracting and Facilities 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) 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";

(h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

(i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;

(j) changes to the list of employees and Officers authorised to certify invoices are notified to the Director of Finance, Contracting and Facilities;

(k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance, Contracting and Facilities;

(l) petty cash records are maintained in a form as determined by the Director of Finance, Contracting and Facilities.

9.6 Joint Finance Arrangements with Local Authorities and Voluntary Bodies

9.6.1 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 Director of Finance, Contracting and Facilities which shall be in accordance with these Acts.

10. EXTERNAL BORROWING AND INVESTMENTS

10.1 Prudential borrowing code

10.1.1 The Trust must ensure compliance with the prudential borrowing code set by the Independent Regulator to limit the amount of borrowing for NHS Foundation Trusts.
10.1.2 The prudential borrowing code will determine the prudential borrowing limit the Trust must not borrow outside of. The limit is imposed by the Independent Regulator in the terms of authorisation. This limit will be reviewed annually by the Independent Regulator.

10.2 Public dividend capital

10.2.1 On authorisation as a Foundation Trust the public dividend capital held immediately prior to authorisation continues to be held on the same conditions.

10.2.2 Additional public dividend capital may be made available on such terms the Secretary of State (with the consent of the Treasury) decides.

10.2.3 Draw down of public dividend capital should be authorised in accordance with the mandate held by the Department of Health cash funding team, and is subject to approval by the Secretary of State.

10.2.4 The Trust shall be required to pay annually to the Department of Health a dividend on its public dividend capital at a rate to be determined from time to time, by the Secretary of State.

10.3 Commercial borrowing

10.3.1 The Trust may borrow money from any commercial source for the purposes of or in connection with its functions, subject to the prudential borrowing limit.

10.4 Investments

10.4.1 The Trust may invest money (other than money held by it as charitable Trustee) for the purposes of or in connection with its functions. Such investment may include forming, or participating in forming, or otherwise acquiring membership of bodies corporate.

10.4.2 The Trust may also give financial assistance (whether by way of loan, guarantee or otherwise) to any person for the purposes of or in connection with its functions.

10.5 Investment of Temporary Cash Surpluses

10.5.1 Temporary cash surpluses must be held only in such public and private sector investments as approved in the Trust’s treasury management policy which should be drawn up by the Director of Finance, Contracting and Facilities and pursuant to all applicable guidance including Managing Operating Cash in NHS Foundation Trusts published by the Independent Regulator.

10.5.2 The Director of Finance, Contracting and Facilities shall report periodically to the Trust Board concerning the performance of investments held.

10.5.3 The Director of Finance, Contracting and Facilities will prepare detailed procedural instructions on investment operations and on the records to be maintained. The Trust’s treasury management policy will incorporate guidance from the Independent Regulator as appropriate.

10.5.4 The Trust shall comply with all relevant guidance published on investments from time to time in force.
10.6 Working Capital Facility

10.6.1 Whenever the Trust requires a Working Capital Facility, the Board will ensure that funds are available for short-term cash flow management by negotiating an irrevocable working capital facility with a commercial bank. The value of this facility shall not exceed the limit set in the Trust’s authorisation.

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

11.1 Capital Investment

11.1.1 The Chief Executive:

(a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;

(b) 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;

(d) shall ensure that the Trust complies with the requirements of Monitor’s Risk Assessment Framework, including the Prudential Borrowing Code and Risk Evaluation for Investment Decisions by NHS Foundation Trusts (REID).

11.1.2 For every capital expenditure proposal (other than replacement equipment or rolling programmes) the Chief Executive shall ensure:

(a) that a business case is produced setting out:

(i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;

(ii) the involvement of appropriate Trust personnel and external agencies;

(iii) appropriate project management and control arrangements.

(b) that the Director of Finance, Contracting and Facilities has certified professionally to the costs and revenue consequences detailed in the business case.

11.1.3 The Chief Executive and Director of Finance, Contracting and Facilities 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.

11.1.4 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of “Estatecode”.
11.1.5 The Director of Finance, Contracting and Facilities shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM Revenue and Customs guidance.

11.1.6 The Director of Finance, Contracting and Facilities shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

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

11.1.8 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 (see overlap with Scheme of Delegation).

11.1.9 The Chief Executive will issue a scheme of delegation for capital investment management.

11.1.10 The Director of Finance, Contracting and Facilities shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

11.2 Private Finance

11.2.1 The Trust should normally test for PFI when considering capital procurement. For all proposals:

(a) The Director of Finance, Contracting and Facilities 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 Monitor or in line with any current guidelines.

(c) The proposal must be specifically agreed by the Board.

11.3 Asset Registers

11.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance, Contracting and Facilities concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

11.3.2 The Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in accordance with the International Financial Reporting Standards (IFRS) and any other standards applicable for the periods concerned.

11.3.3 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.

11.3.4 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).

11.3.5 The Director of Finance, Contracting and Facilities shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

11.3.6 The value of each asset shall be depreciated using methods as allowed in the IFRSs.

11.4 Security of Assets

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

11.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:

(a) recording managerial responsibility for each asset;

(b) identification of additions and disposals;

(c) identification of all repairs and maintenance expenses;

(d) physical security of assets;

(e) periodic verification of the existence of, condition of, and title to, assets recorded;

(f) identification and reporting of all costs associated with the retention of an asset;

(g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

11.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance, Contracting and Facilities.

11.4.4 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 Trust property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
11.4.5 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.

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

12. STORES AND RECEIPT OF GOODS

12.1 General position

12.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

(a) kept to a minimum;

(b) subjected to annual stock take;

(c) valued at the lower of cost and net realisable value.

12.2 Control of Stores, Stocktaking, condemnations and disposal

12.2.1 Subject to the responsibility of the Director of Finance, Contracting and Facilities 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 Director of Finance, Contracting and Facilities. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil and coal of a designated estates manager.

12.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/Pharmaceutical Officer. Wherever practicable, stocks should be marked as Trust property.

12.2.3 The Director of Finance, Contracting and Facilities shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

12.2.4 Stocktaking arrangements shall be agreed with the Director of Finance, Contracting and Facilities and there shall be a physical check covering all items in store at least once a year.

12.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance, Contracting and Facilities.

12.2.6 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Director of Finance, Contracting and Facilities 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 Director of Finance, Contracting and Facilities any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI on 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.
12.3 Goods supplied by NHS supply Chain

12.3.1 For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive shall identify those authorised to requisition and accept those goods. Generally goods will be ordered to regularly agreed stock levels. Any discrepancies to order should be reviewed and resolved with NHS Supply Chain.

13. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

13.1 Disposals and Condemnations

13.1.1 Procedures

The Director of Finance, Contracting and Facilities must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

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

13.1.3 All unserviceable articles shall be:

(a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance, Contracting and Facilities;

(b) recorded by the Condemning Officer in a form approved by the Director of Finance, Contracting and Facilities which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance, Contracting and Facilities.

13.1.4 The Condemning Officer shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance, Contracting and Facilities who will take the appropriate action.

13.2 Losses and Special Payments

13.2.1 Procedures

The Director of Finance, Contracting and Facilities must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.

13.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance, Contracting and Facilities or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance, Contracting and Facilities and/or Chief Executive. Where a criminal offence is suspected, the Director of Finance, Contracting and Facilities 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 Director of Finance, Contracting and Facilities must inform the
relevant LCFS and CFSMS regional team in accordance with Secretary of State for Health’s Directions.

The Director of Finance, Contracting and Facilities must notify the Counter Fraud and Security Management Services (CFSMS) and the External Auditor of all frauds.

13.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance, Contracting and Facilities must immediately notify:

(a) the Board,
(b) the External Auditor.

13.2.4 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.

13.2.5 The Director of Finance, Contracting and Facilities shall be authorised to take any necessary steps to safeguard the Trust’s interests in bankruptcies and company liquidations.

13.2.6 For any loss, the Director of Finance, Contracting and Facilities should consider whether any insurance claim can be made.

13.2.7 The Director of Finance, Contracting and Facilities shall maintain a Losses and Special Payments Register in which write-off action is recorded.

13.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.

13.2.9 All losses and special payments must be reported to the Audit Committee at every meeting.

14. INFORMATION TECHNOLOGY

14.1 Responsibilities and duties of the Director of Finance, Contracting and Facilities

14.1.1 The Director of Finance, Contracting and Facilities, 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.

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

14.1.3 The Commercial Director 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.

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

14.2.1 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 Finance, Contracting and Facilities:

(a) details of the outline design of the system;

(b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement

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

14.3.1 The Director of Finance, Contracting and Facilities 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.

14.3.2 Where another health organisation or any other agency provides a computer service for financial applications, the Director of Finance, Contracting and Facilities shall periodically seek assurances that adequate controls are in operation.

14.4 Risk Assessment

The Commercial Director 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.

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

Where computer systems have an impact on corporate financial systems the Director of Finance, Contracting and Facilities 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) Director of Finance, Contracting and Facilities staff have access to such data;
(d) such computer audit reviews as are considered necessary are being carried out.

15. PATIENTS' PROPERTY

15.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

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

- notices and information booklets; (notices are subject to sensitivity guidance)
- 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.

15.3 The Director of Finance, Contracting and Facilities 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.

15.4 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 Director of Finance, Contracting and Facilities.

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

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

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

16.1 Corporate Trustee

16.1.1 The Trust is responsible, as a corporate Trustee, for the management of funds it holds on Trust and shall comply with Charities Commission latest guidance and best practice.

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

16.1.3 The Director of Finance, Contracting and Facilities shall ensure that each Trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

16.2 Accountability to Charity Commission and Secretary of State for Health

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

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

16.3 Applicability of Standing Financial Instructions to funds held on Trust

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

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

17. TENDERING AND CONTRACTING PROCEDURE

17.1 Duty to comply with Standing Financial Instructions

The procedure for making all contracts by or on behalf of the Trust shall comply with these Standing Financial Instructions.

17.2 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 Financial Instructions.
17.3 Reverse eAuctions

The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to www.ogc.gov.uk

17.4 Capital Investment and other Department of Health Guidance

The Trust shall comply as far as is practicable with the requirements of the Department of Health current capital investment guidance 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".

17.5 Formal Competitive Tendering

17.5.1 General Applicability

The Trust shall ensure that competitive tenders are invited for:

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

17.5.2 Health Care Services

Where the Trust elects to invite tenders for the supply of healthcare services these Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure.

17.5.3 Exceptions and instances where formal tendering need not be applied

Formal tendering procedures need not be applied where:

(a) the estimated expenditure or income does not, or is not reasonably expected to, exceed £5,000;

(b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;

(c) regarding disposals as set out in Standing Financial Instructions No. 13;

Formal tendering procedures may be waived in the following circumstances:

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

(f) where PASA and OGC agreements are in place

(g) 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;

(h) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;

(i) where specialist expertise is required and is available from only one source;

(j) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;

(k) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;

(l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel’s opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

The Director of Finance, Contracting and Facilities will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

(m) where allowed and provided for within current Department of Health capital investment guidance.

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

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

Contracts awarded by the Head of Supplies in conjunction with Points (f) and
(g) are not required to be waived, as contracts awarded in these circumstances have been let through nationally negotiated contracts which have demonstrated best value and have been let through open competition in accordance with National Procurement legislation. The Head of Supplies is not required to document and report this to the Trust Board.

17.5.4 **Fair and Adequate Competition/Single Tender**

Where the exceptions set out in SFI Nos. 17.1 and 17.5.3 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, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required unless:

- the goods required are from a sole manufacturer, or monopoly supplier then single tender is permitted.

17.5.5 **List of Approved Firms**

The Trust shall ensure that firms/individuals invited to tender are technically competent to undertake to fulfil the supply of goods and services. Contracts should only be awarded to firms/individuals who are financially and technically competent or are among those on the approved lists.

17.5.6 **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.

17.5.7 **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 which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Trust record.

17.6 **Contracting/Tendering Procedure**

17.6.1 **Invitation to tender**

(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:

(a) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word “tender” followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
(b) that tender envelopes/packages shall not bear any names or marks indicating 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.

(iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

(iv) 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.

17.6.2 Receipt and safe custody of tenders

The Chief Executive or his nominated representative 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.

The Electronic Return of Tenders

Tenders may be sought and returned electronically via an external service system approved by the Chief Executive/Director of Finance, Contracting and Facilities, provided that:

- Such systems will be configured so that responses are secure and visible to the delegated staff only, upon the expiry of the published response deadline only.

- The electronic system will not detract in any way from the provisions of this document in any other way.

Tender responses will be accessed electronically by approved/delegated staff in Trust Headquarters, whereupon all offers will be printed and recorded in the same way as hard copy only Tenders.

17.6.3 Opening tenders and Register of tenders (paper based responses)

(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 senior managers designated by the Chief Executive and not from the originating department.
(ii) A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders estimated above £20,000. The rules relating to the opening of tenders will 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 Director of Finance, Contracting and Facilities or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.

(v) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department. This may be delegated to Deputy Directors where a director is not available.

The Trust Secretary will count as a Director for the purposes of opening tenders.

(vi) Every tender received shall be marked with the date of opening and initialled by those present at the opening.

(vii) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:

- the name of all firms individuals invited;
- the names of firms individuals from which tenders have been received;
- the date the tenders were opened;
- the persons present at the opening;
- the price shown on each tender;
- a note where price alterations have been made on the tender.

Each entry to this register shall be signed by those present.

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.

(viii) 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 the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (SFI No. 17.6.5 below).

17.6.4 Opening tenders and Register of tenders (Electronic Responses) – Supplies Department Only

(i) As soon as practicable after the release date of the tender, they shall be opened and printed by designated staff from the originating Department.

(ii) The ‘originating’ Department will be taken to mean the Department sponsoring or commissioning the tender.
(iii) The Head of Supplies and the Deputy Head of Supplies will be required to be one of the two approved persons present for the releasing of the tenders estimated above £20k. In the case where the Head of Supplies or the Deputy Head of Supplies is the tender originator, a separate delegated officer will need to be present. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust’s scheme of delegation.

(iv) A register shall be maintained by the Head of Supplies, or a person authorised by him, to show for each set of competitive tender invitations despatched:

- the name of all firms individuals invited;
- the names of firms individuals from which tenders have been received and for electronic tenders:
- the date the tenders were opened;
- the persons present at the opening;
- the price shown on each tender;
- a note where price alterations have been made on the tender.

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

(v) 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 tendered upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders (17.6.6 below)

17.6.5 Admissibility

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

(ii) Where only one tender is sought and/or received, the Chief Executive and Director of Finance, Contracting and Facilities shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Trust.

17.6.6 Late tenders

(i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.

(ii) 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 Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.
While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

17.6.8  Acceptance of formal tenders (See overlap with SFI No. 17.7)

(i) 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.

(ii) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

(a) experience and qualifications of team members;

(b) understanding of client’s needs;

(c) feasibility and credibility of proposed approach;

(d) ability to complete the project on time.

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

The Head of Supplies may enter into post tender negotiations on terms of costs provided that the reasons for, and the results of, such negotiations are maintained in a permanent record.

(iii) 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.

(iv) 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.

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

17.6.9  Tender reports to the Trust Board

Reports to the Trust Board will be made on an exceptional circumstance basis only.
17.6.10 **List of approved firms (see SFI No. 17.5.5)**

(a) **Responsibility for maintaining list**

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

(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 Director of Finance, Contracting and Facilities 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.

(d) **Supplies/Procurement**

The Head of Supplies should seek to ensure that all firms, with whom the Trust enters into a contract, are technically and financially competent to undertake to fulfil the supply of goods and services, making use of the NHS PASA, and NHS Supply Chain, and Trust approved contractors.
17.6.11 **Exceptions to using approved contractors**

If in the opinion of the Chief Executive and the Director of Finance, Contracting and Facilities or the Director 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 Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

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

17.7 **Quotations: Competitive and non-competitive**

17.7.1 **General Position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000.

17.7.2 **Competitive Quotations**

(i) Quotations should be obtained from at least three firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.

(ii) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

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

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

17.7.3 **Non-Competitive Quotations**

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

(i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;

(ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;

(iii) miscellaneous services, supplies and disposals;
(iv) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.

17.7.4 Quotations to be within Financial Limits

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

17.8 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:

<table>
<thead>
<tr>
<th>Role</th>
<th>Value in £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Supplies</td>
<td>up to</td>
</tr>
<tr>
<td>Prime Budget Holder</td>
<td>up to</td>
</tr>
<tr>
<td>Deputy Director</td>
<td>up to</td>
</tr>
<tr>
<td>Director</td>
<td>up to</td>
</tr>
<tr>
<td>Chief Executive and DFCF</td>
<td>up to</td>
</tr>
<tr>
<td>Trust Board</td>
<td>over</td>
</tr>
</tbody>
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These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust'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.

17.9 Instances where formal competitive tendering or competitive quotation is not required

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

(a) the Trust shall use the NHS Supply Chain for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.

b) The Trust shall use NHS Purchasing and Supply (PASA), Office of Government Commerce (OGC) or Yorkshire & Humber Collaborative Contract or Framework Agreements.

c) If the Trust does not use the options in (a) and (b) - where tenders or quotations are not required, because expenditure is below £5,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance, Contracting and Facilities.
17.10 **Private Finance for capital procurement (see overlap with SFI No. 11)**

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 appropriate 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.

17.11 **Compliance requirements for all contracts**

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

(a) The Trust’s Standing 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 endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

17.12 **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.
17.13 **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 level agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.

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

17.14 **Disposals (See overlap with SFI No. 13)**

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 £5,000, 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 DH guidance has been issued but subject to compliance with such guidance.

17.15 **In-house Services**

17.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.

17.15.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

(a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.

(b) In-house tender group, comprising a nominee of the Chief Executive and technical support.

(c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Director of Finance, Contracting and Facilities representative. For services having a likely annual expenditure exceeding £100,000, a non-officer member should be a member of the evaluation team.
17.15.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

17.15.4 The evaluation team shall make recommendations to the Board.

17.15.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

17.16 **Applicability of SFIs on Tendering and Contracting to funds held in trust**

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

18. **ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT**

The Director of Finance, Contracting and Facilities 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.

19. **RETENTION OF RECORDS**

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

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

19.3 Records held in accordance with the latest NHS Code of Practice shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

20. **RISK MANAGEMENT AND INSURANCE**

20.1 **Programme of Risk Management**

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

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 the system of Internal Control within the Annual Report and Accounts as required by current Department of Health guidance.

20.2 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.

20.3 Insurance arrangements with commercial insurers

20.3.1 The Director of Finance, Contracting and Facilities shall ensure that insurance arrangements exist in accordance with the risk management programme.

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

20.4.1 Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance, Contracting and Facilities shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance, Contracting and Facilities shall ensure that documented procedures cover these arrangements.

20.4.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance, Contracting and Facilities 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 Director of Finance, Contracting and Facilities will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

20.4.3 All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the ‘deductible’). The Director of Finance, Contracting and Facilities should ensure documented procedures also cover the management of claims and payments below the deductible in each case.