

Report to:	Public Board of Directors	Agenda item:	19
Date of Meeting:	30 October 2019		

Title of Report:	Financial Policies Review: Standing Financial Instructions & Treasury Management Policy
Status:	For Approval
Board Sponsor:	Libby Walters, Director of Finance & Deputy Chief Executive
Author:	Roxy Milbourne, Interim Board of Directors' Secretary Elizabeth Hills, Head of Financial Services
Appendices	Appendix 1: Standing Orders Appendix 2: Scheme of Reservation and Delegation Appendix 3: Standing Financial Instructions Appendix 4: Treasury Management Policy

1. Executive Summary of the Report
This report encloses and summarises the changes made during the periodical review of the Standing Order, Scheme of Reservation and Delegation, Standing Financial Instructions and Treasury Management Policy. The policies were ratified by Audit Committee in September 2019.

2. Recommendations (Note, Approve, Discuss)
The Board is asked to approve the policies for publication.

3. Legal / Regulatory Implications
These documents implement the responsibility the Board has on laying down internal control.

4. Risk (Threats or opportunities, link to a risk on the Risk Register, Board Assurance Framework etc.)
In line with the BAF risk 10 which states: The increasing financial pressure in the NHS and the Trust's underlying deficit leads to a loss of confidence in the Trust's ability to deliver without a higher level of central control. Within the health economy, the pressures lead to difficult organisational relationships leading to problems in aligning strategic direction and difficulty in delivering sufficient surplus to be financially sustainable.

5. Resources Implications (Financial / staffing)
Not applicable.

6. Equality and Diversity
Not applicable.

7. References to previous reports
Reported annually to the Audit Committee.

8. Freedom of Information
Private, the documents to be published following ratification.

Standing Financial Instructions and Scheme of Reservation and Delegation

1. Introduction

- 1.1. The terms of reference for the Committee ensure that the requirements set out in the Trust's statutory Standing Financial Instructions and Scheme of Reservation and Delegation (SFIs) are met by the Trust and therefore must review and ratify the annual update of the document.
- 1.2. Four documents have been submitted for review and ratification which are discussed in turn below:
- a) Appendix 1: Standing Orders
 - b) Appendix 2: Scheme of Reservation and Delegation
 - c) Appendix 3: Standing Financial Instructions
 - d) Appendix 4: Treasury Management Policy

2. Standing Orders - Update Summary

The Trust's Standing Orders are found within the Royal United Hospital s Bath NHS Foundation Trust Constitution. The Standing Orders have been extracted from the constitution and are attached at appendix one for your information. You can see all amends via tracked changes, but in summary:

- 2.1. All references to the Chairman have been updated to the Chair.
- 2.2. Any reference to "he" or "his" has been updated to "he/she" or "his/her" etc.
- 2.3. Any reference to the "Secretary" has been updated to the "Board of Directors' Secretary".
- 2.4. Other minor grammatical and presentational changes were made that did not impact on meaning.
- 2.5. 6.1.7.9 Fit for the Future Board amended to read Strategic Assurance Committee

3. Scheme of Reservation and Delegation – Update Summary

The Scheme of Reservation and Delegation was last updated in May-18. Minor changes and amendments have been made via tracked changes but do not impact on the meaning. A summary of changes are as follows:

- 3.1. All references to the Chairman have been updated to the Chair.
- 3.2. Any reference to the "Secretary" or "Trust Board Secretary" has been updated to the "Board of Directors' Secretary".

Author : Roxy Milbourne, Interim Board of Directors' Secretary Elizabeth Hills, Head of Financial Services Document Approved by: Libby Walters, Director of Finance & Deputy Chief Executive	Date: 25 October 2019 Version: 1
Agenda Item:19	Page 2 of 3

3.3. Other minor grammatical and presentational changes were made that did not impact on meaning.

Advice from the finance team has been received that the Revenue Authorisation Limits within the SFI's may change (see section 4 below). Any amendments to the authorisation limits as a result of this review will be presented to Audit Committee in December and as a result, the Scheme of Reservation (Board of Directors) may need to be updated.

4. Standing Financial Instructions – Update Summary

The Standing Financial Instructions were last updated in September 2018. Minor amendments have been made including:

4.1. All references to the Chairman have been updated to the Chair.

4.2 Any reference to the “Secretary” or “Trust Board Secretary” has been updated to the “Board of Directors’ Secretary”.

4.3 Other minor grammatical and presentational changes were made that did not impact on meaning.

Appendix 1 (page 68) shows the Revenue Authorisation Limits. These remain unchanged, however discussions are currently being held regarding the authorisation process. Any amendments to the authorisation limits as a result of this review will be presented to Audit Committee in December.

5. Treasury Management Policy

5.1. The Treasury Management Policy was approved by Audit Committee in September 2019 however the full sign off process was not followed for ratification and publication of this document.

5.2. No changes have been made to the Policy since September 2019.

6. Recommendation

6.1. The Board are asked to approve the policies including changes above that have been ratified by the Audit Committee for publication.

Author : Roxy Milbourne, Interim Board of Directors' Secretary Elizabeth Hills, Head of Financial Services Document Approved by: Libby Walters, Director of Finance & Deputy Chief Executive	Date: 25 October 2019 Version: 1
Agenda Item:19	Page 3 of 3

Appendix 1 – taken from the Trust’s Constitution

ANNEX 7 – STANDING ORDERS FOR THE PRACTICE AND PROCEDURE OF THE BOARD OF DIRECTORS

(Paragraph 28)

1 INTRODUCTION

1.1 Statutory framework

- 1.1.1 The Trust became a Public Benefit Corporation on 1 November 2014.
- 1.1.2 The Trust's principal place of business is the Trust Headquarters.
- 1.1.3 The Trust is governed by the Regulatory Framework. The functions of the Trust are conferred by the Regulatory Framework. The Regulatory Framework and in particular paragraph 28 of the Constitution requires the Board of Directors to adopt SOs for the regulation of its proceedings and business.
- 1.1.4 As a Public Benefit Corporation, the Trust has specific powers to contract in its own name and to act as a corporate trustee. In the latter role it is accountable to the Charity Commission for those funds deemed to be charitable. The Trust also has a common law duty as a bailee for patients' property held by the Trust on behalf of patients.
- 1.1.5 The SOs, Scheme of Delegation and SFIs provide a comprehensive business framework for the administration of the Trust's affairs, and these need to be read in conjunction with the Regulatory Framework. All Directors and Nominated Officers should be aware of the existence of these documents and, where necessary, be familiar with the detailed provisions contained within them.
- 1.1.6 The Chair, Chief Executive or any other person giving information to the public on behalf of the Trust shall ensure that they follow the principles set out in the Directors' Code of Conduct.

1.2 Delegation of powers – Scheme of Delegation

- 1.2.1 Under SO 5 (Arrangements for the exercise of functions by delegation) the Board of Directors exercises its power to make arrangements for the exercise, on behalf of the Trust, of any of its functions by a committee of the Board of Directors appointed by virtue of SO 6 or by an Executive Director of the

Author : Roxy Milbourne, Interim Board of Directors' Secretary Elizabeth Hills, Head of Financial Services Document Approved by: Libby Walters, Director of Finance & Deputy Chief Executive Agenda Item:19	Date: 25 October 2019 Version: 1
	Page 1 of 24

Trust, in each case subject to such restrictions and conditions as the Board of Directors thinks fit. Delegated powers are covered in the Scheme of Delegation.

2 INTERPRETATION

- 2.1 Save as otherwise permitted by law, at any meeting of the Board of Directors, the Chair of the Trust shall be the final authority on the interpretation of the SOs (on which he should be advised by the Chief Executive and Board of Directors' Secretary).
- 2.2 Unless a contrary intention is evident or the context requires otherwise, words or expressions contained in these SOs shall bear the same meaning as in the Constitution.
- 2.3 The provisions of paragraphs 1.2 to 1.6 of the Constitution apply to these SOs, save that any reference to "Constitution" shall be read as a reference to these "SOs".

3 THE BOARD OF DIRECTORS

- 3.1 All business shall be conducted in the name of the Trust.
- 3.2 All funds received in trust shall be in the name of the Trust as corporate trustee. Directors acting on behalf of the Trust as corporate trustees are acting as quasi-trustees.
- 3.3 In relation to Funds held on Trust, powers exercised by the Trust as corporate trustee shall be exercised separately and distinctly from those powers exercised as the Trust. Accountability for charitable Funds held on Trust is to the Charity Commission.
- 3.4 The Trust has the functions conferred on it by the Regulatory Framework.
- 3.5 The powers of the Trust shall be exercised by the Board of Directors meeting either in public or private session except as otherwise provided for in SO 4.1.
- 3.6 The Trust has resolved that certain powers and decisions may only be exercised or made by the Board of Directors. These powers and decisions are set out in the Scheme of Delegation.
- 3.7 The Board of Directors (in consultation with the Council of Governors) may appoint any Non-Executive Director as the "senior independent director" (as defined in the NHS Foundation Trust Code of Governance), for such period not exceeding the remainder of his/her term as a Non-Executive Director, as they may specify on appointing him/her.
- 3.8 Any Non-Executive Director appointed under SO 3.7 may at any time resign from the office of "senior independent director" by giving notice in writing to the Chair. The Board of Directors (in consultation with the Council of Governors) may thereupon appoint another Non-Executive Director as "senior independent director" in accordance with the provisions in SO 3.7.

4 MEETINGS OF THE BOARD OF DIRECTORS

4.1 Admission of the public and the press

4.1.1 Meetings of the Board of Directors shall be held in public, unless the Board of Directors determines that any part of a meeting of the Board of Directors shall be held in private in accordance with paragraph 30A.1 of the Constitution.

4.1.2 Where a meeting of the Board of Directors is held in public, the public and representatives of the press shall be afforded facilities to attend such meeting of the Board of Directors but shall be required to withdraw upon the Board of Directors resolving as follows:

“...that representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity of which would be prejudicial to the public interest”.

4.1.3 The Chair shall give such directions as he/she thinks fit (including a decision to expel or exclude any member of the public and/or press if the individual in question is interfering with or preventing the proper conduct of the meeting) in regard to the arrangements for meetings of the Board of Directors and (where relevant) accommodation of the public and representatives of the press such as to ensure that the Board of Directors' business shall be conducted without interruption or disruption and, without prejudice to the power to exclude the public and representatives of the press under SO 4.1.2 above, members of the public and representatives of the press) will be required to withdraw upon the Board of Directors resolving as follows:

“...that in the interests of public order the meeting adjourn for [the period to be specified] to enable the Board of Directors to complete business without the presence of the public or press.”

4.1.4 Nothing in these SOs shall require the Board of Directors to allow members of the public or representative of the press to record proceedings in any manner whatsoever, other than writing, or to make any oral report of proceedings as they take place without the prior agreement of the Chair.

4.1.5 Matters to be dealt with by the Board of Directors following the exclusion of the public and representatives of the press under SOs 4.1.2 or 4.1.3 above shall be confidential to the Directors. Members of the Board of Directors, Nominated Officers, Officers and/or others in attendance at the request of the

Chair shall not reveal or disclose the content of papers or reports presented, or any discussion on these generally, which take place while the public and press are excluded, without the express permission of the Chair.

- 4.1.6 The Directors will decide what arrangements and terms and conditions it feels are appropriate to offer in extending an invitation to observers, advisors and others to attend and address any meeting of the Board of Directors, and may change, alter or vary these terms and conditions as it deems fit.

4.2 Calling meetings

- 4.2.1 Subject to SO 4.2.2 below, meetings of the Board of Directors shall be held at such times and places as the Board of Directors may, in its absolute discretion, determine.

- 4.2.2 The Chair may call a meeting of the Board of Directors at any time. If the Chair refuses to call a meeting after a requisition for that purpose, signed by at least one-third of the whole number of members of the Board of the Directors and specifying the business to be transacted at the meeting, and this has been presented to him/her, or if, without so refusing, the Chair does not call a meeting within 7 Clear Days after such requisition has been presented to him/her, at the Trust's Headquarters, such one-third or more members of the Board of Directors may forthwith call a meeting for the purpose of conducting that business.

4.3 Notice of meetings

- 4.3.1 Before each meeting of the Board of Directors, a notice of the meeting, specifying the business proposed to be transacted at it, and signed by the Chair, or by an Officer of the Trust authorised by the Chair to sign on his/her behalf, shall be delivered to every Director, or sent by post to the usual place of residence of every Director or sent electronically so as to be available to him/her at least 5 Clear Days before the meeting, save in the case of emergencies as set out in SO 4.3.5 below.

- 4.3.2 Before a public meeting of the Board of Directors, a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the Trust's Headquarters and shall be advertised on the Trust's website at least 5 Clear Days before the meeting, save in the case of emergencies.

- 4.3.3 Want of service of the notice on any one member of the Board of Directors shall not affect the validity of a meeting but failure to serve such a notice on more than three Directors will invalidate the meeting. A notice of the meeting shall be presumed to have been served one day after posting or, in the

case of a notice sent electronically, on the date of transmission.

4.3.4 In the case of a meeting called by the Directors in default of the Chair in accordance with SO 4.2.2 above, the notice shall be signed by those Directors and no business shall be transacted at the meeting other than that specified in the requisition.

4.3.5 In the event of an emergency giving rise to the need for an immediate meeting, failure to comply with the notice periods referred to in SO 4.3.1 and (where relevant) SO 4.3.2 above shall not prevent the calling of, or invalidate, such a meeting provided that every effort is made to make personal contact with every Director who is not absent from the United Kingdom and the agenda for the meeting is restricted to matters arising in that emergency.

4.4 Agendas and supporting papers

4.4.1 Agendas will be sent to members of the Board of Directors 5 Clear Days before the meeting and supporting papers (including the minutes of the previous meeting of the Board of Directors), whenever possible, shall accompany the agenda, but will certainly be dispatched no later than 3 Clear Days before the meeting, save in an emergency giving rise to the need for an immediate meeting of the Board of Directors, as set out in SO 4.3.5 above. Failure to serve the agenda and (where relevant) supporting papers on more than three members of the Board of Directors will invalidate the meeting. The agenda and supporting papers shall be presumed to have been served one day after posting or, in the case of a notice being sent electronically, on the date of transmission.

4.4.2 Before holding a meeting of the Board of Directors, the Board of Directors must send a copy of the agenda of the meeting to the Council of Governors.

4.5 Setting the agenda

4.5.1 The Board of Directors may determine that certain matters shall appear on every agenda for a meeting of the Board of Directors and shall be addressed prior to any other business being conducted ("Standing Items").

4.5.2 A Director desiring a matter to be included on an agenda, other than a Standing Item or a motion under SO 4.10 (emergency motions and written motions) below, including a formal proposition for discussion and voting on at a meeting of the Board of Directors, shall make his/her request in writing to the Chair at least 10 Clear Days before the meeting. Requests

made less than 10 Clear Days before a meeting may be included on the agenda at the discretion of the Chair.

- 4.5.3 No business may be transacted at any meeting of the Board of Directors which is not specified in the notice of that meeting unless the Chair, in his/her absolute discretion, agrees that the item and (where relevant) any supporting papers should be considered by the Board of Directors as a matter of urgency. A decision by the Chair to permit consideration of the item in question and (where relevant) the supporting papers shall be recorded in the minutes of that meeting.

4.6 Petitions

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

4.7 Chair of meeting

- 4.7.1 At any meeting of the Board of Directors, the Chair, if present, shall preside. If the Chair is absent from the meeting the Vice Chair, if there is one and he/she is present, shall preside. If the Chair and Vice Chair are absent such Non-Executive Director as the members of the Board of Directors present shall choose, shall preside.
- 4.7.2 If the Chair is absent temporarily on the grounds of a declared conflict of interest, the Vice Chair, if present, shall preside. If the Chair and Vice Chair are absent, or are disqualified from participating, such Non-Executive Director as the members of the Board of Directors present shall choose shall preside.
- 4.7.3 If any matter for consideration at a meeting of the Board of Directors relates to the interests of the Chair or the Non-Executive Directors as a class, neither the Chair nor any of the Non-Executive Directors shall preside over the period of the meeting during which the matter is under discussion. The Directors (excluding the Chair and the Non-Executive Directors) shall elect one of the number to preside during that period and that person shall exercise all the rights and obligations of the Chair, including (for the avoidance of doubt) the right to exercise a casting vote where the numbers of votes for and against a motion is equal.

4.8 Chair's ruling

Statements of Directors made at meetings of the Board of Directors shall be relevant to the matter under discussion at the material time and subject to SO 2.1, the decision of the Chair of the meeting on questions of order, relevancy, regularity and any other matters shall be final.

Author : Roxy Milbourne, Interim Board of Directors' Secretary Elizabeth Hills, Head of Financial Services Document Approved by: Libby Walters, Director of Finance & Deputy Chief Executive Agenda Item:19	Date: 25 October 2019 Version: 1 Page 6 of 24
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4.9 Notices of motion

- 4.9.1 Notwithstanding the provisions of SO 4.5 above, and subject to the provisions of SO 4.11 (Motions: procedure at and during a meeting) and SO 4.12 (Motion to rescind a resolution) below, a member of the Board of Directors wishing to move or amend a motion shall send a written notice to the Chair.
- 4.9.2 The notice shall be delivered at least 14 Clear Days before the meeting. The Chair shall include in the agenda for the meeting all notices so received that are in order and permissible under these SOs. Subject to SO 4.3.4, this SO shall not prevent any motion being moved without notice on any business mentioned on the agenda for the meeting.

4.10 Emergency motions and written motions

4.10.1 Emergency motions

- 4.10.1.1 Subject to the agreement of the Chair, and subject also to the provisions of SO 4.11 (Motions: procedure at and during a meeting), a member of the Board of Directors may give the Chair written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared by the Chair to the Board of Directors at the commencement of the business of the meeting as an additional item included in the agenda. The Chair's decision to include the item shall be final.

4.10.2 Written motions

- 4.10.2.1 In urgent situations and with the consent of the Chair, business may be effected by a Director's written motion to deal with business otherwise required to be conducted at a meeting of the Board of Directors.
- 4.10.2.2 If all members of the Board of Directors have been notified of the proposal and three-quarters of Directors entitled to attend and vote at a meeting of the Board of Directors confirms acceptance of the written motion either in writing or electronically to the Board of Directors' Secretary within 5 Clear Days of dispatch then the motion will be deemed to have been resolved notwithstanding that the Directors have not gathered in one place.
- 4.10.2.3 The effective date of the resolution shall be the date that the last confirmation is received by the Board of Directors' Secretary and, until that date a Director who has previously indicated acceptance can withdraw and the motion shall fail.

- 4.10.2.4 Once the resolution is passed, a copy certified by the Board of Directors' Secretary shall be recorded in the minutes of the next ensuing meeting where it shall be signed by the person presiding at it.

4.11 Motions: procedure at and during a meeting

4.11.1 Who may propose

A motion properly notified under SO 4.9 above may be proposed by the Chair of the meeting or any other member of the Board of Directors present at the meeting. All motions so proposed must be seconded by another member of the Board of Directors.

4.11.2 Contents of motions

4.11.2.1 The Chair may exclude from the debate at his/her sole discretion any motion of which notice was not given on the notice summoning the meeting other than a motion relating to:

4.11.2.1.1 the reception of a report;

4.11.2.1.2 consideration of any item of business before the Board of Directors;

4.11.2.1.3 the accuracy of minutes;

4.11.2.1.4 that the Board of Directors proceed to the next item of business on the agenda;

4.11.2.1.5 that the Board of Directors adjourn the discussion or the meeting; or

4.11.2.1.6 that the question be now put.

4.11.3 Amendments to motions

4.11.3.1 A motion for amendment shall not be discussed unless it has been proposed and seconded.

4.11.3.2 Amendments to motions shall be moved relevant to the motion and shall not have the effect of negating the motion before the Board of Directors.

4.11.3.3 If there are a number of amendments proposed and seconded to a motion, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

4.11.4 Rights of reply to motions

4.11.4.1 Amendments

The mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.

4.11.4.2 Substantive/original motion

The mover who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.

4.11.5 Withdrawing a motion

A motion, or an amendment to a motion, once moved and seconded may be withdrawn by the proposer with the concurrence of the seconder and the consent of the Chair.

4.11.6 Motions once under debate

4.11.6.1 When a motion is under debate, no motion may be moved other than:

4.11.6.1.1 an amendment to the motion; or

4.11.6.1.2 the adjournment of the discussion, or the meeting; or

4.11.6.1.3 that the meeting proceed to the next item of business on the agenda; or

4.11.6.1.4 the appointment of an ad hoc committee to deal with a specific item of business; or

4.11.6.1.5 that the motion be now put; or

4.11.6.1.6 (where relevant), a motion under SO 4.1 above resolving to exclude the public (including the press); or

4.11.6.1.7 that a member of the Board of Directors be not further heard.

In the case of motions under SO 4.11.6.1.3 (proceed to next business) or 4.11.6.1.5 (motion be now put), in the interests of objectivity these motions should only be put forward by a member of the Board of Directors who has not previously taken part in the debate and who is eligible to vote.

4.11.6.2 If a motion to proceed to the next business or that the question be now put, is carried, the Chair should give the mover of the substantive motion under debate a right of reply, if not already exercised. The matter should then be put to the vote.

4.12 Motion to rescind a resolution

- 4.12.1 Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding 6 calendar months shall bear the signature of the member of the Board of Directors who gives it and also the signature of four other members of the Board of Directors, and before considering any such motion of which notice shall have been given, the Board of Directors may refer the matter to an appropriate committee of the Board of Directors or the Chief Executive for recommendation.
- 4.12.2 When any such motion has been dealt with by the Board of Directors, it shall not be competent for any member of the Board of Directors other than the Chair to propose a motion to the same effect within 6 calendar months; however, the Chair may do so if he/she considers it appropriate. This SO shall not apply to motions moved in pursuance of a report or recommendations of a committee of the Board of Directors or the Chief Executive.

4.13 Voting

- 4.13.1 Subject to SO 4.15 (Suspension of Standing Orders), or as otherwise provided by the SOs, every question at a meeting shall be determined by a three-quarters majority of the votes of the Directors present and voting on the question and, in the case of the number of votes for and against a motion being equal, the Chair shall have a casting vote.
- 4.13.2 All questions put to the vote shall, at the discretion of the Chair, be determined by a show of hands. A paper ballot may also be used if a majority of the Directors present so request.
- 4.13.3 If at least one-third of the members of the Board of Directors present so request, the voting (other than by paper ballot), on any question may be recorded to show how each Director present voted or abstained.
- 4.13.4 If a Director so requests, his/her vote shall be recorded by name upon any vote (other than by paper ballot).
- 4.13.5 In no circumstances may:
- 4.13.5.1 an absent Director vote by proxy (absence is defined as being absent at the time of the vote); or
- 4.13.5.2 a resolution be passed if it is opposed by all of the Non-Executive Directors present and voting, or by all of the Executive Directors present and voting at a meeting of the Board of Directors.

4.13.6 An Officer who has been appointed formally by the Board of Directors to act up for an Executive Director during a period of incapacity or temporarily to fill an Executive Director vacancy, shall be entitled to exercise the voting rights of the Executive Director. An Officer attending the Board of Directors to represent an Executive Director during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Executive Director. An Officer's status when attending a meeting shall be recorded in the minutes.

4.14 Minutes

4.14.1 The minutes of the proceedings of a meeting of the Board of Directors shall be drawn up by the Board of Directors' Secretary and submitted for agreement at the next ensuing meeting, where they will be signed by the person presiding at it.

4.14.2 No discussion shall take place upon the minutes except upon their accuracy or where the Chair considers discussion appropriate.

4.14.3 Any amendment to the minutes shall be agreed and recorded at the next meeting.

4.14.4 Minutes of the meetings of the Board of Directors shall be retained in the Chief Executive's office.

4.14.5 Subject to paragraph 30A.2 of the Constitution, minutes of the Board of Directors' meeting shall be circulated in accordance with Directors' wishes.

4.14.6 The minutes of the meetings of the Board of Directors shall be made available to the public, save for items discussed by the Directors following the exclusion of the public and representatives of the press under SO 4.1.2 and 4.1.3.

4.14.7 As soon as practicable after holding a meeting of the Board of Directors, the Board of Directors must send a copy of the minutes of the meeting to the Council of Governors.

4.15 Suspension of Standing Orders

4.15.1 Except where this would contravene any provision of the Regulatory Framework or any guidance or best practice advice issued by NHS Improvement, any one or more of the SOs may be suspended at any meeting, provided that at least three-quarters of the Directors are present, including one Executive Director and one Non-Executive Director, and that a three-quarters majority of those present vote in favour of suspension.

of the Remuneration Committee established under SO 6.1.7.2 below).

4.19 Meetings: Electronic Communication

- 4.19.1 A Director in Electronic Communication with the Chair and all other parties to a meeting of the Board of Directors or of a committee or sub-committee of the Directors shall be regarded for all purposes as personally attending such a meeting provided that, but only for so long as, at such a meeting he has the ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by way of Electronic Communication.
- 4.19.2 A meeting at which one or more of the Directors attends by way of Electronic Communication is deemed to be held at such a place as the Directors shall at the said meeting resolve. In the absence of such a resolution, the meeting shall be deemed to be held at the place (if any) where a majority of the Directors attending the meeting are physically present, or in default of such a majority, the place at which the Chair of the meeting is physically present.
- 4.19.3 Meetings held in accordance with this SO are subject to SO 4.18 (Quorum). For such a meeting to be valid, a quorum must be present and maintained throughout the meeting.
- 4.19.4 The minutes of a meeting held in this way must state that it was held by Electronic Communication and that the Directors were all able to hear each other and were present throughout the meeting.

4.20 Adjournment of meetings

- 4.20.1 The Board of Directors may, by resolution, adjourn any meeting to some other specified date, place and time and such adjourned meeting shall be deemed a continuation of the original meeting.
- 4.20.2 No business shall be transacted at any adjourned meeting which was not included in the agenda of the meeting of which it is an adjournment.
- 4.20.3 When any meeting is adjourned to another day, other than the following day, notice of the adjourned meeting shall be sent to each Director specifying the business to be transacted and the date, time and place of the adjournment.

4.21 Reports from the Executive Directors

At any meeting of the Board of Directors a Director may ask any question through the Chair without notice on any report by an Executive Director, or other Officer of the Trust, after that report has been received by or while such report is under consideration by the Board of Directors at the meeting. The Chair may, in his/her absolute discretion, reject any question from any Director if, in his/her opinion, the question is substantially the same and relates to the same subject matter as a question which has already been put to that meeting or a previous meeting.

5 ARRANGEMENTS FOR THE EXERCISE OF FUNCTIONS BY DELEGATION

5.1 Subject to SO 3.6, the Regulatory Framework and such guidance or best practice advice as may be issued by NHS Improvement, the Board of Directors may make arrangements for the exercise of any of its functions by a committee or sub-committee appointed by virtue of SO 5.3 below or by an Executive Director subject to such restrictions and conditions as the Board of Directors considers appropriate.

5.2 Emergency powers

The powers which the Board of Directors has retained to itself within these SOs or the Scheme of Delegation may in emergency or for an urgent decision be exercised by the Chief Executive and the Chair after having consulted at least two Non-Executive Directors. The exercise of such powers by the Chief Executive and the Chair shall be reported to the next formal meeting of the Board of Directors for ratification.

5.3 Delegation to committees

The Board of Directors shall agree from time to time to the delegation of powers to be exercised by committees of the Board of Directors, which it has formally constituted. The constitution and terms of reference of these committees and their specific powers shall be approved by the Board of Directors.

5.4 Delegation to Nominated Officers

5.4.1 Those functions of the Trust which have not been retained as reserved by the Board of Directors or delegated to a committee of the Board of Directors shall be exercised on behalf of the Board of Directors by the Chief Executive. The Chief Executive shall determine which functions he will perform personally and shall nominate Officers to undertake the remaining functions for which he will still retain accountability to the Board of Directors.

5.4.2 The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals, which shall be considered and approved by the Board of Directors, subject to any amendment agreed during the discussion. The Chief Executive may

periodically propose amendment to the Scheme of Delegation, which shall be considered and approved by the Board of Directors as indicated above.

5.4.3 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of Directors of the Finance Director or other Executive Director to provide information and advise the Board of Directors in accordance with any statutory requirements.

5.4.4 The arrangements made by the Board of Directors as set out in the Scheme of Delegation shall have effect as if incorporated in these SOs, but for the avoidance of doubt, the Scheme of Delegation does not form part of the Constitution.

5.5 Duty to report non-compliance with Standing Orders

If for any reason these SOs are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board of Directors for action or ratification. All members of the Board of Directors and all Officers (including Nominated Officers) have a duty to disclose any non-compliance with these SOs to the Board of Directors' Secretary as soon as possible.

6 COMMITTEES

6.1 Appointment of committees

6.1.1 Subject to SO 3.6, the Regulatory Framework and such guidance or best practice advice issued by NHS Improvement, the Board of Directors may and, if directed by NHS Improvement, shall appoint committees of the Board of Directors consisting wholly or partly of Directors.

6.1.2 A committee appointed under SO 6.1.1 may, subject to the Regulatory Framework and such guidance and/or best practice advice as may be issued by NHS Improvement or the Board of Directors, appoint sub-committees consisting wholly or partly of Directors.

6.1.3 The SOs, as far as they are applicable, shall apply with appropriate alteration to meetings of any committees (and any sub-committees or joint committees appointed under SO 6.1.2) established by the Board of Directors, in which case the term "Chair" is to be read as a reference to the Chair of the committee (or sub-committee or joint committee) as the context permits, and the term "member" is to be read as a reference to a member of the committee (or sub-committee or joint committee) also as the context permits.

- 6.1.4 Each such committee, sub-committee or joint committee shall have such terms of reference and powers and be subject to such conditions (as to reporting back to the Board of Directors), as the Board of Directors shall decide in accordance with any legislation, and/or regulations and/or such guidance or best practice advice issued by NHS Improvement. Such terms of reference shall have effect as if incorporated into the SOs, but for the avoidance of doubt, these terms of reference do not form part of the Constitution.
- 6.1.5 Where committees are authorised to establish sub-committees they may not delegate powers to the sub-committee unless expressly authorised by the Board of Directors.
- 6.1.6 The Board of Directors shall approve the appointments to each of the committees, which it has formally constituted. Where the Board of Directors determines, and the Regulatory Framework permits, that persons, who are neither Directors nor Officers, shall be appointed to a committee the terms of such appointment shall be within the powers of the Board of Directors as defined by the Regulatory Framework. The Board of Directors shall define the powers of such appointees and shall agree allowances, including reimbursement for loss of earnings, and/or expenses.
- 6.1.7 The committees established by the Board of Directors are:
- 6.1.7.1 Audit Committee;
 - 6.1.7.2 Remuneration Committee;
 - 6.1.7.3 Clinical Governance Committee;
 - 6.1.7.4 Non-Clinical Governance Committee;
 - 6.1.7.5 Charities Committee;
 - 6.1.7.6 Nominations Committee;
 - 6.1.7.7 Management Board;
 - 6.1.7.8 Commercial Transactions Steering Group; and
 - 6.1.7.9 Strategic Assurance Committee
- 6.1.8 The Constitution and terms of reference of the committees listed in SOs 6.1.7 above shall be agreed by the Board of Directors.
- 6.1.9 Notwithstanding the provisions of SO 6.1.7 above, the Board of Directors may establish other committees, sub-committees and joint committees, including ad hoc committees, sub-

committees and joint committees from time to time at its discretion.

6.2 Confidentiality

6.2.1 A member of a committee (including sub-committees or joint committees) shall not disclose any matter dealt with, by, or brought before, the committee, sub-committee or joint committee without its permission until the committee, sub-committee or joint committee (as appropriate) shall have reported to the Board of Directors or shall otherwise have concluded on that matter.

6.2.2 A Director or a member of a committee, sub-committee or joint committee shall not disclose any matter reported to the Board of Directors or otherwise dealt with by the committee, sub-committee or joint committee, notwithstanding that the matter has been reported or action has been concluded, if the Board of Directors or committee, sub-committee or joint committee resolve that it is confidential.

7 INTERFACE BETWEEN THE BOARD OF DIRECTORS AND THE COUNCIL OF GOVERNORS

7.1 The Board of Directors will cooperate with the Council of Governors as far as possible in order to comply with the Regulatory Framework in all respects and in particular in relation to the following matters which are set out specifically within the Constitution:

7.1.1 The Directors, having regard to the views of the Council of Governors, are to prepare the Forward Plan in respect of each Financial Year to be given to NHS Improvement;

7.1.2 The Directors are to present to the Council of Governors at a general meeting of the Council of Governors the Annual Accounts, any report of the Auditor on them, and the Annual Report.

7.2 The Annual Report is to give:

7.2.1 information on any steps taken by the Trust to secure that (taken as a whole) the actual membership of its Public Constituency is representative of those eligible for such membership; and

7.2.2 any other information which NHS Improvement requires.

7.3 In order to comply with the Regulatory Framework in all respects and in particular in relation to the matters which are set out in SOs 7.1 and 7.2 above, the Council of Governors may request that a matter which relates to paragraphs 37 and 38 of the Constitution is included on the agenda for a meeting of the Board of Directors.

7.4 If the Council of Governors so desires such a matter as described within SO 7.3 above to be included on an agenda item, they shall make their request in writing to the Chair at least 15 Clear Days before the meeting of the Board of Directors, subject to SO 4.3. The Chair shall decide whether the matter is appropriate to be included on the agenda. Requests made less than 15 Clear Days before a meeting may be included on the agenda at the discretion of the Chair.

8 DECLARATIONS OF INTERESTS AND REGISTER OF INTERESTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

8.1 The Constitution requires members of the Board of Directors to declare (before the Trust enters into the transaction or arrangement):

8.1.1 any direct or indirect interest in a proposed transaction or arrangement with the Trust; and

8.1.1.1 any actual or potential pecuniary interest, direct or indirect, in any contract, proposed contract or other matter concerning the Trust; and

8.1.1.2 any actual or potential family interest, direct or indirect, of which the Director is aware.

8.2 All members of the Board of Directors must declare such interests as soon as the Director in question becomes aware of it. Any members of the Board of Directors appointed subsequently to the date of the Authorisation must do so on appointment.

8.3 Such a declaration shall be made by completing and signing a form, as prescribed by the Board of Directors' Secretary from time to time, setting out any interests required to be declared outside a meeting in accordance with the Constitution or the SOs and delivering it to the Board of Directors' Secretary on appointment or as soon as is practicable thereafter as the interest arises.

8.4 If a declaration under SOs 8.1 or 8.2 above proves to be, or becomes, inaccurate or incomplete, the Director must make a further declaration before the Trust enters into the transaction or arrangement. This does not require a declaration of an interest of which the Director is not aware or where the Director is not aware of the transaction or arrangement in question.

8.5 A Director need not declare an interest:

8.5.1 if, it cannot reasonably be regarded as likely to give rise to a conflict of interest;

8.5.2 if, or to the extent that, the Directors are already aware of it;

8.5.3 if, or to the extent that, it concerns terms of the Director's appointment that have been or are to be considered by:

<p>Author : Roxy Milbourne, Interim Board of Directors' Secretary Elizabeth Hills, Head of Financial Services Document Approved by: Libby Walters, Director of Finance & Deputy Chief Executive Agenda Item:19</p>	<p>Date: 25 October 2019 Version: 1 Page 18 of 24</p>
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- 8.5.3.1 a meeting of the Board of Directors: or
 - 8.5.3.2 by a committee of the Directors appointed for the purpose.
- 8.6 In addition, if a Director is present at a meeting of the Board of Directors and has an interest of any sort in any matter which is the subject of consideration, he must at the meeting and as soon as practicable after its commencement disclose the fact and he must then withdraw from the meeting and play no part in the relevant discussion and he shall not vote on any question with respect to the matter.
- 8.7 If a Director has declared a pecuniary interest in accordance with SO 8.8 below he shall not take part in the consideration or discussion of the matter in respect of which an interest has been disclosed and shall be excluded from the meeting whilst that matter is under consideration. At the time the interests are declared, they should be recorded in the Director's meeting minutes. Any changes in interests should be officially declared at the next relevant meeting following the change occurring.
- 8.8 Subject to any guidance or best practice advice issued by NHS Improvement, interests which should be regarded as "relevant and material" for the purposes of these SOs are:
- 8.8.1 Directorships, including non-executive directorships held in private companies or public listed companies (with the exception of those of dormant companies);
 - 8.8.2 Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS or the Trust;
 - 8.8.3 majority or controlling shareholdings in organisations likely or possibly seeking to do business with the NHS or the Trust;
 - 8.8.4 a position of authority in a charity or voluntary organisation in the field of health and social care;
 - 8.8.5 any connection with a voluntary or other organisation contracting for NHS or Trust services or commissioning NHS or Trust services;
 - 8.8.6 any connection with an organisation, entity or company considering entering into or having entered into a financial agreement with the Trust, including but not limited to, lenders or banks;
 - 8.8.7 research funding or grants that may be received by an individual or their department; and
 - 8.8.8 interests in pooled funds that are under separate management.

- 8.9 Members of the Board of Directors who hold directorships in companies likely or possibly seeking to do business with the NHS or the Trust should be published in the Annual Report. The information should be kept up to date for inclusion in succeeding Annual Reports.
- 8.10 A Director shall be treated as having indirectly a pecuniary interest in a contract, proposed contract or other matter, if:
- 8.10.1 He/she, or a nominee of his/her, is a director of a company or other body, not being a public body, with which the contract was made or is proposed to be made or which has a direct pecuniary interest in the other matter under consideration; or
 - 8.10.2 He/she is a partner or associate of, or is in the employment of, a person with whom the contract was made or is proposed to be made or who has a direct pecuniary interest in the other matter under consideration.
- 8.11 A Director shall not be treated as having a pecuniary interest in any contract, proposed contract or other matter by reason only:
- 8.11.1 of his/her membership of a company or other body, if he/she has no beneficial interest in any securities of that company or other body; or
 - 8.11.2 of an interest in any company, body or person with which he/she is connected which is so remote or insignificant that it cannot reasonably be regarded as likely to influence a Director in the consideration or discussion of or in voting on, any question with respect to that contract or matter.
- 8.12 Where a Director:
- 8.12.1 has an indirect pecuniary interest in a contract, proposed contract or other matter by reason only of a beneficial interest in securities of a company or other body, and
 - 8.12.2 the total nominal value of those securities does not exceed £5,000 or one-hundredth of the total nominal value of the issued share capital of the company or body, whichever is the less, and
 - 8.12.3 if the share capital is of more than one class, the total nominal value of shares of any one class in which he has a beneficial interest does not exceed one-hundredth of the total issued share capital of that class,

the Director shall not be prohibited from taking part in the consideration or discussion of the contract or other matter or from voting on any question with respect to it, without prejudice however to his/her duty to disclose his/her interest in accordance with the Constitution and these SOs.

has any pecuniary interest, direct or indirect, shall give notice in writing of such fact to the Chief Executive or Board of Directors' Secretary as soon as practicable, but in any event within 7 days of first becoming aware of the fact. In the case of Immediate Family Members, the interest of one Immediate Family Member shall, if known to the other, be deemed to be also the interest of that Immediate Family Member.

9.2.2 A Director or Officer must also declare to the Chief Executive or Board of Directors' Secretary any other employment or business or other relationship of his/her, or of an Immediate Family Member, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust in accordance with SO 8. The Trust shall require such interests to be recorded in the register of interests of members of the Board of Directors.

9.3 Canvassing of, and recommendations by, Directors in relation to appointments

9.3.1 Canvassing of Directors or members of any committee, sub-committee or joint committee of the Board of Directors directly or indirectly for any appointment under the Trust shall disqualify the candidate for such appointment. The contents of this paragraph of these SOs shall be included in application forms or otherwise brought to the attention of candidates.

9.3.2 A Director of the Board of Directors shall not solicit for any person any appointment under the Trust or recommend any person for such appointment; but this paragraph of this SO shall not preclude a Director from giving written testimonial of a candidate's ability, experience or character for submission to the Trust in relation to any appointment.

9.3.3 Informal discussions outside appointments panels or committees, whether solicited or unsolicited, should be declared to the panel or committee in question.

9.4 Relatives of Directors or Officers

9.4.1 Directors and Officers shall bear in mind that candidates for any staff appointment under the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any Director or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him/her liable to instant dismissal.

9.4.2 Directors and Officers shall disclose to the Board of Directors' Secretary any relationship between him/herself and a candidate of whose candidature that Director or Officer is

aware. It shall be the duty of the Board of Directors' Secretary to report to the Board of Directors any such disclosure made.

9.4.3 On appointment, Directors (and prior to acceptance of an appointment in the case of Executive Directors) must disclose to the Board of Directors' Secretary whether they are related to any other member of the Board of Directors, the Council of Governors, or holder of any office in the Trust.

9.4.4 Where the relationship to an Officer, Governor, or another Director is disclosed, SO 8 shall apply.

9.5 External consultants

SO 9 will apply equally to all external consultants or other agents acting on behalf of the Trust.

10 CUSTODY OF SEAL AND SEALING OF DOCUMENTS

10.1 Custody of seal

The common seal of the Trust shall be kept by the Board of Directors' Secretary or his/her Nominated Officer in a secure place.

10.2 Sealing of documents

10.2.1 The common seal of the Trust shall not be fixed to any documents unless the sealing has been authorised by a resolution of the Board of Directors or of a committee, thereof or where the Board of Directors has delegated its powers in accordance with the Scheme of Delegation.

10.2.2 Where it is necessary that a document shall be sealed, the common seal of the Trust shall be affixed in the presence of two Officers duly authorised by the Chief Executive, and also not from the originating department, and shall be attested by them.

10.3 Register of sealing

The Board of Directors' Secretary shall make an entry of every sealing (numbered consecutively) in a book provided for that purpose, and shall ensure that each entry is signed by the persons who shall have approved and authorised the document and those who attested the seal. The Board of Directors' Secretary shall make a report of all sealings to the Board of Directors at least quarterly. (The report shall contain details of the seal number, the description of the document and date of sealing).

11 SIGNATURE OF DOCUMENTS

11.1 Where the signature of any document will be a necessary step in legal proceedings involving the Trust, it shall be signed by the Chief Executive,

Author : Roxy Milbourne, Interim Board of Directors' Secretary Elizabeth Hills, Head of Financial Services Document Approved by: Libby Walters, Director of Finance & Deputy Chief Executive Agenda Item:19	Date: 25 October 2019 Version: 1 Page 23 of 24
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unless any enactment otherwise requires or authorises, or the Board of Directors shall have given the necessary authority to some other person for the purpose of such proceedings.

- 11.2 The Chief Executive or Nominated Officers shall be authorised, by resolution of the Board of Directors, to sign on behalf of the Trust any agreement or other document (not required to be executed as a deed) the subject matter of which has been approved by the Board of Directors or committee of the Board of Directors to which the Board of Directors has delegated appropriate authority.
- 11.3 Notwithstanding the generality of SOs 11.1 and 11.2 above, in land transactions the signing of certain supporting documents may be delegated to Nominated Officers, as set out in the Scheme of Delegation, but will not include the main or principal documents effecting the transfer (e.g. sale/purchase agreement, lease, contracts for construction works, or main warranty agreements) or any document which is required to be executed as a deed.

12 MISCELLANEOUS

12.1 Standing Orders to be given to Directors and Nominated Officers

- 12.1.1 It is the duty of the Chief Executive to ensure that existing Directors and Nominated Officers and all new appointees are notified of and understand their responsibilities within these SOs.
- 12.1.2 Copies of the SOs shall be issued to Directors and Nominated Officers designated by the Board of Directors' Secretary. The Board of Directors' Secretary shall ensure that new Directors and Nominated Officers are informed of these SOs in writing and shall receive copies of these SOs.

12.2 Documents having the standing of Standing Orders

The SFIs and the Scheme of Delegation shall have the effect as if incorporated into these SOs, but for the avoidance of doubt, neither the SFIs nor the Scheme of Delegation form part of this Constitution.

Appendix 2 - Scheme of Reservation and Delegation

This document sets out the powers of the Trust ("the Powers") reserved to the Board of Directors ("the Board") and the Scheme of Delegation.

All Powers which have not been retained by the Board or delegated to a committee of the Board shall be exercised on behalf of the Board by the Chief Executive. All powers delegated by the Chief Executive can be reassumed by him/her should the need arise. If the Chief Executive is absent powers delegated to him may be exercised by a nominated Officer after taking appropriate advice from the Director of Finance.

The Board remains accountable for all of its functions, including those which have been delegated. The Board may request at any time information about the exercise of delegated functions to enable it to maintain its monitoring role. In the absence of a Director or Officer to whom powers have been delegated those powers shall be exercised by that Director's or Officer's superior.

The tables below show the scheme of reservation and delegation.

Contents

Section 1 – Scheme of Reservation (Council of Governors).....	2
Section 2 – Scheme of Reservation (Board of Directors).....	4
Section 3 – Decisions/duties delegated by the Board to Committees.....	9
Section 4 – Duties delegated from the NHS Foundation Trust Accounting Officer Memorandum (IRG 04/08 17 April 2008) 13	
Section 5 – Authorities/duties delegated from Standing Orders	17
Section 6 – Authorities/duties delegated from Standing Financial Instructions	19

Updated: May 2018

Author: Xavier Bell, Board of Directors' Secretary	Date: 16 May 2018
Document Approved by: James Scott, Chief Executive	Version: 1.0
Agenda item:	Page 1 of 35

Section 1 – Scheme of Reservation (Council of Governors)

REF	THE COUNCIL	DECISIONS RESERVED TO THE COUNCIL
NA	THE COUNCIL	<p>The specific statutory powers and duties of the Council of Governors are to:</p> <ul style="list-style-type: none"> • appoint and, if appropriate, remove the Chair of the Board; • appoint the Vice Chair of the Board; • appoint and, if appropriate, remove the other non-executive directors; • decide the remuneration and allowances, and the other terms and conditions of office, of the chair and the other non-executive directors; • approve the appointment of the chief executive; • appoint and, if appropriate, remove the external auditor; and • receive the annual accounts, any report of the auditor on them and the annual report; • hold the non-executive directors individually and collectively to account for the performance of the Board of Directors; • approve significant transactions, mergers and acquisitions and applications for separation and dissolution; • decide, where the Trust intends to carry out activity which is not providing goods and services for the purposes of the health service in England, whether that work would significantly interfere with the Trust's principal purpose i.e. the provision of goods and services for the Health Service in England or the performance of other functions; • approve any proposed increases in private patient income of 5% or more in any financial year. • approve amendments to the Trust's Constitution (this function is jointly shared by the Board of Directors).

REF	THE COUNCIL	DECISIONS RESERVED TO THE COUNCIL
NA	COUNCIL OF GOVERNORS' NOMINATIONS AND REMUNERATION COMMITTEE	<p>The Council of Governors shall establish the Council of Governors' Nominations and Remuneration Committee to:</p> <ul style="list-style-type: none"> • Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Non-Executive Directors and make recommendations to the Council with regard to any changes; • Give full consideration to and make plans for succession planning for the Non-Executive Directors taking into account the challenges and opportunities facing the foundation trust and the skills and expertise needed on the Board of Directors in the future; • Agree with the Council of Governors a clear process for the nomination of a Non-Executive Director; • Be responsible for identifying and nominating for appointment, candidates to fill posts within the Committee's remit as and when they arise; • Evaluate the balance of skills, knowledge and experience on the Board of Directors, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular Non-Executive Director appointment; • The Committee will consider any matters relating to the continuation in office of any Non-Executive Director at any time including the suspension or termination of service; • The Committee shall make recommendations to the Council of Governors concerning the re-appointment of any Non-Executive Director at the conclusion of their three-year term of office having given due regard to their performance and ability to continue to contribute to the Board of Directors in the light of the knowledge, skills and experience required; • The Committee shall recommend to the Council of Governors a remuneration and terms of service policy for Non-Executive Directors, taking in account the views of

REF	THE COUNCIL	DECISIONS RESERVED TO THE COUNCIL
		<p>the Chair (except in respect of his/her own remuneration and terms of service) and the Chief Executive, Director for People and any external advisers;</p> <ul style="list-style-type: none"> • In accordance with all relevant laws and regulations, recommend to the Council, the remuneration and allowances, and the other terms of conditions of office of Non-Executive Directors; • Agree the process and receive and evaluate reports about the performance of individual Non-Executive Directors and consider this evaluation output when reviewing remuneration levels.

Section 2 – Scheme of Reservation (Board of Directors)

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
NA	THE BOARD	<p>General Enabling Provision</p> <p>The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
NA	THE BOARD	<p>Regulations and Control</p> <ol style="list-style-type: none"> 1. Approve the Standing Orders (SOs) as set out in the constitution, a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business. 2. Suspend Standing Orders. 3. Vary or amend the Standing Orders. 4. Ratify any urgent decisions taken by the Chair and Chief Executive in public session in

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		<p>accordance with SO 5.2.</p> <ol style="list-style-type: none"> 5. Approve a scheme of delegation of powers from the Board to Committees (SO 5.3). 6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member of the Board may remain involved with the matter under consideration. 7. Require and receive the declaration of Officers' interests that may conflict with those of the Trust. 8. Approve arrangements for dealing with complaints. 9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto. 10. Receive reports from Committees including those that the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action on. 11. Confirm the recommendations of the Trust's committees where the committees do not have executive powers. 12. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust. 13. Establish terms of reference and reporting arrangements of all Committees and Sub-Committees that are established by the Board. 14. Approve arrangements relating to the discharge of the Trust's responsibilities as a bailer for patients' property. 15. Ratify use of the seal. 16. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.5. 17. Discipline members of the Board or employees who are in breach of statutory requirements or Standing Orders.
NA	THE BOARD	<p>Appointments/ Dismissal</p> <ol style="list-style-type: none"> 1. Appoint and dismiss Committees (and individual members) that are directly accountable to the Board.

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		<ol style="list-style-type: none"> 2. Approve proposals on the appoint, appraisal, discipline and dismissal Executive Directors made by the Nominations & Remuneration Committee of the Board, subject to the Trust's Constitution. 3. Confirm appointment of members of any Committee of the Trust as representatives on outside bodies. 4. Appoint, appraise, discipline and dismiss the Secretary. 5. Approve remuneration proposals of the Nominations & Remuneration Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Nominations & Remuneration Committee. <p>Note:</p> <p>(1) The Chief Executive is to be appointed (and removed) by the Non-Executive Directors, subject to the approval of a majority of the members of the Council of Governors present and voting at a meeting of the Council of Governors.</p> <p>(2) The Executive Directors are to be appointed (and removed) by a Committee consisting of the Chair, the Chief Executive and the other Non-Executive Directors, being the Nominations & Remuneration Committee, acting in that capacity.</p>
NA	THE BOARD	<p>Strategy, Plans and Budgets</p> <ol style="list-style-type: none"> 1. Define the strategic aims and objectives of the Trust. 2. Identify the key strategic risks, evaluate them and ensure adequate responses are in place and are monitored. 3. Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State. 4. Approve and monitor the Trust's policies and procedures for the management of risk. 5. Approve Outline and Final Business Cases for Capital Investment in excess of £500,000 (SFI "Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets"). 6. Approve budgets. 7. Approve annually Trust's proposed organisational development proposals. 8. Ratify proposals for acquisition, disposal or significant change of use of land and/or buildings.

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		9. The introduction or discontinuance of any significant activity or operation. 10. Approve PFI proposals. 11. Approve the opening of bank or investment accounts. 12. Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over £250,000 over a 3 year period or the period of the contract if longer. 13. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance (for losses and special payments) previously approved by the Board. 14. Approve individual compensation payments made outside of legal/ statutory or mandatory requirements over £50,000. 15. Approve proposals for action on litigation against or on behalf of the Trust. 16. Review use of NHSLA risk pooling schemes (LTPS/PES/CNST/RPST).
NA	THE BOARD	Policy Determination 1. Approve Trust's management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.
NA	THE BOARD	Audit 1. To approve audit arrangements (including arrangements for the separate audit of funds held on trust) and to receive reports of the Audit Committee and Charities Committee meetings and take appropriate action. 2. Receive the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee. Note: The appointment or dismissal of the Auditor is reserved to the Council of Governors. 3. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit Committee.

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
NA	THE BOARD	<p>Annual Reports and Accounts</p> <ol style="list-style-type: none"> 1. Receipt and approval of the Trust's Annual Report and Annual Accounts. 2. Receipt and approval of the Annual Report and Accounts for funds held on trust. 3. Receipt and approval of the Trust's Quality Accounts.
NA	THE BOARD	<p>Monitoring</p> <ol style="list-style-type: none"> 1. Receipt of such reports as the Board sees fit from committees in respect of their exercise of powers delegated or from Directors and Officers of the Trust. 2. Continuous appraisal of the affairs of the Trust by means of the provision to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. All monitoring returns required by the Department of Health and/ or NHS Improvement and the Charity Commission where Board certification is required shall be reported, at least in summary, to the Board. 3. Receive reports from the Director of Finance on financial performance against budget.

Section 3 – Decisions/duties delegated by the Board to Committees

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
SFI p.9	AUDIT COMMITTEE	<p>The Committee will advise and support the Board through:</p> <ul style="list-style-type: none"> (a) overseeing Internal and External Audit services; (b) reviewing financial and information systems, monitoring the integrity of the financial statements and any formal announcements relating to the Trust's financial performance and reviewing significant financial reporting judgments; (c) review the establishment and maintenance of an effective system of corporate governance, risk management and internal control, across the whole of the organisation's financial activities that supports the achievement of the organisation's objectives; (d) monitoring compliance with Standing Orders and SFIs and the scheme of delegation; (e) reviewing schedules of losses and compensations and making recommendations to the Board; (f) reviewing schedules of debtors/creditors balances over 6 months old and over a <i>de minimus</i> limit as defined by the Audit Committee and related explanations/action plans; (g) Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly. (h) Monitor and review the effectiveness of the Trust's internal audit function and ensure it meets any mandatory standards set by NHS Improvement and any relevant UK professional and regulatory requirements; (i) Monitor the independence and objectivity of the external Auditor; Receive reports from the Local Counter Fraud Service (LCFS) and monitor the work of the LCFS service.

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
SFI p.35	BOARD OF DIRECTORS NOMINATIONS AND REMUNERATION COMMITTEE	<p>The Committee shall determine the appropriate remuneration and terms of service for the Chief Executive, Executive Directors and other senior employees. They shall:</p> <ul style="list-style-type: none"> (a) advise about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors (and other relevant senior employees), including: <ul style="list-style-type: none"> (i) all aspects of salary (including any performance-related elements / bonuses); (ii) provisions for other benefits, including pensions and cars. (b) determine arrangements for termination of employment and other contractual terms; (c) monitor and evaluate the performance of individual officer members (and other senior employees); (d) make such recommendations to the Board on the remuneration and terms of service of Executive Directors (and other relevant senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust, having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate; (e) decide on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate; (f) Monitor the skills and knowledge mix of the Board and make recommendations for future Executive and Non-Executive Director appointments; (g) The Committee shall report in writing to the Board its decisions and the basis for its recommendations; (h) The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and Officers not covered by the Committee;

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
	CLINICAL GOVERNANCE COMMITTEE	The primary purpose of the Committee is to provide assurance to the Board of Directors that the Trust has a robust framework for the management of key critical clinical systems and processes.
	NON CLINICAL GOVERNANCE COMMITTEE	The purpose of the Committee is provide assurance to the Board of Directors that the Trust has a robust framework for the management of risks arising from or associated with non-clinical systems and processes, including estates and facilities, environment and equipment, health and safety, workforce, reputation management, information governance, business continuity and other non-clinical areas as may be identified.
	CHARITIES COMMITTEE	<p>In line with its role as a corporate trustee for any funds held in trust, either as charitable or non-charitable funds, the Board of Directors will establish a Charities Committee to administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.</p> <p>This paragraph must be read in conjunction with the Standing Financial Instructions.</p>
	MANAGEMENT BOARD	<p>The Management Board is accountable to the Board of Directors for the operational management of the Trust and the delivery of objectives set by the Board of Directors.</p> <p>The Management Board will set appropriate frameworks and policies and procedures to support delivery of the organisational objectives. Using the frameworks in place the Management Board will continually monitor and review the operational performance of the Trust and put in place corrective measures where necessary.</p>
	COMMERCIAL TRANSACTIONS STEERING GROUP	The purpose of the Commercial Transactions Steering Group is to scrutinise and provide assurance on aspects of tenders and other significant transactions as delegated by the Board of Directors.

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
	STRATEGIC ASSURANCE COMMITTEE	The primary objective of the Strategic Assurance Committee is to provide assurance to the Board of Directors on strategic direction, alignment and delivery, and the supporting service, organisational development, human resources, estates, financial, IM&T and capital medium term plans that will be required to deliver the Strategy.

Section 4 – Duties from the NHS Foundation Trust Accounting Officer Memorandum (IRG 24/15 5 August 2015)

REF	DELEGATED TO	DUTIES DELEGATED
7	ACCOUNTING OFFICER	<p>The Accounting Officer has responsibility for the overall organisation, management and staffing of the NHS foundation trust and for its procedures in financial and other matters. The Accounting Officer must ensure that:</p> <ul style="list-style-type: none"> • there is a high standard of financial management in the NHS foundation trust as a whole; • financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the NHS foundation trust; • financial considerations are fully taken into account in decisions on NHS foundation trust policy proposals.
8	ACCOUNTING OFFICER	<p>The essence of the accounting officer's role is a personal responsibility for:</p> <ul style="list-style-type: none"> • the propriety and regularity of the public finances for which he or she is answerable • the keeping of proper accounts; • prudent and economical administration in line with the principles set out in Managing public money¹; • the avoidance of waste and extravagance; • the efficient and effective use of all the resources in their charge. <p>¹ www.gov.uk/government/publications/managing-public-money</p> <ul style="list-style-type: none"> •
9	ACCOUNTING	<p>The Accounting Officer must:</p> <ul style="list-style-type: none"> • personally sign the accounts and, in doing, so accept personal responsibility for ensuring

REF	DELEGATED TO	DUTIES DELEGATED
	OFFICER	<p>their proper form and content as prescribed by NHS Improvement in accordance with the Act:</p> <ul style="list-style-type: none"> • comply with the financial requirements of the NHS provider licence; • ensure that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of management, as well as in the form prescribed for published accounts (so that they disclose with reasonable accuracy, at any time, the financial position of the NHS foundation trust); • ensure that the resources for which he or she is responsible as Accounting Officer are properly and well managed and safeguarded, with independent and effective checks of cash balances in the hands of any official; • ensure that assets for which he or she is responsible such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate; • ensure that any protected property (or interest in) is not disposed of without the consent of NHS Improvement; • ensure that conflicts of interest are avoided, whether in the proceedings of the board of directors, council of governors or in the actions or advice of the NHS Foundation Trust's staff, including himself or herself; • ensure that, in the consideration of policy proposals relating to the expenditure for which he or she is responsible as accounting officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and brought to the attention of the board of directors.
10	ACCOUNTING OFFICER	<p>Ensure that effective management systems appropriate for the achievement of the NHS Foundation Trust's objectives, including financial monitoring and control systems, have been put in place. An Accounting Officer should also ensure that managers at all levels:</p> <ul style="list-style-type: none"> • have a clear view of their objectives, and the means to assess and, wherever possible,

REF	DELEGATED TO	DUTIES DELEGATED
		<p>measure outputs or performance in relation to those objectives;</p> <ul style="list-style-type: none"> • are assigned well-defined responsibilities for making the best use of resources (both those consumed by their own commands and any made available to organisations or individuals outside the NHS Foundation Trust), including a critical scrutiny of output and value for money; • have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.
11	ACCOUNTING OFFICER	<p>Must make sure that the arrangements he/she puts in place for delegation promote good management and that they are supported by the necessary staff with an appropriate balance of skills.</p> <p>Arrangements for internal audit should accord with the objectives, standard and practices set out in the <i>Public Sector Internal Audit Standards</i>²</p> <p>²www.gov.uk/government/publications/public-sector-internal-audit</p>
12	ACCOUNTING OFFICER	<p>See that appropriate advice is tendered to the board of directors and the council of governors on all matters of financial propriety and regularity and, more broadly, as to all considerations of prudent and economical administration, efficiency and effectiveness. The Accounting Officer will need to determine how and in what terms such advice should be tendered, and whether in a particular case to make specific reference to their own duty as accounting officer to justify, to the Public Accounts Committee (PAC), transactions for which they are accountable.</p>
13	ACCOUNTING OFFICER	<p>Set out in writing his/her objection to any proposal or course of action of the Council of Governors or the Board of Directors which may infringe the requirements of propriety or regularity, and the reasons for this objection.</p>

REF	DELEGATED TO	DUTIES DELEGATED
		<p>Inform NHS Improvement should any decision to proceed be taken which infringes the requirements of propriety or regularity despite his/her objection.</p> <p>Inform the Trust's External Auditors and NHS Improvement if the decision is taken and the Accounting Officers objections are overruled.</p>
14	ACCOUNTING OFFICER	<p>Inform the Board of Directors and Council of Governors, of any issue relating to the wider responsibilities for economy, efficiency and effectiveness, and provide advice to the Board of Directors and Council of Governors on a recommended course of action. If the Accounting Officer's advice is not taken, he/she should seek an instruction to proceed in writing from the Board or Council before proceeding.</p>
16-20	ACCOUNTING OFFICER	<p>The Accounting Officer may be required to appear before the Public Accounts Committee and will furnish the information and evidence required by the Committee.</p>
22	BOARD OF DIRECTORS	<p>Appoint an acting Accounting Officer (normally the Director of Finance) if an Accounting Officer is so incapacitated that he or she will be unable to discharge these responsibilities over a period of four weeks or more.</p>

Section 5 – Authorities/duties delegated from Standing Orders

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
2.1	CHAIR	Final authority in interpretation of Standing Orders (SOs) as set out in the Constitution
4.2.2	CHAIR	Call meetings.
4.7.1	CHAIR	Chair all Board meetings.
4.8	CHAIR	Give final ruling in questions of order, relevancy and regularity of any matters.
4.13.1	CHAIR	Having a second or casting vote
4.15	BOARD	Suspension of Standing Orders
4.15.5	AUDIT COMMITTEE	Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board)
5.1	BOARD	Formal delegation of powers to sub committees or joint committees and approval of their constitution and terms of reference. (Constitution and terms of reference of sub committees may be approved by the Board.)
5.2	CHAIR & CHIEF EXECUTIVE	The powers which the Board has retained to itself within the Standing Orders and this scheme of reservation and delegation may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members.
5.4.1	CHIEF EXECUTIVE	Functions of the Trust which have not been retained as reserved by the Board or delegated to a committee of the Board, shall be exercised by the Chief Executive on behalf of the Board.
5.4.2	CHIEF EXECUTIVE	The Chief Executive shall prepare a scheme of delegation identifying his/her proposals that shall

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		be considered and approved by the Board, subject to any amendment agreed during the discussion.
5.5	ALL	Disclosure of non-compliance with Standing Orders and this scheme of reservation and delegation to the Board of Directors' Secretary as soon as possible.
8.1	THE BOARD	Declare relevant and material interests.
8.17.2	Board of Directors' Secretary	Maintain Register(s) of Interests of members of the Board upon receipt of new or amended information.
9.1	ALL STAFF	Comply with the Directors' Code of Conduct and any guidance and best practice advice issued by NHS Improvement.
9.4.1	ALL	Disclose relationship between self and candidate for staff appointment. (Board of Directors' Secretary to report the disclosure to the Board.)
10.1	Board of Directors' Secretary / NOMINATED OFFICER	Keep common seal of the Trust in safe place and maintain a register of sealing.
11.1	CHIEF EXECUTIVE	Sign all documents which will be necessary in legal proceedings.

Section 6 – Authorities/duties delegated from Standing Financial Instructions

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 3.2-3.5	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.
SFI 4.2	CHIEF EXECUTIVE	Responsible as the Accounting Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
SFI 4.2-4.3	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
SFI 4.2	CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
SFI 4.3	DIRECTOR OF FINANCE	Responsible for: <ul style="list-style-type: none"> a) Implementing the Trust's financial policies and coordinating corrective action; b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared, documented and maintained; c) Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; d) Providing financial advice to members of Board and Officers; e) Maintaining such accounts, certificates etc. as are required for the Trust to carry out its statutory duties.
SFI 4.4	ALL MEMBERS OF THE BOARD AND	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions and the

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
	EMPLOYEES	Scheme of Delegation.
SFI 4.5	CHIEF EXECUTIVE	Ensure that any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income are made aware of these instructions and their requirement to comply.
SFI 5.1.1	AUDIT COMMITTEE	Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control.
SFI 5.1.1	CHAIR OF AUDIT COMMITTEE	Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts.
SFI 5.1.1	DIRECTOR OF FINANCE	Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.)
SFI 5.1.3	HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with guidance within the Government Internal Audit Standards.
SFI 5.1.5	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Monitor and ensure compliance with any relevant guidance issued by NHS Improvement or NHS Protect.
SFI 5.1.5.3	DIRECTOR OF FINANCE	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
SFI 5.2.1.1	CHIEF EXECUTIVE	Compile and submit to the Board a Plan which takes into account financial targets and forecast limits of available resources.
SFI 5.2.1.2	DIRECTOR OF FINANCE	Submit budgets to the Board for approval
SFI	DIRECTOR OF FINANCE	Ensure adequate training is delivered on an ongoing basis to budget holders.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
5.2.1.7		
SFI 5.2.2	CHIEF EXECUTIVE	Delegate budget to budget holders.
SFI 5.2.2	CHIEF EXECUTIVE & BUDGET HOLDERS	Must not exceed the budgetary total or virement limits set by the Board.
SFI 5.2.3.1	DIRECTOR OF FINANCE	Devise and maintain systems of budgetary control.
SFI 5.2.3	BUDGET HOLDERS	<p>Ensure that:</p> <ul style="list-style-type: none"> • they deliver their budgets as agreed in the Annual Plan • any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board • 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 • no permanent employees are appointed without the approval of the Director of Finance other than those provided for in the budgeted establishment as approved by the Board • identifying and implementing cost improvements, cost savings and income generation initiatives to achieve a return that meets the requirements of Monitor; and • effective systems exist within the directorate to ensure that all expenditure is authorised in advance of commitment and that the individuals incurring expenditure fully understand their budgetary control responsibilities.
SFI 5.2.3	CHIEF EXECUTIVE	Identify and implement cost improvements and income generation initiatives with budget holders in line with the Annual Plan and a balanced budget.
SFI 5.2.5	DIRECTOR OF FINANCE	Submit financial monitoring returns.
SFI 5.3	EXECUTIVE DIRECTORS	Submit governance returns.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.3	DIRECTOR OF FINANCE	Preparation of annual accounts and reports.
SFI 5.4.1	DIRECTOR OF FINANCE	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. (Board approves arrangements.)
SFI 5.4.2	DIRECTOR OF FINANCE	Advise the Board on the Trust's ability to pay interest on and repay capital debt and new borrowing.
SFI 5.4.5	DIRECTOR OF FINANCE	Report periodically on current debt, loans and overdrafts.
SFI 5.4.5	BOARD	Approve a list of employees authorised to make short term borrowings on behalf of the Trust.
SFI 5.4.5	DIRECTOR OF FINANCE	Will advise the Board on investments and report, periodically, on performance of same.
SFI 5.4.6	DIRECTOR OF FINANCE	Prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
SFI 5.5.1	DIRECTOR OF FINANCE	Designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
SFI 5.5.2	ALL EMPLOYEES	Duty to inform the Director of Finance of money due from transactions which they initiate/deal with.
SFI 5.6.1	CHIEF EXECUTIVE	Must ensure the Trust enters into suitable legally binding agreements with service commissioners for the provision of NHS services.
SFI 5.7.12	CHIEF EXECUTIVE	Waive formal tendering procedures.
SFI 5.7.12	DIRECTOR OF FINANCE	Report waivers of tendering procedures to the Audit Committee.
SFI 5.7.4	CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		which gives the best value for money.
SFI 5.7.4	CHIEF EXECUTIVE or DIRECTOR OF FINANCE	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive or the Director of Finance.
SFI 5.7.5	CHIEF EXECUTIVE OR NOMINATED REPRESENTATIVE	Responsible for the receipt and safe custody of tenders received.
SFI 5.7.5	CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations despatched.
SFI 5.7.9	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Where one tender is received will assess for value for money and fair price.
SFI 5.7.9	CHIEF EXECUTIVE	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
SFI 5.7.9	DIRECTOR OF FINANCE	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
SFI 5.7.15	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
SFI 5.7.16	CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
SFI 5.7.18	CHIEF EXECUTIVE	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.
SFI	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
5.7.18		the Trust.
SFI 5.8.1	BOARD OF DIRECTORS	Establish a Board of Directors Nominations and Remuneration Committee.
SFI 5.8.2	BOARD OF DIRECTORS NOMINATIONS AND REMUNERATION COMMITTEE	<ul style="list-style-type: none"> • Advise and make recommendations to the Board about remuneration and terms of service for the Chief Executive and other Executive Directors (and other senior Officers); • ensure they are fairly rewarded having proper regard to the Trust's circumstances and performance and provisions of national arrangements; • monitor and evaluate performance of individual Executive Directors and some senior officers; • decide on and oversee appropriate contractual arrangements for all Executive Directors and senior Officers; • monitor skills and knowledge mix of the Board and make recommendations for future Director's appointments to the Board of Directors Nominations and Remuneration Committee.
SFI 5.8.2	BOARD OF DIRECTORS NOMINATIONS AND REMUNERATION COMMITTEE	Report in writing to the Board its decisions and its bases about remuneration and terms of service of directors and senior employees.
SFI 5.8.1	BOARD OF DIRECTORS	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Board of Directors Nominations and Remuneration Committee.
SFI 5.8.3	DIRECTOR OF FINANCE	Approval of variation to funded establishment of any department.
SFI 5.8.6	DIRECTOR OF FINANCE	Payroll: (a) specifying timetables for submission of properly authorised time records and other notifications;

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		(b) final determination of pay and allowances; (c) making payments on agreed dates; (d) agreeing method of payment;
SFI 5.8.6	DIRECTOR OF FINANCE	Issue instructions listed in the SFI.
SFI 5.8.6.3	NOMINATED MANAGERS*	(a) Submit time records and other notifications in accordance with agreed timetables. (b) Complete time records and other notifications in required form. (c) Submitting termination forms in prescribed form and on time.
SFI 5.8.6.4	DIRECTOR OF FINANCE	Ensure that the chosen method for payroll processing is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
SFI 5.8.5	BOARD	(a) Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and (b) Deal with variations to, or termination of, contracts of employment.
SFI 5.9.1	DIRECTOR OF FINANCE	Determine the level of delegation of non-pay expenditure to budget managers.
SFI 5.9.1.4	DIRECTOR OF FINANCE	(a) Set out the list of managers who are authorised to place requisitions/ orders for the supply of goods and services. (b) Set out the maximum financial level for each requisition/ order and the system for authorisation above that level.
SFI 5.9.1.5	DIRECTOR OF FINANCE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
SFI 5.9.2.4	DIRECTOR OF FINANCE	Shall be responsible for the prompt payment of accounts and claims in accordance with contract terms or national guidance.
SFI	DIRECTOR OF FINANCE	(a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved,

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
5.9.2.4		<p>the thresholds should be incorporated in standing orders and regularly reviewed;</p> <p>(b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds;</p> <p>(c) Be responsible for the prompt payment of all properly authorised accounts and claims;</p> <p>(d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable;</p> <p>(e) A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;</p> <p>(f) Instructions to employees regarding the handling and payment of accounts within the Finance Department;</p> <p>(g) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received</p>
SFI 5.9.2.5	APPROPRIATE EXECUTIVE DIRECTOR	Make a written case to support the need for a prepayment.
SFI 5.9.2.5	DIRECTOR OF FINANCE	Approve proposed prepayment arrangements.
SFI 5.9.2.5	BUDGET HOLDER	Ensure that all items due under a prepayment contract are received and immediately inform the appropriate Director or Chief Executive if problems are encountered.
SFI 5.9.2.7	CHIEF EXECUTIVE	Authorise who may use and be issued with official orders.
SFI 5.9.2.7	OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Director of Finance.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.12	CHIEF EXECUTIVE	Capital investment programme: <ul style="list-style-type: none"> (a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans (b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; (c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences;
SFI 5.12.1	CAPITAL PRIORITISATION AND MANAGEMENT GROUP	Ensure that a business case is produced for every significant capital expenditure proposal.
SFI 5.12.1	DIRECTOR OF FINANCE	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
SFI 5.12.1	DIRECTOR OF FINANCE	Issue procedures for management of contracts involving stage payments.
SFI 5.12.1	DIRECTOR OF FINANCE	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
SFI 5.12.1	DIRECTOR OF FINANCE	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender.
SFI 5.12.1	CHIEF EXECUTIVE	Issue a Scheme of Delegation for capital investment management.
SFI 5.12.1	DIRECTOR OF FINANCE	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
SFI 5.12.3	DIRECTOR OF FINANCE	Maintenance of asset registers and arranging for a physical check of assets against the asset register.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.12.3	DIRECTOR OF FINANCE	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
SFI 5.12.4	CHIEF EXECUTIVE	Overall responsibility for fixed assets.
SFI 5.12.4	DIRECTOR OF FINANCE	Approval of fixed asset control procedures.
SFI 5.12.4	BOARD, EXECUTIVE MEMBERS AND STAFF	All significant discrepancies revealed by verification of physical assets to fixed asset registers to be notified to the Director of Finance.
SFI 5.12.4	BOARD, EXECUTIVE MEMBERS AND STAFF	Responsibility for security of Trust property.
SFI 5.12.4	DIRECTORS AND SENIOR OFFICERS	Apply such appropriate routine security practices in relation to Trust property.
SFI 5.12.4	BOARD, EXECUTIVE MEMBERS AND STAFF	Report any damage to the Trust's premises, vehicles and equipment or any losses in accordance with Trust procedure.
SFI 5.13.2	CHIEF EXECUTIVE	Delegate overall responsibility for control of stores (subject to the Director of Finance's responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded.
SFI 5.13.2	DESIGNATED PHARMACEUTICAL OFFICER	Responsible for controls of pharmaceutical stocks.
SFI 5.13.2	DESIGNATED ESTATES MANAGER	Responsible for control of stocks of fuel oil and coal.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.13.2	DESIGNATED MANAGER / PHARMACEUTICAL OFFICER	Security arrangements and custody of keys.
SFI 5.13.2	DIRECTOR OF FINANCE	Set out procedures and systems to regulate the stores.
SFI 5.13.2	DIRECTOR OF FINANCE	Agree stocktaking arrangements.
SFI 5.13.2	DIRECTOR OF FINANCE	Approve alternative arrangements where a complete system of stores control is not justified.
SFI 5.13.2	DIRECTOR OF FINANCE	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
SFI 5.13.2	DESIGNATED PHARMACEUTICAL OFFICER	Operate system for slow moving and obsolete stock, and report to the Director of Finance evidence of significant overstocking.
SFI 5.14.1	DIRECTOR OF FINANCE	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
SFI 5.14.1	ALL STAFF	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the Chief Executive and the Director of Finance.
SFI 5.14.2	DIRECTOR OF FINANCE	Where a criminal offence is suspected, the Director of Finance must inform the police if theft or arson is involved. In cases of fraud and corruption the Director of Finance must inform the relevant LCFS and NHS Protect Regional Team in line with Secretary of State directions.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.14.2	DIRECTOR OF FINANCE	Notify Local Counter Fraud Service and External Audit of all frauds.
SFI 5.14.2	DIRECTOR OF FINANCE	Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial).
SFI 5.14.2	DIRECTOR OF FINANCE	Approve write off of losses (within limits delegated by Board).
SFI 5.14.2	DIRECTOR OF FINANCE	Consider whether any insurance claim can be made.
SFI 5.14.2	DIRECTOR OF FINANCE	Maintain losses and special payments register.
SFI 5.15.1	DIRECTOR OF FINANCE	Responsible for accuracy and security of computerised data.
SFI 5.15.2	DIRECTOR OF FINANCE	Satisfy him/her that new computer systems (including finance 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.
SFI 5.15.2.3	DIRECTOR OF FINANCE	Shall publish and maintain a Freedom of Information Scheme or adopt a model Publication Scheme approved by the information Commissioner.
SFI 5.15.2	RELEVANT OFFICERS	Send proposals for general computer systems to the Director of Finance.
SFI 5.15.3	DIRECTOR OF FINANCE	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
		audit review.
SFI 5.15.3	DIRECTOR OF FINANCE	Seek periodic assurances from the provider that adequate controls are in operation.
SFI 5.15.4	DIRECTOR OF FINANCE	Ensure that risks to the Trust from use of IT are identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans
SFI 5.15.5	DIRECTOR OF FINANCE	Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied that: <ul style="list-style-type: none"> (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) Finance staff have access to such data; Have adequate controls in place; and (d) such computer audit reviews as are considered necessary are being carried out
SFI 5.16.1	CHIEF EXECUTIVE	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission and that the Trust will not accept responsibility or liability for patient's property unless the procedures are followed.
SFI 5.16.1	DIRECTOR OF FINANCE	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.
SFI 5.16.1	DEPARTMENTAL MANAGERS	Inform staff of their responsibilities and duties for the administration of the property of patients.
	CHIEF EXECUTIVE	Retention of document procedures in accordance with Department of Health Guidance.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.19.1	CHIEF EXECUTIVE	Develop a risk management programme in line with NHS assurance framework requirements, which must be approved and monitored by the Board.
SFI 5.19.1	BOARD OF DIRECTORS	Approve and monitor risk management programme.
SFI 5.19.2	BOARD OF DIRECTORS	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
SFI 5.19.2	DIRECTOR OF FINANCE	Where the Board decides to use the risk pooling schemes administered by the NHS Resolution the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme.
SFI 5.19.2	DIRECTOR OF FINANCE	Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for any one or other of the risks covered by the schemes, the Director of Finance 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 will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.
SFI 5.20.1	DIRECTOR OF FINANCE	Establish procedures for the management of expense claims.
SFI 5.21	DIRECTOR OF FINANCE	Approve the contract or transaction in relation to credit finance commitments
SFI 5.21	DIRECTOR OF FINANCE	Approve leasing agreements and hire purchase undertakings.
SFI 5.22	DIRECTOR OF FINANCE	Maintain such accounts and records as may be necessary to record and protect all transactions and funds of the Trust as trustees of non-exchequer funds.
SFI 5.22	DIRECTOR OF FINANCE	Arrange for the administration of all existing charitable Funds held on Trust

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.22	DIRECTOR OF FINANCE	Ensure that all charitable Funds held on Trust are currently registered with the Charities Commission in accordance with the Charities Act 2011 or subsequent legislation.
SFI 5.22	DIRECTOR OF FINANCE	The Director of Finance shall recommend the creation of a new charitable fund where funds and/or other assets, received in accordance with the Trust's policies cannot adequately be managed as part of an existing fund
SFI 5.22	ALL OFFICERS	Immediately hand over all gifts, donations and proceeds of fund-raising activities, which are intended for the Trust's use to the Director of Finance.
SFI 5.22.3.8	DIRECTOR OF FINANCE	Produce guidelines to Officers as to how to proceed when offered funds.
SFI 5.22.3.8	DIRECTOR OF FINANCE	Ensure that in respect of legacies and bequests, <ul style="list-style-type: none"> • all correspondence concerning a legacy is dealt with on behalf of the Trust; • where necessary, grant of probate is obtained or apply for a grant of letters of administration, where the Trust is the beneficiary; and • that arrangements regarding the administration of a will are negotiated with executors and to discharge them from their duty
SFI 5.22.3.9	THE BOARD	Give final approval for major appeals, defined as events raising in excess of £100,000.
SFI 5.22.3.9	BOARD OF TRUSTEES COMMITTEE	Give final approval for smaller appeals, defined as events anticipating to raise less than £100,000
SFI 5.22.4	BOARD OF TRUSTEES COMMITTEE	Be responsible for all aspects of the management of the investment of Funds held on Trust.
SFI 5.22.4	DIRECTOR OF FINANCE	Be responsible for the appropriate treatment of all investment income.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
SFI 5.22.5	BOARD OF TRUSTEES COMMITTEE	Exercise of expenditure discretion (can be delegated to the Director of Finance).
SFI 5.22.6	DIRECTOR OF FINANCE	Advise the Board of Trustees Committee and, with its approval, shall ensure that appropriate banking services are available to the Trust as corporate trustee
SFI 5.22.7	DIRECTOR OF FINANCE	<ul style="list-style-type: none"> • Appropriate records of all donated assets owned by the Trust are maintained, and that all assets, at agreed valuations are brought to account; • appropriate measures are taken to protect and/or to replace assets; • donated assets received on trust shall be accounted for appropriately; and • all assets acquired from charitable Funds held on Trust which are intended to be retained within the trust funds are appropriately accounted for.
SFI 5.22.8	DIRECTOR OF FINANCE	Ensure that regular reports are made to the Board of Trustees Committee and the Board with regard to, inter alia, the receipt of Funds held on Trust, investments of these trust funds and the disposition of resources
SFI 5.22.8.2	DIRECTOR OF FINANCE	Prepare the Annual Accounts
SFI 5.22.8.3	DIRECTOR OF FINANCE	In relation to the non-charitable trust funds prepare any required returns to NHS Improvement.
SFI 5.22.8.3	DIRECTOR OF FINANCE	Prepare an annual trustees report regarding charitable trust funds and make the required return to the Charity Commission
SFI 5.22.9.1	DIRECTOR OF FINANCE	Maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.
SFI	DIRECTOR OF FINANCE	Determine a basis for the distribution of investment income to the charitable Funds held on Trust and the recovery of administration costs.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
5.22.9.2		
SFI 5.22.9.3	DIRECTOR OF FINANCE	Ensure that the records, accounts and returns receive adequate scrutiny by the Trust's Internal Audit during the year
SFI 5.22.9.4	DIRECTOR OF FINANCE	Advise the Board of the outcome of the annual audit.
SFI 5.22.10	DIRECTOR OF FINANCE	Identify all costs directly incurred in the administration of all Funds held on Trust and charge such costs to the appropriate trust accounts
SFI 5.22.11	DIRECTOR OF FINANCE	Ensure that the Trust's liability to taxation and excise duty is managed appropriately
SFI 5.23.1	CHIEF EXECUTIVE	Ensure that all intellectual property is identified, protected and used for the benefit of the Trust, the NHS and service users.
SFI 5.23.2.1	CHIEF EXECUTIVE	Ensure that all intellectual property is identified and properly recorded in the Trust's Intellectual Property register.
SFI 5.23.2.2	CHIEF EXECUTIVE	Ensure all third party intellectual property, upon which the Trust's intellectual property relies is properly licenced and confers rights to sub-license as part of the Trust's intellectual property.
SFI 5.23.2.3	ALL STAFF	Required to identify and protect the intellectual property of the Trust and ensure that is properly recorded in the Trust's Intellectual Property register.
SFI 5.23.2.4	CHIEF EXECUTIVE	Responsible for compliance with the SFIs as they relate to the identification, protection, use and licensing of Trust and third party intellectual property.

Standing Financial Instructions

Reference Number:	
Author & Title:	Elizabeth Hills, Head of Financial Services
Responsible Director:	Libby Walters, Director of Finance
Review Date:	September 2019
Ratified by:	Audit Committee
Date Ratified:	
Version:	1

Related Policies and Guidelines	Charitable Funds Standing Financial Instructions Department of Health and Social Care Group Accounting Manual
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Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 1 of 72

Index:

1. Policy Summary	4
2. Policy Statements	4
3. Definition of Terms Used	5
4. Duties and Responsibilities	7
4.1 Foundation Trust Board of Directors	7
4.2 The Chief Executive, Director of Finance and Deputy Chief Executive	8
4.3 Director of Finance	8
4.4 Board of Directors and Employees	9
4.5 Contractors and their employees	9
5. Instructions	9
5.1 Audit	9
5.2 Business Planning, Budgets, Budgetary Control and Monitoring	15
5.3 Annual Report and Accounts and Quality Accounts	19
5.4 Bank Accounts	19
5.5 Income, Fees and Charges and Security of Cash, Cheques and other Negotiable Instruments	22
5.6 Contracts for the Provision of Healthcare Services	23
5.7 Tendering, quotation and contracting Procedure	25
5.8 Terms of Service, Allowances and Payment of Members of the Board and Employees.	36
5.9 Non Pay Expenditure	40
5.10 Wholly Owned Subsidiaries, Hosted Bodies, Partnerships and Collaborations	44
5.11 External Borrowing and Investments	44
5.12 Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets	45
5.13 Inventory and Receipt of Goods	50
5.14 Disposals and Condemnations, Losses and Special Payments	51
5.15 General Data Protection Regulation (GDPR) 2018	___ Error! Bookmark not defined.
5.16 Patients' Property	55
5.17 Standards of Business Conduct	56
5.18 Freedom of Information and Information Requests	57
5.19 Risk Management and Insurance	57
5.20 Staff Expenses	59
5.21 Credit Finance Arrangements including Leasing Commitments	59

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 2 of 72

5.22	Charitable Funds Held on Trust	59
5.23	Intellectual Property	64
6.	Monitoring Compliance	67
7.	Review	67
8.	Training	67
9.	References	68
Appendix 1: Revenue Authorisation Limits		69
	Ratification Assurance Statement	70
	Consultation Schedule	71
	Equality Impact: (A) Assessment Screening	72

Amendment History

Issue	Status	Date	Reason for Change	Authorised

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 3 of 72

1. Policy Summary

- 1.1 Royal United Hospitals Bath NHS Foundation Trust (the "Trust") was authorised as an NHS Foundation Trust by Monitor (now part of the new organisation NHS Improvement), the Independent Regulator of NHS Foundation Trusts pursuant to the National Health Service Act 2006 (the "NHS 2006 Act" or "2006 Act") on 1st November 2014.
- 1.2 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. They shall have effect, as if incorporated in the Standing Orders (SOs) of the Foundation Trust's Board of Directors (note that SOs are a statutory requirement for Foundation Trusts (FTs) but SFIs are not termed as such, although an equivalent set of rules is required by NHS Improvement, which this document represents).
- 1.3 The NHS Improvement (NHSI) Single Oversight Framework details how NHSI oversees and supports providers in delivering consistently safe, effective, compassionate patient care within health systems that are financially and clinically sustainable. Additional financial guidance includes *Code of Practice issued by the National Audit Office (NAO)*, and the most recent *DHSC Group accounting Manual*. Other relevant guidance may be issued which should be applied alongside these instructions.

2. Policy Statements

- 2.1 These 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 with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust (collectively called the "Scheme of Delegation").
- 2.2 These SFIs identify the financial responsibilities which apply to everyone employed by, or working for the Foundation Trust and its constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial policies and procedures.
- 2.3 Should any difficulties arise regarding the interpretation or application of any of the SFIs, then the advice of the Director of Finance 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 of the Board of Directors (as well as the separate Standing Orders of the Council of Governors).

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 4 of 72

- 2.4 Failure to comply with Standing Financial Instructions and Standing Orders of the Board of Directors can in certain circumstances be regarded as a disciplinary matter that could result in an employee's dismissal.
- 2.5 Overriding Standing Financial Instructions – if for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the 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, as soon as possible.

3. Definition of Terms Used

- 3.1. Any expression, to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Acts, shall have the same meaning in these instructions.
- 3.2. Wherever the title Chief Executive, Director, or other nominated officer is used in these instructions, it should be deemed to include other officers who have been duly authorised to represent them in their absence.
- 3.3. Save as otherwise permitted by law, at any meeting of the Board the Chair of the Trust (or the person presiding over the meeting) shall be the final authority on the interpretation of the SFIs (on which she/he should be advised by the Chief Executive or the Director of Finance) and her/his decision shall be final and binding except in the case of manifest error.
- 3.4. Wherever a financial limit is stipulated in these SFIs but no value is given, reference should be made to the Trust's Financial Limits contained within the Scheme of Delegation, which shall be issued to accompany the SFIs and Standing Orders. The Board should periodically review the Financial Limits.
- 3.5. Unless a contrary intention is evident or the context requires otherwise, words or expressions contained in these SFIs shall bear the same meaning as in the Constitution. In these SFIs:
- 3.6. **the 2006 Act** means the National Health Service Act 2006 (as amended);
- 3.7. **the 2012 Act** means the Health and Social Care Act 2012;
- 3.8. **Accounting Officer** means a person who from time to time discharges the functions specified in paragraph 25(5) of Schedule 7 of the 2006 Act. The Chief Executive of the Trust is the Accounting Officer;
- 3.9. **Annual Accounts** means those accounts prepared by the Trust pursuant to paragraph 25 of Schedule 7 to the 2006 Act;
- 3.10. **Annual Report** means a report prepared by the Trust pursuant to paragraph 26 of Schedule 7 to the 2006 Act;
- 3.11. **Auditor** means the Auditor of the Trust appointed by the Council of Governors pursuant to the Constitution;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 5 of 72

- 3.12. **Audit Committee** means a committee of the Board as established pursuant to the Constitution;
- 3.13. **Authorisation** means the authorisation issued to the Trust by NHS Improvement (formally Monitor) under section 35 of the 2006 Act;
- 3.14. **Board** means the Board of Directors as constituted in accordance with the Constitution;
- 3.15. **Budget** means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the business functions of the Trust;
- 3.16. **Budget Holder** means the Director or Officer with delegated authority to manage business activity for a specific area of the Trust;
- 3.17. **Budget Manager** means the Officer who has daily operational responsibility for the management of the Budget;
- 3.18. **Chair** means the Chair of the Trust;
- 3.19. **Council of Governors** means the Council of Governors as constituted in accordance with the Constitution;
- 3.20. **Chief Executive** means the Chief Executive of the Trust;
- 3.21. **Constitution** means the Constitution of the Trust together with the annexes;
- 3.22. **Director** means a member of the Board who has voting rights;
- 3.23. **Executive Director** means an executive member of the Board of the Trust;
- 3.24. **Director of Finance** means the Chief Financial Officer of the Trust;
- 3.25. **Financial Limits** means the financial limits set out in the Scheme of Delegation;
- 3.26. **Financial Year** means each successive period of twelve months beginning with 1 April;
- 3.27. **Funds held on Trust** means those funds which the Trust holds at the date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers gained under the 2006 Act and shall include the income and interest derived from the holding of such funds all or some of which may or may not be charitable;
- 3.28. **Local Counter Fraud Specialist** means the person appointed by the Trust to carry out the responsibilities and functions set out in Section 24 of the NHS National Contract and NHS Counter Fraud Authority Anti-Fraud & Bribery Standards for Provider organisations;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 6 of 72

- 3.29. **Local Security Management Specialist** means the person appointed by the Trust to carry out the responsibilities and functions set out in Section 24 of the NHS National Contract and NHS Counter Fraud Authority Security Management Standards for Provider organisations;
- 3.30. **Member** means a member of the Trust;
- 3.31. **Monitor** means the body corporate known as Monitor, now part of NHS Improvement, as provided by section 61 of the 2012 Act;
- 3.32. **NHS Improvement** means the body which from the 1 April 2016 which brought together Monitor, NHS Trust Development Authority, Patient Safety, Advancing Change Team and Intensive Support Teams.
- 3.33. **NHS Counter Fraud Authority** means the division established by Direction 2 of the NHS Business Services Authority Directions 2006 (as amended by the NHS Business Services Authority Amendment Directions 2011);
- 3.34. **Non-Executive Director** means a non-executive member of the Board of the Trust including the Chair;
- 3.35. **Officer** means an employee of the Trust and for the avoidance of doubt does not include Non-Executive Directors;
- 3.36. **Nominations and Remuneration Committee** shall have the meaning ascribed to it in SFI 5.8;
- 3.37. **Secretary** means the Secretary of the Trust or any other person or body corporate appointed to perform the duties of the Secretary of the Trust, including a joint, assistant or deputy secretary;
- 3.38. **Standing Financial Instructions (SFIs)** means these Standing Financial Instructions which regulate the conduct of the Trust's financial matters;
- 3.39. **Standing Orders** means the Standing Orders for the Council of Governors and the Standing Orders for the Board;
- 3.40. **Trust** means Royal United Hospitals Bath NHS Foundation Trust.

4. Duties and Responsibilities

4.1 Foundation Trust Board of Directors

4.1.1 The Board exercises financial supervision and control by:

- a) Formulating the financial strategy of the Trust;
- b) Requiring the submission and approval of Budgets within approved allocations and overall income;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 7 of 72

- c) Defining and approving essential features in respect of important procedures and financial systems (including (but not limited to) the need to obtain value for money) and the Trust's statutory duty under Section 63 of the 2006 Act (General duty of NHS foundation trusts) to exercise its functions effectively, efficiently and economically; and
- d) Defining specific responsibilities placed on Directors and employees as indicated in the Scheme of Delegation.

4.1.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Scheme of Delegation. All other powers have been delegated to such executive directors in the Scheme of Delegation or, committees of the Board, as established by the Trust. The Board must approve the terms of reference of all committees reporting directly to the Board

4.1.3 The Board will delegate responsibility for the performance of its functions in accordance with the Regulatory Framework and the Scheme of Delegation. The extent of delegation shall be kept under review by the Board

4.2 The Chief Executive and Director of Finance

4.2.1 The Chief Executive and the Director of Finance will delegate their detailed responsibilities as permitted by the Constitution and SOs, but they remain accountable for financial control.

4.2.2 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board of Directors, and as accounting 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 RUH's activities; is responsible to the Chair and members of the Board for ensuring that its financial obligations and targets are met and has overall responsibility for RUH's system of internal control.

4.2.3 It is a duty of the Chief Executive to ensure that existing Directors and Officers and all new appointees are notified of and put in a position to understand their responsibilities within these SFIs.

4.3 Director of Finance

4.3.1 The Director of Finance is responsible for:

- a) These SFIs and for keeping them appropriate and up to date;
- b) Implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies;
- c) Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 8 of 72

- d) Ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time; and
- e) Without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Director of Finance include:
 - i. The provision of financial advice to members of the Trust Board and employees;
 - ii. Design, implementation and supervision of systems of internal financial control;
 - iii. The preparation and maintenance of such accounts, certificates, estimates, records and reports as the Board may require for the purpose of carrying out its statutory duties.

4.4 Board of Directors and Employees

4.4.1 All directors and employees, severally and collectively, are responsible for:

- a) The security of Trust property;
- b) Avoiding loss;
- c) Exercising economy and efficiency in the use of resources; and
- d) Conforming to the requirements of NHS Improvement, the Terms of Authorisation, the Constitution, Standing Orders, Standing Financial Instructions and the Delegation of Powers.

4.5 Contractors and their employees

4.5.1 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 their duties under these Standing Financial Instructions.

4.5.2 For any and all directors and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Director of Finance.

5. Instructions

5.1 Audit

5.1.1 Audit Committee

5.1.1.1 In accordance with the Constitution the Board of Directors shall establish an Audit Committee, with clearly defined terms of reference. The Committee shall review the establishment and maintenance of an effective system of integrated governance,

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 9 of 72

risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives. The Committee is also responsible for:

- 5.1.1.2 overseeing Internal and External Audit services with an active involvement in the selection and performance monitoring of the assurance providers to ensure a cost efficient service is provided;
- 5.1.1.3 reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- 5.1.1.4 monitoring compliance with the Constitution and Standing Financial Instructions;
- 5.1.1.5 examining the circumstances associated with occasions when the Constitution and associated Standing Financial Instructions are waived, and
- 5.1.1.6 reviewing schedules of losses, compensations, and settlements with staff, and making recommendations to the Board;
- 5.1.1.7 reviewing schedules of debtors/creditors balances over 6 months old and over a de minimis limit as defined by the Audit Committee and related explanations/action plans;
- 5.1.1.8 Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board on the adequacy of internal mechanisms for identifying all principal risks and providing reasonable assurance that risk management arrangements are robust;
- 5.1.1.9 Where the Audit Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chair of the Audit Committee should immediately inform the Chief Executive and raise the matter at the next meeting of the Board. Exceptionally, the matter may need to be referred to NHS Improvement.

5.1.2 Director of Finance

- 5.1.2.1 To support the Audit Committee in their role, it is the responsibility of the Director of Finance is to:
 - a) Ensure there are arrangements to review, evaluate and report on the effectiveness of internal financial control, including the establishment of an internal audit function;
 - b) Decide at what stage to involve the police in cases of misappropriation of assets and any other irregularities

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 10 of 72

(subject to the provisions of section 5.1.5 of this document, in relation to fraud and corruption);

- c) Ensure that an annual internal audit report is prepared (with interim progress reports) for the consideration for the Audit Committee. The report must cover:
 - i. A clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DHSC. This opinion provides assurances to the Accounting Officer, especially when preparing the Statement of Internal Control and also provides assurances to the Audit and Assurance Committee;
 - ii. Any major internal financial control weaknesses discovered;
 - iii. Progress on the implementation of internal audit recommendations;
 - iv. Progress against plan over the previous year;
 - v. Strategic audit plan covering the coming three years;
 - vi. A detailed work-plan for the coming year.

5.1.2.2 The Director of Finance and designated auditors are entitled without necessarily giving prior notice to require and receive:

- a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- b) Access at all reasonable times to any land, premises or members of the Board or employee of the Trust;
- c) The production of any cash, stores or other property of the Trust under a member of the Board and an employee's control; and
- d) Explanations concerning any matter under investigation.

5.1.3 Role of Internal Audit

5.1.3.1 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.

5.1.3.2 Internal Audit will review, appraise and report upon:

- a) The extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 11 of 72

- b) The adequacy and application of financial and other related management controls;
- c) The suitability of financial and other related management data;
- d) The extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - i. Fraud and other offences (responsibility for investigation of any suspected or alleged fraud is held by the Local Counter Fraud Specialist);
 - ii. Waste, extravagance, inefficient administration;
 - iii. Poor value for money or other causes;
 - iv. Any form of risk, especially business and financial risk but not exclusively so.
- e) The adequacy of management action in response to audit recommendations;
- f) Any investigations / project work agreed with and under terms of reference laid down by the Director of Finance
- g) The Trust's compliance with the Care Quality Commission Essential Standards of Quality and Safety

5.1.3.3 Internal Audit shall also independently verify the Assurance Statements in accordance with guidance within the Government Internal Audit Standards.

5.1.3.4 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance must be notified immediately.

5.1.3.5 The Head of Internal Audit, or equivalent title, will normally attend the meetings of the Audit Committee and has a right of access to all Audit Committee members, the Chair and Chief Executive.

5.1.3.6 The Head of Internal Audit shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the "Code of Practice issued by the National Audit Office (NAO)," the "DHSC Group Accounting Manual" and the "NHS FT Accounting Officer memorandum."

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 12 of 72

- 5.1.3.7 The Head of Internal Audit shall report to the Director of Finance and shall refer audit reports to the appropriate officers designated by the Chief Executive. Failure to take remedial action within a reasonable period shall be reported to the Chief Executive. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation on the objectivity of the audit, the Head of Internal Audit shall have the right to report direct to the Chair or any Non-Executive Director or Governor of RUH.

5.1.4 External Audit

- 5.1.4.1 The External Auditor is appointed by the Council of Governors with advice from the Audit Committee. If there are any problems relating to the service provided by the External Auditor this should be resolved in accordance with the Code of Practice issued by the National Audit Office (NAO)
- 5.1.4.2 The Trust and the External Auditor must comply with the Code of Practice issued by the National Audit Office (NAO), and fulfil the relevant responsibilities laid out in schedule 7 and schedule 10 of the 2006 Act.
- 5.1.4.3 Officers in receipt of audit reports referred to them, have a duty to take appropriate remedial action, if any, within the agreed time-scales specified within the audit reports.
- 5.1.4.4 Prior approval must be sought from the Audit Committee (the Council of Governors may also be notified) for each discrete piece of additional external audit work (i.e. work over and above the audit plan, approved at the start of the year.) awarded to the external auditors. Competitive tendering is not required and the Director of Finance is required to authorise expenditure.

5.1.5 Fraud and Corruption

- 5.1.5.1 In line with their responsibilities, the Chief Executive and the Director of Finance shall monitor and ensure compliance with any relevant guidance issued by NHS Improvement or NHS Counter Fraud Authority on fraud and corruption.
- 5.1.5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the Standards for Providers – Fraud, Bribery and Corruption.
- 5.1.5.3 The Director of Finance is responsible for notifying the police when appropriate, during an investigation, following advice from the LCFS in line with the NHS Counter Fraud Authority Fraud and Corruption Manual and guidance.
- 5.1.5.4 The LCFS shall report to the Director of Finance and shall work with staff in the NHS Counter Fraud Service (NHS Counter

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 13 of 72

Fraud Authority) in accordance with the NHS Counter Fraud and Corruption Manual.

- 5.1.5.5 The Director of Finance should also prepare a “Counter Fraud Policy and Response Plan” that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.
- 5.1.5.6 The LCFS will attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Executive of RUH.
- 5.1.5.7 The LCFS shall be accountable to the Director of Finance. The reporting system for Counter Fraud services shall be agreed between the Director of Finance, the Audit Committee and the LCFS. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Counter Fraud and Corruption Manual and guidance. The reporting system shall be reviewed at least every 3 years.
- 5.1.5.8 The LCFS will provide a written report, at each Audit Committee meeting, on counter fraud work within RUH.
- 5.1.5.9 The LCFS will, at the beginning of each Financial Year, prepare a written work plan outlining the LCFS’ projected work for that Financial Year.
- 5.1.5.10 The LCFS shall:
 - a) Keep full and accurate records of any instances of fraud and suspected fraud;
 - b) Report to the Audit Committee any weaknesses in fraud-related systems and any other matters which may have fraud-related implications for the Trust;
 - c) Request from the Chief Executive all necessary support to enable him/her to efficiently, effectively and promptly carry out his/her functions and responsibilities, including working conditions of sufficient security and privacy to protect the confidentiality of his work;
 - d) Participate in activities which NHS Improvement directs, or in which NHS Counter Fraud Authority is engaged, including national anti-fraud measures.
- 5.1.5.11 Any Officer discovering or suspecting a loss of any kind must immediately inform the Chief Executive, the Director of Finance, or the LCFS.

5.1.6 Security management

- 5.1.6.1 The Trust shall nominate an Executive Director to be responsible to the Board for security management matters and

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 14 of 72

the promotion of security management measures within the Trust.

- 5.1.6.2 The Trust will appoint at least one person as a Local Security Management Specialist, in accordance with any guidance issued by NHS Improvement or the NHS Counter Fraud Authority on suitability criteria for such appointees.
- 5.1.6.3 The Local Security Management Specialist will report directly to the nominated Executive Director lead and will work with NHS Improvement and the NHS Counter Fraud Authority.
- 5.1.6.4 The Local Security Management Specialist will, at the beginning of each Financial Year, prepare a written work plan outlining the Local Security Management Specialist's projected work for that Financial Year.
- 5.1.6.5 The Local Security Management Specialist shall be afforded the opportunity to attend Audit Committee meetings and other meetings of the Board, or its committees, as required.
- 5.1.6.6 The Trust shall also nominate a Non-Executive Director to be the lead Non-Executive Director for security management matters.

5.2 Business Planning, Budgets, Budgetary Control and Monitoring

5.2.1 Preparation and Approval of Business Plans and Budgets

- 5.2.1.1 The Chief Executive, with the assistance of the Director of Finance, will compile and submit to the Board of Directors, the Council of Governors, and NHS Improvement strategic plans and operational business plans in accordance with the guidance issued by NHS Improvement with regards timing and Trust financial duties. The Trust operational business plans 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) The Financial Plan for the Year
 - d) Such other contents as may be determined by NHS Improvement
- 5.2.1.2 In a suitable timeframe to enable compliance with NHS Improvement's Risk Assessment Framework, the Director of

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 15 of 72

Finance will, on behalf of the Chief Executive, prepare and submit an annual budget for approval by the Board of Directors. Such budgets will:

- a) Be in accordance with the Trust values, and the aims and objectives set out in the annual 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;
 - f) Be based on reasonable and realistic assumptions; and
 - g) Enable the trust to comply with the whole regulatory framework for Foundation Trusts,
- 5.2.1.3 The Director of Finance shall monitor financial performance against budget and business plan, projecting anticipated performance for future periods, report to the Board, and advise on any actions he or she deems appropriate.
- 5.2.1.4 Officers shall provide the Director of Finance with all financial, statistical and other relevant information as necessary for the compilation of such business plans, estimates and forecasts.
- 5.2.1.5 The Director of Finance has overall responsibility to ensure that adequate financial systems are in place to monitor and control financial performance to enable RUH to fulfil its statutory responsibility to meet its annual revenue and capital targets.
- 5.2.1.6 The Director of Finance has the authority to request budget holders to formally sign off annual budgets, as an acknowledgement of ownership.
- 5.2.1.7 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

5.2.2 Budgetary Delegation

- 5.2.2.1 The Chief Executive, through the Director of Finance 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 of each budget heading;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 16 of 72

- c) Individual and group responsibilities;
 - d) Authorities to exercise virement;
 - e) Achievement of planned levels of service; and
 - f) Provision of regular reports.
- 5.2.2.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.
- 5.2.2.3 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.
- 5.2.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive or the Director of Finance.

5.2.3 Budgetary Control and Reporting

- 5.2.3.1 The Director of Finance will devise and maintain systems of budgetary control. These will include:
- a) Monthly financial reports to the Board of Directors in an approved form complete with sufficient information to allow the Directors of the Board to ascertain the financial performance of the Trust. This must at least include:
 - i. Performance against the compliance framework prescribed by NHS Improvement;
 - ii. Income and expenditure to date showing trends and the forecast year-end position;
 - iii. Movement in cash, and changes to the Trusts working capital including the accounts payable payment performance;
 - iv. Investment information (if applicable);
 - v. Capital project spend and projected out-turn against plan;
 - vi. Explanations of any material variances from plan along with any corrective action where necessary;
 - vii. Rolling 12 month cash forecast, financial risk rating and progress against Quality, Innovation, Productivity and Prevention (“QIPP”); and
 - viii. Identify potential risks based on current projections with mitigating action plans minimise any negative impact.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 17 of 72

- 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.
- 5.2.3.2 Each Budget Holder is responsible for ensuring that no permanent employees are appointed without the approval of the Chief Executive, other than those provided for within the budgeted workforce establishment.
- 5.2.3.3 The Chief Executive is responsible for identifying and implementing QIPP and income generation initiatives in order to deliver a budget that will enable compliance with NHS Improvement's risk rating regime.
- 5.2.3.4 The Chief Executive, through the Executive management team, is responsible for identifying and implementing cost improvements and income generation initiatives with budget holders in accordance with the requirements of the annual Business Plan and a balanced budget.
- 5.2.3.5 The Director of Finance shall keep the Chief Executive and the Board of Directors informed of the financial consequences of changes in policy, pay awards, and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.

5.2.4 Capital Expenditure

- 5.2.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. Accounting for fixed assets must comply with the most recent version of the DHSC Group Accounting Manual. (The particular applications relating to capital are contained in section 5.12 of these SFIs)

5.2.5 Performance Monitoring Forms and Returns

- 5.2.5.1 The Director of Finance is responsible for ensuring that the appropriate financial monitoring forms are submitted to the requisite monitoring organisations. The relevant Executive Director is responsible for ensuring that the appropriate Governance returns are submitted to the requisite monitoring organisations. The figures reported should reflect the same figures, though not necessarily presented in the same format, as those reported to the Board of Directors.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 18 of 72

5.3 Annual Report and Accounts and Quality Accounts

- 5.3.1 The Director of Finance, on behalf of the Trust, will keep accounts in such form as NHS Improvement may direct, and produce annual accounts and financial returns for NHS Improvement.
- 5.3.2 The Commercial Director will prepare an Annual Report in accordance with the guidance in the DHSC Group Accounting Manual.
- 5.3.3 The Trust's Annual Report and the Annual Accounts and financial returns to NHS Improvement must be audited by the external auditor in accordance with appropriate international auditing standards.
- 5.3.4 The Annual Report and Accounts (including the auditor's report) shall be approved by the Board of Directors.
- 5.3.5 The Annual Report and Accounts (including the auditor's report) is submitted to NHS Improvement (in accordance with its timetable) by the Director of Finance and put forward to be laid before Parliament each year.
- 5.3.6 The Annual Report and Accounts (including the auditor's report) must be published and presented to a general meeting of the Council of Governors by 30th September each year and made available to the public for public inspection at the Trust's headquarters and made available on the Trust's website. Any summary financial statements published are, in addition to, and not instead of, the full annual accounts.
- 5.3.7 The Director of Nursing will prepare the Annual Quality Report in the format prescribed by NHS Improvement/Care Quality Commission and in accordance with DHSC Group Accounting Manual. The Quality Report presents a balanced picture of the Foundation Trust's performance over the financial year and up to the agreed submission date.
- 5.3.8 The Chief Executive and Chair shall sign off the "Statement of Directors' Responsibilities in Respect of the Quality Report" under the Health Act 2009 and the NHS (Quality Accounts) Regulations.

5.4 Bank Accounts

5.4.1. General

- 5.4.1.1. The Director of Finance 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 and directions issued from time to time by NHS Improvement.
- 5.4.1.2. The Board shall approve the banking arrangements.

5.4.2. Bank and Government Banking Services (GBS)

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 19 of 72

5.4.2.1. In line with public sector practice, the Trust's principal bankers are those commercial banks working in partnership with the GBS; however, these SFIs will apply to any other accounts opened in the name of the Trust or its subsidiaries from time to time.

5.4.2.2. The Director of Finance is responsible for:

- a) Bank accounts and GBS accounts;
- b) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn;
- c) Ensuring payments made from bank or Government Banking Service accounts do not exceed the amount credited to the account except where arrangements have been made;
- d) Ensuring cash is managed in line with RUH's Licence Conditions and its Investment and Borrowing Strategies. Further details of which can be found in the Finance Department's Treasury Management Policies;
- e) Establishing separate bank accounts for the Trust's non-exchequer funds; and
- f) Ensuring covenants attached to bank borrowings are adhered to.

5.4.3. Banking Procedures

5.4.3.1. The Director of Finance will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- a) Those members of staff with mandated authority to carry out transactions (by signing transfer authorities or cheques or other orders) drawn on the Trust's accounts; and
- b) The conditions under which each bank and GBS account is to be operated.

5.4.3.2. The Director of Finance must advise the Trust's bankers in writing of the conditions under which each account will be operated. All funds shall be held in accounts in the name of the Trust. No officers other than the Director of Finance shall open any bank account in the name of the Trust.

5.4.4. Tendering and Review

5.4.4.1. The Board of Directors 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 banking business.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 20 of 72

- 5.4.4.2. Competitive tenders should be sought at least every 5 years. The results of the tendering exercise should be reported to the Board.
- 5.4.4.3. If however, the Director of Finance decides, in line with 5.4.1 above, that it is not in Trust's best interests to use commercial banking services, but instead to solely use the GBS services, then no tender will be required. This should be reported to the Board of Directors.

5.4.5. External Borrowing

- 5.4.5.1. The Director of Finance will advise the Board of Directors concerning the Trust's ability to pay interest on, and repay, both the originating capital debt and any proposed new borrowing.
- 5.4.5.2. The Director of Finance is also responsible for reporting periodically to the Board of Directors concerning the originating debt and all loans and overdrafts
- 5.4.5.3. The Board of Directors will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance.
- 5.4.5.4. Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Director of Finance. The Board of Directors must be made aware of all short term borrowings at the next Board meeting.
- 5.4.5.5. All short term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position. All short-term borrowing requirements must be authorised by the Director of Finance.
- 5.4.5.6. All long-term borrowing must be consistent with the plans outlined in the current Business Plan.

5.4.6. Investments

- 5.4.6.1. Temporary cash surpluses may be held only in such public or private sector investments as authorised by the Board.
- 5.4.6.2. The Director of Finance is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 5.4.6.3. The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 21 of 72

5.5 Income, Fees and Charges and Security of Cash, Cheques and other Negotiable Instruments

5.5.1 Income Systems

- 5.5.1.1. The Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection, and coding of all monies due.
- 5.5.1.2. The Director of Finance is also responsible for the prompt banking of all monies received.

5.5.2. Fees and Charges

- 5.5.2.1. The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSC or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health's "Commercial Sponsorship – Ethical standards in the NHS" shall be followed.
- 5.5.2.2. All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.
- 5.5.2.3. Contracts must confirm to the strategy and business plans of the Trust and shall be approved according to the limits specified at SFI Appendix 1.

5.5.3. Debt Recovery

- 5.5.3.1. The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.
- 5.5.3.2. Any potential write off of bad debt shall be processed through the losses and special payments process, and shall be authorised by the Director of Finance or Deputy Director of Finance. All write offs will be reported to the Audit Committee detailing the actions taken to recover the debt and the factors considered in making the decision to write off the debt.
- 5.5.3.3. Overpayments should be detected (or preferably prevented) and recovery initiated under normal procedures. Where overpayments have been made for 3 or more occasions and the individual or organisation is refusing to pay the Trust Local Counter Fraud Specialist should be consulted.

5.5.4. Security of Cash, Cheques and Other Negotiable Instruments

- 5.5.4.1. The Director of Finance shall be responsible for:

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 22 of 72

- 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.

5.5.4.2. Trust monies shall not, under any circumstances, be used for the encashment of private cheques or IOUs.

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

5.5.4.4. The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in appropriate 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 depositors absolving the Trust from responsibility for any such loss.

5.5.4.5. All cheques must be dispatched to Financial Services. A record of all cheques received must be maintained at point of receipt before being despatched to Financial Services. A list of these cheque details is to be sent to the Financial Services Manager.

5.6 Contracts for the Provision of Healthcare Services

5.6.1. Commissioning

5.6.1.1. The Board of Directors shall regularly review and shall at all times maintain and ensure the capacity and capability of the Trust to provide the mandatory goods and services referred to in its Terms of Authorisation and related schedules.

5.6.1.2. The Chief Executive, as the Accounting Officer, is responsible for ensuring the Trust enters into suitable legally binding agreements with service commissioners for the provision of NHS services. This responsibility has been delegated to the Director of Finance who is responsible for commissioning NHS service agreements for the provision of services to patients in accordance with the Business Plan and for establishing the arrangements for non-contracted activity. In carrying out these functions, the Director of Finance will pay due regards to:

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 23 of 72

- a) The costing and pricing of services (in accordance with the National Tariff) and the activity / volume of services planned;
- b) The standards of service quality expected;
- c) Payment terms and conditions;
- d) Amendments to NHS contracts and contracted activity;
- e) The relevant national service framework, if any; and
- f) Any other matters relating to contracts of a legal or non-financial nature.

5.6.2. Contract Pricing and Reporting

5.6.2.1. NHS contracts should comply with the most recent guidance from the DHSC and be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income. NHS contract prices reflect the national tariff where possible with local prices agreed for services not covered by the published tariff.

5.6.2.2. The Director of Finance will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the contract. This will include information on costing arrangements; any pricing of NHS contracts at marginal cost must be undertaken by the Director of Finance and reported to the Board.

5.6.2.3. The Director of Finance must ensure that the process undertaken to cost procedures provided at the Trust as part of the annual reference cost collection adheres to the guidance published by the DHSC annually. The Trust's process must be reported to Audit Committee to provide assurance that the submission will accurately represent the cost of each procedure,

5.6.3. Content of Contracts

5.6.3.1. All agreements should aim to implement the agreed priorities contained within the relevant plans and wherever possible, be based upon integrated care pathways to reflect expected patient experience.

5.6.3.2. Where the Trust makes arrangements for the provision of services by non-NHS providers, the Chief Executive is responsible for ensuring that the agreements put in place have due regard to the quality and the cost-effectiveness of the services provided.

5.6.3.3. Where the Trust enters into a relationship with another organisation for the supply or receipt of other services (clinical or non-clinical), the responsible Officer should ensure that an appropriate contract is present and signed by both parties. The Head of Operational Procurement/Senior Contracts Manager will provide professional advice on the structure and content on this type

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 24 of 72

of contract and should approve the contract before being signed by the delegated Officer.

- 5.6.3.4. Contracts should be reviewed and agreed on an annual basis or as determined by the term of the agreement if shorter than one year so as to ensure value for money.

5.7 Tendering, quotation and contracting Procedure

5.7.1. Duty of compliance

- 5.7.1.1. The procedure for awarding all contracts by or on behalf of the Trust shall comply with Trust SOs and SFIs.
- 5.7.1.2. Directives by the Council of the European Union promulgated by the Department of Health and Social Care (DHSC) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these SOs and SFIs.
- 5.7.1.3. The Trust has policies and procedures in place for the control of all tendering activity carried out on behalf of the Trust.
- 5.7.1.4. The Trust shall comply as far as is reasonably practicable with the requirements of the latest DHSC guidance on capital investment and the procurement and management of consultants within the NHS.

5.7.2. Formal Competitive Tendering and Quotations

- 5.7.2.1. The Trust shall ensure that competitive tenders or quotations are invited for:
- a) The supply of goods, materials and manufactured articles;
 - b) The rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DHSC);
 - c) For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and
- 5.7.2.2. Where the Trust elects to invite bids for the supply of healthcare services these SOs and SFIs shall apply as far as they are applicable to the respective competitive exercise.
- 5.7.2.3. Formal tendering procedures need not be applied where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with.

5.7.3. Financial Limits for the Procurement Process

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 25 of 72

- 5.7.3.1. Expenditure equal to £1,001 and up to £50,000 excluding VAT:
- a) Where expenditure for goods and services is likely to be equal to £1,001 and up to £50,000 excluding VAT but including carriage and installation the ward area or department must draft a specification of the product or service required.
 - b) The specification will be forwarded to the Purchasing Department for formal quotations to be obtained. Selection of the successful quotation will be based on the best value for money to the Trust.
- 5.7.3.2. Expenditure equal to £50,001 excluding VAT and up to the European Tendering Thresholds (OJEU):
- a) Expenditure of goods and services that are likely to be equal to or in excess of £50,001 excluding VAT, but including any carriage, installation and commissioning costs, then a formal Tender process will be required.
 - b) Any expenditure for Consultancy Services that are likely to be equal to or in excess of £50,001 including VAT must have prior approval from the Board of Directors, who may consult with NHS Improvement prior to approval.
- 5.7.3.3. Expenditure equal to or exceeding the OJEU Threshold:
- a) Expenditure of goods and services with a value exceeding the OJEU Threshold, including carriage, installation and excluding VAT will require, in addition to a formal tender, to be advertised in the Official Journal of the European Union (OJEU).
 - b) The European tendering threshold level is set on a biennial basis.
 - c) The tendering process must comply with the rules of EU Public Contract Regulation 2015 (PCR 2015).
- 5.7.3.4. Expenditure for Works Contracts:
- a) There is no formal requirement for formal tendering of works up to and including £50,000 excluding VAT.
 - b) Where the Trust is undertaking a works project of equal to or in excess of £50,001 excluding VAT, a formal tender will be required.
 - c) A works project with a likely value equal to or in excess of the OJEU Threshold for Works will also require to be published in the OJEU.
 - d) The tendering process must comply with the rules of PCR 2015.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 26 of 72

- e) Works contracts will be undertaken using either the NEC3 or JCT Terms and Conditions of Contract, other Model Form contracts as appropriate or bespoke contracts may be used where applicable.

5.7.4. Quotations

5.7.4.1. Quotations are required for expenditure limits of equal to £1,001 and up to and including £50,000 excluding VAT.

5.7.4.2. Competitive Quotations:

- a) Quotations should be obtained from at least three suppliers (where possible) based on a specification or terms of reference prepared by, or on behalf of, the Trust.
- b) Quotations should be published on the Trusts on-line eProcurement System unless the Chief Executive Officer or his Delegated Authority determines that it is impractical to do so. In these circumstances quotations may be obtained by email but must be retained for audit and transparency purposes.
- c) Quotations obtained using the Trust eProcurement System will be automatically released for opening by the eProcurement System at the nominated date and time stated at the start of the quotation process.
- d) All quotations should be treated as confidential and details of the quotation, including date and time of submission and opening will be retained in the Activity Log of the eProcurement System for audit.
- e) The Chief Executive Officer or Delegated Authority will evaluate responses to the quotation exercise and select the quote which provides the best value for money to the Trust. Where this is not the lowest cost quotation, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, then the decision and the reasons why should be recorded for auditable purposes. The decision should be based on the most economical advantageous outcome for the Trust (Value for Money) based on Cost, Quality and fitness for purpose.

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

- a) The supply of proprietary of goods or services of a special character, for which it is not, in the opinion of the Delegated Authority, possible or desirable to obtain competitive quotations;
- b) The supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts; and
- c) Miscellaneous services, supplies and disposals.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 27 of 72

5.7.4.4. 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 SFIs except with the authorisation of either the Chief Executive Officer, Director of Finance or Delegated Authority.

5.7.5. Tender Procedure

5.7.5.1. As a public body, the Trust is legally required to adhere to the requirements of the European Union Public Contracts Directive and consequently the PCR 2015. The OJEU Thresholds, as published in the OJEU change on a biennial basis. Therefore, to ensure continuing compliance the Trust requires that a minimum of three tender responses (where possible) are required for order values equal to or in excess of £50,001 excluding VAT, up to the current OJEU threshold. And a minimum of five tenders (where possible) are required for orders in excess of the current OJEU Threshold. As the Trust has Foundation Status the threshold limits which apply are the Sub Central Authority values.

5.7.5.2. Competitive tender exercises are broken down into two types depending on the financial limits of the contractual value:

a) **Sub OJEU** (Local tenders) – Competitive Tender with a value equal to £50,001 excluding VAT up to the current OJEU threshold:

- i. All tender documentation will be published on the Trusts on-line eProcurement System and 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 submitted electronically to the Trusts on line eProcurement System by the date and time requested.
- iii. Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Conditions of Contract as are applicable.
- iv. Tender responses obtained using the Trust on-line eProcurement System will be automatically opened at the nominated time and date stated in the Tender Documentation.
- v. All Tender responses should be treated as confidential and details of the tender process, including the opening date and time will be retained in the Activity Log of the on-line eProcurement System for audit.
- vi. The Chief Executive Officer or Delegated Authority will evaluate the responses and select the offer which provides the most economical advantageous outcome for the Trust. If this is not the lowest offer, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, then the decision and the reasons why should be recorded for auditable

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 28 of 72

purposes. The decision should be based on Value for Money, assessing Cost, Quality and fitness for purpose.

b) **OJEU Tenders** – Competitive Tender with a value equal to or in excess of the current OJEU threshold.

All tenders for values in excess of the current OJEU threshold must be advertised in accordance with the most current EU Public Contract Regulation:

- i. All tender documentation must be published along with the OJEU Notice on the Trusts on-line eProcurement System and must state the date and time as being the latest time for the receipt of tenders.
- ii. All invitations to tender must state that no tender will be accepted unless submitted electronically to the Trusts on line eProcurement System by the date and time requested.
- iii. Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Conditions of Contract as are applicable.

5.7.5.3. The Chief Executive Officer or Delegated Authority will be responsible for safe custody of tender responses held on the Trusts eProcurement System until the time appointed for their opening. The date and time of opening of each tender shall be recorded in the Activity Log of the on-line portal for Audit.

5.7.5.4. As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened electronically by two senior officers/managers designated by the Chief Executive Officer or Delegated Authority and not from the originating department. The following should be noted:

- a) The 'originating' Department will be taken to mean the Procurement Department facilitating the competitive exercise.
- b) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two opening officers.
- c) 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 tender is not from the originating department. The Board of Directors' Secretary will count as a Director for the purposes of opening tenders or quotations.
- d) Every tender shall be electronically marked automatically by the on-line eProcurement System with the date of opening and the name of the opening officers.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 29 of 72

e) Incomplete tenders (those from which information necessary for the evaluation of the tender is missing) and amended tenders (those amended by the tenderer upon their own initiative, electronically, after the due time for receipt, but prior to the opening of the tender) should be dealt with in the same way as late tenders.

5.7.6. Works

5.7.6.1. Every tender or quote for building or engineering works shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal (JCT) Standard Forms of Building Contract or New Engineering Contract (NEC3) model form contract; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Civil Engineers (ICE) and the Association of Consulting Engineers (ACE). These documents shall be modified and/or amplified in accordance with Department of Health guidance and, in minor respects, to cover special features of individual projects.

5.7.6.2. Tenders undertaken for Works must be carried out in accordance with EU and Public Procurement Regulations (as per 5.7.3.4 and 5.7.5 above) however the threshold for Works tenders is significantly increased.

5.7.7. Capital Projects

5.7.7.1. The investment of capital is a vital part of the success of any organisation and contributes greatly to its continual development. The allocation of capital monies must be objective and ensure that investment is only made into schemes and projects that have proven quantifiable benefits and must be supported by robust procurement processes in order to identify both costs and savings to the overall Capital Investment Plan.

5.7.7.2. The objectives of Capital Projects are to provide health care facilities as specified in the projects Full Business Case whilst obtaining best value for money as well as maintaining probity. Products and/or Services required for the completion of a project will be specified on an equipment schedule/bill of materials which will be passed to the Procurement Department for consolidation and subsequent procurement.

5.7.7.3. Where capital investment is necessary the requirement must be applied for via an MEC Bid which will be passed to the Capital Prioritisation & Management Group for authorisation. Only after authorisation has been provided, can Procurement proceed with obtaining the requirement.

5.7.7.4. Tenders undertaken for capital projects must be carried out in accordance with EU and Public Procurement Regulations, with the project element and its associated cost dictating the type of tender with its respective threshold.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 30 of 72

5.7.8. Applicability of SFIs on Tendering and Contracting to funds held on trust

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

5.7.8.2. Where a requirement has been identified for goods and services to be paid for by charitable funds additional authorisation is required from the Charities and Technical Accountant.

5.7.8.3. The Charities and Technical Accountant will ensure that the particular fund in question has had a spending plan for the relevant financial year submitted and approved by the Charities Committee. In the instance where no plan has been approved, the request will be returned to the relevant department.

5.7.8.4. Tenders undertaken from Charity Monies must be carried out in accordance with EU and Public Procurement Regulations, with the project element and its associated cost dictating the type of tender with its respective threshold.

5.7.9. Evaluation

5.7.9.1. During a competitive exercise evaluation if the designated procurement officer, for any reason, is of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or are incomplete) no contract shall be awarded without the approval of the Chief Executive Officer, Director of Finance or Delegated Authority.

5.7.9.2. Where only one tender or quotation is received, the Chief Executive Officer, Director of Finance or Delegated Authority shall, as far as reasonably practicable, ensure that the price paid is fair, reasonable and will ensure value for money for the Trust.

5.7.9.3. Tenders or quotes received after the due time and date, but prior to the opening of the tenders or quotes, may be considered only if the Chief Executive Officer or Delegated Authority decides that there are exceptional circumstances i.e. delayed electronically through no fault of the tenderer.

5.7.9.4. While decisions as to the admissibility of late tenders are under consideration, other tender submissions must be kept strictly confidential.

5.7.9.5. Acceptance of formal tenders:

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

b) The lowest tender response, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust,

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 31 of 72

shall not be automatically assumed. Providers will be selected based on which offer provides the most economically advantageous outcome to the Trust which will be based on Value for Money (VfM) i.e. Cost, Quality and fitness for purpose, unless there are good and sufficient reasons to the contrary. It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best VfM. Other factors affecting the success of a tender response may include:

- i. Experience and qualifications of team members;
 - ii. Understanding of client's needs;
 - iii. Feasibility and credibility of proposed approach;
 - iv. Ability to complete the project on time.
- c) 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 SFIs except with the authorisation of the Chief Executive Officer or Delegated Authority.
- d) The use of these procedures must demonstrate that the award of the contract was:
- i. Not in excess of the going market rate / price current at the time the contract was awarded;
 - ii. That best value for money was achieved.
- e) All tender documentation should be treated as confidential and tender responses retained for audit for a period of six (6) years.

5.7.10. Award recommendations for OJEU or Local tenders

5.7.10.1. After all Tender responses have been fully evaluated in an open and transparent manner the Procurement Representative will compile a Tender Report with an Award Recommendation to be passed for authorisation and sign off in accordance with SFI 5.7.5 (Authorisation of Tenders). This report will highlight the quantity of tender responses received with their individual scoring against each of the Award Criteria. It will also highlight the benefits of each tender response with a summary and award recommendation based on the total evaluation score (VfM) for each tender response.

5.7.10.2. Reports to the Trust Board will be made by exception only where the competitive exercise award decision may/will have a significant impact on service delivery to the Trust.

5.7.11. Financial Standing and Technical Competence of Suppliers

5.7.11.1. The Director of Finance may make or organise any enquiries they deem appropriate concerning the financial standing and financial suitability of Suppliers. The Delegated Authority with lead responsibility for clinical governance will similarly make such

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 32 of 72

enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

5.7.11.2. If in the opinion of the Delegated Authority, with lead responsibility for clinical governance, specialist services or skills are required then appropriate checks must be carried out as to the technical and financial capability of those suppliers that are invited to tender.

5.7.12. Waivers

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

- a) 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;
- b) Where the timescale genuinely precludes competitive tendering. However failure to plan the work properly will not be regarded as justification for a single tender waiver;
- c) Where specialist expertise, equipment or product is required and is only available from one source;
- d) 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 (so long as the requirement does not exceed 10% of the awarded contract value);
- e) Where 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 (so long as the requirement does not exceed 10% of the awarded contract value); and
- f) 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 will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.
- g) Where standardised products or services have been adopted by the Trust through a previous procurement competitive exercise.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 33 of 72

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

5.7.12.3. Where it is decided that competitive tendering should be waived, the fact of the waiver and the reasons should be documented on a Waiver Form and attached to the requisition, prior to submission, which will be retained for Auditable purposes.

5.7.12.4. Competitive Tendering cannot be waived for building and engineering construction works without Departmental of Health approval.

5.7.12.5. Items estimated to be below the limits set in these SFIs for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the CEO or Delegated Authority, and be recorded in an appropriate Trust record.

5.7.13. Authorisation of Tenders

5.7.13.1. Providing all the conditions and circumstances set out in these SFIs 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:

- a) Designated budget holders up to £50,000
- b) Directors up to £200,000
- c) Directors (capital schemes) up to £500,000
- d) CEO up to £1,000,000
- e) Trust Board over £1,000,000

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

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

5.7.14. Governance

5.7.14.1. Separation of Duties: The principles of public accountability require a total separation of the responsibilities of finance staff and purchasing staff. For this reason, finance staff are not permitted to raise orders; neither are they permitted to authorise the payment of orders without the necessary signatures. Equally, purchasing staff are not permitted to authorise the payment of invoices other than from their own management budgets.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 34 of 72

5.7.15. Compliance requirements for all contracts

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

- a) The Trust's SOs and SFIs;
- b) EU Directives and other statutory provisions;
- c) Any relevant directions including the latest DHSC guidance relating to capital investment the procurement and management of consultants;
- d) NHS Conditions of Contract as are applicable; and
- e) 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.

5.7.16. Personnel and Agency or Temporary Staff Contracts

5.7.16.1. The Chief Executive Officer shall nominate officers with Delegated Authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

5.7.16.2. Any expenditure for Consultancy Services which will exceed £50,000 (inc. VAT) must have prior approval from the Board of Directors, who may consult with NHS Improvement prior to approval.

5.7.17. Disposals

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

- a) Articles for 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 which have a realisable value to the Trust of less than £1,000;
- d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;

5.7.17.2. For direction in the identification of Fixed Assets please see SFI 5.2.4.1 and for Disposals please see SFI 5.14.

5.7.18. In-house Services

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 35 of 72

- 5.7.18.1. 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.
- 5.7.18.2. 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(s);
 - b) In-house tender group, comprising a nominee of the Chief Executive with technical support; and
 - c) Evaluation team, comprising normally a specialist officer(s), a supplies officer and a Director of Finance representative.
- 5.7.18.3. For services having a likely annual expenditure exceeding £5,000,000 a non-officer member should be a member of the evaluation team.
- 5.7.18.4. All groups should work independently of each other and individual officers may be a member of more than one group, however unless specific to their area of expertise, members of the in-house tender group should not participate in the evaluation of tenders.
- 5.7.18.5. The evaluation team shall make recommendations to the Board.
- 5.7.18.6. The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

5.7.19. Bribery Act

- 5.7.19.1. The Trust fully supports The Bribery Act 2010 and is therefore committed to ensuring it complies with the Act's standards and principles. It is therefore essential that all contractors and agents acting on the Trust's behalf confirm and demonstrate a similar commitment to help ensure that the Trust is free of bribery and corruption.

5.8 Terms of Service, Allowances and Payment of Members of the Board and Employees.

5.8.1. Board of Directors Nominations and Remuneration Committee

- 5.8.1.1. The Board of Directors has constituted a Nominations and Remuneration Committee to be responsible for identifying and nominating for appointment, candidates to fill executive director posts, and with approval by the Council of Governors, to fill the position of Chief Executive. The Committee is also responsible for determining the Chief Executive and Executive Directors' level of remuneration.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 36 of 72

5.8.1.2. Full details of the responsibilities of the Board of Directors Nominations and Remuneration Committee are included in the Scheme of Reservation and Delegation.

5.8.1.3. The Committee shall report in writing to the Board its decisions and the basis for its recommendations.

5.8.2. Council of Governors' Nominations and Remuneration Committee;

5.8.2.1. The Council of Governors has constituted a Nominations and Remuneration Committee to be responsible for identifying and nominating for appointment, candidates to fill Non-Executive Director (including the Chair) posts as and when they arise. The Committee's recommendation(s) for appointments are referred to the full Council of Governors for approval. The Committee shall recommend to the full Council of Governors, the level of remuneration for the Chair and Non-Executive Directors.

5.8.2.2. Full details of the responsibilities of the Council of Governors Nominations and Remuneration Committee are included in the Scheme of Reservation and Delegation.

5.8.3. Funded Establishment

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

5.8.3.2. The funded establishment of any department may not be increased without the approval of the Director of Finance.

5.8.4. Staff Appointments

5.8.4.1. No Director or Officer may engage, re-engage or re-grade Officers, re-deploy either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:

- a) Authorised to do so by the Chief Executive or the Director of Finance;
- b) Within the limit of his approved budget and funded establishment as defined in the Scheme of Delegation;
- c) All changes with a financial impact have been through the appropriate Divisional process for authorisation.

5.8.4.2. Divisional management shall maintain good controls with regards staff appointments to ensure each department remain within their delegated budgetary limits.

5.8.4.3. All appointments must adhere to the Trust Recruitment and Selection Policy

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 37 of 72

- 5.8.4.4. The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc., for employees.
- 5.8.4.5. Managers will ensure that all new employees and bank workers have produced the relevant documentation and completed the relevant signing on procedure with Human Resources prior to starting
- 5.8.4.6. The Human Resources Department shall be notified immediately upon the effective date of any change in state of employment or personal circumstances of an employee being known.
- 5.8.4.7. All time records, pay sheets, and other pay records and notifications shall be in a form approved by the Trust Executive and shall be certified and submitted in accordance with agreed instructions.
- 5.8.4.8. The Director of Finance shall devise and maintain a system of establishment controls which shall include regular reports to each manager on the staff in post in their departments.

5.8.5. Contracts of Employment

- 5.8.5.1. The Board shall delegate responsibility to a manager 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; and
 - b) dealing with variations to, or termination of, Contracts of Employment.

5.8.6. Processing of Payroll

- 5.8.6.1. The Director of Finance is responsible for:
 - a) Specifying timetables for submission of properly authorised time records and other notifications;
 - b) The final determination of pay;
 - c) Making payment on agreed dates; and
 - d) Agreeing method of payment.
- 5.8.6.2. The Director of Finance 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;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 38 of 72

- c) Maintenance of subsidiary records for superannuation, income tax, national insurance and other authorised deductions from pay;
- d) Security and confidentiality of payroll information;
- e) Checks to be applied to completed payroll before and after payment;
- f) Authority to release payroll data under the provisions of the Data Protection Act;
- g) Procedures for payment by bank credit to employees;
- h) Procedures for the recall of bank credits;
- i) Pay advances and their recovery;
- j) The recovery of salary overpayments;
- k) Maintenance of regular and independent reconciliation of pay control accounts;
- l) Separation of duties for preparing records and handling cash; and
- m) A system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

5.8.6.3. 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's instructions and in the form prescribed by the Director of Finance; and
- c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of any employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Payroll Department must be informed immediately.

5.8.6.4. Regardless of the arrangements for providing the payroll service, the Director of Finance shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that a suitable arrangement is made for the collection of payroll deductions and payment of these to appropriate bodies.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 39 of 72

5.9 Non Pay Expenditure

5.9.1. Delegation of Authority

5.9.1.1. The Board will approve the level of non-pay expenditure on an annual basis and the Director of Finance will determine the level of delegation to Budget Managers.

5.9.1.2. The Council of Governors will need to be consulted on significant transactions which the Trust are obliged to report to NHS Improvement prior to entering the transaction. Such transactions may take the form of major investments such as PFI's, long term contracts for the provision of services or acquisitions or mergers with other NHS organisations or private sector companies.

5.9.1.3. Organisational transactions that meet the following criteria must be reported to NHS Improvement:

- a) Most mergers and acquisitions as well as larger capital investment projects and property transactions, PFI-funded projects and potentially some major service contracts. Potential transactions should be reported if the ratio of the gross assets, income or consideration attributable to the transaction exceeds 10% of the trust's gross assets, income or total capital respectively.
- b) A transaction that could be reviewed by the Competition and Markets Authority (under the Enterprise Act 2002).
- c) A statutory transaction.

5.9.1.4. The Director of Finance will set out:

- a) The list of managers who are authorised to place requisitions/orders for the supply of goods and services
- b) The maximum financial level for each requisition/order and the system for authorisation above that level (see Appendix 1).

5.9.1.5. The Director of Finance shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

5.9.2. Choice, Requisitioning, Ordering, Receipt And Payment For Goods And Services

5.9.2.1. The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's Head of Operational Procurement shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance (and/or the Chief Executive) shall be consulted.

5.9.2.2. Once the item to be supplied (or service to be performed) has been identified, the requisitioner should raise a requisition. Obtaining

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 40 of 72

goods and services without an order is only permitted for certain goods and services, such as agency staff, utilities, etc.

5.9.2.3. The Director of Finance 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.

5.9.2.4. The Director of Finance will:

- a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; once approved, the thresholds are incorporated in these SFIs and regularly reviewed;
- b) Prepare procedural instructions (where not already provided in the Scheme of Delegation or procedure notes for budget holders) on the obtaining of goods, works and services incorporating the thresholds;
- c) Be responsible for the prompt payment of all properly authorised accounts and claims as per the current Department of Health guidance;
- d) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below).
- e) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - i. **Authorisation:** A list of directors/employees authorised to certify invoices and the expenditure that has been authorised.
 - ii. **Certification** that:
 - Goods have been duly received, examined and are in accordance with specification and the prices are correct;
 - Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - In the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the timesheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined and are reasonable;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 41 of 72

- Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - The account is arithmetically correct;
 - The account is in order for payment.
- iii. **Payments and Creditors:** A timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts for otherwise requiring early payment.
- iv. **Financial Procedures:** Instructions to employees regarding the handling and payment of accounts within the Finance department.

5.9.2.5. 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 plus 2%).
- b) The appropriate director 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) There are adequate administrative procedures to ensure that where payments in advance are made the goods or services are received or refunds obtained.
- d) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed
- e) The Budget Holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.

5.9.2.6. Official orders must be made electronically in accordance with the Scheme of Delegation set out in Appendix 1.

5.9.2.7. Officers must ensure that they comply fully with any guidance and limits specified by the Director of Finance and that:

- a) All contracts (other than for a simple purchase permitted within delegated budget), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made and then signed by the appropriate Director or Chief Executive or their designee;

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 42 of 72

- b) Contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement and with the full advice and support of the procurement department;
- c) 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; and
 - ii. Conventional hospitality, such as lunches in the course of working visits.
- d) No requisition / order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- e) All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract or purchases from petty cash or on purchase cards;
- f) 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 within one working day by an official order which is clearly marked “Confirmation Order”;
- g) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by NHS Improvement or Department of Health and Social Care;
- 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 a trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- j) Changes to the list of directors/employees authorised to certify invoices are notified to the Director of Finance;
- k) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance; and
- l) Petty cash records are maintained in a form as determined by the Director of Finance.

5.9.2.8. All requests for changes to suppliers’ bank account details will be verified as genuine by the Accounts Payable department and actioned by the Financial Systems team.

5.9.2.9. Under no circumstances should goods be ordered through the Trust for personal or private use.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 43 of 72

5.10 Wholly Owned Subsidiaries, Hosted Bodies, Partnerships and Collaborations

5.10.1. Wholly Owned Subsidiaries

5.10.1.1. Subsidiary companies are separate, distinct legal entities for commercial purposes and have distinct taxation, regulatory and liability obligations. As a separate, independent company, wholly owned subsidiaries are subject to their own governance arrangements, which are the responsibility of the subsidiary's board of directors, and therefore these Standing Financial Instructions are not applicable. Reference to the subsidiary's documentation will need to be made.

5.10.2. Hosted Bodies, Partnerships and Collaborations

5.10.2.1. Hosted bodies are organisations for which the Trust provides services under a service level agreement (SLA). The arrangements for administration of hosted bodies are managed by the Contracts Team.

5.10.2.2. Partnerships are organisations for which the Trust, in conjunction with other organisations, creates another separate entity under a Member's Agreement. These agreements are also managed by the Contracts Team.

5.10.2.3. Dependent on the terms of the SLA, memorandum of understanding etc. these standing financial instructions may or may not be applicable. Individual SLAs, memorandum of understanding etc. should be referred to on a case by case basis.

5.11 External Borrowing and Investments

5.11.1. Public Dividend Capital (PDC)

5.11.1.1. The Accounting Officer is responsible for ensuring that the Trust pays 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 in accordance with the 2006 Act and the Regulatory Framework.

5.11.1.2. The Trust will comply with the guidance on dividend payments in the DHSC Group Accounting Manual.

5.11.2. Other External Borrowing

5.11.2.1. The Trust may borrow money for the purposes of, or in connection with, its strategic objectives and its operational functions.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 44 of 72

5.11.2.2. The total amount of the Trust's borrowing must be affordable within NHS Improvement's risk framework and the related ratings.

5.11.2.3. Any application for a loan or overdraft facility must be approved by the Board of Directors, and will only be made by the Director of Finance, or a person with specific delegated powers from the Director of Finance,

5.11.2.4. All borrowing must be consistent with the plans outlined in the current Trust Business Plan approved by the Board.

5.11.3. Investments

5.11.3.1. The Trust may invest money for the purposes of its strategic objectives and operation functions. NHS Improvements guidance is to be followed (Managing Operating Cash in NHS Foundation Trusts – December 2005).

5.11.3.2. The Audit Committee shall set the investment policy and oversee all investment transactions by the Trust. The Director of Finance must ensure compliance with this policy at all times.

5.11.3.3. The Director of Finance is responsible for advising the Board on investments and shall periodically report the performance of all investments held, to the Board through the Audit Committee.

5.11.3.4. The Director of Finance will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

5.12 Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets

5.12.1. Capital Investment

5.12.1.1. The Trust will establish a Capital Prioritisation and Management Group (CPMG) to:

- a) 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) Be responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- c) Ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including depreciation and interest payable.

5.12.1.2. For every significant capital expenditure proposal CPMG shall ensure that a business case is produced setting out:

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 45 of 72

- a) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
- b) An appropriately detailed analysis of expenditure and income flows anticipated, including documented responses from purchasers as appropriate, where significant a risk analysis testing the assumptions made;
- c) Appropriate project management and controls are in place;
- d) The involvement of appropriate Trust personnel and external agencies; and
- e) Clear objectives that can be reviewed and measured as part of the post project evaluation (PPE), along with a date when the PPE will be completed.
- f) That the Director of Finance has certified professionally to the costs (including full VAT liability) and revenue consequences detailed in the business case.

5.12.1.3. Capital business cases shall be approved as follows:

- a) Commitment of expenditure up to £250,000: Capital Prioritisation and Management Group;
- b) Commitment of expenditure in excess of £250,000 and up to £500,000: Management Board; and
- c) Commitment of expenditure in excess of £500,000: Board of Directors.

5.12.1.4. For capital schemes where the contracts stipulate stage payments, the Director of Finance will issue procedures for their management.

5.12.1.5. The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

5.12.1.6. The approval of a capital programme shall not constitute approval for the initiation of expenditure on any scheme. The Director of Finance shall issue to the Manager responsible for any scheme:

- a) Specific authority to commit expenditure;
- b) Authority to proceed to tender; and
- c) Approval to accept a successful tender.

5.12.1.7. The Chief Executive will issue a Scheme of Delegation for capital investment management.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 46 of 72

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

5.12.1.9. The Director of Finance shall assess on an annual basis the requirement for the operation of the "Construction Industry Scheme" in accordance with any guidance issued by HM Revenue and Customs.

5.12.2. Private finance

5.12.2.1. Proposals to use private sector finance for capital schemes need to be approved by CPMG prior to requesting approval by the Board of Directors. Both CPMG and the Board of Directors should be satisfied that the use of private finance represents value for money and genuinely transfers risk to the private sector as appropriate.

5.12.3. Asset registers

5.12.3.1. The Director of Finance is responsible for the maintenance of registers of assets, and arranging for a physical check of assets against the asset register to be conducted once a year.

5.12.3.2. The Trust will maintain an asset register recording fixed assets. As a minimum, the data set to be held within these registers shall be as specified in the Group Accounting Manual¹ as issued by NHS Improvement.

5.12.3.3. Additions to the fixed asset register must be clearly identified to a scheme which will in turn have an identified and appropriate budget holder / project manager 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; and
- c) Lease agreements in respect of assets held under a finance lease and capitalised.

5.12.3.4. 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). It is the responsibility of the appropriate manager to inform the Director of Finance that an asset is to be disposed of.

5.12.3.5. The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

5.12.3.6. The value of each asset shall be depreciated using methods and rates as specified in the Group Accounting Manual issued by the DHSC.

5.12.4. Security of assets

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

5.12.4.2. Asset control procedures (including fixed assets, cash, cheques, negotiable instruments and 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; and
- g) Reporting, recording and safekeeping of fixed assets, cash, cheques and negotiable instruments.

5.12.4.3. All significant discrepancies revealed by verification of physical assets to fixed asset registers shall be notified to the Director of Finance.

5.12.4.4. Whilst each Officer has a responsibility for the security of property of the Trust, it is the responsibility of Directors and senior Officers in all disciplines to apply appropriate routine security practices in relation to Trust property.

5.12.4.5. Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses.

5.12.4.6. Where practical, assets should be marked as "Trust Property".

5.12.4.7. Any employee wishing to use Trust assets for private use must comply with the Trust's policies. The use of Trust assets for these purposes must not impact negatively on the services provided for NHS patients, both operationally and financially.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 48 of 72

5.12.5. Property (Land and Buildings)

- 5.12.5.1. Significant changes relating to the Trust's Estate must receive the prior approval of CPMG and the Board of Directors.
- 5.12.5.2. The following matters related to property must be approved by the Trust Board:
- a) Estates Strategy;
 - b) Acquisition of freehold property over £100,000 (including VAT); and
 - c) Acquisition of property where the total value of the agreement is over £100,000 (including VAT) by means of as lease, whether it is deemed to be an operating or finance lease.
- 5.12.5.3. Property purchases, licenses and leases up to £250,000 each (including VAT) may be authorised by CPMG, provided that they fall within the Board's approved Estates Strategy and that the costs are within 10% of an independent valuation.
- 5.12.5.4. The detail of required in any property report to the Board of Directors should be determined by the materiality of the purchase or lease payments and any contentious issues, and must contain:
- a) Details of the purchase or lease payments;
 - b) Details of the period of the lease;
 - c) Details of the required accounting treatment;
 - d) Annual running costs of the property;
 - e) Funding sources within the Trust of both capital and revenue aspects of the acquisition;
 - f) The results of property and ground surveys;
 - g) Professional advice taken and the resultant cost;
 - h) Details of any legal agreement entered into;
 - i) Any restrictive covenants that exist on the property; and
 - j) Planning permission.
- 5.12.5.5. Any property acquisition should be in accord with Estate code, the Department of Health and Social Care guidance.
- 5.12.5.6. The contracts to acquire the property must be signed by two Executive Directors, one of whom must be the Chief Executive.
- 5.12.5.7. Board of Directors approval must be obtained for the disposal of any property over £100,000 (including VAT) which is recorded on

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 49 of 72

the balance sheet of the Trust, A business case must be presented to the Trust which must include:

- a) The proceeds to be received;
- b) Any warrants or guarantees being given; and
- c) Independent valuations obtained.

5.12.6. The disposal must be effected in full accord with Estate code.

5.12.7. Disposals of protected assets require the approval of NHS Improvement

5.12.8. Major divestments as defined in the Foundation Trust Compliance Framework require the approval of NHS Improvement.

5.12.9. The granting of property leases by the Trust must have Board approval where the annual value of the lease is in excess of £250,000.

5.13 Inventory and Receipt of Goods

5.13.1. General

5.13.1.1. Inventory stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- a) Kept to a minimum practical level;
- b) Subjected to regular stock take – perpetual and/or annual
- c) Valued at the lower of cost and net realisable value;
- d) Controlled on a First In First Out (FIFO) logic wherever possible, and
- e) Be kept as secure as practically possible.

5.13.1.2. The cost of inventory shall be determined on the FIFO basis, and shall be the purchase price without overhead, but include VAT where this cannot be reclaimed on purchase.

5.13.2. Control

5.13.2.1. Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day to day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of Pharmaceutical stocks shall be the responsibility of a designated pharmaceutical officer; the control of fuel oil by a designated Estates Manager.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 50 of 72

- 5.13.2.2. The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager/pharmaceutical officer. Wherever practicable, stocks should be marked as Trust property.
- 5.13.2.3. The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 5.13.2.4. Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year. The physical check shall involve at least one officer other than the storekeeper, and a member of the Finance Department shall be invited to attend.
- 5.13.2.5. Any surplus or deficiencies revealed on stocktaking shall be reported to the Director of Finance and correctly reflected in the accounts.
- 5.13.2.6. Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 5.13.2.7. The designated manager/pharmaceutical officer shall be responsible for a system approved by the Director of Finance 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 any evidence of significant overstocking and of any negligence or malpractice (see also SFI 5.14, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 5.13.2.8. Breakages and other losses of goods in stock shall be recorded as they occur.
- 5.13.2.9. Inventory that has deteriorated, or are not usable for any other reason for their intended purposes, or may become obsolete, shall be written down to their net realisable value. The write down shall be approved by the Director of Finance and recorded.
- 5.13.2.10. It is a duty of officers responsible for the custody and control of inventory to notify all losses, including those due to theft, fraud and arson, in accordance with SFI 5.1.5.

5.14 Disposals and Condemnations, Losses and Special Payments

5.14.1. Disposals and Condemnations

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 51 of 72

- 5.14.1.1. The Director of Finance must prepare detailed procedures for the disposal of assets including condemnations and capital assets, and ensure that these are notified to managers.
- 5.14.1.2. When it is decided to dispose of a Trust asset, the head of department or authorised deputy will:
- a) Establish whether it is needed elsewhere in the Trust
 - b) Determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 5.14.1.3. All unserviceable articles shall be:
- a) Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance; and
 - b) Recorded by the condemning officer in a form approved by the Director of Finance 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.
- 5.14.1.4. The condemning officer shall satisfy him/herself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance who will take the appropriate action.

5.14.2. Losses and Special Payments

- 5.14.2.1. The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments in accordance with the DHSC Group Accounting Manual.
- 5.14.2.2. In cases involving suspected fraud, the Director of Finance must also prepare a 'fraud response plan' that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.
- 5.14.2.3. Any employee discovering or suspecting a loss of any kind must immediately act according to the Trusts Counter Fraud and Corruption Policy.
- 5.14.2.4. Where a criminal offence is suspected, the Director of Finance 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 must inform the LCFS and/or NHS Counter Fraud Authority (NHSCFA) in accordance with NHS Standard Contract and NHSCFA Standards for Providers: Fraud, Bribery and Corruption.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 52 of 72

- 5.14.2.5. The Director of Finance must notify the NHS Counter Fraud Authority and the External Auditor of all frauds, and monitor compliance with the NHS Standard Contract and with any other instructions issued by NHS Counter Fraud Authority.
- 5.14.2.6. The Directorate or Service Manager shall inform the Director of Finance of all other losses or recoveries of losses so that they can be entered in the losses and special payments register.
- 5.14.2.7. For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must immediately notify:
- a) The Board, and
 - b) The External Auditor.
- 5.14.2.8. Within limits delegated to it by the Board, the Director of Finance shall approve the writing off of losses.
- 5.14.2.9. The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in personal and company insolvencies.
- 5.14.2.10. For any loss, the Director of Finance should consider whether any insurance claim can be made.
- 5.14.2.11. The Director of Finance shall maintain a Losses and Special Payments Register in which write off action is recorded.
- 5.14.2.12. All losses and special payments must be reported to the Audit Committee annually.

5.15 General Data Protection Regulation (GDPR) 2018

5.15.1. Controls

- 5.15.1.1. The Director of Finance, who is responsible for the accuracy and security of the computerised 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 from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act;
 - 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

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 53 of 72

amendment and have relevant technical and organisational security measure in place, including data security measures, disaster recovery and back-up arrangements;

- d) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as may be considered necessary are being carried out;
- e) Ensure that any personal data breach under the GDPR or the Data Protection Act 2018, or any other incident required by law to be reported, is reported to the Information Commissioner's Office;
- f) Prepare and maintain an IT strategy for regular approval by the Management Board; and
- g) Ensure that all purchases of hardware/software are in compliance with the Trust's IT strategy.

5.15.2. System Development

5.15.2.1. The Director of Finance shall be satisfied that new computer systems (including finance systems) and amendments to current systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.

5.15.2.2. In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of NHS bodies in the local health economy or nationally wish to sponsor jointly) all responsible Directors and employees will send to the Director of Finance:

- 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.

5.15.2.3. The Director of Finance 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.

5.15.3. Contracts for Computer Services with other health bodies or outside agencies

5.15.3.1. The Director of Finance 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

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 54 of 72

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

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

5.15.3.3 The Director of Finance will ensure that relevant security details are provided in the contract in line with GDPR requirements and the Data Protection Act 2018. A Data Protection Impact Assessment (DPIA), or an Information Sharing Agreement (ISA) if required, will be undertaken with the support of the Information Governance Team.

5.15.4. Risk Assessment

5.15.4.1. The Director of Finance 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.

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

5.15.5.1. Where computer systems have an impact on corporate financial systems the Director of Finance 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) Finance staff have access to such data;
- d) Have adequate controls in place; and
- e) Such computer audit reviews as are considered necessary are being carried out.

5.16 Patients' Property

5.16.1. Responsibilities

5.16.1.1. The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival. This includes items of daily living such as glasses, false teeth, hearing aids etc.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 55 of 72

5.16.1.2. The Chief Executive is responsible for ensuring that patients or their carers', as appropriate, are informed before or at admission 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. This can be done by:

- a) Notices and information booklets;
- b) Hospital admission documentation and property records;
- c) The oral advice of administrative and nursing staff responsible for admissions.

5.16.1.3. The Director of Finance 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 patients' money in order to avoid loss.

5.16.1.4. Where current guidance requires the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Director of Finance.

5.16.1.5. 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 the property is £5,000 or less, forms of indemnity shall be obtained.

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

5.16.1.7. 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.

5.17 Standards of Business Conduct

5.17.1. The Trust's policy on acceptance of gifts and other benefits in kind by staff is embodied in the Trust's 'Code of Expectations of Employees'. The policy follows the guidance from the Department of Health, in particular Health Circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' which is deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 56 of 72

5.17.2. Declarations of gifts or other benefits must be made to the Board of Directors' Secretary for the inclusion in the Register of Interests.

5.17.3. Staff should make themselves aware of, and comply with, the Bribery Act 2010, Code of Conduct for NHS Managers 2002 and the Code of Practice for the Pharmaceutical Industry 2016 relating to hospitality/gifts from pharmaceutical/external industry.

5.18 Freedom of Information and Information Requests

5.18.1. The Trust's Information Governance Officer shall ensure that freedom of information requests are made available in line with the Trust Freedom of Information Publication Scheme.

5.19 Risk Management and Insurance

5.19.1. Risk Management Programme

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

5.19.1.2. The programme of risk management shall include:

- a) A process for identifying and quantifying risks and potential liabilities;
- b) The maintenance of a comprehensive risk register and assurance framework;
- c) Engendering among all levels of staff a positive attitude towards the control of risk;
- d) 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;
- e) Reports to the Board on significant risks and progress against action plans to address those risks;
- f) Reports to the Board on the Assurance Framework and progress on action plans to address gaps in control and/or assurance as prioritised by the Board;
- g) Contingency plans to offset the impact of adverse events;
- h) Audit arrangements including; Internal Audit, clinical audit, health and safety review;
- i) A clear indication of which risks shall be insured; and

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 57 of 72

j) Arrangements to review the Risk Management programme.

5.19.1.3. The existence, integration and evaluation of the above elements will assist in providing a basis for the Annual Governance Statement within the Annual Report and Accounts as required by current Department of Health and Social Care and NHS Improvement guidance.

5.19.1.4. All staff have responsibility in their own sphere of operation, every working day. Accordingly, all staff are responsible for ensuring that their own practice, and that of anyone whom they manage, reflects the principles outlined in the Risk Management Strategy.

5.19.2. Insurance: Risk Pooling Schemes administered by NHS Litigation Authority

5.19.2.1. The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority under Section 71 (Schemes for meeting losses and liabilities, etc. of certain health service bodies) of the 2006 Act (the "Schemes") for some or all of the risks covered by the Schemes. If the Board decides not to use the Schemes for any of the risk areas covered by the Schemes, this decision shall be reviewed annually.

5.19.2.2. Where the Board decides to use the Schemes for one or other of the risks covered by the Schemes, the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the Trust's risk management program.

5.19.2.3. Where the Board decides not to use the Schemes for one or other of the risks covered by the Schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are to be insured under alternative arrangements (if any) as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed

5.19.2.4. Insurance arrangements with commercial insurers and self-insurance are co-ordinated by the Board of Directors' Secretary.

5.19.2.5. The Trust may enter into insurance arrangements with commercial insurers on the open market for one or other of the risks covered by the Schemes, or for any risks not covered by the Schemes.

5.19.2.6. The Trust may self-insure either on an individual basis or as part of a risk-pooling scheme with other organisations for one or other of the risks covered by the Schemes, or for any risks not covered by the Schemes.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 58 of 72

5.20 Staff Expenses

- 5.20.1. Director of Finance shall be responsible for establishing procedures for the management of expense claims submitted by Trust employees. The Director of Finance shall arrange for duly approved expense claims to be processed through the Trust's payroll system. Expense claims shall be authorised in accordance with the Scheme of Delegation.
- 5.20.2. The Director of Finance shall refer to the Trust's general policies on staff expenses and may reject expense claims where there are material breaches of Trust policies. In this regard the Director of Finance shall liaise with the Chief Executive where appropriate.

5.21 Credit Finance Arrangements including Leasing Commitments

- 5.21.1. There are no grounds where any employee of the Trust can approve any contract or transaction which binds the Trust to credit finance commitments without the clear prior authority of the Director of Finance. This includes all Executive Directors of the Trust as well as all officers. The Board has provided the Director of Finance with sole authority to enter into such commitments, although these powers can be delegated by him/her to appropriate officers under his/her organisational control.
- 5.21.2. This instruction applies to leasing agreements and Hire Purchase undertaking which must be sent to the Director of Finance for prior approval. No officer of the Trust outside the - organisational control of the Director of Finance has any powers to approve such commitments.

5.22 Charitable Funds Held on Trust

5.22.1. General

- 5.22.1.1. This section must be taken in conjunction with the separate document, the Charities SFIs, which lays out, in more detail, the standards expected with regards the managements and use of charitable funds held on trust.

5.22.2. Corporate Trustee

- 5.22.2.1. The Trust is the sole corporate Trustee of the Royal United Hospitals Charitable Funds, and is responsible for the management of funds it holds on trust.
- 5.22.2.2. The discharge of the Trust's corporate trustee responsibilities are exercised separately and distinctly from its powers exercised as the Trust, and therefore these powers may not necessarily be discharged in the same manner. Nevertheless, there must still be adherence to the overriding general principles of financial regularity,

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 59 of 72

prudence and propriety. The Trustees responsibilities cover both charitable and non-charitable purposes.

5.22.2.3. The Director of Finance shall ensure that each Fund held on Trust which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements. The Director of Finance shall, in exercising his/her responsibilities have regard to appropriate and independent legal advice, as and when required.

5.22.2.4. Oversight of the management of Funds held on Trust is delegated to the Board of Trustees Committee (Charities Committee) which will act as sub-committee of the Board chaired by a Non-Executive Director.

5.22.2.5. The overriding principle in managing Funds held on Trust is that the integrity of each trust fund must be maintained and all statutory and Trust obligations must be satisfied.

5.22.2.6. Charitable Funds held on Trust are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the Trust and the objectives of which are for the benefit of the NHS in England. They are administered by the Board acting as Trustees for the Trust.

5.22.2.7. The Board shall delegate the majority of this Trustee role to the Charities Committee, as set out in the Committee's terms of reference.

5.22.3. Administration and Management of Charitable Funds

5.22.3.1. The Director of Finance shall maintain such accounts and records as may be necessary to record and protect all transactions and funds of the Trust as trustees of non-exchequer funds, including an Investment Register.

5.22.3.2. The Director of Finance shall arrange for the administration of all existing charitable Funds held on Trust. A "Deed of Establishment" must exist for every trust fund and detailed codes of procedure shall be produced covering every aspect of the financial management of charitable Funds held on Trust, for the guidance of all Officers. The Deed of Establishment shall identify the restricted nature of certain funds, and it is the responsibility of fund managers, within their delegated authority, and the Board of Trustees Committee, to ensure that funds are utilised in accordance with the terms of the Deed of Establishment.

5.22.3.3. The Director of Finance shall ensure that all charitable Funds held on Trust are currently registered with the Charities Commission in accordance with the Charities Act 2011 or subsequent legislation.

5.22.3.4. The Director of Finance shall recommend the creation of a new charitable fund where funds and/or other assets, received in

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 60 of 72

accordance with the Trust's policies cannot adequately be managed as part of an existing fund. All new funds must be covered by a Deed of Establishment and must be formally approved by the Board.

5.22.3.5. The Deed of Establishment for any new charitable Funds held on Trust shall clearly identify, inter alia, the objects of the new fund, the capacity of the Trust to delegate powers to manage the fund and the power to assign the residue of the charitable fund to another fund contingent upon certain conditions (e.g. discharge of original objects).

5.22.3.6. All gifts accepted shall be received and held in the name of the Trust and administered in accordance with the Trust's policy, subject to the terms of specific funds. As the Trust can accept gifts only for all or any purposes relating to the NHS, Officers (including Directors) shall, in cases of doubt, consult the Director of Finance before accepting any gifts.

5.22.3.7. All gifts, donations and proceeds of fund-raising activities, which are intended for the Trust's use, must be handed immediately to the Director of Finance via the Finance Department to be banked directly to the charitable funds bank account.

5.22.3.8. In respect of donations, the Director of Finance shall provide:

a) Guidelines to Officers as to how to proceed when offered funds. These are to include:-

- i. The identification of the donors' intentions;
- ii. Where possible, the avoidance of new trusts; the avoidance of impossible, undesirable or administratively difficult objectives;
- iii. Sources of immediate further advice; and
- iv. Treatment of offers for personal gifts;
- v. Secure and appropriate receipting arrangements, which will indicate that funds have been accepted directly into the Trust's donated funds and that the donor's intentions have been noted and accepted.

b) In respect of legacies and bequests, the Director of Finance, shall where required, after the death of a testator ensure that:

- i. All correspondence concerning a legacy is dealt with on behalf of the Trust. Only the Director of Finance shall be empowered to give an executor a good discharge;
- ii. Where necessary, grant of probate is obtained or apply for a grant of letters of administration, where the Trust is the beneficiary; and

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 61 of 72

iii. Arrangements regarding the administration of a will are negotiated with executors and to discharge them from their duty.

5.22.3.9. In respect of fund-raising, the final approval for major appeals, defined as events raising in excess of £100,000 will be given by the Board. Final approval for smaller appeals, defined as events anticipating raising less than £100,000 are delegated to the Charities Committee.

5.22.4. Investment Management

5.22.4.1. The Charities Committee shall be responsible for all aspects of the management of the investment of Funds held on Trust and shall ensure that there is a clear policy outlining the procedures and decision making required. The Director of Finance shall be responsible for the appropriate treatment of all investment income including all dividends, interest and other receipts.

5.22.4.2. Any significant concerns with regards returns on investments or risk with the investments must be reported to the Board of Trustees.

5.22.5. Expenditure management

5.22.5.1. The exercise of expenditure discretion (including dispositions) shall be managed by the Board of Trustees Committee. Day to day management may be delegated to the Director of Finance. In so doing the Board of Trustees Committee shall be aware of the following:

- a) The objects of various trust funds and the designated objectives;
- b) The availability of liquid funds within each trust fund;
- c) The powers of delegation available to commit resources;
- d) The avoidance of the use of exchequer funds to discharge trust fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Exchequer shall be discharged by trust funds at the earliest possible time;
- e) That trust funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the Trust; and
- f) The definitions of “charitable purposes” as agreed by the Charity Commission.

5.22.5.2. The Fund Managers must adhere to the Charities Policy, Charity Commission Guidance and any other statutory rules that affect charitable funds when planning expenditure.

5.22.5.3. Levels of authority with regards expenditure are outlined in the charities SFIs.

5.22.6. Banking Services

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 62 of 72

5.22.6.1. The Director of Finance shall advise the Board of Trustees Committee and, with its approval, shall ensure that appropriate banking services are available to the Trust as corporate trustee. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by NHS Improvement or the Charity Commission.

5.22.7. Asset Management

5.22.7.1. Assets in the ownership of or used by the Trust as corporate trustee, shall be maintained along with the general estate and inventory of assets of the Trust. The Director of Finance shall ensure that:

- a) Appropriate records of all donated assets owned by the Trust are maintained, and that all assets, at agreed valuations are brought to account;
- b) Appropriate measures are taken to protect and/or to replace assets. These to include decisions regarding insurance, inventory control, and the reporting of losses;
- c) Donated assets received on trust shall be accounted for appropriately;
- d) All assets acquired from charitable Funds held on Trust which are intended to be retained within the trust funds are appropriately accounted for.

5.22.8. Reporting, Accounting and Audit

5.22.8.1. The Director of Finance shall ensure that regular reports are made to the Board of Trustees Committee and the Board with regard to, inter alia, the receipt of Funds held on Trust, investments of these trust funds and the disposition of resources.

5.22.8.2. The Director of Finance shall prepare the Annual Accounts in the required manner, which shall be submitted to the Board within agreed timescales.

5.22.8.3. The Director of Finance shall:

- a) In relation to the non-charitable trust funds prepare any required returns to NHS Improvement; and
- b) Prepare an annual trustees report regarding charitable trust funds and make the required return to the Charity Commission for adoption by the Board of Trustees Committee as required.

5.22.9. Accounting and Audit

5.22.9.1. The Director of Finance shall maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 63 of 72

5.22.9.2. Distribution of investment income to the charitable Funds held on Trust and the recovery of administration costs shall be on a basis determined by the Director of Finance unless otherwise dictated by Charity SORP (Statements of Recommended Practice).

5.22.9.3. The Director of Finance shall ensure that the records, accounts and returns receive adequate scrutiny by the Trust's Internal Audit during the year. She/he will liaise with the Internal Auditor and provide them with all necessary information.

5.22.9.4. The Board of Trustees Committee shall be advised by the Director of Finance on the outcome of the annual audit.

5.22.10. Administration Costs

5.22.10.1. The Director of Finance shall identify all costs directly incurred in the administration of all Funds held on Trust, and subject to any legal restrictions, and with the agreement of the Board, shall charge such costs to the appropriate trust accounts.

5.22.11. Taxation and Excise Duty

5.22.11.1. The Director of Finance shall ensure that the Trust's liability to taxation and excise duty is managed appropriately, taking full advantage of available concessions, through the maintenance of appropriate records, the preparation and submission of all required returns, and the recovery of deductions at source.

5.23 Intellectual Property

5.23.1. The Chief Executive, as the accounting officer, will need to ensure that all intellectual property is identified, protected and used for the benefit of the Trust, the NHS and service users. Such intellectual property shall consist of creations of the Trust for which it holds exclusive rights which includes, but is not limited to, trade secrets, publications, trademarks, designs and patents.

5.23.2. Identify and protect all intellectual property and trade secrets

5.23.2.1. The Chief Executive, as the accounting officer, will ensure that all intellectual property is identified and properly recorded in the Trust's Intellectual Property register.

5.23.2.2. The Chief Executive, as the accounting officer, will ensure that all third party Intellectual Property, upon which the Trust's Intellectual Property relies and is recorded in the register, is properly licensed from the third party for the intended usage and confers rights to sub-license as part of the Trust's Intellectual Property.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 64 of 72

- 5.23.2.3. All staff are required to identify and protect the intellectual property of the Trust and ensure that is properly recorded in the Trust's Intellectual Property register.
- 5.23.2.4. The Chief Executive, as accounting officer, will ensure that a Non-Disclosure Agreement is signed with any third party before disclosure or receipt of confidential information with the third party.
- 5.23.2.5. The Chief Executive, as accounting officer will ensure that all contracts of employment include conditions under which confidentiality of Trust and third party information should be maintained as part of the staff conditions of employment.
- 5.23.2.6. All documents containing commercially sensitive information must be marked 'Commercial in confidence'.
- 5.23.2.7. The Chief Executive, as accounting officer will ensure that all publications produced by the Trust are marked as Trust copyright. This will include, amongst other items, research reports, manuals, policy documents.

5.23.3. Registering of trademarks and patents

- 5.23.3.1. The Chief Executive, as accounting officer, will identify trademarks and patents of specific value to the Trust and wider NHS and ensure that it is appropriately registered with the relevant authorities.

5.23.4. Licensing of Intellectual Property

- 5.23.4.1. The Chief Executive, as accounting officer, is responsible for ensuring that the Trust licenses Intellectual Property to protect the property and reputation of the Trust from misuse, and to derive benefit for the Trust, NHS and service users.
- 5.23.4.2. All uses of the Trust's intellectual property by a third party must be licensed, whether there is a fee for usage or not. The license should take into account:
 - a) The scope of usage of Intellectual Property, including territories where the Intellectual Property may be used and the uses to which it may be put.
 - b) Conditions of usage setting out how the Intellectual Property may, or may not be used, both to protect the property's value and the reputation of the Trust.
 - c) The term of the license, including any conditions by which the Trust may terminate the license, including misuse.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 65 of 72

d) The benefit accruing to the Trust from the licensee's use of the Intellectual Property. This may include a financial benefit, or where no financial benefit is requested, may include promotion of the Trust, sharing of information, or other non-financial benefit which is to the benefit of the Trust, the NHS or service users.

5.23.4.3. The Chief Executive, as accounting officer, is responsible for ensuring that the Trust enters into legal agreements with third parties where there is joint ownership of Intellectual Property.

5.23.4.4. The Chief Executive, as accounting officer, is responsible for entering into agreements to share Intellectual Property between the Trust and the staff who created the Intellectual Property. In making such agreements should take into account:

a) The Trust's ability to use the Intellectual Property should not be limited;

b) Staff members will have no ability to sub-license the Intellectual Property;

c) The benefits from usage or licensing of the Intellectual Property may be distributed to all parties of the agreement, including staff.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 66 of 72

6. Monitoring Compliance

- 6.1 The SFIs detail the method of control, review and assessment required to seek assurance that the instructions laid down by the Trust are adhered to. Annual reports to the relevant Board or Committee are produced as required to demonstrate compliance and performance against the SFIs.

7. Review

- 7.1 This policy will be subject to a planned review every year as part of the Trust's Policy Review Process. It is recognised however that there may be updates required in the interim arising from amendments or release of new regulations, Codes of Practice or statutory provisions or guidance from the Department of Health or professional bodies. These updates will be made as soon as practicable to reflect and inform the Trust's revised policy and practise.

8. Training

- 8.1 Managers are responsible for ensuring all their staff receive the type of initial and refresher training that is commensurate with their role(s).
- 8.2 Staff must refer to the Mandatory Training Profiles, available on the intranet, to identify what training is relevant for their role and the required frequency of update. Further information is available on the statutory and mandatory training web pages about each subject and the available training opportunities.
- 8.3 The Mandatory Training Policy identifies how training non-attendance will be followed up and managed and is available on the intranet. Training statistics for mandatory training subjects are collated by the Learning & Development team, and are reported to the Strategic Workforce Committee. Staff must keep a record of all training in their portfolio.
- 8.4 All staff and managers can access their mandatory training compliance records via the Trust's mandatory reporting tool (STAR) available on the intranet.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 67 of 72

9. References

Department of Health Group Accounting Manual

<https://www.gov.uk/government/publications/department-of-health-group-accounting-manual-2017-to-2018>

National Health Service Act 2006

<http://www.legislation.gov.uk/ukpga/2006/41/contents>

NHS Improvement – Transaction Guidance

https://improvement.nhs.uk/documents/1983/Transactions_guidance_2017_Final.pdf

The National Audit Office Code of Audit Practice

<https://www.nao.org.uk/code-audit-practice/>

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 68 of 72

Appendix 1: Revenue Authorisation Limits

	Purchase Orders, and Invoices	Contract Values**	Other Payments*	Non-SLA Sales Orders & Credit Notes
Board of Directors	> 1,000,000	> 1,000,000	>100,000	> 1,000,000
Chief Executive	1,000,000	1,000,000	100,000	1,000,000
Director of Finance	1,000,000	1,000,000	100,000	1,000,000
Board Director	200,000	200,000	50,000	200,000
Deputy Director of Finance	150,000	150,000	10,000	150,000
Clinical Divisions				
Head of Financial Management	100,000	100,000	5,000	100,000
Divisional Accountant	50,000	50,000	1,000	10,000
Divisional Chair	10,000	10,000	500	10,000
Divisional Manager	10,000	10,000	500	10,000
Specialty Manager	1,000	1,000	250	1,000
Budget Manager	500	500	100	500
Support Divisions				
Board Director	200,000	200,000	50,000	200,000
Deputy Director	150,000	150,000	10,000	150,000
Head of Financial Management	100,000	100,000	5,000	100,000
Divisional Accountant	50,000	50,000	1,000	10,000
Department Head	10,000	10,000	500	10,000
Senior Manager	1,000	1,000	250	1,000
Budget Manager	500	500	100	500

*Inclusive of but not limited to all additional staff payments such as overtime, waiting list initiatives and travel and subsistence payments.

**For contracts that cover more than one financial year this includes the total value of contracts, not just the annual charge.

Petty cash can only be issued with approval from the budget holder for amounts less than £25. Amounts above £25 need to be agreed in advance of the expenditure being incurred by the Head of Financial Services and reported to the Divisional Finance Manager.

The Planning Accountant to authorise provider to provider sales order following the signing of contracts which will be authorised in accordance with the above limits.

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 69 of 72

Ratification Assurance Statement

Dear Jeremy

Please review the following information to support the ratification of the below named document.

Name of document: Standing Financial Instructions

Name of author: Elizabeth Hills

Job Title: Head of Financial Services

I, the above named author confirm that:

- The Policy presented for ratification meets all legislative, best practice and other guidance issued and known to me at the time of development of the Policy;
- I am not aware of any omissions to the Policy, and I will bring to the attention of the Executive Director any information which may affect the validity of the Policy presented as soon as this becomes known;
- The Policy meets the requirements as outlined in the document entitled Trust-wide Policy for the Development and Management of Policies (v4.0);
- The Policy meets the requirements of the NHSLA Risk Management Standards to achieve as a minimum level 2 compliance, where applicable;
- I have undertaken appropriate and thorough consultation on this Policy and I have documented the names of those individuals who responded as part of the consultation within the document. I have also fed back to responders to the consultation on the changes made to the Policy following consultation;
- I will send the Policy and signed ratification checklist to the Policy Coordinator for publication at my earliest opportunity following ratification;
- I will keep this Policy under review and ensure that it is reviewed prior to the review date.

Signature of Author: _____ **Date:** _____

Name of Person

Ratifying this policy: Jeremy Boss, Audit Committee Chair

Job Title: Non-executive Director

Signature: _____ **Date:** _____

To the person approving this policy:

Please ensure this page has been completed correctly, then print, sign and **post this page only** to: The Policy Coordinator, Apley House, (E5), Royal United Hospital
The **whole policy** must be sent electronically to: ruh-tr.policies@nhs.net

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 70 of 72

Consultation Schedule

Name and Title of Individual	Date Consulted
Finance Systems Strategy Group	15 th August 2018

The following people have submitted responses to the consultation process:

Name and Title of Individual	Date Responded
Andrea Peters, Acting Payroll Manager	17 th August 2018
Claire Lumb, Head of Costing	15 th August 2018
Mark Branton, Head of Operational Procurement	15 th August 2018
Graeme Addis-Mitchell, Head of Supply Chain Management	15 th August 2018
Graeme Temblett-Wellis, Head of Information Governance and Data Protection Officer	13 th August 2018
Rich Gyde, Deputy Head of Fundraising	13 th August 2018
Wil Bevan, Manager, Deloitte	13 th August 2018
Melanie Watson, Manager, KPMG	13 th August 2018
Andrew Morley, Counter Fraud Area Manager, TIAA	13 th August 2018

Name of Committee/s (if applicable)	Date of Committee
Audit Committee	5 th September 2019

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 71 of 72

Equality Impact: (A) Assessment Screening

1. Title of document/service for assessment	Standing Financial Instructions
2. Date of assessment	5 th September 2019
3. Date for review	September 2019
4. Directorate/Service	Finance Department
5. Approval Committee	Audit Committee

6. Does the document/service affect one group less or more favourably than another on the basis of:

Protected characteristic:	Yes/No	Rationale
• Age	No	
• Disability	No	
• Gender reassignment	No	
• Pregnancy and maternity	No	
• Race	No	
• Religion and belief	No	
• Sex	No	
• Sexual orientation	No	
• Marriage and civil partnership	No	

Signature of person completing the Equality Impact Assessment

Name	Elizabeth Hills, Head of Financial Services
Time	
Date	5 th September 2019

Chair of decision making Board / Group / Committee approval and sign off

Name	Jeremy Boss, Audit Committee Chair & Non-executive Director
Time	
Date	5 th September 2019

Document name: Standing Financial Instructions	Ref.:
Issue date: September 2018	Status: Draft (for approval)
Author: Matt Lowe, Divisional Finance Manager	Page 72 of 72

Treasury Management

Reference Number:	
Author & Title:	Elizabeth Hills, Head of Financial Services
Responsible Director:	Libby Walters, Director of Finance
Review Date:	September 2019
Ratified by:	Audit Committee
Date Ratified:	
Version:	1.0

Related Policies & Guidelines:

- Standing Financial Instructions**
- Standing Orders**
- Scheme of Delegation**

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 1 of 22

Index:

1. Policy Summary	4
2. Policy Statements	4
3. Definition of Terms Used	5
3.1. Banking covenants	5
3.2. Relationship banks	5
3.3. Derivatives	5
3.4. Safe harbour investments	5
3.5. Committed facility	5
3.6. Investment ratings	5
3.7. Clearing banks	5
3.8. Permitted rating requirement	5
3.9. Recognised rating agency	5
4. Duties and Responsibilities	6
4.1. Trust Board	6
4.2. Audit Committee	6
4.3. Director of Finance	6
4.4. Head of Financial Services	6
4.5. Finance Department	7
5. Policy Overview	7
6. Cash forecasting, management and reporting	8
7. Funding	<i>Error! Bookmark not defined.</i>
8. Investment of surplus cash	10
9. Relationship banking	13
10. Foreign exchange management	13
11. Interest rate management	13
12. Monitoring Compliance	14
13. Review	14
14. Training	14
15. References	14
Appendix 1: Operating Cash Management (extract from Monitor document “Managing Operating Cash in NHS Foundation Trusts”	15
Appendix 2: Note on PDC calculations	19
Ratification Assurance Statement	20

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 2 of 22

Consultation Schedule	20
Equality Impact: (A) Assessment Screening	22
Equality Impact: (B) Full Analysis	Error! Bookmark not defined.

Amendment History

Issue	Status	Date	Reason for Change	Authorised

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 3 of 22

1. Policy Summary

- 1.1 To ensure good corporate governance it is essential for Trusts to establish a treasury management policy with clear procedures for all staff to adhere to.
- 1.2 The purpose of this policy is to provide guidance for all staff within Royal United Hospitals Bath NHS Foundation Trust about the requirements and processes for treasury management.
- 1.3 As a Foundation Trust, the RUH is empowered to both borrow and invest funds externally. This policy draws on the specific guidance relating to this laid out in the document published by NHS Improvement (formally Monitor) “Managing Operating Cash in NHS Foundation Trusts” in 2005. This is the latest guidance available, and confirmation has been issued in 2010 that it is still relevant with no plans to revise it.

2. Policy Statements

- 2.1 The Trust Board needs to ensure that surplus operating cash is invested in accordance with their duty to safeguard and properly account for the use of public money. The Board’s aim is to ensure prudent investments and borrowings which underpin the effective, efficient and economic delivery of services and protect the good name of the organisation.
- 2.2 The Trust must also ensure that cash is effectively controlled to mitigate against the risks of loss or inappropriate use. Cash must be managed to ensure that the Trust remains in a solvent position and can service its debts as they fall due. The key components required to deliver this level of control include:
 - Clearly defined roles and responsibilities
 - Regular reporting of treasury activities
 - Controls on operating bank accounts and authorisation limits
 - Limits on the type of financial instruments available and the way in which they may be used.
- 2.3 To ensure strong corporate governance this document formally sets out a treasury risk management environment in which all objectives, policies and operating parameters are clearly defined.
- 2.4 This policy relates to exchequer funds only and excludes monies held on behalf of Service Users and Charitable Funds which are governed by separate procedures.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 4 of 22

- 2.5 NHS Improvement strongly recommends that newly formed NHS Foundation Trusts should be prudent in their treasury management activities. This policy reflects this recommendation.

3. Definition of Terms Used

Banking covenants

Terms of business agreed with Bank e.g. requiring borrower to maintain a ratio of current assets to current liabilities.

Relationship banks

Banks with whom a business relationship has been established.

Derivatives

Financial instruments which are off balance sheet and which may be used to manage risk or as speculative instruments. e.g. futures, swaps

Safe harbour investments

Low risk and high liquidity investments, meeting the following criteria:

- Meet permitted rating requirements issued by a recognised rating agency;
- Are held at a permitted institution;
- Have a defined maximum maturity date;
- Are denominated in sterling with any payments or repayments for the investment repayable in sterling;
- Pay interest at a fixed, floating or discount rate; and
- Are within the preferred concentration limit.

Committed facility

Guaranteed overdraft

Investment ratings

The ratings range from AAA at the highest level, to Junk, at the bottom. Ratings below BBB are considered speculative or junk.

Clearing banks

Members of Cheque and Credit Clearing Company Limited

Permitted rating requirement

The rating requirement for safe harbour investments, which should be A1/P1/F1 for short term ratings (deposits will be made for a maximum 3 month term)

Recognised rating agency

These are the 3 main international rating agencies, Moody's, Standard and Poors' and Fitch ratings. Each of these agencies provides a rating system to help investors determine the risk associated with investing in a specific company, investing instrument or market.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 5 of 22

4. Duties and Responsibilities

All staff have a responsibility for ensuring that the principles outlined within this document are universally applied. This policy applies to all members of staff who are involved in any aspect of the development and use of procedure development.

Key organisational duties are identified as follows:

4.1 Trust Board

- Approve external borrowing arrangements.
- Delegate responsibilities to the Director of Finance and the Audit Committee in line with the Trust's Standing Financial Instructions and the Trust's Standing Orders.

4.2 Audit Committee

- Approve the Trust's treasury procedures, controls and policies.
- Ensure the Trust's investment and borrowing strategy retains an appropriate risk profile.
- Ensure proper safeguards are in place for security of the Trust's funds by agreeing a list of permitted institutions, setting investment limits for each institution and agreeing permitted investment types
- Approve and monitor relevant benchmarks for performance.
- Consider the establishment of an investment committee if deemed necessary

4.3 Director of Finance

- Approve cash management systems.
- Ensure approved bank mandates are in place for all accounts and that they are updated regularly for any changes in signatories and authority levels.
- Define the Trust's Treasury approach for approval by the Trust Board
- Report on the treasury activities on an accurate and timely basis
- Advise the Trust Board concerning liabilities in respect of capital repayments of Public Dividend Capital (PDC) and any proposed advances of PDC.
- Review the Treasury Management Policy on an annual basis.

4.4 Head of Financial Services

- Ensure treasury activities are reported on a timely and accurate basis.
- Manage key banking relationships on a day to day basis.
- Manage treasury activities within the agreed Policies and Procedures.
- Produce cash flow forecasts

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 6 of 22

4.5 Finance Department

- Accurate and timely recording in the accounting records of all treasury transactions, undertake bank reconciliations and match bank confirmation to internal documentation.
- The Trust's treasury procedures will be subject to periodic review by both internal and external auditors as part of their audit programmes and any significant deviations from agreed policies and procedures will be reported, where appropriate, to the Audit Committee.

5. Policy Overview

5.1 Overall Treasury Objectives

5.2 To support the Trust's strategic and business objectives by:

- Forecasting cash requirements effectively and making best use of cash resources;
- Effective management of cash;
- Ensuring a competitive return on surplus cash balances;
- Ensuring the availability of flexible competitively priced borrowing at all times;
- Identifying and managing the financial risks, including interest rate and foreign currency risks, arising from operational activities; and
- Ensuring compliance with all banking covenants.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 7 of 22

- 5.3 These objectives ensure that the Trust is continually able to undertake and develop its activities without financing constraints.
- 5.4 Under no circumstances will the treasury function be authorised to undertake trading for purely speculative reasons.
- 5.5 The Trust's treasury activities will be undertaken in a manner to achieve the following key objectives:
- 5.5.1 **Surplus cash:** To obtain competitive deposit rates using a core group of relationship banks, in line with deposit guidelines ratified by the Audit Committee. Surplus cash is defined by the Trust as not likely to be required over the forthcoming 3 month period.
- 5.5.2 **Borrowing:** To ensure the availability of flexible and competitively priced borrowing from alternative sources to meet the Trust's current and future requirements.
- 5.5.3 **Interest rate management:** Maintain an interest rate structure which manages exposure to fluctuations in interest rates thus significantly reducing the financial risk to the Trust.
- 5.5.4 **Bank relationships:** Develop and maintain strong, long-term relationships with a core group of relationship banks, which can provide current and future borrowing requirements.

6. Cash forecasting, management and reporting

- 6.1 The financial accounts department will maintain a robust cash forecasting model to ensure that sufficient funds are available to finance day to day operations.
- 6.2 The Trust will maintain adequate free funds to finance its day to day operations. The risk that the Trust fails to accurately identify a positive cash balance that is sufficient to pay creditors is managed by the use of cash flow forecasts and related monitoring systems, including NHS Improvement's indicators of forward financial risks.
- 6.3 In order to ensure that adequate funds are available to pay forthcoming liabilities, and to identify any surpluses, cash flow forecasts will be maintained. Daily cash book reports will be prepared. A rolling twelve month cash flow projection will also be maintained to identify any investment opportunities or shortfall situations.
- 6.4 The Management Board will receive a rolling twelve month cash flow report each month detailing the Trust's cash position, performance against plan, forecast year end position and any investment activities or borrowing requirements.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 8 of 22

- 6.5 All staff will support effective cash management in the Trust by ensuring that all invoices for payment receive prompt attention and are receipted and authorised in Unit4 if undisputed, to enable compliance with the Better Payment Practice Code, i.e. within 30 days from first receipt date of invoice into the Trust.
- 6.6 Staff with a responsibility for providing goods or services to external parties will ensure that sales orders are raised promptly and accurately in Unit4.

7. Access to Funds

- 7.1 The key objective is to ensure the availability of flexible and competitively priced funding from alternative sources to meet the Trust's current and future requirements. The Trust will maintain a risk-averse attitude to borrowing, recognising the ongoing requirement to have sufficient committed funds to cover operational cash flows, and provide reasonable flexibility for seasonal cash flow fluctuations and capital expenditure.
- 7.2 The Trust will not pre-finance in anticipation of potential future requirements.
- 7.3 The Working Capital Facility can only be used to provide short-term funding of working capital. Funds obtained in this way must not be used for other purposes (e.g. it must not be used to fund fixed assets).
- 7.4 The Trust's approach to funding is that while it should seek to minimize surplus cash balances or charges for unused loans / facilities as a result of pre-financing in anticipation of potential expenditure, loans / committed facilities should be put in place well in advance of any requirement for drawdown on these funds. This will typically be between 6 and 18 months in advance.
- 7.5 The Trust will need to take into account any uncertainties in its plans and the finance costs associated with loans / committed facilities.
- 7.6 Funding needs will be based upon the long-term cash forecast. This covers the next five years in outline, with detailed projections for the next 24 months. The long-term cash forecast must be updated regularly in line with the long-term business plan.
- 7.7 The cash flow must be prepared in 'best-guess' and 'worst-case' versions, and the assessment of the appropriate level of loan / committed facilities must be based upon the 'worst-case' version.
- 7.8 Loans / Committed facilities have a cost even if they are unused. However, uncommitted facilities may not actually be available when they are needed. The Trust will therefore aim to use loans / committed facilities to cover anticipated requirements, while using uncommitted facilities to provide an additional degree of cover against unanticipated events.
- 7.9 Loans / Committed facilities should be put in place to cover a minimum of 100% of the expected borrowing requirements over the next six months.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 9 of 22

- 7.10 The Trust board will consider what level of uncommitted facilities should be put in place.
- 7.11 The Trust will seek to negotiate similar covenant clauses in all facilities, particularly in respect of the definition of items such as net debt, net assets, etc. in order to facilitate the measurement of performance against covenants.
- 7.12 Facility covenants will be monitored regularly for actual or prospective defaults using information from the annual budgetary/forecasting process and the long-term financial plan.
- 7.13 The Trust will seek to avoid all loans / facilities coming up for renewal at the same time, in order to avoid exposure to risk due to unfavourable market conditions or temporary problems with the Trust's credit standing.
- 7.14 Detailed operational procedures will be established to provide guidance on which facilities should be drawn down and when. These procedures will take into account:
- Matching the funding to the amount and timing of the cash-flow needs.
 - Obtaining competitive quotes
 - Allowing of the impact of commitment fees in comparing costs
 - Spreading the use of facilities between providers
 - Monitoring the all-in cost of different funding sources.
- 7.15 All borrowing will be the subject of a detailed proposal, approved by the Trust Board, and within the Prudential Borrowing Limits (PBL) of the Trust as set by NHS Improvement in its Terms of Authorisation for the Trust;

8. Investment of surplus cash

- 8.1 Surplus cash investments need to be safe and liquid, so that risk to Trust assets is minimised and funds can be realised quickly. The Trust should only invest surplus cash in "safe harbour" investments. These are investments that are deemed to be of sufficiently low risk and high liquidity that Foundation Trust Boards do not need to undertake investment reviews.
- 8.2 The key investment objective is to ensure a competitive return within an acceptable risk profile.
- 8.3 Any decisions to invest need to take account of the impact on the PDC dividend calculation and demonstrate a higher return than, the sum of the saving from the dividend payment and the lost interest earned on the deposit had it remained with the Government Banking Service (GBS).
- 8.4 Any surplus cash that is to be invested with counterparties will be invested in counterparties that meet the credit criteria and in instruments that have an acceptable risk profile.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 10 of 22

- 8.5 All cash deposits should be denominated in sterling with any payments or repayments being in sterling.
- 8.6 Under no circumstances may the Finance Team enter into trading positions or undertake trading for purely speculative reasons.
- 8.7 All cash investments must be readily realizable and have maturity dates not exceeding three months or the date the invested funds are needed, whichever is sooner.
- 8.8 The Trust's priorities when investing are (in order of priority):
- Security
 - Liquidity
 - Return
- 8.9 The Trust may only place investments with:
- Institutions that have been granted permission by the Financial Services Agency to conduct banking business in the UK and which are directly regulated by the FSA
 - The UK Government, or an executive agency of the UK Government, that is legally and constitutionally part of any department of the UK Government, including the UK Debt Management Agency Deposit Facility.
- 8.10 The Channel Islands and the Isle of Man are not part of the United Kingdom, and no investments are permitted with institutions based in those jurisdictions and not subject to UK regulation by the FSA.
- 8.11 No investment is allowed in any institution which is only allowed to operate in the UK on the basis of being 'passported' by the FSA and is primarily subject to foreign rather than UK regulation.
- 8.12 There are limits on how much cash may be invested with each bank or banking group (subsidiaries and parents must be counted together for this purpose). These are set out in the table below

<i>Institution (Companies in the same group must be aggregated)</i>	<i>Permitted Deposit Limit £m</i>
Individual UK Clearing Banks	5
Other Institutions	
With credit rating of: AAA	4
Aa1	2
Aa2	1
UK Government	No Limit

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 11 of 22

- 8.13 NHS Improvement stipulate that no investment may be made with any institution (other than the UK Government) which does not have at least the minimum credit ratings set out below:

	Standard & Poor	Moody	Fitch
Short Term	A-1	P-1	F1
Long Term	A+	A1	A+

- 8.14 In addition to limits on how much cash may be invested in an individual bank (or group of banks), the Trust also has limits on how the total available funds may be split between institutions. The aim of these restrictions is to ensure that risk is spread. These “concentration limits” are set out in the table below:

APPROVED COUNTERPARTIES	MOODY / S&P LONG-TERM RATING	MOODY / S&P SHORT-TERM RATING	MAXIMUM CONCENTRATION LIMITS
UK Government Entitles	Aa1/AAA	n/a	Unlimited
UK Clearing Banks	Aaa/AAA	P-1/A-1+	£15m
UK Clearing Banks	Aa1/AA+ to Aa3/AA-	P-1/A-1+	£5m
UK Clearing Banks	A1/AA-	P-1/A-1+	£3m
UK Clearing Banks	A1/A+-	P-1/A-1	£1m

- 8.15 As the Trust’s investments are currently restricted to 3 month duration, it will normally be the minimum short term rating which is relevant.
- 8.16 The Trust will invest surpluses below £500k with one institution but funds in excess of £500k will normally be spread across a number of permitted institutions to spread the investment risk.
- 8.17 No investment may be made with any institution (other than UK Government) before it has been added to the Trust’s list of approved counterparties. Institutions may only be added to the list with the approval of the Director of Finance.
- 8.18 Credit ratings will be reviewed weekly by the Finance team and any deterioration in ratings of institutions on the list of approved counterparties reported immediately to the Director of Finance.
- 8.19 No funds may be placed in instruments that are excluded from NHS Improvement’s definition of ‘safe-harbour’ investments. Excluded investments include: bonds, equities, commodities and prospects, options and swaps and contracts for differences, investments linked to other trade investments, index-linked investments, private equity or venture capital investments, leveraged instruments, hedge funds and foreign currency linked investments.
- 8.20 The following are potentially safe-harbour investments: money market deposits, money market funds, Government and local authority bonds and debt obligations, certificates of deposit, and sterling commercial paper, provided they meet the other criteria set out in this policy.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 12 of 22

8.21 However at present, it is not the policy of the Trust to invest in instruments other than money market deposits, bank deposits and deposits with UK Government bodies.

9. Relationship banking

- 9.1 In the current interest rate climate, a higher return is effectively received by retaining cash in the GBS accounts (reducing PDC) than by external investment. When interest rates rise the following policy elements will come in to effect:
- 9.2 Effective and risk-averse investment management depends upon developing and maintaining effective relationships with a small group of institutions which the Trust knows well and which know the Trust well.
- 9.3 Such relationship banking requires long-term commitment by both parties, based upon a high-level of service being provided for a price that is acceptable to both sides.
- 9.4 In selecting institutions with which to work the Trust will have regard to:
- The ability of the institution to deliver a consistent and high level of service.
 - The reasonableness of the pricing for the services provided.
 - Evidence that the institution is making a long-term commitment to working with the healthcare sector and the Trust in particular, so that it can be expected to provide support during difficult as well as good times.
 - The stability and creditworthiness of the institution.
- 9.5 The Trust will only invest surplus funds with relationship banks (or UK Government and its agencies)

10. Foreign exchange management

- 10.1 The Trust is not exposed to significant foreign exchange transactions.
- 10.2 It is therefore not Trust policy to purchase foreign currency in advance, to hold foreign currency deposits, or to use derivatives to manage foreign currency risk.
- 10.3 Should the position with regard to foreign exchange transactions change, then this clause in the Policy will be reviewed and revised.

11. Interest rate management

- 11.1 It is not the policy of the Trust to use derivatives to manage interest rate exposure.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 13 of 22

12. Monitoring Compliance

Compliance with the Treasury Management Policy will be monitored annually by the Audit Committee, who will consider whether independent advice is required in respect of the Trust's investment policy.

The Trust may also undertake additional monitoring of this policy as a response to the identification of any gaps or as a result of the identification of risks arising from the policy prompted by incident review, external review, or other sources of information and advice. This monitoring could include:

- Commissioned audits and reviews
- Detailed data analysis
- Other focused studies

Results of this monitoring will be reported to the Audit Committee

13. Review

This policy will be subject to a planned review every year as part of the Trust's Policy Review Process. It is recognised however that there may be updates required in the interim arising from amendments or release of new regulations, Codes of Practice or statutory provisions or guidance from the Department of Health or professional bodies. These updates will be made as soon as practicable to reflect and inform the Trust's revised policy and practise.

The Trust Board has delegated the responsibility for approval of the Trust's investment procedures, controls and detailed policies to the Audit Committee

14. Training

Relevant Finance staff will receive training in treasury management as part of their local induction and on-going training.

15. References

- 9.1 This policy forms part of part of the Trust's Standing Financial Instructions (SFIs) and this document should be read in conjunction with the SFI's
- 9.2 other key sources of information comprise:-
- NHS foundation trusts: managing operating cash – NHS Improvement (Dec 2005)

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 14 of 22

Appendix 1: Operating Cash Management (extract from NHS Improvement document “Managing Operating Cash in NHS Foundation Trusts”)

Operating cash management

The overall objectives of an NHS foundation trust in relation to operating cash management should be to:

- ensure a competitive return on surplus cash, within an acceptable risk profile;
- manage the financial risk associated with operational activities, for instance, interest rate and foreign currency risks; and
- ensure availability of competitively priced funding for working capital with an acceptable risk profile.

This advice focuses primarily on the first objective.

Monitor strongly encourages NHS foundation trusts to:

- invest surplus operating cash in ‘safe harbour’ investments (see Section A below); and
- have a written operating cash management policy (see Section B below).

A. Safe harbour investments

This section describes Monitor’s perspective on a ‘safe harbour’ for investment of surplus operating cash. Safe harbour means that NHS foundation trust boards do not need to undertake an individual investment review for these investments nor will Monitor require a report on them as part of its risk assessment process, since they are deemed to have sufficiently low risk and high liquidity.

The emphasis of this advice is to ensure adequate safety (i.e. manageable risk profile) and liquidity (i.e. accessibility of funds at short notice). Securities that are considered sufficiently safe and liquid to be in the safe harbour meet all of the following criteria (see below for further elaboration):

- meet permitted rating requirement issued by a recognised rating agency;
- are held at a permitted institution;
- have a defined maximum maturity date;
- are denominated in sterling, with any payments or repayments for the investment payable in sterling;
- pay interest at a fixed, floating, or discount rate; and
- are within the preferred concentration limit.

These investments include (but are not limited to) money market deposits, money market funds, Government and local authority bonds and debt obligations, certificates of deposit, and sterling commercial paper, provided that they meet the criteria below

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 15 of 22

The following definitions elaborate on the criteria outlined above

Term

Advice

Recognised rating agency

Only the following are recognised rating agencies:

- Standard & Poor's;
- Moody's Investors Service Ltd; and
- FitchRatings.

Permitted rating requirement

The short-term rating should be at least:

- A-1 Standard & Poor's rating; or
- P-1 Moody's rating; or
- F1 FitchRatings.

The long-term rating should be at least:

- A1 (Moody's); or
- A+ (Standard & Poor's/FitchRatings).

Permitted institutions

Permitted institutions include:

- institutions that have been granted permission, or any European institution that has been granted a passport, by the Financial Services Authority to do business with UK institutions provided it has an investment grade credit rating of A1/A+ issued by a recognised rating agency; and
- the UK Government, or an executive agency of the UK Government, that is legally and constitutionally part of any department of the UK Government, including the UK Debt Management Agency Deposit Facility.

Maximum maturity date

- The maximum maturity date for all investments should be 3 months.

- The maturity date for any investment should be before or on the date when the invested funds will be needed.

Preferred concentration limit

- Surpluses below £500K may be invested with one institution.

- Surpluses above £500K should be invested across a number of permitted institutions to spread the investment risk.

- Investment limits should be set for permitted institutions based on their credit rating and net worth. These limits should be reviewed annually and reset if there is a change in either the credit rating or the net worth of the financial institution. If an institution is either downgraded or put on credit watch by a recognised rating agency, the decision to invest with them should be reviewed.

- Investments with permitted institutions should not exceed the set limit at any time.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 16 of 22

Investments that do not fulfil the criteria for safe harbour are higher risk instruments and include bonds, equities, commodities and products based on them, derivative products such as futures, options and swaps and contracts for differences, investments linked to other trade instruments, index-linked investments, private equity or venture capital investments, leveraged investments, hedge funds and foreign currency-linked investments. For the purpose of calculating the liquidity ratio used in deriving the financial risk rating of NHS foundation trusts, investment of surplus operating cash in safe harbour investments will be treated as cash. NHS foundation trusts do not need to report investments in safe harbour to Monitor under the Compliance Framework (published in March 2005, and available on Monitor’s website).

B. Elements of an operating cash management policy

In keeping with best practice, NHS foundation trusts are strongly encouraged to have a written, integrated policy covering all aspects of risk arising from treasury activities. An anonymous example of a private sector treasury management policy is included in Appendix 1. While recognising that private companies will often face a broader range of issues than NHS foundation trusts (e.g. more complex funding and borrowing arrangements and foreign exchange risk), this example may be helpful as a reference for NHS foundation trusts in developing their operating cash management policies.

The operating cash management policy should include a set of governance measures designed to ensure prudence and oversight of such activities, as illustrated below. It should be noted that this is illustrative only and NHS foundation trusts are strongly encouraged to seek external professional advice when developing their own policies.

An NHS foundation trust’s operating cash management policy should normally cover:

- objectives;
- attitude to risk;
- organisation and responsibilities;
- bank relationships and cash management;
- reporting;
- performance management; and
- controls.

(i) Objectives

The operating cash management policy should state the NHS foundation trust’s objectives in each of the principal areas, for instance, cash forecasting, investment of surplus cash and bank relationships. For example, the objective in relation to investing surplus cash is typically to obtain a competitive return within defined risk limits. The objective on bank relationships could be to maintain a strong set of core relationships with banks who may meet current and future banking and funding needs.

(ii) Attitude to risk

The operating cash management policy should also state the NHS foundation trust’s attitude to risk in each of these categories. For example, for investment of surplus cash, the risk profile of investments and institutions might be defined by the safe harbour provisions on page 4.

(iii) Organisation and responsibilities

It is strongly recommended that an investment committee be set up. Typically the functions of the investment committee will be to approve investment and borrowing strategy and policies, approve performance benchmarks, review performance against the benchmarks, ensure proper safeguards are in place for security of the NHS foundation trust’s funds, monitor compliance with treasury policies and procedures, approve proposals for acquisition and disposal of assets above a de minimus amount and approve external funding arrangements within their delegated authority.

The investment committee should comprise executive and non-executive directors, with a majority of non-executive directors. It should be chaired by a non-executive director with relevant investment decision-making experience. It may therefore be a committee of the board, or the board itself in the case of smaller NHS foundation trusts.

The NHS foundation trust’s operating cash management policy should describe the treasury organisation and responsibilities. This should include the different responsibilities of the main board, investment committee, finance director and the accounts/treasury functions. For example, the board of directors is typically responsible for approving all external credit and borrowing above a specified limit and for approving the overall treasury management policy, with detailed policy and oversight delegated to the investment committee. The latter in turn can delegate responsibility for treasury operations to the finance director (see section 3 of Appendix 1 for an example).

The operating cash management policy should be clear on the processes for achieving the desired objectives and risk profile, e.g. when to engage outside experts.

(iv) Bank relationships and cash management

The NHS foundation trust’s operating cash management policy should identify the key banks with which it has core relationships and specify the services provided by each bank (e.g. deposit taking, working capital facilities, bank accounts and cash management). The NHS foundation trust may choose to have core relationships with a small number of banks and negotiate specific additional services from a larger group. The NHS foundation trust should also ensure that it monitors compliance with any bank covenants, for instance, on gearing and interest cover.v) **Reporting**

The NHS foundation trust’s operating cash management policy should set out the daily, weekly and monthly treasury reports that will be produced and their circulation. It should also include examples of authorisation letters to banks for treasury transactions.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 17 of 22

For example, the daily movement report might detail the opening and closing net cash position, the facilities available and the amount drawn down.

The weekly treasury report might provide details of cash deposits, facilities available, a summary of all borrowings, and the net cash and borrowings position.

The monthly treasury report might include this and add broader analysis, e.g. market movements, analysis of investments (performance, liquidity and security) and bank relationships. Further details are given in section 5 of Appendix 1.

(vi) Performance management

The NHS foundation trusts' operating cash management policies should include a rational and objective performance measurement structure that can be used by its investment committee and its board to monitor effectiveness of its policies. A market-based metric should be defined for tracking performance and the return on investments should be measured against this benchmark at regular intervals. An example of such a benchmark is the three-month London Interbank Bid Rate or Libid.

(vii) Controls

The operating cash management policy should define controls to ensure that treasury activities are undertaken in a controlled and properly reported manner. Key components include:

- clearly defined roles and responsibilities;
- regular reporting of treasury activities;
- segregation of duties between those who deal, those who initiate payment and those who account for treasury activities;
- strict investment limits on permitted institutions, types of investments and the circumstances in which they may be used; and
- controls on bank accounts in terms of mandates, signatories and sign-off limits.

C. Investments outside of safe harbour

Monitor does not expect NHS foundation trusts to invest surplus operating cash outside of the safe harbour. To the extent that NHS foundation trusts do so, it should only be for the management of operational risk (e.g. foreign exchange risk, interest rate risk) and never for speculative reasons. NHS foundation trusts should always define the risk management processes in place for use of such instruments. These processes should include scrutiny proportional to risk and the use of external expert advisers as appropriate.

In contrast to safe harbour investments, investments outside of this category will not be treated as cash for the purpose of calculating the liquidity ratio used in deriving the financial risk rating of NHS foundation trusts.

Monitor considers investment of surplus operating cash outside of safe harbour as an exception which should be reported under the exception reporting process described in the **Compliance Framework**. Monitor will accordingly assess the impact of such investments on the NHS foundation trust's financial risk rating. If an NHS foundation trust receives foreign currency income which it uses as a hedge against future costs in that currency, Monitor will use its discretion in deciding whether to treat the investment as cash for calculation of the liquidity ratio.

Monitor will issue additional advice on managing long-term investments not covered by this document.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 18 of 22

Appendix 2: Note on PDC calculations

The Trust pays the Department Of Health a dividend equal to 3.5% of its Average Net Relevant Assets (NRA) for that year. This is paid in two instalments, one in mid-September and one in mid-March

The Trust's Net Assets at the start and end of the year are calculated, then the average daily balance of funds held in Government Banking Service (GBS) accounts deducted.

A Trust can invest funds with commercial banks to gain maximum interest or keep funds with the GBS to reduce its dividend costs, but not both.

The effect of this is that any funds held in GBS accounts, which currently earn 0.25% interest, would also reduce dividends payable by a further 3.5%, producing a (current) financial advantage of 3.75% on the funds held with GBS accounts. Under these circumstances, the Trust is better off keeping its cash with the GBS unless a suitably secure commercial account paying over 3.75% could be found.

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 19 of 22

Document Control Information

Ratification Assurance Statement

Dear Jeremy

Please review the following information to support the ratification of the below named document.

Name of document: Treasury Management Policy

Name of author: Elizabeth Hills

Job Title: Head of Financial Services

I, the above named author confirm that:

- The Policy presented for ratification meets all legislative, best practice and other guidance issued and known to me at the time of development of the Policy;
- I am not aware of any omissions to the Policy, and I will bring to the attention of the Executive Director any information which may affect the validity of the Policy presented as soon as this becomes known;
- The Policy meets the requirements as outlined in the document entitled Trust-wide Policy for the Development and Management of Policies (v4.0);
- The Policy meets the requirements of the NHSLA Risk Management Standards to achieve as a minimum level 2 compliance, where applicable;
- I have undertaken appropriate and thorough consultation on this Policy and I have documented the names of those individuals who responded as part of the consultation within the document. I have also fed back to responders to the consultation on the changes made to the Policy following consultation;
- I will send the Policy and signed ratification checklist to the Policy Coordinator for publication at my earliest opportunity following ratification;
- I will keep this Policy under review and ensure that it is reviewed prior to the review date.

Signature of Author: _____ **Date:** _____

Name of Person Ratifying this policy: Jeremy Boss

Job Title: Non-Executive Director, Audit Committee Chair

Signature: _____ **Date:** _____

To the person approving this policy:

Please ensure this page has been completed correctly, then print, sign and **post this page only** to: The Policy Coordinator, John Apley Building.

The **whole policy** must be sent electronically to: ruh-tr.policies@nhs.net

Consultation Schedule

Document name: Treasury Management	Ref.:
Issue date: September 2019	Status: Draft (for approval)
Author: Elizabeth Hills, Head of Financial Services	Page 20 of 22

Name and Title of Individual	Date Consulted

The following people have submitted responses to the consultation process:

Name and Title of Individual	Date Responded

Name of Committee/s (if applicable)	Date of Committee
Audit Committee	5 th September 2019

Equality Impact: (A) Assessment Screening

To be completed when submitted to the appropriate Executive Director for consideration and approval.

Person responsible for the assessment:

Name:

Job Title:

Does the document/guidance affect one group less or more favourably than another on the basis of:	Yes/No	Comments
Race	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Ethnic origins (including gypsies and travellers)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Nationality	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Gender (including gender reassignment)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Culture	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Religion or belief	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Sexual orientation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Age	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Disability (learning disabilities, physical disability, sensory impairment and mental health problems)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is there any evidence that some groups are affected differently?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If you have identified potential discrimination, are there any valid exceptions, legal and/or justifiable?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is the impact of the document/guidance likely to be negative?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If so, can the impact be avoided?	<input type="checkbox"/> Yes <input type="checkbox"/> No	n/a
What alternative is there to achieving the document/guidance without the impact?	<input type="checkbox"/> Yes <input type="checkbox"/> No	n/a
Can we reduce the impact by taking different action?	<input type="checkbox"/> Yes <input type="checkbox"/> No	n/a

If you answered **NO** to **all** the above questions, the assessment is now complete, and no further action is required.

If you answered **YES** to any of the above please complete the
Equality Impact: (B) Full Analysis

Treasury Management Policy	
8 September 2016	Status:
Sarah Wisher-Davies, Head of Financial Services	Page 22 of 22