

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

1<sup>st</sup> April 2020  
Virtual Meeting  
09:00 – 10:00

### PUBLIC AGENDA

Item No	Item		Presented by	Time
1.	Welcome & Introductions	<b>Verbal</b>	Mr H Turner	09:00
2.	Declarations of Interest	<b>Enclosure 1</b>	Mr H Turner	09:02
3.	Chairs Update	<b>Verbal</b>	Mr H Turner	09:05
4.	Item to Note: Private Board Agenda	<b>Enclosure 2</b>	Mr H Turner	09:10
5.	Roles and Responsibilities of Directors	<b>Enclosure 3</b>	Mrs S Cartwright	09:15
6.	SFIs, Standing Orders & Scheme of Delegation	<b>Enclosure 4</b>	Mr M Gamage	09:20
7.	Committee Terms of Reference	<b>Enclosure 5</b>	Mr J Young	09:25
8.	Award of ICP Contract	<b>Verbal</b>	Mrs S Cartwright	09:30
9.	Interim Governance and 'Back-Office' Functions Arrangements	<b>Enclosure 6</b>	Mr J Young	09:35
10.	Risk Register	<b>Verbal</b>	Mrs C Brunt	09:40
11.	Board Annual Business Cycle	<b>Enclosure 7</b>	Mr H Turner	09:45
12.	Opening Finance Report	<b>Enclosure 8</b>	Mr M Gamage	09:50
13.	COVID-19 Update	<b>Verbal</b>	Mrs C Brunt	09:55
14.	Any Other Business	<b>Verbal</b>	All	10:00

**Date & Time of Next Meeting:**

Tuesday 5<sup>th</sup> May, 10:00 – 12:00  
T.46/47, Third Floor, Brierley Hill Health & Social Care Centre, DY5 1RU

Dudley IHC Board  
Declaration of Interest Log

Title	Name	Job Title/Relationship with Dudley Integrated Health and Care	Declared Interest	Declared Interest				From	To
				Financial Interest	Non-Financial Professional Interest	Non-Financial Personal Interest	Indirect Interest		
Mrs	Beverley Edgar	Interim Associate Director of People	Edgar HR Consultancy Owner via Resourcebank	X			X	Sep 2019	Mar 2020
Mr	David Gilbert	Non-Executive Director & Audit Chair	Chair of Cheshire PCC and Chief Constable's Joint Audit Advisory Committee.	X				2017	
			Non-Executive Director and Audit Chair of the Robert Jones & Agnes Hunt NHS FT	X				2015	
			Member of the HFMA Governance & Audit Committee		X			2018	
Mrs	Caroline Brunt	Interim Director of Nursing, AHP and Quality	Currently seconded to Interim Director of Nursing, AHP and Quality from Dudley CCG		X			April 2020	Dec 2020
Mr	Harry Turner	Chairman	Deputy Chair S.I.D Robert Jones Orthopaedic Hospital	X				Jan 2017	
			Chair – John Taylor Hospice		X			Nov 2016	
			Intercontinental Hotels – Consultant	X				Aug 2006	
			Chair St Mary's Hospice, Birmingham		X				
Mr	James Young	Interim Head of Quality & Governance	N/A						
Miss	Katie Weston	Executive Assistant	Currently seconded from Sandwell & West Birmingham CCG		X			Apr 2020	Dec 2020
Mr	Matthew Gamage	Interim Director of Finance	CIMA Member		X			2012	
			Currently seconded to Interim Director of Finance role from Dudley CCG		X			Apr 2020	Dec 2020

Dudley IHC Board  
Declaration of Interest Log

Title	Name	Job Title/Relationship with the ICP	Declared Interest	Financial Interest	Non-Financial Professional Interest	Non-Financial Personal Interest	Indirect Interest	From	To
Mrs	Stephanie Cartwright	Chief Operating Officer/Director of Strategy and Partnerships	Currently seconded to Interim Executive Director role from Dudley CCG		X			Apr 2020	Dec 2020
			Married to the Chief Executive Officer of Black Country and West Birmingham CCGs			X		Mar 2020	

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

1<sup>st</sup> April 2020  
Virtual Meeting  
10:00 – 11:00

### PRIVATE AGENDA

Item No	Item		Presented by	Time
1.	Welcome & Introductions	Verbal	Mr H Turner	10:00
2.	Declarations of Interest	Verbal	Mr H Turner	10:05
3.	Business Case Update	Verbal	Mrs S Cartwright	10:10
4.	Regulator Update	Verbal	Mrs S Cartwright	10:25
5.	Risk Register	Enc 1	Mrs C Brunt	10:40
6.	Any Other Business	Verbal	All	10:55

**Date & Time of Next Meeting:**

Tuesday 5<sup>th</sup> May, 12:30 – 13:30  
T.46/47, Third Floor, Brierley Hill Health & Social Care Centre, DY5 1RU

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

Date of Meeting: 1<sup>st</sup> April 2020  
Report: Board Roles and Composition

<b>TITLE OF REPORT:</b>	Board Roles and Composition
<b>PURPOSE OF REPORT:</b>	To confirm the board composition; roles, principal remits and additional responsibilities of the executive; and describe the role of the Board Secretary.
<b>AUTHOR OF REPORT:</b>	Andrew Hughes, Change Director, GGI on behalf of the ICP Development Team
<b>KEY POINTS:</b>	The Strategic Case, its Addendum and the emerging Business Case are consistent in the Board's composition and the remits of its executive members. This paper summarises the key points.
<b>RECOMMENDATIONS:</b>	<p>The Board is asked to:</p> <ul style="list-style-type: none"> <li>• <b>APPROVE</b> the Board composition.</li> <li>• <b>APPROVE</b> the roles, principal remits and additional responsibilities of the executive team.</li> <li>• <b>CONFIRM</b> which Director will be Accountable Officer as the Acting CEO.</li> <li>• <b>UNDERSTAND</b> the role of the Company Secretary and <b>AGREE</b> that the Head of Quality and Governance will assume these responsibilities during the transition period.</li> </ul>
<b>ANY CONFLICTS OF INTEREST IDENTIFIED IN ADVANCE:</b>	None.
<b>ACTION REQUIRED:</b>	Decision - Yes Approval - Yes Assurance - Yes

## DUDLEY INTEGRATED HEALTH AND CARE NHS

### BOARD ROLES

### RECOMMENDATIONS

The Board is asked to:

- **APPROVE** the Board composition.
- **APPROVE** the roles, principal remits and additional responsibilities of the executive team.
- **CONFIRM** which Director will be Accountable Officer as the Acting CEO.
- **UNDERSTAND** the role of the Company Secretary and **AGREE** that the Head of Governance will assume these responsibilities during the transition period.

### BOARD COMPOSITION

The Strategic Case, its Addendum, and the emerging Business Case have been consistent in describing the board composition.

The Board will comprise:

- A Chair
- 5 other Non-Executive Directors
- 5 Executive Directors
- 1 non-voting Director
- A Board Secretary

### Non-Executive Directors

The Non-Executive Directors are independent directors appointed by NHSEI.

The Non-Executive Directors are members of the unitary board, hold the Executive to account, and chair and are members of the various Committees.

Non-Executive Directors will be designated important subsidiary responsibilities:

- End of Life Care Lead
- Falls Lead
- Freedom to Speak Up Non-Executive with responsibility for whistleblowing
- Security Management Non-Executive Director

## Executive Directors

There will be five voting Executive Directors:

- Chief Executive Officer
- Medical Director
- Director of Nursing and Allied Health Professionals
- Director of Operations, Strategy and Partnerships
- Director of Finance

There will also be an Associate Director of People, who will attend the Board in a non-voting capacity.

The roles and principal remits and additional responsibilities of the members of the Executive Team are shown in the table below.

*Table One: Director roles and responsibilities*

<b>Role and principal remit</b>	<b>Responsibilities</b>
<b>Chief Executive Officer</b>	Chief Accountable Officer
<b>Medical Director</b> <ul style="list-style-type: none"> <li>• Professional lead for medics, including revalidation</li> <li>• Link to PCNs</li> <li>• Responsible Officer</li> <li>• Pathway redesign</li> </ul>	<ul style="list-style-type: none"> <li>• Caldicott Guardian</li> <li>• Guardian of Safe Working Hours</li> <li>• Learning from Deaths</li> <li>• Responsible Officer for Medical Revalidation</li> <li>• Accountable Officer for Controlled Drugs</li> </ul>
<b>Director of Nursing and Allied Health Professionals</b> <ul style="list-style-type: none"> <li>• Quality</li> <li>• Professional lead for nurses and allied health professionals, including revalidation</li> <li>• Continuing care</li> <li>• Intermediate care</li> <li>• Clinical education</li> <li>• Prescribing</li> <li>• Mental Health Act</li> <li>• Nominated Individual</li> </ul>	<ul style="list-style-type: none"> <li>• CQC Registered Manager</li> <li>• Controlled Drugs Accountable Officer</li> <li>• DoLS Lead</li> <li>• DIPC</li> <li>• Pharmacy and Medicines Optimisation Executive Lead</li> <li>• Responsible person for complaints</li> <li>• Safeguarding Adults Executive Lead</li> <li>• Safeguarding Children Executive Lead</li> </ul>
<b>Director of Operations, Strategy and Partnerships</b> <ul style="list-style-type: none"> <li>• Operational delivery</li> <li>• Strategy</li> <li>• Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Fire safety</li> <li>• FoI Act Lead</li> <li>• Lead for Emergency Planning</li> <li>• RIDDOR/COSHH Lead</li> <li>• Security Management Director</li> <li>• Authorised Officer</li> <li>• Accountable Emergency Officer</li> </ul>

Role and principal remit	Responsibilities
<p><b>Director of Finance</b></p> <ul style="list-style-type: none"> <li>• Finance</li> <li>• Performance</li> <li>• Contracting</li> <li>• Contract management</li> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Counter Fraud Lead</li> <li>• Data Protection Officer</li> <li>• Director responsible for Information Governance</li> <li>• Senior Information Risk Owner (SIRO)</li> </ul>
<p><b>Associate Director of People</b></p> <ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Non-clinical training</li> <li>• OD</li> </ul>	<ul style="list-style-type: none"> <li>• Equality and Diversity Lead</li> <li>• Freedom to Speak Up Executive Lead with responsibility for whistleblowing</li> <li>• Trust Lead for Prevent</li> </ul>

## Board Secretary

The Board (Company) Secretary is a critical function for effective governance. The role ensures that the Board and its Committees are properly serviced and that information flows between the various governance forums are timely and appropriate.

The role also is central to ensuring the organisation complies with relevant regulatory and legal requirements.

Behind the Board Secretary there needs to be a board secretariat, i.e., sufficient resource to perform the functions attached to the role.

The Board Secretary should have a strong understanding of governance, strategy and risk. They should have a keen awareness of the culture and context of the Trust, and a high degree of political awareness. Professional qualifications do hold some value, but the most useful way of learning is through experience.

The Board Secretary should be accountable to the collective board in order to retain their position as a neutral, independent advisor. The management of the Company Secretary is to an executive member of the board, usually the Chief Executive; the post holder is accountable to the Chair in all matters of board governance.

The nature of the Company Secretary as a 'facilitator' – acting as an interface between different elements of the board and management, managing information flows between committees, and providing independent advice – means that a degree of variation in the role reflecting the specific needs and context of different organisations is necessary.

The postholder needs to be able to provide wise counsel and act as a confidential sounding board to the chair, chief executive and individual board members on all aspects of trust board business including matters of concern.

In the transition period it is proposed that the Head of Quality and Governance assume the responsibilities of Board Secretary (both the Head of Quality and Governance and the Head of Operations will be members of the management executive). As experts in this area, the Good Governance Institute could be on hand to support the transition period.

The Board will need to make a substantive appointment once the business case is approved.

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

Date of Meeting: 1<sup>st</sup> April 2020

Report: Provisional Constitution inc SFI,SO&SoRD

<b>TITLE OF REPORT:</b>	Provisional Constitution including Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation
<b>PURPOSE OF REPORT:</b>	The report contains the constitution and provisional Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation for approval by the Board with a further review to be undertaken by Audit Committee in Quarter 1 of 2020/21
<b>AUTHOR OF REPORT:</b>	Browne Jacobson and Good Governance Institute on behalf of Dudley Integrated Health and Care
<b>KEY POINTS:</b>	<ul style="list-style-type: none"> <li>• Provisional Constitution document has been produced by Browne Jacobson with contributions from the Good Governance Institute relating to the Standing Orders, Scheme of Reservation and Delegation</li> <li>• The Trust continues to be operational with effect from its operational date 1st October 2008 (Dudley and Walsall Mental Health Partnership NHS Trust start date)</li> <li>• The Trust is a body corporate established by the Establishment Order and is a National Health Service trust whose name is Dudley Integrated Health and Care National Health Service Trust or (pending a change of name to Dudley Integrated Health and Care National Health Service Trust) Dudley and Walsall Mental Health Partnership National Health Service Trust</li> <li>• The Standing Orders (SO) set out the arrangements for meetings, the appointment of committees and sub-committees, delegation of functions to committees, officers or other bodies and the duties and obligations of board members and senior managers</li> <li>• The Scheme of Reservation and Delegation (SoRD) sets out those decisions which are reserved to the Board and those decisions and duties which have been delegated by the Board</li> </ul>
<b>RECOMMENDATION:</b>	<ul style="list-style-type: none"> <li>• The Board is asked to receive the provisional constitution for approval</li> <li>• Audit Committee to review and recommend to the board any revisions in the next 3 months</li> </ul>
<b>ANY CONFLICTS OF INTEREST IDENTIFIED IN ADVANCE:</b>	
<b>ACTION REQUIRED:</b>	Decision Approval x Assurance x

DUDLEY AND WALSALL MENTAL HEALTH PARTNERSHIP NHS TRUST

operating as

DUDLEY INTEGRATED HEALTH AND CARE NHS

Constitution including Standing Orders, Standing Financial Instructions and Scheme  
of Reservation and Delegation

as at 1 April 2020

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**Section A    Core governance and legislative framework**

**1. Interpretation and definitions**

- 1.1 This governance document is drawn up in accordance with the Relevant Legislation and the whole of it (including this Section of it) shall have effect as standing orders of the Trust made by it under regulation 19 of the Membership and Procedure Regulations.
- 1.2 Save as otherwise permitted by law, the Chairman of the Trust shall be the final authority on the interpretation of Standing Orders (on which he or she should be advised by the Chief Executive or Company Secretary).
- 1.3 Any provision of this constitution / governance document shall be disregarded if it does not comply with the Relevant Legislation.
- 1.4 Unless otherwise stated, words or expressions contained in this constitution / governance document shall bear the same meaning as in the NHTA.
- 1.5 Words importing the masculine gender only shall include the feminine gender; words importing the singular shall import the plural and vice-versa
- 1.6 The following words and expressions shall have the following meanings:

<b>Word or expression</b>	<b>Meaning</b>
<b>2006 Act or NHTA</b>	the National Health Service Act 2006 as amended by the 2012 Act
<b>2012 Act or HSCA</b>	the Health and Social Care Act 2012
<b>2014 Act or LAA</b>	the Local Audit Accountability Act 2014
<b>Accountable Officer</b>	the accountable officer in accordance with SO 11.1
<b>Associate Director</b>	a person appointed to perform specific statutory and non-statutory duties which have been delegated

Word or expression	Meaning
	by the Trust Board for them to perform and these duties have been recorded in an appropriate Trust Board minute or other suitable record
<b>Board</b>	the Chairman, executive and non-executive directors of the Trust collectively as a body
<b>Budget</b>	a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust
<b>Budget holder</b>	the director of employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation
<b>Chairman of the Board or Chairman of the Trust</b>	is the person appointed by the Secretary of State for Health to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole or the Vice-Chairman of the Trust if the Chairman is absent from a meeting or is otherwise unavailable

Word or expression	Meaning
Chief Executive	the accountable officer of the Trust
Commissioning	the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources
Committee	a committee or sub-committee created and appointed by the Trust
Establishment Order or EO	the Dudley and Walsall Mental Health Partnership National Health Service Trust (Establishment) Order 2008 as may be amended from time to time
Executive Director	a member of the Trust who is either an officer of the Trust or is to be treated as an officer by virtue of regulation 1(3) (i.e. the Chairman of the Trust or any person nominated by such a Committee for appointment as a Trust member)
Funds held on trust	those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S90 of the NHS Act 1977, as amended Such funds may or may not be charitable

Word or expression	Meaning
<b>Member</b>	executive or non-executive director of the Board as the context permits Member in relation to the Board does not include its Chairman
<b>Membership and Procedure Regulations or MPR or MPR</b>	the National Health Service (NHS Trust) Membership and Procedure Regulations 1990 No.2024
<b>Monitor</b>	the body corporate known as Monitor, as provided by section 61 of the 2012 Act, which operates as part of NHSEI
<b>NHSEI</b>	NHS England and NHS Improvement
<b>Nominated officer</b>	an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions
<b>Nomination Committee</b>	The Committee established under clause 28 for appointing executive directors other than the chief officer
<b>Non-executive director</b>	a member of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of regulation 1(3) of the MPR
<b>Officer</b>	an employee of the Trust or any other person holding a paid appointment or office with the

Word or expression	Meaning
	Trust
<b>Regulation</b>	a regulation set out in the Membership and Procedure Regulations unless the context otherwise indicates
<b>Relevant Legislation</b>	the NHTA, the HSCA, the Establishment Order, the Membership and Procedure Regulations and all other legislation applicable to the Trust
<b>Sched 4</b>	NHTA schedule 4
<b>Secretary or Company Secretary</b>	a person appointed to act independently of the Board to provide compliance with the law, Standing Orders, and Department of Health guidance
<b>SFIs</b>	Standing Financial Instructions
<b>Standing Orders or SOs</b>	the Standing Orders set out in Schedules 2 as amended from time to time by the Trust in accordance with clause 30.2
<b>Trust</b>	Dudley Integrated Health and Care NHS Trust or (pending a change of name to Dudley Integrated Health and Care National Health Service Trust) Dudley and Walsall Mental Health Partnership National Health Service Trust
<b>Vice-Chairman</b>	the non-executive director appointed by the Board to take on

Word or expression	Meaning
	the Chairman's duties if the Chairman is absent for any reason

2. **Establishment and name of the Trust (EO Para 2)**

The Trust is a body corporate established by the Establishment Order and is a National Health Service trust whose name is Dudley Integrated Health and Care National Health Service Trust or (pending a change of name to Dudley Integrated Health and Care National Health Service Trust) Dudley and Walsall Mental Health Partnership National Health Service Trust. The address of its principal office is Brierley Hill Health & Social Care Centre, Venture Way, Brierley Hill, West Midlands, DY5 1RU.

3. **Originating capital of the Trust (Dudley and Walsall Mental Health Partnership National Health Service Trust (Originating Capital) Order 2009)**

The originating capital of the Trust is nil.

4. **Operational date and accounting date of the Trust (EO Para5)**

4.1 The Trust continues to be operational with effect from its operational date 1st October 2008.

4.2 The accounting date of the Trust is 31st March.

5. **Nature and functions of the Trust (EO Para 3)**

5.1 The Trust's purposes are specified in section 25(1) of the NHTA.

5.2 The Trust's functions are to provide goods and services, namely hospital accommodation and services, and community health services, for the purposes of the health service.

6. **Powers and duties (Sched 4 Paras 15-27)**

6.1 The powers of the Trust are the powers set out in Sched 4 paragraphs 15 to 27 and any specific powers that the Secretary of State may by order confer on NHS trusts further to those provided for by paragraphs 15 to 27.

6.2 All the powers of the Trust shall be exercised by the Board of Directors on behalf of the Trust in accordance with this Constitution / Governing Document.

6.3 Any of these powers may be delegated to a committee or to an executive director in accordance with this Constitution / Governing Document.

7. Joint exercise of functions (Sched 4 Para 18)

The Trust may enter into arrangements for the carrying out, on such terms as it considers appropriate, of any of its functions jointly with any Special Health Authority, Local Health Board or other NHS trust, or any other body or individual.

8. Board of directors of the Trust (Sched 4 Para 6)

The Trust has a Board of Directors consisting of

8.1 a Chair appointed by the Secretary of State

8.2 executive and non-executive directors.

9. Directors of the Trust (EO Para 4)

9.1 The Trust shall have, in addition to the Chair, five executive directors and five non-executive directors.

9.2 If the Secretary of State suspends the Chair, or a non-executive director of the Trust, the number of non-executive directors of the Trust shall increase during the period of suspension by the number of persons so suspended.

10. Board of Directors - appointment of directors (MPR Reg 3)

10.1 The non-executive directors of the Trust shall be appointed by the Secretary of State

10.2 The executive directors of the Trust shall be appointed by the relevant committee.

11. Qualifications for appointments (Reg 4)

11.1 One of the executive directors shall be the chief executive who shall be the Trust's accountable officer for the purpose of the Accountable Officer

Memorandum for Trust Chief Executives who is the Accountable Officer for the Trust and shall be responsible for ensuring the discharge of obligations under Financial Directions and in line with the requirements of the Accountable Officer Memorandum for Trust Chief Executives shall be responsible for ensuring the proper stewardship of public funds and assets.

- 11.2 One of the executive directors shall be the finance director who shall be responsible for the provision of financial advice to the Trust and to its members and for the supervision of financial control and accounting systems. He/she shall be responsible along with the Chief Executive for ensuring the discharge of obligations under relevant Financial Directions
- 11.3 One of the executive directors is to be a registered medical practitioner or a registered dentist
- 11.4 One of the executive directors is to be a registered nurse or a registered midwife.

## 12. Joint directors (MPR Reg 6)

Where more than one person is appointed jointly to a post which qualifies the holder for executive directorship or in relation to which an executive director is to be appointed, those persons shall become or be appointed an executive director jointly, and shall count for the purposes of clause [INSERT] as one person.

## 13. Pay and allowances (Sched 4 Para 11)

The Trust shall pay-

- 13.1 To the Chair and any non-executive director of the Trust remuneration of an amount determined by the Secretary of State, not exceeding such amount as may be approved by the Treasury,
- 13.2 To the Chair and any non-executive director of the NHS trust such travelling and other allowances as may be determined by the Secretary of State with the approval of the Treasury,
- 13.3 To any member of a committee or sub-committee of the NHS trust who is not also a director such travelling and other allowances as may be so determined.

**14. Tenure of office of Chair and directors (MPR Reg 7)**

- 14.1 The Chair and non-executive directors of the Trust shall be appointed for such period not exceeding four years as the Secretary of State may specify on making the appointment.
- 14.2 The tenure of office of executive directors, other than the chief officer and chief finance officer, shall be for such period as the relevant committee may specify on making the appointment.

**15. Tenure and suspension of tenure of office of executive directors (MPR Reg 8)**

- 15.1 Subject to paragraphs (2) to (4) and regulation 7(2), an executive director of the Trust shall hold office-
- 15.1.1 if he is not the chief officer or the chief finance officer, for as long as he holds a post in the Trust;
- 15.1.2 if he is the chief officer or the chief finance officer, for as long as he holds that post in the Trust.
- 15.2 Subject to paragraph (2A), if the appointing authority is of the opinion that it is not in the interests of the NHS trust that an executive director of the Trust other than the chief officer or chief finance officer should continue to hold office as director the relevant committee shall forthwith terminate his tenure of office.
- 15.3 If an executive director of the Trust is suspended from his post in the Trust he shall be suspended from performing his functions as director for the period of his suspension.
- 15.4 An executive director other than the chief officer or chief finance officer of the Trust may resign his office at any time during the period for which he was appointed by giving notice in writing to the relevant committee.

**16. Termination of tenure of office of Chair and non-executive directors (MPR Reg 9)**

- 16.1 The Chair or a non-executive director of the Trust may resign his office at any time during the period for which he was appointed by giving notice in writing to the Secretary of State.
- 16.2 Where during his period of directorship a non-executive director of a trust is appointed Chair of the Trust, his tenure of office as non-executive director shall terminate when his appointment as Chair takes effect.
- 16.3 Subject to paragraph (8), if the Secretary of State is of the opinion that it is not in the interests of the health service for a person appointed as a Chair or non-executive director of the Trust to continue to hold that office, the Secretary of State may forthwith terminate that person's tenure of office.
- 16.4 Subject to paragraph (8), if a Chair or non-executive director of the Trust has not attended a meeting of the Trust for a period of three months, the Secretary of State shall forthwith terminate his tenure of office unless the Secretary of State is satisfied that-
- 16.4.1 the absence was due to a reasonable cause; and
  - 16.4.2 the Chair or non-executive director will be able to attend meetings of the Trust within such period as the Secretary of State considers reasonable.
- 16.5 Where a person has been appointed the Chair or non-executive director of the Trust-
- 16.5.1 if he becomes disqualified for appointment under regulation 11 the Secretary of State shall forthwith notify him in writing of such disqualification; or
  - 16.5.2 if it comes to the notice of the Secretary of State that at the time of that person's appointment he was so disqualified, he shall forthwith declare that the person was not duly appointed and so notify him in writing,
- and upon receipt of any such notification, his tenure of office, if any, shall be terminated and he shall cease to act as Chair or non-executive director.

16.6 If it appears to the Secretary of State that the Chair or non-executive director of the Trust has failed to comply with regulation 20 (disclosure etc. on account of pecuniary interest) he may forthwith terminate that person's tenure of office.

**17. Suspension of Chair and non-executive directors (MPR Reg 9A)**

17.1 The Secretary of State may suspend an appointee from performing the appointee's functions as Chair or director while the Secretary of State considers whether—

17.1.1 to remove the person from office under regulation 9(3) or (6); or

17.1.2 the person is disqualified for appointment under regulation 11, or was so disqualified at the time of appointment.

17.2 The Secretary of State shall notify a person suspended under paragraph (1) of the decision to suspend, and the decision shall take effect upon receipt of such notification.

17.3 Subject to paragraphs (4) and (5), a period of suspension under paragraph (1) shall not exceed 6 months.

17.4 The Secretary of State may at any time review a suspension and shall review a suspension after 3 months if so requested in writing by the person who has been suspended.

17.5 On reviewing a suspension, the Secretary of State may—

17.5.1 revoke the suspension, in which case it shall cease to have effect;  
or

17.5.2 suspend the appointee from performing the appointee's functions as Chair or director for a period of not more than 6 months from the expiry of the current period of suspension.

**18. Suspension of Chair: appointment of vice-Chair (MPR Reg 9C)**

18.1 This regulation applies if the Chair of the Trust is suspended under regulation 9A.

- 18.2 If the vice-Chair has been appointed under regulation 13 (appointment of vice-Chair), that appointment shall cease to have effect from the time that the Chair is suspended.
- 18.3 The Secretary of State may, for the purpose of enabling the proceedings of the Trust to be conducted in the absence of the Chair, appoint a non-executive director of the Trust to be vice-Chair.
- 18.4 The appointment of a vice-Chair under paragraph (3) shall be for such a period, not exceeding the shorter of—
- 18.4.1 the period for which the Chair is suspended; and
  - 18.4.2 the remainder of the non-executive director's term as a director of the Trust,
  - 18.4.3 as the Secretary of State may specify on making the appointment.
- 18.5 When the period for which a person is appointed as vice-Chair expires, the Secretary of State may re-appoint the person, or appoint another non-executive director, as vice-Chair in accordance with paragraph (3).
- 18.6 Any person appointed under paragraph (3) may at any time resign from the office of vice-Chair by giving notice in writing to the Secretary of State.
- 18.7 The Secretary of State may terminate a person's appointment as vice-Chair under paragraph (3) if the Secretary of State is of the opinion that it would be in the best interests of the Trust for another non-executive director of the Trust to be vice-Chair.
- 18.8 If—
- 18.8.1 a person resigns from the office of vice-Chair under paragraph (6);  
or
  - 18.8.2 the Secretary of State terminates a person's appointment as vice-Chair under paragraph (7),
- the Secretary of State may appoint another non-executive director as vice-Chair in accordance with paragraph (3).

**19. Suspension: effect on order specifying number of non-executive directors (MPR Reg 9D)**

If an appointee of the Trust is suspended under regulation 9A, the provisions in the Trust's establishment order specifying the number of non-executive directors of the Trust shall have effect as if the number were increased by the number of appointees so suspended.

**20. Eligibility for reappointment (MPR Reg 10)**

20.1 Subject to regulation 11 the Chair or non-executive director of the Trust shall, on the termination of the period of his tenure of office, be eligible for reappointment.

20.2 An executive director of the Trust other than the chief officer and the chief finance officer shall on the termination of the period of his tenure of office be eligible for re-appointment.

**21. Disqualification for appointment of Chair and non-executive directors (Reg 11)**

21.1 Subject to regulation 12 a person shall be disqualified for appointment as the Chair or non-executive director the Trust if-

(a) he has within the preceding five years been convicted in the United Kingdom, the Channel Islands or the Isle of Man of any offence and has had passed on him a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine; or

(b) he is the subject of a bankruptcy restrictions order or an interim bankruptcy restrictions order, or a debt relief restrictions order or interim debt relief restrictions order under Schedule 4ZB to the Insolvency Act 1986 or

(c) he has been dismissed, otherwise than by reason of redundancy, from any paid employment with a health service body and the Secretary of State has not directed under regulation 12(3) that the disqualification shall cease; or

(d) he is a person whose tenure of office as the Chair, a member, a director or a governor of a health service body other than a clinical commissioning group has been terminated on the grounds—

(i) that it was not in the interests of the health service body or of the health service that he should continue to hold the office,

(ii) of non-attendance at meetings,

(iii) of non-disclosure of a pecuniary interest, or

(iv) of misbehaviour, misconduct or failure to carry out his duties;

and his disqualification has not ceased under regulation 12(5); or

(da) he is a person who has been removed from office as the Chair or a member of the governing body of a clinical commissioning group; or

(e) he is a Chair, member, director or employee of a health service body other than a clinical commissioning group or an NHS foundation trust; or

(ea) he is a person who is the Chair or a member of the governing body of a clinical commissioning group, or an employee of such a group;

(ee) he is a Chair, director or employee of an NHS foundation trust; or

(f) he-

(i)...[INTENTIONALLY BLANK]

(ii) performs or provides primary dental services, primary medical services or primary ophthalmic services under the National Health Service Act 2006,

(iii) is a partner in a partnership that, or a legal and beneficial owner of shares in a company that, or a director of a body corporate that provides primary dental services, primary medical services or primary ophthalmic services,

(iv) is an employee of any of those; or

(h) he has had his name removed, by a direction under section 46 of the National Health Service Act 1977, from any list prepared under Part II of that Act and has not subsequently had his name included in such a list or a list prepared pursuant to section 28X13 of that Act; or

(i) he is the Chair or another member of Monitor.

21.2 For the purposes of paragraph (a) of Clause 21.1 the date of conviction shall be deemed to be the date on which the ordinary period allowed for making an appeal or application with respect to the conviction expires, or if such an appeal or application is made, the date on which the appeal or application is finally disposed of or abandoned or fails by reason of it not being prosecuted.

21.3 For the purposes of paragraph (c) of Clause 21.1, a person shall not be treated as having been in paid employment by reason only of having been—

(a) in the case of an NHS foundation trust, the Chair, a governor or a non-executive director of the Trust;

(b) in the case of a clinical commissioning group, the Chair or a member of the governing body of the group; or

(c) in the case of any other health service body, the Chair, a member or a director of the health service body in question.

21.4 A person shall not be disqualified by—

(a) paragraph (e) of Clause 21.1 from being the Chair of the Trust where that person is a Chair or non-executive director of another NHS trust;

(b) paragraph (e) of Clause 21.1 from being a non-executive director of the Trust where that person is a Chair, non-executive director, executive director or employee of another NHS trust;

(c) paragraph (ee) of Clause 21.1 from being the Chair of the Trust where that person is a Chair or a non-executive director of an NHS foundation trust;

(d) paragraph (ee) of Clause 21.1 from being a non-executive director of the Trust where that person is a Chair, director<sup>19</sup> or employee of an NHS foundation trust;

(e) paragraph (f)(ii) to (iv) of Clause 21.1 from being a non-executive director of the Trust where that person—

(i) performs or provides primary dental services, primary medical services or primary ophthalmic services under the 2006 Act;

(ii) is a partner in a partnership that, or a legal and beneficial owner of shares in a company that, or a director of a body corporate that provides primary dental services, primary medical services or primary ophthalmic services; or

(iii) is an employee of any of those providers, partners or bodies referred to in paragraph (i) or (ii); or

(f) paragraph (e) or (ee) of Clause 21.1 from being a non-executive director of the Trust referred to in paragraph 5(1)(d) of Schedule 4 to the 2006 Act by reason of that person's employment with a health service body.

21.5 A person shall not be disqualified by paragraph (1)(e) from being the non-executive director of the Trust by reason of being a Chair or non-officer member of—

(a) the National Health Service Litigation Authority,

(b) the NHS Blood and Transplant (Gwaed a Thrawsblaniadau'r GIG)

## **22. Appointment and Tenure of Associate Non-Executive Directors**

22.1 The Trust shall have two Associate Non-Executive Directors, who are GPs on the registered performers list for Dudley.

22.2 The Associate Non-Executive Directors will have the equivalent status to the Non-Executive Directors save for voting rights at the Board, including being members of, contributing to and Chairing Board Committees, where appropriate and in accordance with national guidance and best practice.

22.3 The Nominations and Remuneration Committee shall appoint as Associate Non-Executive Directors individuals who:

(a) Are on the registered performers list for the area of NHS Dudley CCG, and

(b) Have been nominated by a GP colleague who is also on the registered performers list for the area of NHS Dudley CCG, and

- (c) Have been selected following an appointment process that is the same as or near as possible equivalent to the selection process for a non-executive director.

22.4 The tenure of office of an Associate Non-Executive Director shall be up to three years.

22.5 An Associate Non-Executive Director shall, on the termination of the period of his tenure of office, be eligible for reappointment.

### **23. Appointment of vice-Chair (MPR Reg 13)**

23.1 Unless regulation 9C (Suspension of Chair: appointment of vice-Chair) applies to the Trust, then for the purpose of enabling the proceedings of the Trust to be conducted in the absence of the Chair, the directors of the Trust may appoint a non-executive director from amongst them to be vice-Chair for such a period, not exceeding the remainder of his term as non-executive director of the Trust, as they may specify on appointing him.

23.2 Any non-executive director so elected may at any time resign from the office of vice-Chair by giving notice in writing to the Chair and the directors of the Trust may thereupon appoint another non-executive director as vice-Chair in accordance with paragraph (1).

### **24. Powers of vice-Chair (MPR Reg 14)**

Where the Chair of the Trust has died or has otherwise ceased to hold office or where he has been unable to perform his duties as Chair owing to illness, absence from England and Wales, suspension under regulation 9A or any other cause, references to the Chair in the Schedule to these Regulations shall, so long as there is no Chair able to perform his duties, be taken to include references to the vice-Chair.

### **25. Appointment of committees and sub-committees (MPR Reg 15)**

25.1 Subject to regulations 17 and 18 the Trust (or a trust special administrator for it) may appoint committees of the Trust consisting wholly or partly of directors of the Trust or wholly of persons who are not directors of the Trust.

25.2 A committee appointed under this regulation may appoint sub-committees consisting wholly or partly of members of the committee (whether or not they include the directors of the Trust) or wholly of persons who are not members of the committee (whether or not they include directors of the Trust).

**26. Arrangements for the exercise of functions (MPR Reg 16)**

Subject to regulations 17 and 18 the Trust or (a trust special administrator for it) may arrange for the exercise, on behalf of the Trust, of any of the Trust's functions by a committee or sub-committee appointed by virtue of regulation 15 subject to such restrictions and conditions as the Trust (or trust administrator) thinks fit.

**27. Committee for appointing chief officer as director (MPR Reg 17)**

The Trust shall appoint the Nominations and Remuneration Committee whose members shall be the Chair and non-executive directors of the Trust whose function will be to appoint the chief officer as a director of the Trust.

**28. Committee for appointing executive directors other than chief officer (MPR Reg 18) and Associate Non-Executive Directors**

The Nominations and Remuneration Committee shall also include the chief officer but only for the purpose of its functions to appoint the executive directors of the Trust other than the chief officer, and to appoint the Associate Non-Executive Directors.

**29. Audit and Risk Committee (LAA s9)**

29.1 The Trust shall have an auditor panel called the Audit and Risk Committee to exercise the functions conferred on auditor panels by or under the LAA.

29.2 The audit committee shall at all times comply with the Local Audit (Health Service Bodies Auditor Panel and Independence) Regulations 2015 No.18.

**30. Meetings and Proceedings (MPR Reg 19)**

30.1 Unless a trust special administrator has been appointed, the meetings and proceedings of the Trust shall be conducted in accordance with the rules set out in Schedule 1 and with the Trust's Standing Orders.

30.2 Subject to the rules set out in Schedule 1 and to regulation 20 the Trust shall make and may vary or revoke (or a trust special administrator for it) may make, vary or revoke, Standing Orders for the regulation of the Trust's proceedings and business and provision may be made in such Standing Orders for the suspension of them.

30.3 The Trust (or a trust special administrator for it) may make, vary and revoke Standing Orders relating to the quorum, proceedings and place of meetings of a committee or sub-committee but, subject to paragraphs (17), (18) and regulation 20 and to any such Standing Orders, the quorum, proceedings and place of meeting shall be such as the committee or sub-committee may determine.

30.4 The proceedings of the Trust shall not be invalidated by any vacancy in its membership or by any defect in a director's appointment.

**31. Admission and exclusion on grounds of confidentiality of business to be transacted (Public Bodies (Admission to Meetings) Act 1960 s1)**

31.1 Subject to clause 31.2, the public and representatives of the press may attend all meetings of the Trust

31.2 The public and representatives of the press shall be required to withdraw upon the Trust Board resolving as follows: 'that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest'.

**32. External auditor (LAA s7)**

The Trust must appoint a local auditor to be known as the external auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.

**33. Reports and other information (Sched 4 Para 12 and 13)**

33.1 For each accounting year the Trust must prepare and send to the Secretary of State an annual report in such form as may be determined by the Secretary of State.

- 33.2 At such time or times as may be prescribed, the Trust must hold a public meeting at which must be presented-
- 33.2.1 its audited accounts and annual report, and
  - 33.2.2 any report on the accounts made pursuant to [ paragraph 1 of Schedule 7 to the Local Audit and Accountability Act 2014
- 33.3 In such circumstances and at such time or times as may be prescribed, the Trust must hold a public meeting at which such documents as may be prescribed must be presented.
- 33.4 The Trust must furnish to the Secretary of State such reports, returns and other information, including information as to its forward planning, as, and in such form as, he may require.

#### **34. Amendment of the constitution/ governance document**

- 34.1 The Trust may amend this constitution / governance document at a meeting of the Board of Directors.
- 34.2 Any amendment of this constitution / governance document must comply with the Relevant Legislation.
- 34.3 Any amendment of this constitution / governance document shall be disregarded insofar as it does not comply with the Relevant Legislation.

## Section B - Standing Orders of the Trust (MPR Schedule)

### Part 1 - Standing Orders for Meetings of the Trust

SO 1      Mandatory statutory rules for meetings of the Trust (MPR Schedule)

SO 1.1    Calling a meeting etc

- (1)      The Chair may call a meeting of the Trust at any time.
- (2)      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 directors, has been presented to him or if, without so refusing, the Chair does not call a meeting within seven days after such requisition has been presented to him, such one third or more members shall forthwith call a meeting.
- (3)      Before each meeting of the Trust, 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 behalf, shall be delivered to every director or sent by post to the usual place of residence of such director so as to be available to him at least three clear days before the meeting.
- (4)      Lack of service of the notice on any director shall not affect the validity of a meeting.
- (5)      In the case of a meeting called by directors in default of the Chair, the notice shall be signed by those directors and no business shall be transacted at the meeting other than that specified in the notice.

SO 1.2    Conduct of meeting

- (1)      At any meeting of the Trust the Chair, if present, shall preside.
- (2)      If the Chair and vice-Chair (if any) are absent such non-executive director as the directors present shall choose shall preside.
- (3)      Every question at a meeting shall be determined by a majority of the votes of the directors present voting on the question and, in the case of any equality of votes, the person presiding shall have a second casting vote.

- (4) The names of the directors present at the meeting shall be recorded.
- (5) No business shall be transacted at a meeting of the Trust unless one third of the whole number of directors are present including on or after the operational date at least one executive director and one non-executive director.
- (6) The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting where they will be signed by the person presiding at it.

### **SO 1.3 Joint executive directors**

Where a post of executive director is shared by more than one person in pursuance of regulation 6-

- (1) both persons shall be entitled to attend meetings of the NHS trust;
- (2) either of those persons shall be eligible to vote in the case of agreement between them;
- (3) in the case of disagreement between them no vote shall be cast;
- (4) the presence of either or both of those persons shall count as one person for the purpose of paragraph 3(5) of this Schedule.

### **SO 2 [Intentionally blank]**

### **SO 3 Supplementary rules for meetings of the Trust<sup>1</sup>**

#### **SO 3.1 Notice of Meetings and the Business to be transacted**

- (1) Before each meeting of the Board a written notice specifying the business proposed to be transacted shall be delivered to every member, or sent by post to the usual place of residence of each member, so as to be available to members at least three clear days before the meeting. The notice shall be signed by the Chair or by an officer authorised by the Chair to sign on their

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<sup>1</sup> Adapted from the DH template at [https://webarchive.nationalarchives.gov.uk/20130104131110/http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_4132059](https://webarchive.nationalarchives.gov.uk/20130104131110/http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4132059).

behalf. Want of service of such a notice on any member shall not affect the validity of a meeting.

- (2) In the case of a meeting called by members in default of the Chair calling the meeting, the notice shall be signed by those members.
- (3) No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under SO 2.5.
- (4) A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chair at least [15] clear days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information. Requests made less than [15] days before a meeting may be included on the agenda at the discretion of the Chair.
- (5) Before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the Trust's principal offices at least three clear days before the meeting, (required by the Public Bodies (Admission to Meetings) Act 1960 Section 1 (4) (a)).

### **SO 3.2 Agenda and Supporting Papers**

The Agenda will be sent to members [6] days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be despatched no later than three clear days before the meeting, save in emergency.

### **SO 3.3 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.

### **SO 3.4 Notice of Motion**

- (1) Subject to the provision of SO 2.6 'Motions: Procedure at and during a meeting' and SO 2.7 'Motions to rescind a resolution', a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chair.

- (2) The notice shall be delivered at least [15] clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

### **SO 3.5 Emergency Motions**

Subject to the agreement of the Chair, and subject also to the provision of SO 2.6 'Motions: Procedure at and during a meeting', a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Trust Board at the commencement of the business of the meeting as an additional item included in the agenda. The Chair's decision to include the item shall be final.

### **SO 3.6 Motions: Procedure at and during a meeting**

- (1) Who may propose

A motion may be proposed by the Chair of the meeting or any member present. It must also be seconded by another member.

- (2) Contents of motions

The Chair may exclude from the debate at their discretion any such motion of which notice was not given on the notice summoning the meeting other than a motion relating to:

- (a) the reception of a report;
- (b) consideration of any item of business before the Trust Board;
- (c) the accuracy of minutes;
- (d) that the Board proceed to next business;
- (e) that the Board adjourn;
- (f) that the question be now put.

(3) Amendments to motions

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

(b) Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board.

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

(4) Rights of reply to motions

(a) Amendments

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

(b) Substantive/original motion

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

(5) Withdrawing a motion

A motion, or an amendment to a motion, may be withdrawn.

(6) Motions once under debate

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

(i) an amendment to the motion;

(ii) the adjournment of the discussion, or the meeting;

(iii) that the meeting proceed to the next business;

(iv) that the question should be now put;

- (v) the appointment of an 'ad hoc' committee to deal with a specific item of business;
  - (vi) that a member/director be not further heard;
  - (vii) a motion under Section I (2) or Section I (8) of the Public Bodies (Admissions to Meetings) Act 1960 resolving to exclude the public, including the press (see SO 2.16).
- (b) In those cases where the motion is either that the meeting proceeds to the 'next business' or 'that the question be now put' in the interests of objectivity these should only be put forward by a member of the Board who has not taken part in the debate and who is eligible to vote.
- (c) 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.

#### **SO 3.7 Motion to Rescind a Resolution**

- (1) Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar months shall bear the signature of the member who gives it and also the signature of three other members, and before considering any such motion of which notice shall have been given, the Trust Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.
- (2) When any such motion has been dealt with by the Trust Board it shall not be competent for any director/member other than the Chair to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

#### **SO 3.8 Chair of meeting**

- (1) At any meeting of the Trust Board the Chair, if present, shall preside. If the Chair is absent from the meeting, the Vice-Chair (if the Board has appointed one), if present, shall preside.

- (2) If the Chair and Vice-Chair are absent, such member (who is not also an Officer Member of the Trust) as the members present shall choose shall preside.

### **SO 3.9 Chair's ruling**

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

### **SO 3.10 Quorum**

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

### **SO 3.11 Voting**

- (1) Save as provided in SO 2.12 Suspension of Standing Orders and SO 2.13 Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding (ie the Chair of the meeting) shall have a second, and casting vote.
- (2) At the discretion of the Chair all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chair directs otherwise, or it is proposed, seconded and carried that a vote be taken by

paper ballot.

- (3) If at least one third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).
- (4) If a member so requests, their vote shall be recorded by name.
- (5) In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- (6) A manager who has been formally appointed to act up for an Officer Member during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Officer Member.
- (7) A manager attending the Trust Board meeting to represent an Officer Member during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Officer Member. An Officer's status when attending a meeting shall be recorded in the minutes.
- (8) For the voting rules relating to joint members see SO 1.3.

#### **SO 3.12 Suspension of Standing Orders**

- (1) Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to SO 2.10 Quorum, any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board are present (including at least one member who is an Officer Member of the Trust and one member who is not) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the Trust Board's minutes.
- (2) A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chair and members of the Trust.
- (3) No formal business may be transacted while Standing Orders are suspended.
- (4) The Audit Committee shall review every decision to suspend Standing

Orders.

### **SO 3.13 Variation and amendment of Standing Orders**

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

- (1) upon a notice of motion under SO 2.4;
- (2) upon a recommendation of the Chair or Chief Executive included on the agenda for the meeting;
- (3) that two thirds of the Board members are present at the meeting where the variation or amendment is being discussed, and that at least half of the Trust's Non-Officer members vote in favour of the amendment;
- (4) providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

### **SO 3.14 Record of Attendance**

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

### **SO 3.15 Minutes**

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

### **SO 3.16 Healthwatch England**

The HSCA established Healthwatch. Healthwatch can monitor service provision on behalf of local communities, influence key decisions and have a stronger voice in the process of commissioning health and social care services for the local population. Its purpose is to understand the needs, experiences and concerns of people who use health and social care services and to speak out on their behalf. Healthwatch England provides information and advice to the Secretary of State, NHS England, NHS Improvement and Local Authorities on the views of people who

use health or social care services and of other members of the public on their needs for and experiences of health and social care services, and provides the views of Local Healthwatch organisations and of other persons on the standard of provision of health and social care services and on whether or how the standard could or should be improved.

### **SO 3.17 Admission of public and the press**

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

(a) The public and representatives of the press may attend all meetings of the Trust, but shall be required to withdraw upon the Trust Board resolving as follows: 'That representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest', Section 1 (2), Public Bodies (Admission to Meetings) Act 1960

(b) Guidance should be sought from the Trust's Freedom of Information Lead to ensure correct procedure is followed on matters to be included in the exclusion.

(2) General disturbances

The Chair (or Vice-Chair if one has been appointed) or the person presiding over the meeting shall give such directions as he thinks fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the Trust's business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public will be required to withdraw upon the Trust Board resolving as follows: 'That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Trust Board to complete its business without the presence of the public'. Section 1(8) Public Bodies (Admissions to Meetings) Act 1960.'

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

- (a) Matters to be dealt with by the Trust Board following the exclusion of representatives of the press, and other members of the public, as provided in (1) and (2) above, shall be confidential to the members of the Board.
- (b) Members and Officers or any employee of the Trust in attendance shall not reveal or disclose the contents of papers marked 'In Confidence' or minutes headed 'Items Taken in Private' outside of the Trust, without the express permission of the Trust. This prohibition shall apply equally to the content of any discussion during the Board meeting which may take place on such reports or papers.

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

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

### SO 3.18 Observers at Trust meetings

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

## Part 2 - Further Standing Orders of the Trust<sup>2</sup>

### SO 4 APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES

#### 4.1 Appointment of Committees

Subject to such directions as may be given by the Secretary of State for Health, the Trust Board may appoint committees of the Trust.

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<sup>2</sup> Adapted from the DH template at [https://webarchive.nationalarchives.gov.uk/20130104131110/http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_4132059](https://webarchive.nationalarchives.gov.uk/20130104131110/http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4132059).

The Trust shall determine the membership and terms of reference of committees and sub-committees and shall if it requires to, receive and consider reports of such committees.

4.2 [Intentionally blank]

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

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

#### **4.4 Terms of Reference**

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

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

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

#### **4.6 Approval of Appointments to Committees**

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

#### **4.7 Appointments for Statutory functions**

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

#### **4.8 Committees established by the Trust Board**

In accordance with its core constitution / governance document, the committees established by the Board are:

##### **4.8.1 Audit and Risk Committee**

In line with the requirements of the NHS Audit and Risk Committee Handbook, NHS Codes of Conduct and Accountability, and more recently the Higgs report, an Audit and Risk Committee will be established and constituted to provide the Trust Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS.

The Terms of Reference will be approved by the Trust Board and reviewed on a periodic basis.

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

The Audit and Risk Committee shall provide the Board with a means of independent and objective review of financial and corporate governance, assurance process and risk management across the whole of the Trust's activities (clinical and non-clinical) both generally and in support of the Annual Governance Statement.

The Audit and Risk Committee shall also be the Auditor Panel that will be established by the Trust and constituted to provide advice on the appointment of external auditors which will become the responsibility of the Trust from 1 April 2020.

The Terms of Reference will be approved by the Trust Board and reviewed on a period basis. In accordance with HFMA guidance the membership of the Panel will be the same as that of the Trust's Audit and Risk Committee.

##### **4.8.2 Nominations and Remuneration Committee**

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

The Higgs report recommends the committee be comprised exclusively of Non-Executive Directors, a minimum of three, who are independent of management.

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

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

#### **4.8.3 Quality and Safety Committee**

In line with the requirements of the NHS Codes of Conduct and Accountability and in order to oversee the implementation and monitoring of the Trust's governance and quality arrangements, a Quality and Safety Committee will be established and constituted.

The Committee will provide the Trust Board with assurance on the systems and processes, by which the Trust leads, directs and controls its functions in relation to achieving the highest levels of service safety and quality. The committee has delegated responsibility from the Trust Board to oversee the management of risk within the organisation.

The Committee will be comprised of a minimum of two Non- Executive Directors (who are independent of management) and the Executive Director(s) responsible for governance and quality. The Terms of Reference will be approved by the Trust Board and reviewed on a periodic basis.

The Quality and Safety Committee will assume the responsibilities of Mental Health Act Scrutiny Committee is a committee of the Board responsible for discharging all requirements of the Mental Health Act (MHA) legislation. The terms of reference (TOR) of the Quality and Safety Committee will make explicit reference to the duties as

prescribed in the MHA. This will include maintaining an overview of the operation and application of the Act within the Trust by developing, reviewing, implementing and monitoring MHA policies and procedures, to support and ensure compliance with MHA legislation.

By the provision of these standing orders, the remit of the Mental Health Act Scrutiny Committee will be performed by the Quality and Safety Committee

#### **4.8.4 Finance, Performance and Digital Committee**

The Trust has constituted a Finance, Performance and Digital Committee of the Board which is responsible for overseeing the development of Long-Term Financial Model, an annual budget and monitoring achievement of that budget during the year. The Committee will also monitor performance against financial, operational and workforce performance indicators, set nationally, or locally.

The Committee is comprised of 2 Non-Executive Directors (who are independent from management), with members of Trust senior management which must include the Director of Finance.

#### **4.8.5 Transaction Committee**

The Trust has appointed a time limited (until 31st March 2021) Transaction Committee. The Transaction Committee is a non-statutory Committee established by the Trust Board to oversee and report to the Board on progress against the legal, regulatory, and contractual processes of the establishment of the Dudley Integrated Health and Care NHS Trust, and the transaction and transference of services to the Trust in line with the Strategic Case, Addendum to the Strategic Case, and Business.

The Transaction Committee is De Facto the Board of the Trust during the transition period (until no later than 31st March 2021). It is a fixed term Committee, reporting directly to the Trust Board. It has no executive powers, other than those specifically delegated in these Terms of Reference, and will cease to exist (no later than 31st March 2021) once its purpose has been fulfilled following the transition period. It is a decision-making not a decision-taking body

The provisions of this Standing Order must be read in conjunction with Standing Order 2.8 and Standing Financial Instructions 29.

#### 4.8.6 People and Organisational Development Committee

The Trust has appointed a People and Organisational Development Committee. The People and Organisational Development Committee is a non-statutory Committee established by the Board to monitor, review and report to the Board on the cultural and organisational development of the Trust, and on the strategic performance of people and workforce priorities, and impact of the Trust as a significant employer, educator and partner in health and care.

#### 4.9 Other Committees

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

### SO 5 ARRANGEMENTS FOR THE EXERCISE OF TRUST FUNCTIONS BY DELEGATION

#### 5.1 Delegation of Functions to Committees, Officers or other bodies

5.1.1 Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a committee, sub-committee appointed by virtue of Standing Order 4, or by an officer of the Trust, or by another body as defined in Standing Order 5.1.2 below, in each case subject to such restrictions and conditions as the Trust thinks fit.

5.1.2 Section 16B of the NHS Act 1977 allows for regulations to provide for the functions of Trust's to be carried out by third parties. In accordance with The Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000 the functions of the Trust may also be carried out in the following ways:

- (i) by another Trust;
- (ii) jointly with any one or more NHS trusts;
- (iv) in relation to arrangements made under S63(1) of the Health Services and Public Health Act 1968, jointly with one or more Strategic Health Authorities, SHAs, NHS Trusts or PCT.

5.1.3 Where a function is delegated by these Regulations to another Trust, then that Trust or health service body exercises the function in its own right; the receiving Trust has responsibility to ensure that the proper delegation of the function is in place. In

other situations, i.e. delegation to committees, sub-committees or officers, the Trust delegating the function retains full responsibility.

## **5.2 Emergency Powers and urgent decisions**

The powers which the Board has reserved to itself within these Standing Orders may in emergency or for an urgent decision be exercised by the Chief Executive and the Chair after having consulted at least two non-officer members. The exercise of such powers by the Chief Executive and Chair shall be reported to the next formal meeting of the Trust Board in public session for formal ratification.

## **5.3 Delegation to Committees**

5.3.1 The Board shall agree from time to time to the delegation of executive powers to be exercised by other committees, or sub-committees, or joint committees, which it has formally constituted in accordance with directions issued by the Secretary of State. The constitution and terms of reference of these committees, or sub-committees, or joint committees, and their specific executive powers shall be approved by the Board in respect of its sub-committees.

5.3.2 When the Board is not meeting as the Trust in public session it shall operate as a committee and may only exercise such powers as may have been delegated to it by the Trust in public session.

## **5.4 Delegation to Officers**

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

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. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.

5.4.3 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Director of Finance to provide information and

advise the Board in accordance with statutory or Department of Health requirements. Outside these statutory requirements the roles of the Director of Finance shall be accountable to the Chief Executive for operational matters.

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

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

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

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

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

### **6.1 Policy statements: general principles**

The Trust Board will from time to time agree and approve Policy statements/procedures which will apply to all or specific groups of staff employed by the Trust. The decisions to approve such policies and procedures will be recorded in an appropriate Trust Board minute and will be deemed where appropriate to be an integral part of the Trust's Standing Orders and Standing Financial Instructions.

### **6.2 Specific Policy statements**

Notwithstanding the application of SO 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following Policy statements:

the Standards of Business Conduct and Conflicts of Interest Policy for the Trust staff;

the staff Disciplinary and Appeals Procedures adopted by the Trust  
both of which shall have effect as if incorporated in these Standing Orders.

### **6.3 Standing Financial Instructions**

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

### **6.4 Specific guidance**

Notwithstanding the application of SO 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following guidance and any other issued by the Secretary of State for Health:

Caldicott Guardian 1997;

Human Rights Act 1998;

Freedom of Information Act 2000.

## **SO 7 DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND SENIOR MANAGERS UNDER THESE STANDING ORDERS**

### **7.1 Declaration of Interests**

#### **7.1.1 Requirements for Declaring Interests and applicability to Board Members**

i) The NHS Code of Accountability requires Trust Board Members to declare interests which are relevant and material to the NHS Board of which they are a member. All existing Board members should declare such interests. Any Board members appointed subsequently should do so on appointment.

#### **7.1.2 Interests which are relevant and material**

- (i) Interests which should be regarded as "relevant and material" are:
- a) Directorships, including Non-Executive Directorships held in private companies or PLCs (with the exception of those of dormant companies);
  - b) Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS;

- c) Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS;
- d) A position of Authority in a charity or voluntary organisation in the field of health and social care;
- e) Any connection with a voluntary or other organisation contracting for NHS services;
- f) Research funding/grants that may be received by an individual or their department;
- g) Interests in pooled funds that are under separate management.

(ii) Any member of the Trust Board who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in Standing Order 7.3 below and elsewhere) has any pecuniary interest, direct or indirect, the Board member shall declare his/her interest by giving notice in writing of such fact to the Trust as soon as practicable.

#### **7.1.3 Advice on Interests**

**If Board members have any doubt about the relevance of an interest, this should be discussed with the Chair of the Trust or with the Trust's Company Secretary.**

Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.

#### **7.1.4 Recording of Interests in Trust Board minutes**

At the time Board members' interests are declared, they should be recorded in the Trust Board minutes.

Any changes in interests should be declared at the next Trust Board meeting following the change occurring and recorded in the minutes of that meeting.

#### **7.1.5 Publication of declared interests in Annual Report**

Board members' directorships of companies likely or possibly seeking to do business with the NHS should be published in the Trust's annual report. The information should be kept up to date for inclusion in succeeding annual reports.

#### 7.1.6 Conflicts of interest which arise during the course of a meeting

During the course of a Trust Board meeting, if a conflict of interest is established, the Board member concerned should withdraw from the meeting and play no part in the relevant discussion or decision. (See overlap with SO 7.3)

### 7.2 Register of Interests

7.2.1 The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board or Committee members. In particular the Register will include details of all directorships and other relevant and material interests (as defined in SO 7.1.2) which have been declared by both executive and non-executive Trust Board members.

7.2.2. These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated.

7.2.3 The Register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of local residents and to publicise arrangements for viewing it.

### 7.3 Exclusion of Chair and Members in proceedings on account of pecuniary interest

#### 7.3.1 Definition of terms used in interpreting 'Pecuniary' interest

For the sake of clarity, the following definition of terms is to be used in interpreting this Standing Order:

- (i) "spouse" shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse);
- (ii) "contract" shall include any proposed contract or other course of dealing.
- (iii) "Pecuniary interest"

Subject to the exceptions set out in this Standing Order, a person shall be treated as having an indirect pecuniary interest in a contract if:-

- a) he/she, or a nominee of his/her, is a member of a company or other body (not being a public body), with which the contract is made, or to be made or which has a direct pecuniary interest in the same, or
- b) he/she is a partner, associate or employee of any person with whom the contract is made or to be made or who has a direct pecuniary interest in the same.

iv) Exception to Pecuniary interests

A person shall not be regarded as having a pecuniary interest in any contract if:-

- a) neither he/she or any person connected with him/her has any beneficial interest in the securities of a company of which he/she or such person appears as a member, or
- b) any interest that he/she or any person connected with him/her may have in the contract is so remote or insignificant that it cannot reasonably be regarded as likely to influence him/her in relation to considering or voting on that contract, or
- c) those securities of any company in which he/she (or any person connected with him/her) has a beneficial interest do not exceed £5,000 in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is the less.

Provided however, that where paragraph (c) above applies the person shall nevertheless be obliged to disclose/declare their interest in accordance with Standing Order 7.1.2 (ii).

### 7.3.2 Exclusion in proceedings of the Trust Board

- (i) Subject to the following provisions of this Standing Order, if the Chair or a member of the Trust Board has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Trust Board at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its

commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.

(ii) The Secretary of State may, subject to such conditions as he/she may think fit to impose, remove any disability imposed by this Standing Order in any case in which it appears to him/her in the interests of the National Health Service that the disability should be removed. (See SO 7.3.3 on the 'Waiver' which has been approved by the Secretary of State for Health).

(iii) The Trust Board may exclude the Chair or a member of the Board from a meeting of the Board while any contract, proposed contract or other matter in which he/she has a pecuniary interest is under consideration.

(iv) Any remuneration, compensation or allowance payable to the Chair or a Member by virtue of paragraph 11 of Schedule 5A to the National Health Service Act 1977 (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this Standing Order.

(v) This Standing Order applies to a committee or sub-committee and to a joint committee or sub-committee as it applies to the Trust and applies to a member of any such committee or sub-committee (whether or not he/she is also a member of the Trust) as it applies to a member of the Trust.

### **7.3.3 Waiver of Standing Orders made by the Secretary of State for Health**

#### **(1) Power of the Secretary of State to make waivers**

Under regulation 11(2) of the NHS (Membership and Procedure Regulations SI 1999/2024 ("the Regulations"), there is a power for the Secretary of State to issue waivers if it appears to the Secretary of State in the interests of the health service that the disability in regulation 11 (which prevents a Chair or a member from taking part in the consideration or discussion of, or voting on any question with respect to, a matter in which he has a pecuniary interest) is removed. A waiver has been agreed in line with sub-sections (2) to (4) below.

#### **(2) Definition of 'Chair' for the purpose of interpreting this waiver**

For the purposes of paragraph 7.3.3.(3) (below), the "relevant Chair" is -

- (a) at a meeting of the Trust, the Chair of that Trust;
- (b) at a meeting of a Committee -
  - (i) in a case where the member in question is the Chair of that Committee, the Chair of the Trust;
  - (ii) in the case of any other member, the Chair of that Committee.

(3) Application of waiver

A waiver will apply in relation to the disability to participate in the proceedings of the Trust on account of a pecuniary interest. It will apply to:

- (i) A member of the Trust who is a healthcare professional, within the meaning of regulation 5(5) of the Regulations, and who is providing or performing, or assisting in the provision or performance, of -
  - (a) services under the National Health Service Act 1977; or
  - (b) services in connection with a pilot scheme under the National Health Service Act 1997;

for the benefit of persons for whom the Trust is responsible.

- (ii) Where the 'pecuniary interest' of the member in the matter which is the subject of consideration at a meeting at which he is present:-
  - (a) arises by reason only of the member's role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
  - (b) has been declared by the relevant Chair as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:-
    - (i) are members of the same profession as the member in question,
    - (ii) are providing or performing, or assisting in the provision or performance of, such of those services as he provides or

performs, or assists in the provision or performance of,  
for the benefit of persons for whom the Trust is responsible.

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

The removal is subject to the following conditions:

- (a) the member must disclose his/her interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
- (b) the relevant Chair must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 7.3.3 (2) (b) above, except where that member is the Chief Executive;
- (c) **in the case of a meeting of the Trust:**
  - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
  - (ii) may not vote on any question with respect to it.
- (d) **in the case of a meeting of the Committee:**
  - (i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded;
  - (ii) may vote on any question with respect to it; but
  - (iii) the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board.

## 7.4 Standards of Business Conduct

### 7.4.1 Trust Policy and National Guidance

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

#### 7.4.2 Interest of Officers in Contracts

- i) Any officer or employee of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in SO 7.3) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or Trust's Company Secretary as soon as practicable.
- ii) An Officer should also declare to the Chief Executive any other employment or business or other relationship of his/her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.
- iii) The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

#### 7.4.3 Canvassing of and Recommendations by Members in Relation to Appointments

- i) Canvassing of members of the Trust or of any Committee of the Trust directly or indirectly for any appointment under the Trust shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.
- ii) Members of the Trust shall not solicit for any person any appointment under the Trust or recommend any person for such appointment; but this paragraph of this Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.

#### 7.4.4 Relatives of Members or Officers

- i) Candidates for any staff appointment under the Trust shall, when making an application, disclose in writing to the Trust whether they are related to any member or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him liable to instant dismissal.
- ii) The Chair and every member and officer of the Trust shall disclose to the Trust Board any relationship between himself and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Trust Board any such disclosure made.

iii) On appointment, members (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the Trust whether they are related to any other member or holder of any office under the Trust.

iv) Where the relationship to a member of the Trust is disclosed, the Standing Order headed 'Disability of Chair and members in proceedings on account of pecuniary interest' (SO 7) shall apply.

## **SO 8 CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS**

### **8.1 Custody of Seal**

The common seal of the Trust shall be kept by the Chief Executive or a nominated Manager by him/her in a secure place.

### **8.2 Sealing of Documents**

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

### **8.3 Register of Sealing**

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

### **8.4 Signature of documents**

Where any document will be a necessary step in legal proceedings on behalf of the Trust, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive or any Executive Director.

In land transactions, the signing of certain supporting documents will be delegated to Managers and set out clearly in the Scheme of Delegation but will not include the main or principal documents effecting the transfer (e.g. sale/purchase agreement, lease, contracts for construction works and main warranty agreements or any document which is required to be executed as a deed).

### **8.5 Use of Seal - General Guide**

- All contracts for the purchase / lease of land and / or buildings.
- All contracts for capital works exceeding £100,000.
- All lease agreements where the annual lease charge exceeds £10,000 per annum and the period of the lease exceeds beyond five years
- Any other lease agreement where the total payable under the lease exceeds £100,000.
- Any contract or agreement with organisations, other than the NHS or other government bodies including local authorities where the annual costs exceed or are expected to exceed £100,000.

## **SO 9 MISCELLANEOUS**

### **9.1 Joint Finance Arrangements**

The Board may confirm contracts to purchase from a voluntary organisation or a local authority using its powers under Section 75 of the NHS Act 2006. The Board may confirm contracts to transfer money from the NHS to the voluntary sector or the health-related functions of local authorities where such a transfer is to fund services to improve the health of the local population more effectively than equivalent expenditure on NHS services, using its powers under Section 75 of the NHS Act.

**SECTION C - SCHEME OF RESERVATION AND DELEGATION**

REF (where applicable)	THE BOARD	DECISIONS RESERVED TO THE BOARD
	<p>THE BOARD</p> <p>THE BOARD</p>	<p><b>General Enabling Provision</b> The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p> <p><b>Regulations and Control</b></p> <ol style="list-style-type: none"> <li>1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the regulation of its proceedings and business.</li> <li>2. Suspend Standing Orders. (See S.O. 3.13)</li> <li>3. Vary or amend the Standing Orders. (See S.O. 3.14)</li> <li>4. Ratify any urgent decisions taken by the Chairman and Chief Executive in public session in accordance with SO 5.2</li> <li>5. Approve a scheme of delegation of powers from the Board to committees.</li> <li>6. Require and receive the declaration of Board members' interests that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration.</li> <li>7. Require and receive the declaration of officers' interests that may conflict with those of the Trust.</li> <li>8. Approve arrangements for dealing with complaints.</li> <li>9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto.</li> <li>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.</li> <li>11. Confirm the recommendations of the Trust's committees where the committees do not have executive powers.</li> <li>12. Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust.</li> <li>13. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board.</li> </ol>



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|  |  | <ol style="list-style-type: none"><li>6. Approve annually Trust's proposed organisational development proposals.</li><li>7. Ratify proposals for acquisition, disposal or change of use of land and/or buildings.</li><li>8. Approve PFI proposals.</li><li>9. Approve the opening of bank accounts.</li><li>10. 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.</li><li>11. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance (for losses and special payments) previously approved by the Board.</li><li>12. Approve individual compensation payments.</li><li>13. Approve proposals for action on litigation against or on behalf of the Trust. Review use of NHSLA risk pooling schemes (LPST/CNST/RPST).</li></ol> |
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REF (where applicable)	THE BOARD	DECISIONS RESERVED TO THE BOARD
	THE BOARD	<p><b>Policy Determination</b></p> <ol style="list-style-type: none"> <li>1. Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.</li> </ol> <p>Such policies shall have effect as if incorporated into the Standing Orders.</p>
	THE BOARD	<p><b>Audit</b></p> <ol style="list-style-type: none"> <li>1. Approve the appointment (and where necessary dismissal) of External Auditors and advise the Audit Commission on the appointment.</li> <li>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 and Risk Committee.</li> <li>3. Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit and Risk Committee.</li> </ol>
	THE BOARD	<p><b>Annual Reports and Accounts</b></p> <ol style="list-style-type: none"> <li>1. Receipt and approval of the Trust's Annual Report and Annual Accounts.</li> </ol>
	THE BOARD	<p><b>Monitoring</b></p> <ol style="list-style-type: none"> <li>1. Receive such reports as the Board sees fit from committees in respect of their exercise of powers delegated.</li> <li>2. Continuous appraisal of the affairs of the Trust by means of the provision to the Board of reports 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 shall be reported, at least in summary, to the Board.</li> <li>3. Receive reports from Director of Finance against budget and the Annual Plan.</li> <li>4. Receive reports from Director of Finance on actual and forecast income from SLA.</li> </ol>

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
SFI 11.1.1	AUDIT AND RISK COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Advise the Board on internal and external audit services;</li> <li>2. The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;</li> <li>3. Monitor compliance with Standing Orders and Standing Financial Instructions;</li> <li>4. Review schedules of losses and compensations and making recommendations to the Board.</li> <li>5. Review schedules of debtor/creditor balances older than 6 months and greater than £250k</li> <li>6. Review the annual financial statements prior to submission to the Board.</li> </ol>
SFI 20.1.2	NOMINATIONS REMUNERATION COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Advise the Board about appropriate remuneration and terms of service for the Chief Executive, and other Executive Directors including: <ul style="list-style-type: none"> <li>- All aspects of salary (including any performance-related elements/bonuses);</li> <li>- Provisions for other benefits, including pensions and cars;</li> <li>- Arrangements for termination of employment and other contractual terms;</li> </ul> </li> <li>2. Make recommendations to the Board on the remuneration and terms of service for the Chief Executive and other Executive Directors to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances</li> </ol>

		<p>and performance and to the provisions of any national arrangements for such staff;</p> <p>3. Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate advice on and oversee appropriate contractual arrangements for such staff;</p> <p>4. The Committee shall report in writing to the Board the basis for its recommendations.</p>
<b>REF</b>	<b>COMMITTEE</b>	<b>DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES</b>
RECORDS MANAGEMENT: NHS CODES OF PRACTICE	INTEGRATED QUA LITY COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Ensure that Healthcare Standards are central to the governance agenda.</li> <li>2. Oversee and direct the development, monitoring and implementation of clinical governance.</li> <li>3. Work towards an integrated governance approach.</li> <li>4. Ensure appropriate support systems, structures, communications and reporting arrangements are in place.</li> <li>5. Integrate the Governance Work Plan with the Trust Board Business Plan.</li> <li>6. Ensure that probity, quality assurance, quality improvement and patient safety are central components of all the activities of the Trust.</li> </ol>
	FINANCE COMMITTEE	<p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. Review all aspects of performance, financial and non-financial</li> <li>2. Examine financial plans and savings programmes</li> <li>3. Monitor capital projects</li> <li>4. Oversee debts and debt recovery</li> <li>5. Ensure key targets are achieved</li> </ol>

**SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM**

REF	DELEGATED TO	DUTIES DELEGATED
7	CHIEF EXECUTIVE	Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources
9	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	<p>Ensure the accounts of the Trust are prepared under principles and in a format directed by the Secretary of State.</p> <p>Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs.</p> <p>Sign the accounts on behalf of the Board.</p>
19	CHIEF EXECUTIVE	<p>Sign a statement in the accounts outlining responsibilities as the Accountable Officer.</p> <p>Sign a statement in the accounts outlining responsibilities in respect of Internal Control (Annual Governance Statement).</p>
12&13	CHIEF EXECUTIVE	<p>Ensure effective management systems that safeguard public funds and assist the Trust Chairman to implement requirements of corporate governance including ensuring managers:</p> <ul style="list-style-type: none"> <li>• have a clear view of their objectives and the means to assess achievements in relation to those objectives</li> <li>• be assigned well defined responsibilities for making best use of resources</li> <li>• have the information, training and access to the expert advice they need to exercise their responsibilities effectively.</li> </ul>
12	CHAIRMAN	Implement requirements of corporate governance.
13	CHIEF EXECUTIVE	<p>Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities.</p> <p>Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).</p>
15	DIRECTOR OF FINANCE	Operational responsibility for effective and sound financial management and information.
15	CHIEF EXECUTIVE	Primary duty to see that Director of Finance discharges this function.

REF	DELEGATED TO	DUTIES DELEGATED
16	CHIEF EXECUTIVE	Ensuring that expenditure by the Trust complies with Parliamentary requirements
18	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Chief Executive, supported by Director of Finance, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.
19	CHIEF EXECUTIVE	If the Chief Executive considers the Board or Chairman is doing something that might infringe probity or regularity, he/she should set this out in writing to the Chairman and the Board. If the matter is unresolved, he/she should ask the Audit and Risk Committee to inquire and if necessary, NHS Improvement (the operational name for the organisation which includes the Trust Development Authority) and Department of Health.
21	CHIEF EXECUTIVE	If the Board is contemplating a course of action that raises an issue not of formal propriety or regularity but affects the Chief Executive's responsibility for value for money, the Chief Executive should draw the relevant factors to the attention of the Board. If the outcome is that the Chief Executive is overruled it is normally sufficient to ensure that the Chief Executive's advice and the overruling of it are clearly apparent from the papers. Exceptionally, the Chief Executive should inform NHS Improvement (the operational name for the organisation which includes the Trust Development Authority) and the Department of Health. In such cases, and in those described in paragraph 24, the Chief Executive should as a member of the Board vote against the course of action rather than merely abstain from voting.

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

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.3.1.7	BOARD	Approve procedure for declaration of hospitality and sponsorship.
1.3.1.8	BOARD	Ensure proper and widely publicised procedures for voicing complaints, concerns about misadministration, breaches of Code of Conduct, and other ethical concerns.
1.3.1.9 & 1.3.2.2	ALL BOARD MEMBERS	Subscribe to Code of Conduct
1.3.2.4	BOARD	Board members share corporate responsibility for all decisions of the Board
1.3.2.4	CHAIR AND NON EXECUTIVE/OFFICER MEMBERS	Chair and non-executive directors are responsible for monitoring the executive management of the organisation and are responsible to the Secretary of State for the discharge of those responsibilities.
1.3.2.4	THE BOARD	The Board has six key functions for which it is held accountable by the Department of Health on behalf of the Secretary of State: <ol style="list-style-type: none"> <li>1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy;</li> <li>2. to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation;</li> <li>3. to appoint, appraise and remunerate senior executives;</li> <li>4. to ratify the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer-term objectives and agree plans to achieve them;</li> <li>5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;</li> <li>6. to ensure effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.</li> </ol>
1.3.2.4	THE BOARD	It is the Board's duty to: <ol style="list-style-type: none"> <li>1. act within statutory financial and other constraints;</li> <li>2. be clear what decisions and information are appropriate to the Board and draw up Standing Orders,</li> </ol>

		<p>a schedule of decisions reserved to the Board and Standing Financial Instructions to reflect these,</p> <ol style="list-style-type: none"> <li>3. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account;</li> <li>4. establish performance and quality measures that maintain the effective use of resources and provide value for money;</li> <li>5. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities;</li> <li>6. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference that set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board.</li> </ol>
1.3.2.5	CHAIRMAN	<p>It is the Chairman's role to:</p> <ol style="list-style-type: none"> <li>1. provide leadership to the Board;</li> <li>2. enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team;</li> <li>3. ensure that key and appropriate issues are discussed by the Board in a timely manner,</li> <li>4. ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions;</li> <li>5. lead Non-Executive Board members through a formally-appointed Remuneration Committee of the main Board on the appointment, appraisal and remuneration of the Chief Executive and (with the latter) other Executive Board members;</li> <li>6. appoint Non-Executive Board members to an Audit and Risk Committee of the main Board;</li> <li>7. advise the Secretary of State on the performance of Non-Executive Board members.\</li> </ol>
1.3.2.5	CHIEF EXECUTIVE	<p>The Chief Executive is accountable to the Chairman and Non-Executive members of the Board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with government policy and public service values and for the maintenance of proper financial stewardship. The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board. The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer Memorandum.</p>
1.3.2.6	NON-EXECUTIVE	<p>Non-Executive Directors are appointed by Appointments Commission to bring independent</p>

	DIRECTORS	judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.
1.3.2.8	CHAIR AND DIRECTORS	Declaration of conflict of interests.
1.3.2.9	BOARD	NHS Boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.

## SCHEME OF DELEGATION FROM CORE GOVERNANCE AND STANDING ORDERS

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
CI 1.2	CHAIRMAN	Final authority in interpretation of Standing Orders (SOs).
CI 23	BOARD	Appointment of Vice Chairman
SO 1.1 and 3.1	CHAIRMAN	Call meetings.
SO 1.2 and 3.9	CHAIRMAN	Chair all Board meetings and associated responsibilities.
SO 3.10	CHAIRMAN	Give final ruling in questions of order, relevancy and regularity of meetings.
SO 3.12	CHAIRMAN	Having a second or casting vote
SO 3.13	BOARD	Suspension of Standing Orders
SO 3.13	AUDIT AND RISK COMMITTEE	Audit and Risk Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board)
SO 3.14	BOARD	Variation or amendment of Standing Orders
SO 4.1	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 Chief Executive.)
SO 5.2	CHAIRMAN & CHIEF EXECUTIVE	The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chair and Chief Executive after having consulted at least two Non-Executive members.
SO 5.4	CHIEF EXECUTIVE	The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals that shall be considered and approved by the Board, subject to any amendment agreed during the discussion.
SO 5.6	ALL	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.
SO 7.1	THE BOARD	Declare relevant and material interests.
SO 7.2	CHIEF EXECUTIVE	Maintain Register(s) of Interests
SO 7.4	ALL STAFF	Comply with national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff".

SO 7.4	ALL	Disclose relationship between self and candidate for staff appointment. (Chief Executive to report the disclosure to the Board.)
SO 8.1/8.3	CHIEF EXECUTIVE	Keep seal in safe place and maintain a register of sealing.
SO 8.4	CHIEFEXECUTIVE /EXECUTIVE DIRECTOR	Approve and sign all documents which will be necessary in legal proceedings.

## SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
10.1.3	DIRECTOR OF FINANCE	Approval of all Financial Procedures
10.1.4	DIRECTOR OF FINANCE	Advice on interpretation or application of SFIs.
10.1.6	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.
10.2.4	CHIEF EXECUTIVE	Responsible as the Accountable Officer for ensuring that the Board meets its obligation to perform its functions within the available financial resources, to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
10.2.4	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
10.2.5	CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand standing Financial Instructions.
10.2.6	DIRECTOR OF FINANCE	Responsible for: <ul style="list-style-type: none"> <li>a) Implementing the Trust's financial policies and coordinating corrective action;</li> <li>b) Maintaining an effective system of financial control including ensuring detailed financial procedures systems are prepared and documented;</li> <li>c) Ensuring that sufficient records are maintained to explain the Trust's transactions and financial position;</li> <li>d) Providing financial advice to members of Board and staff;</li> <li>e) The design, implementation and supervision of systems of internal financial control;</li> <li>f) Maintaining such accounts, certificates etc. as are required for the Trust to carry out its statutory duties</li> </ul>
10.2.7	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Responsible for security of the Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Financial Instructions and financial procedures and the scheme of delegation.
10.2.8	CHIEF EXECUTIVE	Ensure that any contractor or employee of a contractor who is empowered by the Trust to

		commit the Trust to expenditure or who is authorised to obtain income are made aware of the Standing Financial Instructions and their requirement to comply.
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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
11.1.1	AUDIT AND RISK COMMITTEE	Provide independent and objective view on internal control and probity.
11.1.3	AUDIT AND RISK COMMITTEE CHAIR	Raise the matter at the Board meeting where Audit and Risk Committee considers there is evidence of ultra vires transactions or improper acts.
11.2.1	DIRECTOR OF FINANCE	Ensure an adequate internal audit service, for which he/she is accountable, is provided which meets the NHS mandatory audit standards (and involve the Audit and Risk Committee in the selection process when/if an internal audit service provider is changed.) Ensure that an annual Internal Audit report is prepared for the consideration of the Audit and Risk Committee.
11.2.1	DIRECTOR OF FINANCE	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
11.3	HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with NHS Internal Audit Manual and best practice.
11.4	AUDIT AND RISK COMMITTEE	Ensure cost-effective External Audit.
11.5	DIRECTOR OF FINANCE	Monitor and ensure compliance with Secretary of State Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.
11.6	CHIEF EXECUTIVE	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management Specialist.
13.1.1	CHIEF EXECUTIVE	<p>Compile and submit to the Board a Local Delivery Plan (LDP) which takes into account financial targets and forecast limits of available resources. The LDP will contain:</p> <ul style="list-style-type: none"> <li>• a statement of the significant assumptions on which the plan is based;</li> <li>• details of major changes in workload, delivery of services or resources required to achieve the plan.</li> </ul>
13.1.2 & 13.1.3	DIRECTOR OF FINANCE	<p>Submit budgets to the Board for approval.</p> <p>Monitor performance against budget; submit to the Board financial estimates and forecasts.</p>

<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
13.1.6	DIRECTOR OF FINANCE	Ensure adequate training is delivered on an on-going basis to budget holders.
13.3.1 13.3.2	CHIEF EXECUTIVE CHIEF EXECUTIVE & BUDGET HOLDERS	Delegate budget to budget holders. Must not exceed the budgetary total or virement limits set by the Board.
13.4.1.	DIRECTOR OF FINANCE	Devise and maintain systems of budgetary control.
13.4.2	BUDGET HOLDERS	Ensure that: <ul style="list-style-type: none"> <li>a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of Board;</li> <li>b) approved budget is not used for any other than specified purpose subject to rules of virement;</li> <li>c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within available resources and manpower establishment.</li> </ul>
13.4.3	CHIEF EXECUTIVE	Identify and implement cost improvements and income generation activities in line with the LDP.
13.6.1	CHIEF EXECUTIVE	Submit monitoring returns
14.1	DIRECTOR OF FINANCE	Preparation of annual accounts and reports.
13.4.3	CHIEF EXECUTIVE	Identify and implement cost improvements and income generation activities in line with the LDP.
13.6.1	CHIEF EXECUTIVE	Submit monitoring returns
14.1	DIRECTOR OF FINANCE	Preparation of annual accounts and reports.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
14.1	DIRECTOR OF FINANCE	Preparation of annual accounts and reports.
15.1	DIRECTOR OF FINANCE	Managing banking arrangements, including the provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. (Board approves arrangements.)
16.	DIRECTOR OF FINANCE	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash
16.2.3	ALL EMPLOYEES	Duty to inform Director of Finance of money due from transactions which they initiate/deal with.
17.	CHIEF EXECUTIVE	Tendering and contract procedure.
17.5.3	CHIEF EXECUTIVE	Waive formal tendering procedures.
17.5.3	CHIEF EXECUTIVE	Report waivers of tendering procedures to the Board.
17.5.5	DIRECTOR OF FINANCE	Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the Chief Executive.
17.6.2	CHIEF EXECUTIVE	Responsible for the receipt, endorsement and safe custody of tenders received.
17.6.3	CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations despatched.
17.6.4	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	Where one tender is received will assess for value for money and fair price.
17.6.6	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.
<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
17.6.8	CHIEF EXECUTIVE	Will appoint a manager to maintain a list of approved firms.
17.6.9	CHIEF EXECUTIVE	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.
17.7.2	CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.
17.7.4	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.
17.10	CHIEF EXECUTIVE	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
17.10	BOARD	All PFI proposals must be agreed by the Board.
17.11	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.
17.12	CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
17.15	CHIEF EXECUTIVE	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis
17.15.5	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

18.1.1	CHIEF EXECUTIVE	Must ensure the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services
18.3	CHIEF EXECUTIVE	As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA.
20.1.1	BOARD	Establish a Nominations and Remuneration Committee.
<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
20.1.3	REMUNERATION COMMITTEE	Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.
20.1.4	BOARD	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Nominations and Remuneration Committee.
20.2.2	CHIEF EXECUTIVE	Approval of variation to funded establishment of any department.
20.3	CHIEF EXECUTIVE	Staff, including agency staff, appointments and re-grading.
20.4.1. and 20.4.2.	DIRECTOR OF PEOPLE AND OD	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions (as listed in SFI 10.4.2).
20.4.3	SENIOR MANAGERS	a) Submit time records in line with timetable. b) Complete time records and other notifications in required form. c) Submitting termination forms in prescribed form and on time.
20.4.4	DIRECTOR OF PEOPLE AND OD	a) Ensure that the chosen method for payroll processing is supported by appropriate (contracted) terms b) and conditions, adequate internal controls and audit review procedures that suitable arrangements are c) made for the collection of payroll deductions and payment of these to appropriate

		bodies.
20.5	DIRECTOR OF PEOPLE AND OD	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and deal with variations to, or termination of, contracts of employment.
	21.1	CHIEF EXECUTIVE
		Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.
21.1.3	CHIEF EXECUTIVE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
21.2.1	SENIOR MANAGERS	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust. In so doing, the advice of the Trust's adviser on supplies shall be sought.
21.2.2	DIRECTOR OF FINANCE	Shall be responsible for the prompt payment of accounts and claims.
21.2.3	DIRECTOR OF FINANCE	<ul style="list-style-type: none"> <li>a) Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed;</li> <li>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;</li> <li>c) Be responsible for the prompt payment of all properly authorised accounts and claims;</li> <li>d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable;</li> <li>e) 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;</li> <li>f) Instructions to employees regarding the handling and payment of accounts within the Finance Department;</li> <li>g) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received</li> </ul>
21.2.4	APPROPRIATE EXECUTIVE	Make a written case to support the need for a prepayment.
21.2.4	DIRECTOR OF FINANCE	Approve proposed prepayment arrangements.

21.2.4	BUDGET HOLDER	Ensure that all items due under a prepayment contract are received (and immediately inform Director of Finance if problems are encountered).
21.2.5	CHIEF EXECUTIVE	Authorise who may use and be issued with official orders.
<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
21.2.6	MANAGERS AND OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Director of Finance.
21.2.7	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.
21.3	DIRECTOR OF FINANCE	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act.
22.1.1	DIRECTOR OF FINANCE	The Director of Finance will advise the Board on the Trust's ability to pay dividend on PBC and report, periodically, concerning the PDC debt and all loans and overdrafts.
22.1.2	BOARD	Approve a list of employees authorised to make short term borrowings on behalf of the Trust. (This must include the Chief Executive and Director of Finance.)
22.1.3	DIRECTOR OF FINANCE	Prepare detailed procedural instructions concerning applications for loans and overdrafts.
22.1.4	CHIEF EXECUTIVE OR DIRECTOR OF FINANCE	Be on an authorising panel comprising one other member for short term borrowing approval.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
22.2.2	DIRECTOR OF FINANCE	Will advise the Board on investments and report, periodically, on performance of same.
22.2.3	DIRECTOR OF FINANCE	Prepare detailed procedural instructions on the operation of investments held.
23	DIRECTOR OF FINANCE	Ensure that Board members are aware of the Financial Framework and ensure compliance
24.1.1 & 2	CHIEF EXECUTIVE	Capital investment programme: <ul style="list-style-type: none"> <li>a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans</li> <li>b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost;</li> <li>c) ensure that a business case is produced for each proposal.</li> </ul>
24.1.2	DIRECTOR OF FINANCE	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
24.1.3	CHIEF EXECUTIVE	Issue procedures for management of contracts involving stage payments
24.1.4	DIRECTOR OF FINANCE	Assess the requirement for the operation of the construction industry taxation deduction scheme.
24.1.5	DIRECTOR OF FINANCE	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.

24.1.6	CHIEF EXECUTIVE	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender. Issue a scheme of delegation for capital investment management.
<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
24.1.7	DIRECTOR OF FINANCE	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
24.2.1	DIRECTOR OF FINANCE	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
24.2.1	BOARD	Proposal to use PFI must be specifically agreed by the Board.
24.3.1	CHIEF EXECUTIVE	Maintenance of asset registers (on advice from Director of Finance)
24.3.5	DIRECTOR OF FINANCE	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
24.3.8	DIRECTOR OF FINANCE	Calculate and pay capital charges in accordance with Department of Health requirements.
24.4.1	CHIEF EXECUTIVE	Overall responsibility for fixed assets.
24.4.2	DIRECTOR OF FINANCE	Approval of fixed asset control procedures.
24.4.4	BOARD, EXECUTIVE MEMBERS AND ALL SENIOR STAFF	Responsibility for security of Trust assets including notifying discrepancies to Director of Finance, and reporting losses in accordance with Trust procedure.
25.2	CHIEF EXECUTIVE	Delegate overall responsibility for control of stores (subject to Director of Finance responsibility for systems of control).

		Further delegation for day-to-day responsibility subject to such delegation being recorded. (Good practice to append to the scheme of delegation document).
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SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
25.2	DIRECTOR OF FINANCE	Responsible for systems of control over stores and receipt of goods.
25.2	HEAD OF GOVERNANCE	Security arrangements and custody of keys.
25.2	DIRECTOR OF FINANCE	Agree stocktaking arrangements.
25.2	DIRECTOR OF FINANCE	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
25.3.1	CHIEF EXECUTIVE	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
26.1.1	DIRECTOR OF FINANCE	Prepare procedures for disposal of assets including condemnations and ensure that these are notified to managers.
26.1.1	DIRECTOR OF FINANCE	Prepare procedures for recording and accounting for losses, special payments and informing police in cases of suspected arson or theft as appropriate.
26.2.2	ALL STAFF	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the Chief Executive and Director of Finance.

26.2.2	DIRECTOR OF FINANCE	Where a criminal offence is suspected, Director of Finance must inform the police if theft or arson is involved. In cases of fraud and corruption Director of Finance must inform the relevant LCFS and NHS Protect (formerly CFSMS) in line with Secretary of State directions.
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<b>SFI REF</b>	<b>DELEGATED TO</b>	<b>AUTHORITIES/DUTIES DELEGATED</b>
26.2.2	DIRECTOR OF FINANCE	Notify NHS Protect and External Audit of all frauds.
26.2.3	DIRECTOR OF FINANCE	Notify Board and External Auditor of losses caused by theft, arson, neglect of duty or gross carelessness (unless trivial).
26.2.4	BOARD	Approve write off of losses (within limits delegated by Department of Health).
26.2.6	DIRECTOR OF FINANCE	Consider whether any insurance claim can be made.
26.2.7	DIRECTOR OF FINANCE	Maintain losses and special payments register.
27.1	DIRECTOR OF FINANCE	Responsible for accuracy and security of computerised financial data.
27.1	DIRECTOR OF FINANCE	Satisfy him/her that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation assurance of adequacy must be obtained from them prior to implementation.

27.1.3	DIRECTOR OF PEOPLE AND OD	Shall publish and maintain a Freedom of Information Scheme.
27.2.1	RELEVANT OFFICERS	Send proposals for general computer systems to Director of Finance.
27.3	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 audit review. Seek periodic assurances from the provider that adequate controls are in operation.
27.4	DIRECTOR OF FINANCE	Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.
27.5	DIRECTOR OF FINANCE	Where computer systems have an impact on corporate financial systems satisfy himself that:  a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; c) Director of Finance and staff have access to such data;
28.2	CHIEF EXECUTIVE	Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission.
28.3	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.
28.6	DEPARTMENTAL MANAGERS	Inform staff of their responsibilities and duties for the administration of the property of patients.

29.1	DIRECTOR OF FINANCE	Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately.
30	DIRECTOR OF PEOPLE AND ORGANISATIONAL DEVELOPMENT	Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff.

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
32	CHIEF EXECUTIVE	Retention of document procedures in accordance with Records Management: NHS Codes of Practice.
33.1	CHIEF EXECUTIVE	Risk management programme.
33.1	BOARD	Approve and monitor risk management programme.
33.2	BOARD	Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reviewed annually.
33.4	DIRECTOR OF FINANCE	<ul style="list-style-type: none"> <li>a) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.</li> <li>b) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the 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.</li> <li>c) 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.</li> </ul>
33.4	DIRECTOR OF FINANCE	Ensure documented procedures cover management of claims and payments below the deductible.

## DETAILED SCHEME OF DELEGATION

*Delegated matters in respect of decisions which may have a far-reaching effect must be reported to the Chief Executive. The delegation shown below is the lowest level to which authority is delegated.* Delegation to lower levels is only permitted with the written approval of the Chief Executive who will, before authorising such delegation, consult with other Senior Officers as appropriate. All items concerning Finance must be carried out in accordance with Standing Financial Instructions and Standing Orders.

DELEGATED MATTER	AUTHORITY DELEGATED TO	REFERENCE DOCUMENTS
<p><b>2 Management of Budgets</b> Responsibility of keeping expenditure within budgets</p> <ul style="list-style-type: none"> <li>a) At individual budget level (Pay and Non-Pay)</li> <li>b) At service level</li> <li>c) For the totality of Directorate services</li> <li>d) For all other areas:</li> <li>e) Approving expenditure &gt;tender price by up to 10% &gt;or £15k whichever is the higher</li> <li>f) Approving expenditure &gt;tender price &gt; 10% &gt;or £15k Up to a maximum of £25k</li> </ul>	<p>Budget Manager</p> <p>Associate Director, Head of Service or Service Manager</p> <p>Director or Chief Executive</p> <p>Director of Finance or Appropriate Delegated Manager</p> <p>Director of Finance or Chief Executive</p> <p>Chief Executive or Director of Finance, Performance and Digital</p> <p>Director of Finance</p>	
<p><b>3 Maintenance / Operation of Bank Accounts</b></p>		<p>SFIs Section 15</p>
<p><b>4 Non-Pay Revenue and Capital Expenditure/ Requisitioning/Ordering/Payment of Goods</b></p>		<p>SFIs Section 25</p>

**and Services**

a) Stock/non stock requisitions up to £4,999

- all requisitions from £5,000 to £9,999
- all requisitions from £10,000 to £14,999
- all requisitions from £14,999 to £19,999
- all requisitions from £20,000 to £49,999
- all requisitions from £50,000 to 249,999
- all requisitions over £250,000

b) Non-Pay Expenditure for which no specific budget has been set up and which is not subject to funding under delegated powers of virement. (Subject to the limits specified above in (a))

c) Orders exceeding 12-month period

d) All contracts for goods and services and subsequent variations to contracts

**5 Capital Schemes**

a) Selection of architects, quantity surveyors, consultant engineer and other professional advisors within EU regulations

Budget Holder

Service Manager

Head of Service

Associate Director

Appropriate Director

Director of Finance

Reserved to Trust Board

Director of Finance

Director of Finance

Chief Executive or Director of Finance or nominated Deputy

SFIs section 17 and 24

- b) Financial monitoring and reporting on all capital scheme expenditure
- c) Granting and termination of leases with annual rent <£100k and term of <5 years
- d) Granting and termination of leases of >£100k per annum and <£500k per annum

Chief Executive and Director of Finance

**6 Quotation, Tendering and Contract Procedures**

SFIs section 21, Standing Orders Section 17

- a) Inviting a minimum of 2 verbal quotations for goods/services up to £5,000
- b) Inviting a minimum of 2 written quotations for goods/services from £5,000 to £9,999
- c) Inviting a minimum of 3 written quotations for goods/services from £10,000 to £19,999
- d) Inviting a minimum of 4 written quotations for goods/services from £20,000 to £49,999

Budget Holder

Service Manager and Head of Service

Deputy Director of Finance or Associate Director

Director of Finance and Appropriate Director

e) Inviting a minimum of 4 written competitive tenders for goods/services above £50,000	Chief Executive or Appropriate Director	
f) Waiving of Quotations and Tenders subject to SFIs	Chief Executive or Director of Finance	
g) Opening Quotations for goods/services from £5,000 to £49,999	Director of Finance	
h) Opening Quotations (£50,000 or above) and non-electronic tenders.	Two Board members	
<b>7 Setting of Fees and Charges</b>		
a) Price of NHS Contracts Charges for all NHS Contracts	Director of Finance	SFI Section 18
b) All other fees and charges. Private Patients, Overseas Visitors, Income Generation and other patient related services	Director of Finance or nominated deputy	SFI Section 16
<b>8 Engagement of Temporary Staff and Services</b>		
a) Non-Medical and Medical Staff Where aggregate commitment in any one year (or total commitment) is more than £10,000	Appropriate Director and Director of Finance	SFI section 20

b) Engagement of Trust's Solicitors

Director of People and Organisational  
Development

**9 Expenditure on Charitable Donations**

a) Up to £500 per request

Designated Fund Holder and Director of  
Finance

b) Above £500 per request

Director of Finance plus Charitable Funds  
Sub Committee Chairman

**10 Agreements/Licences**

a) Preparation and signature of all tenancy  
agreements/licences for all staff subject to  
Trust Policy on accommodation for staff

b) Extensions to existing leases

Director of Finance

c) Letting of premises to outside organisations

d) Approval of rent based on professional  
assessment

**10 Condemning and Disposal of Capital Assets**

- a) obsolete, obsolescent, redundant, irreparable or cannot be repaired cost effectively:

Director of Finance or Nominated Deputy

SFI Section 26

## 11 Losses, Write-off and Compensation

- a) All Losses and Special Payments as defined by the Department of Health up to £10,000 (unless deemed novel, contentious, or repercussive upon which the Department of Health should be informed)

Director of Finance or Chief Executive sign off (to be included on Trust Losses and Special Compensations Register reported to Audit and Risk Committee)

SFIs section 26

- b) All Losses and Special Payments as defined by the Department of Health between £10,000 and £50,000 (unless deemed novel, contentious, or repercussive upon which the Department of Health should be informed)

Director of Finance or Chief Executive sign off (to be included on Trust Losses and Special Compensations Register reported to Audit and Risk Committee)

- c) All Losses and Special Payments as defined by the Department of Health between £50,000 and £250,000 (unless deemed novel, contentious, or repercussive upon which the Department of Health should be informed)

Audit and Risk Committee

- d) All Losses and Special Payments as defined by the Department of Health greater than £250,000 plus any loss or special

Department of Health

payment deemed novel, contentious, or  
repercussive

**12 Reporting of Incidents to the Police**

a) Where a criminal offence is suspected:

- i) criminal offence of a violent nature
- ii) other

b) Where a fraud is involved

**13 Petty Cash Disbursements (not applicable  
to central Cashier's Office)**

a) Expenditure up to £50 per item, or in the  
case of expenditure to mark a member of  
staff's retirement, £100 as per the Trust's  
retirement policy

b) Reimbursement of patients' monies

**14 Receiving Hospitality**

Any Employee

Advice to be sought from an Executive  
Director

Director of Finance, Performance and  
Digital/Head of Internal Auditor/Local  
Counter Fraud Specialist

Petty Cash Holder on receipt of  
authorisation of budget holder

Petty Cash Holder on receipt of  
authorisation of budget holder

SFIs section 11 and 26

SFIs Section 21

<p>a) Applies to both individual and collective hospitality receipt items. In excess of £25.00 per item received</p>	<p>Declaration required in Trust's Hospitality register, as per Trust policy.</p>	
<p><b>15 Implementation of Internal and External Audit Recommendations</b></p>	<p>Responsible Officer/Appropriate Director</p>	<p>SFIs section 11</p>
<p><b>16 Maintenance and Update on Trust Financial Procedures</b></p>	<p>Director of Finance or Nominated Deputy</p>	<p>SFIs section 10</p>
<p><b>17 Investment of Funds</b></p>	<p>Director of Finance or Nominated Deputy</p>	<p>SFIs section 29</p>
<p><b>18 Personnel and Pay</b></p>		
<p>a) Authority to fill funded post on the establishment with permanent staff in accordance with HR</p>	<p>Budget Holder</p>	<p>SFIs section 20</p>
<p>b) Authority to appoint staff to post not on the formal</p>	<p>Director of Finance or Chief Executive</p>	
<p>c) Additional increments: The granting of additional increments to staff within budget</p>	<p>Director of People and OD</p>	
<p>d) Upgrading and Regrading: All requests for upgrading/regrading shall be dealt With, in accordance with Trust Procedure</p>	<p>Director of People and OD</p>	
<p>e) Establishments:</p>		

(i) Additional staff to the agreed establishment with specifically allocated finance	Budget Holder	
(ii) Additional staff to the agreed establishment without specifically allocated finance	Chief Executive and Director of Finance	
f) Pay:	Director of People and OD or nominated Deputy	Agenda for Change
(i) Authority to complete standing data forms effecting pay, new starters, variations and leavers	Directorate Managed or Functional Directors	
(ii) Authority to complete and authorise turnaround document	Budget Holder	
(iii) Authority to authorise overtime	Nominations and Remuneration Committee	
(iv) Authority to authorise travel and subsistence expenses	Service Managers (as per Trust Policies)	
(v) Approval of Performance Related Pay Assessment	As per Trust Policy	
g) Leave	As per Trust Policy	
(i) Approval of annual leave	As per Trust Policy	

(ii) Annual leave – approval of carry forward (up to maximum of 5 days)	As per Trust Policy
(iii) Annual leave – approval of carry over in excess of 5 days	As per Trust Policy
(iv) Compassionate leave	As per Trust Policy
(v) Special leave arrangements	As per Trust Policy
(vi) Leave without pay	Medical Director
(vii) Medical Staff Leave of Absence	As per Trust Policy
(viii) Time off in lieu	As per Trust Policy
(ix) Maternity Leave – paid and unpaid	As per Trust Policy
h) Sick Leave	
(i) Extension of sick leave on half pay up to 3 months	As per Trust Policy
(ii) return to work part-time on full pay to assist recovery	As per Trust Policy
(iii) Extension of sick leave on full pay	
i) Study Leave	Chief Executive

(i) Study leave outside the UK	Medical Director and Chief Executive
(ii) Medical staff study leave (UK)	Service Manager
(iii) All other study leave (UK)	
j) Removal Expenses, Excess Rent and House Purchases: Authorisation of payment of removal expenses incurred by officers taking up new appointments (providing consideration was promised at interview up to £8,000.	Executive Director and as per Trust policy
k) Grievance Procedure: All grievance cases must be dealt with strictly in accordance with the Grievance Procedure and the advice of a Human Resources Officer must be sought when the grievance reaches the level of Service Manager	
l) Authorised Car and Mobile Phone Users	Service Manager
(i) Requests for new posts to be authorised as car users	Service Manager
(ii) Requests for new posts to be authorised as mobile telephone Users	

m) Renewal of Fixed Term Contract	Director of Finance	
n) Redundancy	Director of People and OD and Remuneration Committee (Directors Only)	
o) Dismissal	Managers authorised to dismiss, per policy	
<b>19 Authorisation of New Drugs</b> Procedure for the Adoption of New Medicinal Products (November 1999) applies	Medical Director and relevant committees	
<b>20 Authorisation of Sponsorship Deals</b>	Chief Executive and Director of Finance	
<b>21 Authorisation of Research Projects</b>	Chief Executive, Medical Director and Director with the responsibility for Research and Ethics	

<b>22 Authorisation of Clinical Trials</b>	Medical Director and Head of Governance	
<b>23 Patients' and Relatives' Complaints</b>  a) Overall responsibility for ensuring that all complaints are dealt with effectively  b) Responsibility for ensuring complaints relating to a directorate are investigated thoroughly  c) Medico-Legal Complaints Co-ordination of their management	Chief Executive  Complaints Manager  Medical Director / Complaints Manager	
<b>24 Relationships with Press</b>  a) Non-Emergency General Enquiries  (i) Within Hours (ii) Outside Hours  b) Emergency  (i) Within Hours (ii) Outside Hours	Director of People and OD Director of People and OD  Chief Executive On - call Director	
<b>25 Infectious Diseases and Notifiable Outbreaks</b>	Director of Operations and Nursing	
<b>26 Extended Role Activities</b>		

<p>a) Approval of Nurses to undertake duties/procedures which can properly be described as beyond the normal scope of Nursing Practice</p>	<p>Chief Executive or Director of Operations and Nursing</p>	
<p><b>27 Patient Services</b></p> <p>a) Variation of operating and clinic sessions within existing numbers</p> <p>b) All proposed changes in bed allocation and use:</p> <ul style="list-style-type: none"> <li>• Temporary Change</li> <li>• Permanent Change</li> </ul>	<p>Director Operation and Nursing</p> <p>Director of Operations and Nursing Director of Operations and Nursing</p>	
<p><b>28 Facilities for staff not employed by the Trust to gain practical experience</b></p> <p>a) Professional Registration, Honorary Contracts, and Insurance of Medical Staff</p> <p>b) Work experience students</p>	<p>Director of People and OD</p> <p>Director of People and OD</p>	
<p><b>29 Review of fire precautions</b></p>	<p>Chief Operating Officer/Director of Strategy and Partnerships</p>	
<p><b>30 Review of all statutory compliance legislation and Health and Safety requirements including control</b></p>	<p>Health &amp; Safety Committee</p>	

<b>of Substances Hazardous to Health Regulations</b>		
<b>31 Review of Medicines Inspectorate Regulations</b>	Medical Director	
<b>32 Review of compliance with environmental regulations, for example those relating to clean air and waste disposal</b>	Chief Operating Officer/Director of Strategy and Partnerships	
<b>33 Review of Trust's compliance with the Data Protection Act</b>	Director of Finance and Medical Director (Caldicott Guardian)	
<b>34 Monitor proposals for contractual arrangements between the Trust and outside bodies</b>	Director of Finance	
<b>35 Review the Trust's compliance with the Access to Records Act</b>	Head of IM&T	
<b>36 Review of the Trust's compliance code of practice for handling confidential information in the contracting environment and the compliance with "safe haven" per EL 92/60</b>	Director of Finance	
<b>37 The keeping of a Declaration of Interests Register</b>	Director of Finance	SOs Section 7
<b>38 38 Attestation of sealings in accordance with Standing Orders</b>	Chief Executive	SOs Section 8

<b>39 The keeping of a register of Sealings</b>	Director of People and OD	SOs Section 8
<b>40 The keeping of the Hospitality Register</b>	Director of People and OD	SOs Section 7
<b>41 Retention of Records (in accordance with HSC)</b>	Information Governance Sub-Committee	SFIs Section 32

## SECTION D - STANDING FINANCIAL INSTRUCTIONS

### INTRODUCTION

#### **10.1 General**

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

10.1.2 These 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.

10.1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust and its constituent organisations including Trading Units. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance.

10.1.4 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.

**10.1.5 The failure to comply with SFIs and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**

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

#### **10.2 Responsibilities and delegation**

##### **10.2.1 The Trust Board**

The Board exercises financial supervision and control by:

- (a) Formulating the financial strategy;
- (b) Requiring the submission and approval of budgets within approved allocations/overall income;
- (c) Defining and approving essential features in respect of important procedures (including the need to obtain value for money);
- (d) Defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.

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

#### **10.2.4 The Chief Executive and Director of Finance**

The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control. Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.

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

#### **10.2.6 The Director of Finance**

The Director of Finance is responsible for:

- (a) Implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;

Ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time; and, without prejudice to any other functions of the Trust, and employees of the Trust,

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

#### **10.2.7 Board Members and Employees**

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

- (a) The security of the property of the Trust;
- (b) Avoiding loss;
- (c) Exercising economy and efficiency in the use of resources;
- (d) Conforming with the requirements of Standing Orders, SFIs, Financial Procedures and the Scheme of Delegation.

#### **10.2.8 Contractors and their employees**

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

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

### **11. AUDIT**

#### **11.1 Audit and Risk Committee**

11.1.1 An independent Audit and Risk Committee is a central means by which a Board ensures effective internal control arrangements are in place. In addition,

the Audit and Risk Committee provides a form of independent check upon the executive arm of the Trust Board. In accordance with Standing Orders the Board shall formally establish an Audit and Risk Committee, with clearly defined terms of reference and following guidance from the NHS Audit and Risk Committee Handbook to perform the following tasks:

- (a) Ensuring that there is an effective Internal Audit function established by management, that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit and Risk Committee, Chief Executive and the Board;
- (b) Reviewing the work and findings of the External Auditor appointed by Public Sector Audit Appointments Limited and considering the implications of and management's responses to their work;
- (c) Reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organisation;
- (d) Ensuring that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board;
- (e) Reviewing financial and information systems, and monitoring the integrity of the financial statements, and reviewing the significant financial reporting judgements;
- (f) Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives;
- (g) Monitoring compliance with Standing Orders and SFIs;
- (h) Reviewing schedules of losses and compensations and making recommendations to the Board;
- (i) Reviewing schedules of debtor / creditor balances over six months old and £250,000 together with explanations/action plans;
- (j) Review the annual report and financial statements prior to submission to the Board focusing particularly on:
  - (i) The wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
  - (ii) Changes in, and compliance with, accounting policies and practices;
  - (iii) Unadjusted mis-statements in the financial statements;

- (iv) Major judgemental areas;
- (v) Significant adjustments resulting from audit.
- (k) Reviewing the annual financial statements and recommend their approval to the Board;
- (l) Reviewing the External Auditor's report on the financial statements and the annual management letter;
- (m) Conducting a review of the Trust's major accounting policies;
- (n) Reviewing any incident of fraud or corruption, or possible breach of ethical standards, or legal or statutory requirements that could have a significant impact on the Trust's published financial accounts or reputation;
- (o) Reviewing any objectives and the effectiveness of the Internal Audit services including its working relationship with the External Auditors;
- (p) Reviewing major findings from Internal and External Audit reports and ensure appropriate action is taken;
- (q) Reviewing value for money (VFM) audits reporting on the effectiveness and efficiency of the selected departments or activities;
- (r) Reviewing the mechanisms and levels of authority (e.g. Standing Orders, Standing Financial Instructions, delegated limits) and make recommendations to the Board;
- (s) Reviewing the scope of both Internal and External Audit, including the agreement on the number of audits per year for approval by the Board.
- (t) Investigating any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;
- (u) Reviewing waivers to Standing Orders;
- (v) Reviewing hospitality and sponsorship registers;
- (w) Reviewing the information prepared to support the registration of the Trust with the Care Quality Commission prepared on behalf of the Board and advising the Board accordingly.

11.1.2 The minutes of the Audit and Risk Committee meetings shall be formally recorded by the Board Company Secretary and submitted to the Board. The

Chair of the Audit and Risk Committee shall draw to the attention of the Trust Board any issues that require disclosure to the full Board, or require executive action. The Committee will report to the Board annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the procedures relating to the registration of the Trust with the Care Quality Commission.

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

## **11.2 Director of Finance**

11.2.1 The Director of Finance is responsible for:

- (a) Ensuring that there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) Ensuring that the Internal Audit function meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit and Risk Committee and the Accountable Officer;
- (c) Deciding at what stage to involve the Police in cases of misappropriation and other irregularities not involving fraud or corruption.
- (d) Ensuring that an annual Internal Audit report is prepared for the consideration of the Audit and Risk 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 Department of Health including, for example, compliance with control criteria and standards;
  - (ii) Major internal financial control weaknesses discovered;

- (iii) Progress on the implementation of Internal Audit recommendations;
- (iv) Progress against plan over the previous year;
- (v) A strategic audit plan covering the coming three years;
- (vi) A detailed plan for the coming year.

11.2.2 The Director of Finance or the designated Internal or External Auditor is entitled, without necessarily giving prior notice, to require and receive:

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

### **11.3 Role of Internal Audit**

11.3.1 Internal Audit is an independent and objective appraisal service within an organisation which provides:

- (a) An independent and objective opinion to the Accountable Officer, the Board, and the Audit and Risk Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives;
- (b) An independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

11.3.2 Internal Audit will review, appraise and report upon policies, procedures and operations in place to;

- (a) Establish and monitor the achievement of the organisation's objectives;
- (b) Identify, assess and manage the risks to achieving the organisation's objectives;
- (c) Ensure the economical, effective and efficient use of resources;
- (d) Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;

- (e) Safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;
- (f) Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

11.3.3 The Head of Internal Audit / Internal Audit Service will provide to the Audit and Risk Committee;

- (a) A risk-based plan of Internal Audit work, agreed with management and approved by the Audit and Risk Committee, based upon the management's Assurance Framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation;
- (b) Regular updates on the progress against plan;
- (c) Reports of management's progress on the implementation of action agreed as a result of Internal Audit findings;
- (d) An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This opinion is used by the Board to inform the Annual Governance Statement and by NHS Improvement (the operational name for the organisation which includes the Trust Development Authority) as part of its performance management role;
- (e) A report supporting the Trust's registration with the Care Quality Commission;
- (f) Additional reports as requested by the Audit and Risk Committee.

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

11.3.5 The Head of Internal Audit / Internal Audit Service will normally attend Audit and Risk Committee meetings and has a right of access to all Audit and Risk Committee members, the Chairman and Chief Executive of the Trust.

11.3.6 The Head of Internal Audit / Internal Audit Service reports to the Audit and Risk Committee and the Head of Internal Audit or contract for Internal Audit Services whichever is applicable is managed by the Director of Finance. The reporting system for Internal Audit shall be agreed between the Director of

Finance, the Audit and Risk Committee and the Head of Internal Audit / Internal Audit Service. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

- 11.3.7 The appointment and termination of the Head of Internal Audit and / or the Internal Audit Service must be approved by the Audit and Risk Committee. Letting of the contract for an Internal Audit Service also needs approval by the Trust's Board.

#### **11.4 External Audit**

- 11.4.1 The External Auditor is appointed by the Audit Commission and paid for by the Trust. The Audit and Risk Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor and referred on to Public Sector Audit Appointments Limited if the issue cannot be resolved.

#### **11.5 Anti-Fraud, Bribery and Corruption**

- 11.5.1 The Chief Executive and the Director of Finance shall ensure and monitor compliance with the anti-fraud clauses in the NHS Standard Contract regarding anti-fraud, bribery and corruption work. These will be applied, in conjunction with any other instructions on countering fraud, bribery and corruption, as notified by NHS Protect.

##### **11.5.2 Appointment of an Anti-Fraud Specialist (AFS)**

- (a) The Director of Finance will ensure that a suitable person to carry out the duties of the AFS is nominated by the Trust and is appropriately trained and accredited. The Director of Finance will ensure that it is appropriately communicated to staff and managers that no-one other than the nominated AFS shall undertake work relating to fraud investigations.
- (b) Where the AFS position becomes vacant, the Director of Finance will ensure that a further nomination is made within three months of the Trust learning about the vacancy.

##### **11.5.3 Anti-Fraud, bribery and Corruption Work**

- (a) The AFS shall report directly to the Director of Finance and shall work with NHS Protect staff as and when required. All anti-fraud work will be carried out by the AFS in line with the NHS Anti-Fraud Manual.
- (b) The Trust shall facilitate and co-operate with NHS Protect staff regarding quality inspection work and will ensure prompt access to Trust staff, workplaces and relevant documentation.

- (c) The Director of Finance together with the Audit and Risk Committee will ensure that an Annual Anti-Fraud Work plan covering all generic fraud areas as detailed in the NHS Anti-Fraud Manual, is produced and appropriately resourced. The AFS will be responsible for providing a regular update to the Audit and Risk Committee on progress with the Annual Anti-Fraud Work plan.
- (d) The AFS in conjunction with the Director of Finance will ensure that an Anti-Fraud, Bribery and Corruption Policy is in place which sets out the responsibilities of employees and contractors for reporting, co-operating and undertaking fraud investigations.
- (e) The AFS will ensure that all cases that are investigated are added to the Case Management System on a timely basis and updates on progress with each case are included on the system.
- (f) The Director of Finance is responsible for ensuring that action is taken to investigate all allegations of fraud, bribery and corruption.
- (g) The Director of Finance will receive and make available to relevant staff all Anti-Fraud Prevention notices that are issued by NHS Protect. They will be responsible for providing a response to NHS Protect on the implementation of its recommendations and the AFS will be responsible for overseeing the implementation process.

#### **11.5.4 Reporting on Anti-Fraud Matters**

- (a) The AFS will provide a written report, at least annually, on anti-fraud work within the Trust. This should include:
  - (i) Details of all work carried out across all generic fraud areas.
  - (ii) A summary of the investigations carried out in the year together with outcomes and sanctions applied.
  - (iii) Information on Qualitative Assessments
  - (iv) A response to NHS Protect regarding compliance with anti-fraud clauses in the NHS Standard Contract.
- (b) The Director of Finance will ensure that an annual response is made to Qualitative Assessments and this is provided to NHS Protect together with appropriate evidence and within the stipulated timescale.
- (c) The AFS will provide a written report on each case investigated. This will include information on the detail of the investigation, the outcome, sanctions applied and recommendations for system improvements. A copy of each closure report will be provided to NHS Protect, the Director

of Finance the Audit and Risk Committee and, any relevant officer of the Trust.

#### **11.5.5 Other Matters**

- (a) The AFS will be entitled to attend any Audit and Risk Committee meeting and will have a right of access to all Audit and Risk Committee members, the Chairman and the Chief Executive.
- (b) The Director of Finance will ensure that the AFS does not undertake responsibility for, or be in anyway engaged in the management of security for the Trust.
- (c) The Director of Finance will ensure that the AFS has appropriate support and access to all computer and other facilities, documents, staff and contractors as necessary in order to effectively carry out their responsibilities.

#### **11.6 Security Management**

- 11.6.1 In line with their responsibilities, the Chief Executive will monitor and ensure compliance with the Directions issued by the Secretary of State for Health on NHS Security Management.
- 11.6.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS), as specified by the Secretary of State for Health's guidance on NHS Security Management.
- 11.6.3 The Trust shall nominate a Non-Executive Director to oversee the NHS Security Management service who will report to the Trust Board.
- 11.6.4 The Chief Executive has overall responsibility for controlling and co-ordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

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

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

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

The Annual Plan will contain:

- (a) a statement of the significant assumptions on which the plan is based;

- (b) details of major changes in workload, delivery of services or resources required to achieve the plan.
- 13.1.2 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:
- (a) be in accordance with the aims and objectives set out in the Local Delivery 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.
- 13.1.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the Board.
- 13.1.4 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
- 13.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.
- 13.1.6 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.

## **13.2 Budgetary Delegation**

- 13.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- (a) the amount of the budget;
  - (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) authority to exercise virement;
  - (e) achievement of planned levels of service;
  - (f) the provision of regular reports.

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

13.2.3 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.

13.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

### **13.3 Budgetary Control and Reporting**

13.3.1 The Director of Finance will devise and maintain systems of budgetary control.

These will include:

- (a) Monthly financial reports to the Board in a form approved by the Board containing:
  - (i) Income and expenditure to date showing trends and forecast year-end position;
  - (ii) Movements in working capital;
  - (iii) Movements in cash and capital;
  - (iv) Capital project spend and projected outturn against plan;
  - (v) Explanations of any material variances from plan;
  - (vi) Details of any corrective action where necessary and the Chief Executive's and/or Director of Finance 's view of whether such actions are sufficient to correct the situation;
- (b) The issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) Investigation and reporting of variances from financial, workload and manpower budgets;
- (d) Monitoring of management action to correct variances; and
- (e) Arrangements for the authorisation of budget transfers.

13.3.2 Each Budget Holder is responsible for ensuring that:

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

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

#### **13.4 Capital Expenditure**

13.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 24).

#### **13.5 Monitoring Returns**

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

### **14. ANNUAL ACCOUNTS AND REPORTS**

#### **14.1 The Director of Finance, on behalf of the Trust, will:**

- (a) Prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
- (b) Prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;
- (c) Submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health.

14.2 The Trust's annual accounts must be audited by an auditor appointed by Public Sector Audit Appointments Limited. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

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

## **15. BANK AND GBS ACCOUNTS 15.1 General**

15.1.1 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/ Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' Trusts should minimize the use of commercial bank accounts and consider using Government Bank Service (GBS) accounts for all banking services.

15.1.2 The Board shall approve the banking arrangements.

## **15.2 Bank and GBS Accounts**

15.2.1 The Director of Finance is responsible for:

- (a) Bank accounts and Government Banking Service (GBS) accounts;
- (b) Establishing separate bank accounts for the Trust's non-exchequer funds;
- (c) Ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) Reporting to the Board all arrangements made with the Trust's bankers for accounts to be overdrawn.
- (e) Monitoring compliance with Department of Health guidance on the level of cleared funds.

## **15.3 Banking Procedures**

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

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

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

#### **15.4 Tendering and Review**

15.4.1 The Director of Finance will review the commercial banking arrangements of the Trust at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Trust's commercial banking business.

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

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

#### **16.1 Income Systems**

16.1.1 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.

16.1.2 The Director of Finance is also responsible for the prompt banking of all monies received.

#### **16.2 Fees and Charges**

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

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

16.2.3 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.

#### **16.3 Debt Recovery**

16.3.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.

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

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

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

16.4.1 The Director of Finance is responsible for:

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

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

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

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

### **17. TENDERING AND CONTRACTING PROCEDURE**

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

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

#### **17.2 EU Directives Governing Public Procurement**

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

### **17.3 Reverse eAuctions**

The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to <http://ccs.cabinetoffice.gov.uk>

### **17.4 Capital Investment Manual and other Department of Health Guidance**

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

### **17.5 Formal Competitive Tendering**

#### **17.5.1 General Applicability**

The Trust shall ensure that competitive tenders are invited for:

- The supply of goods, materials and manufactured articles;
- The rendering of services including all forms of management consultancy services

(other than specialised services sought from or provided by the Department of Health);

- For the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

#### **17.5.2 Health Care Services**

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

#### **17.5.3 Exceptions and instances where formal tendering need not be applied**

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

- (a) The estimated expenditure or income does not, or is not reasonably expected to, exceed **£50,000**;
- (b) Where the supply is proposed under special arrangements negotiated by the Department of Health in which event the said special arrangements must be complied with;
- (c) Regarding disposals as set out in Standing Financial Instructions No.25;

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

- (d) In very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (e) Where the requirement is covered by an existing contract;
- (f) Where framework agreements are in place and have been approved by the Board;
- (g) Where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
- (h) Where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (i) Where specialist expertise is required and is available from only one source;
- (j) When the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (k) There is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (l) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's

opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

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

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

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

#### **17.5.4 Fair and Adequate Competition**

Where the exceptions set out in SFI Nos. 17.1 and 17.5.3 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than four firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### **17.5.5 List of Approved Firms**

The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists e.g. framework agreements, Constructionline. Where in the opinion of the Director of Finance it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive (see SFI 17.6.8 List of Approved Firms).

#### **17.5.6 Building and Engineering Construction Works**

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

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

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

### **17.6 Contracting/Tendering Procedure**

### 17.6.1 Invitation to tender

The Trust operates an electronic tendering system. All invitations to tender must be requested, received and opened using this system. The electronic tendering system is operated by the Procurement Department.

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless submitted through the Trust's electronic tendering system.
- (iii) Where, in accordance with national procurement regulations, electronic tendering is not possible i.e.
  - (a) Due to the specialised nature of the procurement, the use of electronic means of communication would require specific tools, devices or file formats that are not generally available or supported by generally available applications;
  - (b) The applications supporting file formats that are suitable for the description of the tenders use file formats that cannot be handled by any other open or generally available applications or are under a proprietary licensing scheme and cannot be made available for downloading or remote use by the contracting authority;
  - (c) The use of electronic means of communication would require specialised office equipment that is not generally available to contracting authorities; or
  - (d) The procurement documents require the submission of physical or scale models which cannot be transmitted using electronic means.

Then all invitations to tender will state that no tender will be accepted unless:

- (e) Submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
- (f) That tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

- (iii) Every invitation to tender must require each bidder to give an undertaking not to engage in collusive tendering or other restrictive practice and not to engage in canvassing the Trust, its employees or officers concerning the contract opportunity tendered.
- (iv) For electronic tenders, no tender will be considered for acceptance unless submitted electronically through the appropriate process using the eTendering service as instructed in the tender. Where electronic tenders are used, separate procedures shall be established to cover an electronic tendering system, which will enable tenders to be electronically handled from OJEU advertisement to award stage, with all mail and documentation sent and received via a fully auditable and verified eTendering portal.
- (v) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (vii) Every tender for building or engineering works (except for maintenance work, when Estatecode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

#### **17.6.2 Receipt and safe custody of tenders**

- (i) For non-electronic tenders, the Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.
- (ii) The date and time of receipt of each tender shall be endorsed on the tender envelope/package.
- (iii) For electronic tenders, an electronic date/time stamp of all actions is automatically created through the eTendering service. This audit trail is available for review in real-time by all officers with appropriate access rights and cannot be edited.
- (iv) Tenders cannot be 'opened' or supplier information viewed until the pre-determined time and date for opening has passed.

### 17.6.3 Opening tenders and Register of tenders

- (i) For non-electronic tenders, as soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- (ii) Two members of the Trust Board will be required to be one of the two approved persons present for the opening of all tenders. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Scheme of Delegation.
- (iii) For electronic tenders, as soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by the Head of Procurement and Secretary to the Board or member or associate officer member(s) designated by the Chief Executive and not from the originating department.
- (iv) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (v) 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 senior managers to open tenders.
- (vi) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The Trust's Company Secretary will count as a Director for the purposes of opening tenders

- (vii) For non-electronic tenders, every tender received shall be marked with the date of opening and initialled by those present at the opening. This will be automatic for electronic tenders.
- (viii) For non-electronic tenders, a register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:

- The name of all firms' individuals invited;

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

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

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

For electronic tenders, an auditable electronic log of actions, which may not be edited, is created including procurement and supplier time/date stamped actions this information is held on the electronic tendering system operated by the Procurement Department.

- (ix) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Order No. 17.6.5 below).

#### **17.6.4 Admissibility**

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

#### **17.6.5 Late tenders**

- (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started.

- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

#### **17.6.6 Acceptance of formal tenders (See overlap with SFI No. 17.7)**

- (i) Any discussions with a tenderer, which are deemed necessary to clarify technical

aspects of his tender before the award of a contract, will not disqualify the tender.

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

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

- (a) Experience and qualifications of team members;
- (b) Understanding of client's needs;
- (c) Feasibility and credibility of proposed approach;
- (d) Ability to complete the project on time.

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

- (iii) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (iv) The use of these procedures must demonstrate that the award of the contract was:
  - (a) Not in excess of the going market rate / price current at the time the contract was awarded;
  - (b) That best value for money was achieved.

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

#### **17.6.7 Tender reports to the Trust Board**

Reports to the Trust Board will be made on an exceptional circumstance basis only.

#### **17.6.8 List of approved firms (see SFI No. 17.5.5)**

##### **(a) Responsibility for maintaining list**

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

##### **(b) Building and Engineering Construction Works**

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estate code guidance (Health Notice HN(78)147).
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- iii) Firms shall conform, at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

##### **(c) Financial Standing and Technical Competence of Contractors**

The Director of Finance may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

#### **17.6.9 Exceptions to using approved contractors**

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

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

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

#### **17.7.1 General Position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000 but not exceed £50,000.

#### **17.7.2 Competitive Quotations**

- (i) Quotations should be obtained in line with the limits set out within the Detailed Scheme of Delegation (section 5) and should be based upon specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
  - (iii) All quotations should be treated as confidential and should be retained for inspection.

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

### **17.7.3 Non-Competitive Quotations**

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

- (i) The supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- (ii) The supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (iii) Miscellaneous services, supplies and disposals;
- (iv) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.:
  - (i) and (ii) of this SFI) apply.

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

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

### **17.8 Authorisation of Tenders and Competitive Quotations**

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by staff in line with the limits set out within the Detailed Scheme of Delegation (section 3).

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

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

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

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

- (a) The Trust shall use the NHS Supply Chain (formerly NHS Logistics) for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate.

The decision to use alternative sources must be documented.

- (b) If the Trust does not use the NHS Supply Chain (formerly NHS Logistics) – where tenders or quotations are not required, the Trust shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.

### **17.10 Private Finance for capital procurement (see overlap with SFI No. 24)**

The Trust should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health for approval or treated as per current guidelines.
- (c) The proposal must be specifically agreed by the Board of the Trust.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

### **17.11 Compliance requirements for all contracts**

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

- (a) The Trust's Standing Orders and Standing Financial Instructions
- (b) EU Directives and other statutory provisions;

- (c) Any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) Such of the NHS Standard Contract Conditions as are applicable.
- (e) Contracts with Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Trust, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Trust.

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

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

#### **17.13 Healthcare Services Agreements (see overlap with SFI No. 18)**

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

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

#### **17.14 Disposals (See overlap with SFI No. 26)**

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

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

- (c) Items to be disposed of with an estimated sale value of less than £5,000, this figure to be reviewed on a periodic basis;
- (d) Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) Land or buildings concerning which Department of Health guidance has been issued but subject to compliance with such guidance.

### **17.15 In-house Service**

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

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

- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Director of Finance representative. For services having a likely annual expenditure exceeding £250,000, a non-executive director should be a member of the evaluation team.

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

17.15.4 The evaluation team shall make recommendations to the Board.

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

### **17.16 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 29)**

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

## **18. NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES (see overlap with SFI No. 17.13)**

### **18.1 Service Level Agreements (SLAs)**

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

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

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

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

18.2.1 A good SLA will result from a dialogue of clinicians, users, carers, public health professionals and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the Trust works with all partner agencies involved in both the delivery and the commissioning of the service required. The SLA will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the Trust can jointly manage risk with all interested parties.

### **18.3 Reports to Board on SLAs**

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA. This will include information on costing arrangements, which increasingly should be based upon Healthcare Resource Groups (HRGs). Where HRGs are unavailable for specific services, all parties should agree a common currency for application across the range of SLAs.

**19. COMMISSIONING** Not relevant.

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

## **20.1 Remuneration and Terms of Service (see overlap with SO No. 4)**

20.1.1 In accordance with Standing Orders, the Board shall establish the Nominations and Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See NHS guidance contained in the Higgs report.)

20.1.2 The Committee will:

- (a) Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other executive directors employed by the Trust and other senior employees including:
  - (i) All aspects of salary (including any performance-related elements/bonuses);
  - (ii) Provisions for other benefits, including pensions and cars;
  - (iii) Arrangements for termination of employment and other contractual terms;
- (b) Make such recommendations to the Board on the remuneration and terms of service of executive directors of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) The Committee shall regularly consider the performance of Board level post holders against measures agreed by the Committee and have access to the Appraisal Summaries of each of those post holders.
- (d) Advise on, and oversee, appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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

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

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

## **20.2 Funded Establishment**

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

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

## **20.3 Staff Appointments**

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

- (a) Unless authorised to do so by the Chief Executive;
- (b) Within the limit of their approved budget and funded establishment.

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

## **20.4 Processing Payroll**

20.4.1 The Director of People and OD is responsible for:

- (a) Specifying timetables for submission of properly authorised time records and other notifications;
- (b) The final determination of pay and allowances;
- (c) Making payment on agreed dates;
- (d) Agreeing method of payment.

20.4.2 The Director of People and OD will issue instructions regarding:

- (a) Verification and documentation of data;
- (b) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;

- (d) Security and confidentiality of payroll information;
- (e) Checks to be applied to completed payroll before and after payment;
- (f) Authority to release payroll data under the provisions of the Data Protection Act;
- (g) Methods of payment available to various categories of employee and officers;
  
- (h) Procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) Procedures for the recall of cheques and bank credits;
- (j) Pay advances and their recovery;
- (k) Maintenance of regular and independent reconciliation of pay control accounts;
- (l) Separation of duties of preparing records and handling cash;
  
- (m) A system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

20.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) Submitting time records and other notifications in accordance with agreed timetables;
- (b) Completing time records and other notifications in accordance with the Director of People and OD; instructions and in the form prescribed by the Director of People and OD;
- (c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee or officer's resignation, termination or retirement.

Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of People and OD must be informed immediately.

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

## **20.5 Contracts of Employment**

20.5.1 The Board shall delegate responsibility to the Director of People and OD for:

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

## **21. NON-PAY EXPENDITURE**

### **21.1 Delegation of Authority**

21.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.

21.1.2 The Chief Executive will set out:

- (a) The list of managers who are authorised to place requisitions for the supply of goods and services;
- (b) The maximum level of each requisition and the system for authorisation above that level.

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

### **21.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 17)**

#### **21.2.1 Requisitioning**

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

#### **21.2.2 System of Payment and Payment Verification**

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.

21.2.3 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; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;

(b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;

(c) Be responsible for the prompt payment of all properly authorised accounts and claims;

(d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:

(i) A list of Board employees (including specimens of their signatures) authorised to certify invoices.

(ii) Certification that:

- Goods have been duly received, examined and are in accordance with specification and the prices are correct;
- Work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
- in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
- Where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - The account is arithmetically correct;
  - The account is in order for payment.

(iii) A timetable and system for submission to the 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.

(iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.

(e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 21.2.4 below.

#### 21.2.4 Prepayments

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

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

(b) The appropriate officer must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments.

(c) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);

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

#### 21.2.5 Official orders

Official Orders must:

- (a) Be consecutively numbered;
- (b) Be in a form approved by the Director of Finance;
- (c) State the Trust's terms and conditions of trade;
- (d) Only be issued to, and used by, those duly authorised by the Chief Executive.

#### 21.2.6 Duties of Managers and Officers

Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:

- (a) All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;
- (b) Contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;

- (d) No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - (i) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - (ii) Conventional hospitality, such as lunches in the course of working visits;

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

- (e) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- (f) All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) Verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) Goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) Changes to the list of employees and officers authorised to certify invoices are notified to the Director of Finance;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (l) Petty cash records are maintained in a form as determined by the Director of Finance and Performance.

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

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

21.3.1 Payments to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act **shall** comply with procedures laid down by the Director of Finance which shall be in accordance with these Acts. (See overlap with Standing Order No. 9.1)

## **22. EXTERNAL BORROWING AND INVESTMENTS 22.1 EXTERNAL**

### **BORROWING**

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

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

22.1.3 The Director of Finance must prepare detailed procedural instructions concerning applications for loans and overdrafts.

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

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

22.1.6 All long-term borrowing must be consistent with the plans outlined in the current Long-Term Financial Model (LTFM) and be approved by the Trust Board.

### **22.2 INVESTMENTS**

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

22.2.2 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.

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

## **23. FINANCIAL FRAMEWORK**

23.3.1 The Director of Finance should ensure that members of the Board are aware of the Financial Framework. This document contains directions, which the Trust must follow. It also contains directions to NHS Improvement (the operational name for the organisation which includes the Trust Development Authority) regarding resource and capital allocation and funding to Trust's. The Director of Finance should also ensure that the direction and guidance in the framework is followed by the Trust.

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

### **24.1 Capital Investment**

24.1.1 The Chief Executive:

- (a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) Shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.

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

- (a) That a business case is produced setting out:
  - (i) An option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - (ii) The involvement of appropriate Trust personnel and external agencies;
  - (ii) Appropriate project management and control arrangements;

- (b) That the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.
- 24.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estatecode".
- 24.1.4 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 24.1.5 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 24.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

The Chief Executive shall issue to the manager responsible for any scheme:

- (a) Specific authority to commit expenditure;
- (b) Authority to proceed to tender (see overlap with SFI No. 17.6);
- (c) Approval to accept a successful tender (see overlap with SFI No. 17.6).

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

- 24.1.7 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes included in Annex C of HSC (1999) 246.

## **24.2 Private Finance (see overlap with SFI No. 17.10)**

- 24.2.1 The Trust should normally test for PFI when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its locations, the following procedures shall apply:
- (a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
  - (b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.

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

### **24.3 Asset Registers**

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

24.3.2 Each Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the NHS Manual for Accounts as issued by the Department of Health.

24.3.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- (a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (b) Stores, requisitions and wages records for own materials and labour including appropriate overheads;
- (c) Lease agreements in respect of assets held under a finance lease and capitalised.

24.3.4 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).

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

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

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

24.3.8 The Director of Finance of the Trust shall calculate and pay capital charges as specified in the NHS Manual for Accounts issued by the Department of Health.

### **24.4 Security of Assets**

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

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

- (a) Recording managerial responsibility for each asset;
- (b) Identification of additions and disposals;
- (c) Identification of all repairs and maintenance expenses;
- (d) Physical security of assets;
- (e) Periodic verification of the existence of, condition of, and title to, assets recorded;
- (f) Identification and reporting of all costs associated with the retention of an asset;
- (g) Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

24.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.

24.4.4 Whilst each employee and officer have a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to instil a culture whereby routine security practices in relation to NHS property are adhered to, as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

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

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

## **25. STORES AND RECEIPT OF GOODS 25.1 General Position**

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

- (a) kept to a minimum;
- (b) subjected to annual stock take;
- (c) valued at the lower of cost and net realisable value.

## **25.2 Control of Stores, Stocktaking, Condemnations and Disposals**

25.2.1 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 to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance.

25.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as health service property.

25.2.3 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.

25.2.4 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.

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

25.2.6 The designated Manager 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 overlap with SFI No. 25 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.

## **25.3 Goods supplied by NHS Supply Chain (formerly NHS Logistics)**

25.3.1 For goods supplied via the NHS Supply Chain (formerly NHS Logistics) central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Director of Finance who shall satisfy himself that the goods have been received before accepting the recharge.

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

### **26.1 Disposals and Condemnations**

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

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

26.1.3 All unserviceable articles shall be:

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

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

## **26.2 Losses and Special Payments**

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

26.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. 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 relevant LCFS and NHS Protect regional team in accordance with Secretary of State for Health's Directions.

The Director of Finance must notify NHS Protect and the External Auditor of all frauds.

26.2.3 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,
- (b) The External Auditor.

26.2.4 Within limits delegated to it by the Department of Health, the Board has delegated to the Audit and Risk Committee the approval of the writing-off of losses.

26.2.5 The Director of Finance shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.

26.2.6 For any loss, the Director of Finance should consider whether any insurance claim can be made.

25.2.7 The Director of Finance shall maintain a Losses and Special Payments Register in which write off action is recorded.

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

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

## **27. INFORMATION TECHNOLOGY AND DIGITAL**

### **27.1 Responsibilities and duties of the Director of Finance**

27.1.1 The Director of Finance, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) Ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) Ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

27.1.2 The Director of Finance shall need to ensure that new financial

systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is

undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

27.1.3 The Head of Governance 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.

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

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

- (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.

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

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 data during processing, transmission and storage.

The contract should also ensure rights of access for audit purposes. Where another

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

## **27.4 Risk Assessment**

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.

## **27.5 Requirements for Computer Systems which have an impact on corporate financial systems**

Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied that:

- (a) Systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- (b) Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
- (c) Director of Finance staff has access to such data;
- (d) Such computer audit reviews as are considered necessary are being carried out.

## **28. PATIENTS' PROPERTY**

28.1 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.

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

- Notices and information booklets; (***notices are subject to sensitivity guidance***)
- Hospital admission documentation and property records;
- the oral advice of administrative and nursing staff responsible for admissions, that the Trust will not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.

28.3 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 a patient's money in order to maximise the benefits to the patient.

28.4 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Director of Finance.

- 28.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (Small Payments, Act 1965), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 28.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 28.7 Where patient's 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.

## **29. FUNDS HELD ON TRUST 29.1 Corporate Trustee**

29.1.2 Standing Order No. 2.8 outlines the Trust's responsibilities as a corporate trustee for the management of funds it holds on trust, along with SFI 4.9.3 that defines the need for compliance with Charities Commission latest guidance and best practice.

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

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

## **29.2 Accountability to Charity Commission and Secretary of State for Health**

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

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

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

29.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust. (See overlap with SFI No 17.16).

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

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

The Director of Finance shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 6).

### **31. PAYMENTS TO INDEPENDENT CONTRACTORS** Not applicable to NHS Trust's

### **32. RETENTION OF RECORDS**

32.1 The Chief Executive shall ensure that the Trust maintains archives for all records required to be retained in accordance with Department of Health guidelines.

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

32.3 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Information Governance Sub Committee Detail shall be maintained of records so destroyed.

### **33. RISK MANAGEMENT AND INSURANCE 33.1 Programme of Risk**

#### **Management**

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

The programme of risk management shall include:

- a) A process for identifying and quantifying risks and potential liabilities;
- b) Engendering among all levels of staff a positive attitude towards the control of risk;
- c) Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) Contingency plans to offset the impact of adverse events;
- e) Audit arrangements including; Internal Audit, clinical audit, health and safety review;
- f) A clear indication of which risks shall be insured;
- g) Arrangements to review the Risk Management programme.

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

### **33.2 Insurance: Risk Pooling Schemes administered by NHSLA**

The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority, or shall self-insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

### **33.3 Insurance arrangements with commercial insurers**

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

- (1) Trust's may enter commercial arrangements for **insuring motor vehicles** owned by the Trust including insuring third party liability arising from their use;

- (2) where the Trust is involved with a consortium in a **Private Finance Initiative contract** and the other consortium members require that commercial insurance arrangements are entered into; and
- (3) Where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for an NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance Director should consult the Department of Health.

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

- (1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.
  - a. Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance 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 which will not be reimbursed.
- (2) All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the 'deductible'). The Director of Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

**Date of Meeting: 1 April 2020**  
**Report: Committee Terms of Reference**

<b>TITLE OF REPORT:</b>	<b>Committee Terms of Reference</b>
<b>PURPOSE OF REPORT:</b>	To detail the Terms of Reference (ToR) for the Committees proposed as being established in Dudley Integrated Health and Care NHS
<b>AUTHOR OF REPORT:</b>	Jim Young - Interim Head of Quality & Governance
<b>KEY POINTS:</b>	<ul style="list-style-type: none"> <li>• A number of Committees have been proposed to be established within Dudley Integrated Health and Care; ToR have been defined to describe how these committees will operate</li> <li>• The proposed Committees are: <ul style="list-style-type: none"> <li>○ Audit and Risk</li> <li>○ Remuneration</li> <li>○ Finance and Performance (from July 2020)</li> <li>○ Quality (from July 2020)</li> <li>○ People &amp; OD (from July 2020)</li> </ul> </li> <li>• To support the transition into a new Committee structure it is also proposed that an Integrated Governance Committee be established for the period of April 2020 – June 2020, covering the functions of the Finance &amp; Performance, Quality and People &amp; OD Committees</li> <li>• In addition, it is proposed that the Transaction Committee is established until October to oversee the transition of services into the organisation</li> </ul>
<b>RECOMMENDATION:</b>	To approve the proposed Committees and associated ToR
<b>ANY CONFLICTS OF INTEREST IDENTIFIED IN ADVANCE:</b>	None identified
<b>ACTION REQUIRED:</b>	Decision Approval ✓ Assurance

# Transaction Committee

## Terms of Reference

An interim assurance committee during the transitional period of the establishment of Dudley ICP (1 April 2020 to no later than 31st March 2021)

### **Constitution of the Committee**

The Transaction Committee is a non-statutory Committee established by the Board of Dudley Integrated Care Provider NHS Trust (DICP) to oversee and report to the Board on progress against the legal, regulatory, and contractual processes of the establishment of DICP, and the transaction and transference of services to the ICP in line with the Strategic Case, Addendum to the Strategic Case, and Business.

The Transaction Committee is De Facto the Board of the ICP during the transition period (until no later than 31st March 2021). It is a fixed term Committee, reporting directly to the ICP Board. It has no executive powers, other than those specifically delegated in these Terms of Reference, and will cease to exist (no later than 31st March 2021) once its purpose has been fulfilled following the transition period. It is a decision-making not a decision-taking body.

### **Purpose and function**

The purpose and function of the Committee is to enable the DICP to:

- a) obtain assurance that appropriate systems and processes are in place to ensure the contract is awarded by Dudley CCG to the ICP within the agreed time scales (on 1 October 2020);
- b) obtain assurance that services that will be delivered by the ICP, directly or indirectly, are being effectively delivered during the transition period;
- c) ensure that appropriate steps are taken to ensure effective transference of services to the ICP after the transition period; and
- d) Obtain assurance that robust Due Diligence process is in place for the transfer of services into the ICP from its predecessor host providers and any inherent risks are reported, recorded and management actions put into place minimising the risk exposure of the ICP.

## **Authority**

The Committee is:

- a) authorised to investigate any activity within its Terms of Reference, to seek any information it requires from any officer of the DICP or from its partner organisations, and to invite any employee to provide information by request at a meeting of the Committee to support its work, as and when required; and
- b) authorised to secure the attendance of individuals and authorities from outside the partnership with relevant experience and expertise if it considers this necessary for the exercise of its functions, including whatever professional advice it requires (as advised by the Executive Lead of the Committee and / or the Trust Secretary) such as advice for professional services.

## **Membership and Quorum**

### **Membership**

Members of the Committee will be appointed by the ICP Board. It is a Committee of the unitary board, comprising both non-executive and executive membership:

- A Chair (to be nominated by the Board)
- 3 other Non-Executive Director
- 3 Executive Director(s)
- The Director of Human Resources
- A Board Secretary

One Non-Executive member of the Committee will be appointed will be appointed as Vice-Chair.

Only members of the Committee have the right to attend Committee meetings. Alternate, or substitute, members may be agreed in advance with the Chair of the Committee for a specific meeting but not for more than one and will not count towards the quorum. Other non-Committee members may be invited to attend and assist the Committee as appropriate, to support particular items being considered and discussed.

In the absence of the Committee Chair, the Vice-Chair will chair the meeting.

Members are able to attend Committee meetings in person, by telephone, or by other electronic means. Members in attendance by electronic means will count towards the quorum. However, attendance other than physical attendance will be clearly noted within the minutes of the meeting.

The Board Secretary, or their designated deputy, will act as the Committee Secretary. The Committee Secretary, or a suitable alternative agreed in advance with the Chair of the Committee, will attend all meetings of the Committee.

All members of the Committee will receive training and development support before joining the Committee and on a continuing basis to ensure their effectiveness as members, supported by the process of appraisal, as agreed and adopted by the Board.

An attendance record will be held for each meeting will be included in the records and minutes of the meeting .

### **Quorum**

The Committee will only be quorate if at least two Non-Executive Directors (including the Chair) and at least one Executive Director is in attendance. Deputies will not count towards quoracy.

A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions delegated to the Committee.

### **Duties**

The duties of the Committee will include:

- a) To oversee and provide assurance to the Board on the processes leading to the awarding of the ICP Contract, including all legal requirements to establish a new trust;
- b) To oversee and provide assurance to the ICP Board that suitable and effective arrangements are in place with relevant external providers for the indirect delivery of services through sub-contracts, and that these are in line with the ICP contract and its agreed vision and business case;
- c) To oversee and provide assurance to the ICP Board that robust and appropriate TUPE arrangements linked to those services that will be directly provided by the ICP are in place;
- d) To oversee and provide assurance to the ICP Board that suitable and effective arrangements are in place to ensure the integration of GP practices within the ICP, and that this is in line with the ICP contract;
- e) To monitor, review and report on risks to the awarding of the ICP contract and its subsequent implementation; and
- f) To report to the ICP Board on the discharge of its responsibilities as a Committee.

### **Reporting and accountability**

The Committee Chair will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, summarising areas where action or improvement is needed.

### **Committee administration**

The Committee shall meet each month from the establishment of the Committee to the 31st March 2021. A meeting may also be called by the Secretary at the request of any member.

The Chair may at any time convene additional meetings of the Committee to consider business that requires urgent attention.

The agenda will be set in advance by the Chair, with the Committee Secretary.

Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be made available to each member of the Committee, no less than 10 working days before the date of the meeting in electronic form. Supporting papers will be made available no later than 5 working days before the date of the meeting.

Committee papers will include an outline of their purpose and key points key risks faced linked to the strategic objectives or the establishment of the ICP, and make clear what actions are expected of the Committee.

The Chair will establish, at the beginning of each meeting, the existence of any Conflicts of Interest (COI) and ensure these are recorded in the minutes accordingly. For any proceedings or business item at any meeting, which may have any direct or indirect impact due to a conflict of interest of any member(s), the Chair will ensure that the members affected or afflicted by COI do not participate in discussions and any decisions made relating to the relevant item.

The Committee Secretary will minute the proceedings of all Committee meetings, including recording the names of those present, in attendance and absent. Draft minutes of Committee meetings will be made available promptly to all members of the Committee, normally within 3 working days of the meeting.

The Committee will review its effectiveness and compliance with these Terms of Reference no later than 31st March 2021 with a view to dissolve the committee and transition into the full Board of the ICP on its establishment.

**Procedural control statement:**

**Date approved:** [INCLUDE DATE]

**Approved by:** Trust Board

**Review date:** [INCLUDE DATE]

# Integrated Governance Committee

## Terms of Reference

An interim assurance committee during the transitional period of establishment of the Dudley ICP (1 April 2020 to no later than 30 September 2020)

### **Constitution of the Committee**

The Board of [name to be confirmed] NHS Trust has resolved to constitute an Integrated Governance Committee (IGC) to report to the Board during the ICP's transitional period from establishment until the CCG's award of the ICP Contract (1 April 2020 until no later than 30 September 2020).

The IGC is one of four board committees during the transition phase, the others being the Audit & Risk Committee, the Remuneration Committee and the Transaction Committee.

These terms of reference (TOR) are ratified by the ICP Board on 1 April 2020. The Committee will be dissolved when the substantive Board has been appointed and its committee structure is introduced.

### **Purpose and function**

The core function of the Committee is to provide assurance to the ICP Board, as the controlling mind of the Trust, on key matters relating to:

- Quality, patient experience and patient safety
- People and HR
- Finance
- Contract management

The Committee's core function is to provide assurance to the Board that IAPT and Primary Care Mental Health Services are delivered by Black Country Healthcare NHS Foundation Trust, via a sub-contract, to expected financial, quality and performance standards.

Specifically, the Committee will receive evidence to assure the Board that appropriate management and governance systems, processes and controls are in place during the transitional period to:

- Promote safety and excellence in patient care
- Identify, prioritise and seek assurance on the effective management of clinical risks
- Ensure the effective and efficient use of resources through evidence based clinical practice

### **Authority**

The Committee is a Committee of the Unitary Board and comprises both Non-Executive and Executive Directors. It has decision-making powers, as defined by the Board through specific delegation, but decision-taking responsibility will reside with the full Board.

The Committee is authorised by the Board to:

- act within its terms of reference.
- investigate any activity within its TOR, to seek any information it requires from any member of the Trust's staff, and to call any employee to attend a meeting of the Committee to support its work, as and when required.
- secure the attendance of individuals and authorities from outside the organisation with relevant experience and expertise if it considers this necessary for the exercise of its functions, including whatever professional advice it requires.

All members of staff are directed to co-operate with any request made by the Committee.

### **Membership**

The membership of the Committee will iterate as substantive and interim appointments are made to the board. On 1 April, it is expected that only two NEDs (including the Trust Chair) and one Executive Director will be appointed. The Chair will be the NED who is not the Trust Chair.

The ultimate position will be:

- NED Chair, appointed by the Board
- Two further NEDs
- (Interim) Medical Director
- (Interim) Director of Nursing
- (Interim) Chief Operating Officer
- (Interim) Director of Finance
- (Interim) Director of HR

As required:

- Other personnel

## **Frequency of meetings**

The Committee will meet monthly.

## **Quorum**

The Committee will only be quorate if at least one Non-Executive Director (including the Chair) and at least one Executive Director is in attendance. Deputies will not count towards quoracy.

## **Duties**

The Committee will ensure that during the transitional period (1 April 2020 – 30 September 2020) there are arrangements in place via the sub-contracted organisation, and that that organisation discharges its duties in line with the required guidance, legislation, regulatory compliance and best practice governance.

The Committee will ensure that there are effective monitoring systems in place for providing assurance to the ICP Board.

## **General**

- Approve the TOR and membership of any reporting sub-committees or management groups as may be convened from time to time at the discretion of the Committee and oversee the work of those sub-committees and groups, receiving reports from them.
- Ensure that there are systems of integrated governance, risk management and internal control (both clinical and non-clinical), which support the achievement of the organisation's objectives.

## **Quality and Safety**

- Ensure that all statutory elements of quality governance, including CQC standards and the Health and Social Care Act, are adhered to.
- Agree clinical governance priorities and monitor their implementation during the transitional period.
- Promote a culture of open and honest reporting.
- Ensure that there are policies in place for managing and investigating complaints and legal claims against the organisation, including cases being investigated under the CNST scheme.
- Oversee the review of patient safety incidents from within the organisation and wider NHS to identify similarities or trends and areas for focussed or organisation-wide learning.
- Identify opportunities for improvement in respect of incidents and complaints and ensuring that appropriate action is taken.

- Ensure that robust safeguarding process for children and adults are in place within the organisation.
- Receive quality impact assessments following the identification of any cost saving programme to enable monitoring of the impact on the quality of care and escalate and report any concern relating to an adverse impact on quality to the Board.

## **People and HR**

- Ensure compliance with Health and Safety legislation and best practice.
- Ensure compliance with related regulations including the Equality and Diversity Act, the Disability Discrimination Act and any other appropriate regulations and statute that may apply.
- Oversee the identification and management of strategic workforce risks.
- Oversee the development and delivery of Staff Experience including:
  - the mandatory training programme
  - the staff appraisal process
  - sickness absence and the actions the Trust takes to minimise this
  - the staff wellbeing programme

## **Financial reporting**

- Ensure that the systems for financial reporting, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided.
- Ensure the integrity of the Financial Statements and any other formal announcements of financial performance before submission.
- Review significant reporting issues and judgements which they contain, including the meaning and significance of the figures, notes and significant changes; accounting policies and practices followed, and significant changes; explanation of estimates or provisions having material effect; the schedule of losses and special payments and any reservations and disagreements between management, internal and external auditors not resolved.
- Review summary financial statements, significant financial returns to regulators and any financial information contained in other official documents.
- Approve the Corporate Governance Framework including Standing Orders, Standing Financial Instructions, Scheme of Delegation and Reservation of Powers, Matters Reserved to the Board and Standards of Business Conduct, including maintenance of registers and the Fraud Response Plan.
- Review the methods used to account for significant or unusual transactions where different approaches are possible.

## **Reporting and Accountability**

- The Committee Chair will prepare an assurance report for receipt by the Board as a record of the tone and thrust of proceedings after each meeting, summarising areas where action or improvement is needed and how assurance was sought.
- The Committee will be accountable to ICP Board.
- The Committee Chair will ensure that following the transitional period, all risks, concerns, actions and duties are transferred smoothly into the ICP's permanent arrangements by allocating specific duties to the Committees of the Board once they are established.

## **Committee Administration**

- The Committee will be supported by a committee secretary.
- The Chair may at any time convene additional meetings of the Committee to consider business that requires urgent attention.
- The agenda will be set in advance by the Chair and Executive lead, reflecting an integrated cycle of meetings and business, ensuring fulfilment of its duties and responsibilities in an open and transparent manner.
- Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be made available to each member of the Committee, no less than five working days before the date of the meeting in electronic form. Supporting papers will be made available no later than three working days before the date of the meeting.
- Committee papers will include an outline of their purpose and key points in line with the agreed committee protocol, and make clear what actions are expected of the Committee.
- The Chair will establish, at the beginning of each meeting, the existence of any conflicts of interest and ensure these are recorded in the minutes accordingly and recorded in the relevant registers.
- The Committee secretary will minute the proceedings of all Committee meetings, including recording the names of those present, in attendance and absent. Draft minutes of Committee meetings will be made available promptly to all members of the Committee, normally within 3 working days of the meeting.

## **Review of the Terms of Reference**

The Committee is established to ensure good governance prevails during and after the transitional period. It is expected that the Committee will be dissolved at the instructions of the Board, at the time of formal establishment of the Board Committees.

## **(DRAFT) Terms of Reference – Appointments and Remuneration Committee**

### **1. Constitution of the Committee**

- 1.1 The Nominations and Remuneration Committee is a statutory Non-Executive Committee established by the Board to oversee, on behalf of the Board, the appointment and remuneration of the Chief Executive and Executive Directors at the Trust.
- 1.2 The Committee is constituted in line with the requirements of the NHS Codes of Conduct and Accountability and the Higgs Report.
- 1.3 The Committee reports directly to the, and has no executive powers, other than those specifically delegated in these Terms of Reference.

### **2. Purpose and function**

- 2.1 The purpose of the Committee will be to determine the appropriate remuneration and terms of service for the Chief Executive and other Executive Directors, including:
  - a) all aspects of salary (including any performance-related elements / bonuses);
  - b) provisions for other benefits, including pensions and annual leave allocations at variance with standard NHS terms and conditions; and
  - c) arrangements for termination of employment and other contractual terms.
- 2.2 The Committee may call such Trust officers as it sees fit to be in attendance, in order to provide advice and guidance, including the Chief Executive (except where the pay and conditions of the Chief Executive are under consideration) and the Director of Human Resources.
- 2.3 In all deliberations pertaining to the Chief Executive and all other Executive Directors, the Committee shall consider the Fit and Proper Persons requirements, required by the Care Quality Commission (CQC).

### **3. Authority**

The Committee is:

- 3.1 authorised by the Board to investigate any activity within its Terms of Reference, to seek any information it requires from any officer of the Trust, and to invite any employee to provide information by request at a meeting of the Committee to support its work, as and when required; and
- 3.2 authorised by the Board to secure the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary for the exercise of its functions, including whatever professional advice it requires (as advised by the Executive Lead of the Committee and / or the Trust Secretary).

### **4. Membership and quorum**

## **Membership**

- 4.1 Members of the Committee will be appointed by the Board of Directors and will be made up of at least [INSERT AGREED NUMBER] members.
- 4.2 The Committee's membership will comprise the Chair of the Board and [INSERT AGREED NUMBER] other Non-Executive Directors.
- 4.3 The membership will include:
- [INSERT AGREED MEMBERS]
- 4.4 The Chief Executive, Director of Human Resources and Trust Secretary will attend the Committee. Other non-Committee members may be invited to attend and assist the Committee as appropriate, to support particular items being considered and discussed.
- 4.5 The Chair of the Board will chair the Committee. A further member of the Committee will be appointed as Vice-Chair by the Trust Board of Directors.
- 4.6 In the absence of the Committee Chair, the Vice-Chair will chair the meeting. Members are expected to attend all meetings and will be required to provide an appropriate explanation to the Chair of the Committee if they fail to attend more than two meetings in a financial year
- 4.7 Members are able to attend Committee meetings in person, by telephone, or by other electronic means. Members in attendance by electronic means will count towards the quorum.
- 4.8 The Trust Secretary, or their designated deputy, will act as the Committee Secretary. The Committee Secretary, or a suitable alternative agreed in advance with the Chair of the Committee, will attend all meetings of the Committee.
- 4.9 All members of the Committee will receive training and development support before joining the Committee and on a continuing basis to ensure their effectiveness as members, supported by the process of annual appraisal, as agreed by the Board.
- 4.10 An attendance record will be held for each meeting and an annual register of attendance will be included in the annual report of the Committee to the Board.

## **Quorum**

- 4.11 The quorum necessary for the transaction of business will be [INSERT AGREED NUMBER] members, each of whom will therefore be Non-Executive Directors, as specified in 4.3 of these Terms of Reference.
- 4.12 A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions delegated to the Committee.

## **5. Duties**

### **5.1 Appointment of the Chief Executive Officer**

The Committee will:

- 5.1.1 evaluate the existing skills, knowledge and experience of the Board and prepare a description of the role and capabilities required for the appointment of a Chief Executive;
- 5.1.2 identify suitable candidates to fill the Chief Executive vacancy as it arises, making recommendations to the Chair and Committee members in respect of a Chief Executive appointment;
- 5.1.3 ensure that the Chief Executive meets the fit and proper persons tests in line with the statutory fitness requirements set out in the NHS Improvement provider licence for directors of NHS trusts;
- 5.1.4 make a recommendation to the Non-Executive Directors who are not members of the Committee on the appointment of the Chief Executive;
- 5.1.5 make a recommendation to the Board, for approval by them, on the appointment of the Chief Executive;
- 5.1.6 upon appointment, confirm the individual's remuneration within the range agreed by the Committee for the Chief Executive; and
- 5.1.7 give full consideration to succession planning, taking into account the challenges and opportunities facing the organisation and the skills and expertise required upon the Board.

## **5.2 Appointment of Executive Directors**

The Committee will:

- 5.2.1 when considering the appointment of an Executive Director, evaluate the existing skills, knowledge and experience of the Board and prepare a description of the role and capabilities required for the appointment of an Executive Director;
- 5.2.2 identify suitable candidates to fill Executive Director vacancies as they arise, making recommendations to the Chairman, Chief Executive and Committee members in respect of Executive Director appointments;
- 5.2.3 ensure that the Executive Director meets the fit and proper persons tests of the general conditions of the NHS Improvement provider licence;
- 5.2.4 determine whether the Executive Director should be appointed;
- 5.2.5 upon appointment, confirm the individual's remuneration within the range agreed by the Committee for the Executive Director; and
- 5.2.6 give full consideration to succession planning, taking into account the challenges and opportunities facing the organisation and the skills and expertise required upon the Board.

## **5.3 Remuneration**

The Committee will:

- 5.3.1 taking account of ensuring value for money for the organisation, determine the range of remuneration and allowances for the appointment and retention of the Chief Executive and / or Executive Directors. No Executive Director or the Chief Executive shall be involved in any decisions relating to his or her own remuneration;
- 5.3.2 subject to receipt of a report on the annual performance of the Chief Executive (from the Chair of the Board of Directors), and taking account of such national pay determinants, comparative data, performance against objectives and other matters considered appropriate by the Committee, review the remuneration of the Chief Executive on an annual basis;
- 5.3.3 subject to receipt of a report on the annual performance of individual Executive Directors (from the Chief Executive), and taking account of such national pay determinants, comparative data, performance against objectives and other matters considered appropriate by the Committee, review the remuneration of individual Executive Directors on an annual basis;
- 5.3.4 taking account of value for money requirements for the organisation, ensure that remuneration is sufficient to recruit, retain and motivate the Chief Executive / Executive Directors with the level of skills appropriate for the proper and robust management of the organisation;
- 5.3.5 oversee the approval of any termination or severance payments that are proposed for the Chief Executive or other Executive Directors, and
- 5.3.6 monitor levels of remuneration across the organisation, particularly in relation to those 'high earning' members of staff. Responsibility for the determination of the salaries of VSMs, other than Executive Directors, is delegated to the Chief Executive and advised by the Director of Human Resources. The Committee Chair will review annually the earnings of the VSMs including senior clinicians with corporate responsibilities.

#### **5.4 Succession Planning**

The Committee will:

- 5.4.1 ensure that the Trust has a detailed succession plan in place for all Executive Team members, other Trust Directors and 'mission critical' posts.

#### **5.5 Performance Review**

The Committee will:

- 5.5.1 oversee the annual performance review process for the Chief Executive and other Executive Team members.
- 5.5.2 ensure that the performance appraisals of the Chief Executive and other Executive Team members are undertaken in accordance with the Trusts performance review policy; and
- 5.5.3 review and approve the Chief Executive and each Executive Directors objectives annually.

5.6 The Committee has authority to commit financial resources in respect of matters identified in these Terms of Reference. The Director of Finance must be informed of any decision requiring the use of resources and the Director of Human Resources informed to ensure the appropriate changes are made to the Chief Executive's / Executive Director's contract of employment and remuneration.

5.7 In carrying out this role the Committee may establish sub-committees for the performance of roles within any Trust processes as it thinks fit. Further it may authorise the Chair or Deputy Chair to liaise with such Trust officers or others as circumstances dictate to ensure that Trust processes are adhered to including delegating functions under such processes so that any formal determinations can be made by the Committee in a reasonable way.

## **6. Reporting and Accountability**

6.1 The Committee Chair will report formally to the Trust Board on its proceedings after each meeting on all matters within its duties and responsibilities, summarising areas where action or improvement is needed.

6.2 The Terms of Reference will be reviewed by the Committee and approved by the Board of Directors on a minimum basis of every [INSERT AGREED NUMBER] years.

## **7. Committee Administration**

7.1 The Committee shall meet as frequently as it may determine to meet its purpose, but not less than [INSERT AGREED NUMBER] per calendar year. A meeting shall be called by the Trust Secretary at the request of any member.

7.2 The Chair may at any time convene additional meetings of the Committee to consider business that requires urgent attention.

7.3 The agenda will be set in advance by the Chair, with the Trust Secretary.

7.4 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be made available to each member of the Committee, no less than [INSERT AGREED NUMBER] working days before the date of the meeting in electronic form. Supporting papers will be made available no later than [INSERT AGREED NUMBER] working days before the date of the meeting.

7.5 Committee papers will include an outline of their purpose and key points in line with the Trust's Committee protocol, and make clear what actions are expected of the Committee.

7.6 The Chair will establish, at the beginning of each meeting, the existence of any conflicts of interest and ensure these are recorded in the minutes accordingly.

7.7 The Committee secretary will minute the proceedings of all Committee meetings, including recording the names of those present, in attendance and absent. Draft minutes of Committee meetings will be made available promptly to all members of the Committee, normally within [INSERT AGREED NUMBER] working days of the meeting.

7.8 The Committee will review its effectiveness and compliance with these Terms of Reference [INSERT AGREED NUMBER] year, and report the outcomes of this review to the Board.

**Procedural control statement:**

**Date approved:** [INCLUDE DATE]

**Approved by:** Board of Directors

**Review date:** [INCLUDE DATE]

DRAFT

## **(Draft) Terms of Reference - Audit and Risk Committee**

### **1. Constitution of the Committee**

- 1.1 The Audit and Risk Committee is a statutory Committee established by the Board of Directors to monitor, review and report to the Board of Dudley Integrated Health and Care NHS Trust (DIHC) on the suitability and efficacy of the Trust's provisions for governance, risk management and internal control.
- 3.1 The Audit and Risk Committee is a statutory Non-Executive Committee of the Board, reporting directly to the Board. It has no executive powers, other than those specifically delegated in these Terms of Reference.

### **2. Purpose and function**

The purpose and function of the Committee is to:

- 2.1 monitor the integrity of the financial statements of the Trust, any formal announcements relating to the Trust's financial performance, and review significant financial reporting judgements contained in them;
- 2.2 monitor, review and report to the on the adequacy of the processes for governance, assurance, and risk management, and facilitate and support the attainment of effective processes through its independence;
- 2.3 review the effectiveness of the Trust's internal audit and external audit function;
- 2.4 provide assurance to the Board that an appropriate system of internal control is in place to ensure that Trust business is conducted in accordance with the legal and regulatory standards, and affairs are managed to secure economic, efficient and effective use of resources with particular regard to value for money; and
- 2.5 report to the Board on the discharge of its responsibilities as a Committee.

### **3. Authority**

The Committee is:

- 3.2 authorised by the Board to investigate any activity within its Terms of Reference, to seek any information it requires from any officer of the Trust, and to invite any employee to provide information by request at a meeting of the Committee to support its work, as and when required; and
- 3.3 authorised by the Board to secure the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary for the exercise of its functions, including whatever professional advice it requires (as advised by the Executive Lead of the Committee and / or the Trust Secretary).

## 4. Membership and quorum

### Membership

- 4.1 Members of the Committee will be appointed by the Board and the Committee will be made up of at least [INSERT AGREED NUMBER] members.
- 4.2 All members of the Committee will be independent Non-Executive Directors. One of the members will be appointed by the Board as the Chair of the Committee, and a second member will be appointed as Vice-Chair.
- 4.3 At least [INSERT AGREED NUMBER] member(s) of the Committee will possess recent and sufficient financial experience as assessed as being appropriate to the role by the Nominations Committee, on behalf of the Board. It is expected that at least one member will have a formally recognised professional accountancy qualification.
- 4.4 The membership will include:
- [INSERT AGREED MEMBERS]
- 4.5 The Chair of the Trust will not be a member of the Committee but may attend meetings as required or deemed appropriate. Attendance will be agreed in advance with the Chair of the Committee.
- 4.6 Only members of the Committee have the right to attend Committee meetings. Alternate, or substitute, members may be agreed in advance with the Chair of the Committee for a specific meeting but not for more than one and will not count towards the quorum. Other non-Committee members may be invited to attend and assist the Committee as appropriate, to support particular items being considered and discussed.
- 4.7 In the absence of the Committee Chair, the Vice-Chair will chair the meeting. Members are expected to attend all meetings and will be required to provide an appropriate explanation to the Chair of the Committee if they fail to attend more than two meetings in a financial year.
- 4.8 Members are able to attend Committee meetings in person, by telephone, or by other electronic means. Members in attendance by electronic means will count towards the quorum.
- 4.9 The [Director of Finance] will act as the Executive lead for the Committee and will attend all meetings. At least [INSERT AGREED NUMBER] further Executive team member will be in attendance at each meeting.
- 4.10 The Chief Executive and other members of the Executive team should be invited to attend as appropriate with an expectation that if invited they should attend in person. In addition, the Chief Executive should be required to attend, at least annually, to discuss the process for assurance that supports the Annual Governance Statement.
- 4.11 External Audit and Internal Audit representatives will be invited to attend meetings of the Committee at the discretion of the Chair. In addition, they will on occasion be invited to

meet Committee members prior to the formal conduct of the business of the meeting without members of the Executive present. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

- 4.12 The Trust Board may nominate up to two Non-Executive Directors (other than the chair) to attend one meeting of the Committee annually to observe proceedings. The observation of committees by NED shall be subject to conditions agreed by the Trust Board. The Chair of the Committee may in exceptional circumstances exclude the observing NED from being present for specific items.
- 4.13 The Trust Secretary, or their designated deputy, will act as the Committee Secretary. The Committee Secretary, or a suitable alternative agreed in advance with the Chair of the Committee, will attend all meetings of the Committee.
- 4.14 All members of the Committee will receive training and development support before joining the Committee and on a continuing basis to ensure their effectiveness as members, supported by the process of annual appraisal, as agreed by the Board.
- 4.15 An attendance record will be held for each meeting and an annual register of attendance will be included in the annual report of the Committee to the Board of Directors.

#### **Quorum**

- 4.16 The quorum necessary for the transaction of business will be [INSERT AGREED NUMBER] members, each of whom will therefore be Non-Executive Directors, as specified in 4.4 of these Terms of Reference.
- 4.17 A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions delegated to the Committee.

### **5. Duties**

- 5.1 The Committee will undertake the duties detailed in the NHS Audit Committee Handbook (HFMA latest edition) and will have regard to the Audit Code for NHS Foundation Trusts. The Committee will carry out the duties below for the Foundation Trust and major subsidiary undertakings as a whole, as appropriate. The Committee will set an annual plan for its work to form part of the Board's Annual Cycle of Business, and report to the Board on its progress. The duties of the Committee will include:

#### **5.2. Financial reporting**

The Committee will:

- 5.2.1 ensure that the systems for financial reporting to the Board of Directors, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided;
- 5.2.2 ensure the integrity of the Annual Report and Financial Statements of the Trust before submission to the Board, and any other formal announcements relating to its financial performance;

- 5.2.3 review summary financial statements, significant financial returns to regulators and any financial information contained in other official documents, including the Annual Governance Statement;
- 5.2.4 review the consistency of, and changes to, accounting policies across the Trust including the operation of, and proposed changes to, the Corporate Governance Manual, Standing Orders, Standing Financial Instructions, Scheme of Delegation and Reservation of Powers, Matters Reserved to the Board and Standards of Business Conduct, including maintenance of registers and the Fraud Response Plan;
- 5.2.5 review the methods used to account for significant or unusual transactions where different approaches are possible (including unadjusted mis-statements in the financial statements);
- 5.2.6 receive and review an annual report on special severance payments made during the year via a settlement agreement;
- 5.2.7 review whether the Trust has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the External Auditor; and
- 5.2.8 review the clarity of disclosure in the Trust's financial reports and the context in which statements are made.

### **5.3. Governance, risk management and internal control**

The Committee will review:

- 5.3.1 the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- 5.3.2 the risk environment of the Trust to ensure that the governance system is adequately addressing the full range of current, and potential future, risks;
- 5.3.3 the adequacy of risk and control related disclosure statements, in particular the Annual Governance Statement, prior to endorsement by the Board;
- 5.3.4 the effectiveness of systems and processes for risk management in the Trust, in accordance with the Risk Management Framework, Strategy and Policy, including arrangements for the development and review of the Board Assurance Framework and the Corporate Risk Register and risk management arrangements for the Trust;
- 5.3.5 the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements, any related reporting and self-certifications, and work related to counter fraud and security, as required by the NHS Counter Fraud Authority;
- 5.3.6 the policies for managing and investigating complaints and legal claims against the Trust, including referrals to the NHS Litigation Authority; and
- 5.3.7 the Register of Directors' Interests; and Register of Gifts and Hospitality on a regular basis, and not less than annually.

#### **5.4. Internal audit and counter fraud**

The Committee will:

- 5.4.1 ensure that there is an effective Internal Audit function that meets the *Public Sector Internal Audit Standards* and provides appropriate independent assurance to the Committee, Chief Executive, and Board of Directors;
- 5.4.2 consider and approve the Internal Audit Strategy and Annual Plan, and ensure it has adequate resources and access to information, including the Board Assurance Framework, to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee will also ensure the function has adequate standing and is free from management or other restrictions;
- 5.4.3 review all reports on the Trust from the Internal and External Auditors which identify “limited assurance” or “no assurance”;
- 5.4.4 review and monitor, on a sample basis, the Executive Management’s responsiveness to the findings and recommendations of audit reports, and ensure coordination between Internal and External Auditors to optimise use of audit resource;
- 5.4.5 meet the Head of Internal Audit on a formal basis, at least once a year, without Executive directors or management, to consider issues arising from the internal audit programme and its scope and impact. The Head of Internal Audit will be given the right of direct access to the Chair of the Committee, Chief Executive, Board of Directors, and to the Committee;
- 5.4.6 assure itself that the Trust has policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the NHS Counter Fraud Authority;
- 5.4.7 assess the effectiveness of Counter Fraud services once every five years through a full process of review; and
- 5.4.8 monitor the implementation of the policy on standards of business conduct for directors and staff (i.e. Codes of Conduct and Accountability) in order to offer assurance to the Board of Directors on probity in the conduct of the Trust’s business.

#### **5.5. External audit**

The Committee will:

- 5.5.1 consider and make recommendations to the Trust Board and Finance, Performance and Digital Committee, in relation to the appointment, re-appointment and removal of the Trust’s External Auditor;
- 5.5.2 work with the Finance, Performance and Digital Committee to manage the selection process for new auditors. If an auditor resigns, the Committee will investigate the reasons, and make any associated recommendations to the Trust Board through its Finance, Performance and Digital Committee;

- 5.5.3 receive assurance of External Auditor compliance with the Audit Code for NHS Foundation Trusts;
- 5.5.4 approve the External Auditor's remuneration and terms of engagement, including fees for audit or non-audit services and the appropriateness of fees, to enable an adequate audit to be conducted;
- 5.5.5 agree and review the policy regarding the supply of non-audit services by the External Auditor and monitor that service, considering relevant ethical guidance;
- 5.5.6 annually review and monitor the External Auditors' independence and objectivity and the effectiveness of the audit process. In particular, the Committee will review the work and findings of the External Auditors and consider the implications and management's responses to their work;
- 5.5.7 meet the External Auditor at least once a year, without management being present; to discuss their remit and any issues arising from the audit;
- 5.5.8 establish with the External Auditors, the nature and scope of the audit, as set out in the annual plan before the audit commences; and
- 5.5.9 review all External Audit reports, including the report to those charged with governance (before its submission to the Board of Directors) and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

**5.6. Other board assurance functions**

The Committee will:

- 5.6.1 oversee the maintenance of the policy framework of the Trust, in particular the Policy for the Development of Procedural Documents and the Corporate Governance Manual, and review any significant breaches of the procedures;
- 5.6.2 review arrangements by which staff may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters, ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action. The Committee will receive an annual report on the application of the Trust policy on raising concerns;
- 5.6.3 monitor and receive assurance on compliance with the Trust's Whistleblowing Policy and ensure that the policy allows for proportionate and independent investigation of such matters and appropriate follow-up action;
- 5.6.4 review the findings of other significant assurance functions, both internal and external to the Trust, and consider the implications for the governance of the Trust. These will include, but not be limited to, any reviews undertaken by the Department of Health, Arms-Length Bodies, Regulators, and professional bodies with responsibility for the performance of staff or functions;

- 5.6.5 review the work, and receive the minutes, of other Committees within the organisation and its subsidiaries, whose work can provide relevant assurance to the Audit and Risk Committee's own scope of work and in relation to matters of quality affecting the Board Assurance Framework, including the Quality Committee, the Finance Committee and the People Committee;
- 5.6.6 ensure there is no duplication of effort between the Committees, and that no area of assurance is missed as part of its responsibility for reviewing the Annual Governance Statement prior to submission to the Board of Directors;
- 5.6.7 review issues around clinical risk management and satisfy itself on the assurance that can be gained from the Clinical Audit function, including receiving the Clinical Audit Annual Plan and Annual Report and other updates on progress throughout the year to maintain process oversight;
- 5.6.8 receive details of Single Tender Waivers, as approved by the Chief Executive;
- 5.6.9 receive a schedule of losses and compensations and approve appropriate write-offs;
- 5.6.10 review registers relating to the Standards of Business Conduct Policy and consider any breaches and action taken; and
- 5.6.11 In fulfilling its responsibilities, the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these sources. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

## **6. Reporting and accountability**

- 6.1 The Committee Chair will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, summarising areas where action or improvement is needed.
- 6.2 The Committee will report to the Board annually on its work in support of the Annual Governance Statement. The Annual Report will:
  - set out clearly how the committee is discharging its responsibilities;
  - include a statement referring to any non-audit services provided by the external auditors, and if so, how auditor objectivity and independence is safeguarded;
  - set out details of the full auditor appointment process, and where decide not to accept the recommendations, a statement setting out (a) an explanation of the recommendation in relation to the appointment, re-appointment or removal of the external auditor and (b) the reasons for not accepting the recommendations;
  - provide explanatory details, where during the year the External Auditor's contract is terminated in disputed circumstances, on the removal process and the underlying reasons for removal;
  - be signed by the Chair of the Audit and Risk Committee; and
  - be presented to the Annual General Meeting, with the Chair of the Audit and Risk Committee in attendance to respond to any stakeholder questions on the Committee's activities.

- 6.3 The Chair of the Committee will write to the Independent Regulator of NHS Foundation Trusts (NHS Improvement) in those instances where the services of the External Auditor are terminated in disputed circumstances.
- 6.4 Where exceptional, serious and improper activities have been revealed by the Committee, the Chair of the Committee will write to NHS Improvement, if insufficient action has been taken by the Board of Directors after being informed of the situation.
- 6.5 The Terms of Reference shall be reviewed by the Committee and approved by the Board of Directors on a minimum basis of every [INSERT AGREED NUMBER] years.

## **7. Committee administration**

- 7.1 The Committee will meet a minimum of [INSERT AGREED NUMBER] times a year and at such other times as the Chair of the Committee, in consultation with the Trust Secretary, will require allowing the Committee to discharge all of its responsibilities.
- 7.2 The Chair of the Committee may at any time convene additional meetings of the Committee to consider business that requires urgent attention.
- 7.3 The agenda will be set in advance by the Chair of the Committee, with the Trust Secretary and Executive Lead, reflecting the cycle of meetings and business, which is agreed each year for the Board and its Committees, to ensure it fulfils its duties and responsibilities in an open and transparent manner.
- 7.4 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be made available to each member of the Committee, no less than [INSERT AGREED NUMBER] working days before the date of the meeting in electronic form. Supporting papers will be made available no later than [INSERT AGREED NUMBER] working days before the date of the meeting.
- 7.5 Committee papers will include an outline of their purpose and key points in line with the Trust's committee protocol, and make clear what actions are expected of the Committee.
- 7.6 The Chair will establish, at the beginning of each meeting, the existence of any conflicts of interest and ensure these are recorded in the minutes accordingly.
- 7.7 The Committee Secretary will minute the proceedings of all Committee meetings, including recording the names of those present, in attendance and absent. Draft minutes of Committee meetings will be made available promptly to all members of the Committee, normally within [INSERT AGREED NUMBER] working days of the meeting.
- 7.8 The Committee will, at least [INSERT AGREED NUMBER], review its own performance, using a process agreed for all Board Committees by the Board of Directors.

### **Procedural control statement:**

**Date approved:** [INCLUDE DATE]

**Approved by:** Board of Directors

**Review date:** [INCLUDE DATE]

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

Date of Meeting: 1 April 2020

Report: Interim governance and 'back-office' functions arrangements

<b>TITLE OF REPORT:</b>	<b>Interim governance and 'back-office' functions arrangements</b>
<b>PURPOSE OF REPORT:</b>	To inform the Board of the systems in place to ensure that Dudley Integrated Health and Care (DIHC) have suitable arrangements to meet all relevant statutory and necessary internal governance requirements, and to provide assurance that these systems are sufficient to ensure staff and service users are kept safe.
<b>AUTHOR OF REPORT:</b>	Jim Young - Interim Head of Quality & Governance
<b>KEY POINTS:</b>	<ul style="list-style-type: none"> <li>• The principle of 'safe landing' has been adopted throughout the preparation for DIHC to go live on 1<sup>st</sup> April 2020, minimising the impact of any change on clinical services whilst also ensuring that all legal and regulatory functions are fulfilled</li> <li>• This approach is primarily supported by the development of a Service Level Agreement (SLA) with Black Country Healthcare NHS Foundation Trust (BCH) providing a number of core 'back-office' and governance arrangements</li> <li>• The SLA is designed to run for the first six months of the DIHC being in operation and covers approximately 30 areas of service including incident management, complaints management, H&amp;S and HR support together with some operational line management support</li> <li>• The SLA outlines the key functions and services being provided, with an overarching principle of these being provided on an 'as is' basis i.e. as much as is practically possible, running as they were when the services were being managed within DWMH.</li> <li>• A number of conversations held with the relevant BCH service leads have provided assurance that operationally and practically these services will function in a satisfactory manner</li> <li>• The executive accountability for all of these services remains with the relevant DIHC Director in line with their specific duties</li> <li>• The performance of the SLA will be monitored through regular review meetings</li> </ul>
<b>RECOMMENDATION:</b>	For the board to be assured that all relevant systems are in place
<b>ANY CONFLICTS OF INTEREST IDENTIFIED IN ADVANCE:</b>	None identified
<b>ACTION REQUIRED:</b>	Decision Approval Assurance ✓

**Interim governance and ‘back-office’ functions arrangements**

**Background**

The principle of ‘safe landing’ has been adopted throughout the preparation for DIHC to go live on 1<sup>st</sup> April 2020, minimising the impact of any change on clinical services whilst also ensuring that all legal and regulatory functions are fulfilled.

This approach is primarily supported by the development of a Service Level Agreement (SLA) with Black Country Healthcare NHS Foundation Trust (BCH). The SLA provides a number of core ‘back-office’ and governance arrangements as well as some consistency and continuity in the line management functions which previously supported the clinical services remaining within DIHC from Dudley and Walsall Mental Health Partnership NHS Trust (DWMH).

**Summary of SLA**

The SLA is designed to run for the first six months of the DIHC being in operation and covers approximately 30 areas of service - **Appendix 1** lists all the services provided within the SLA.

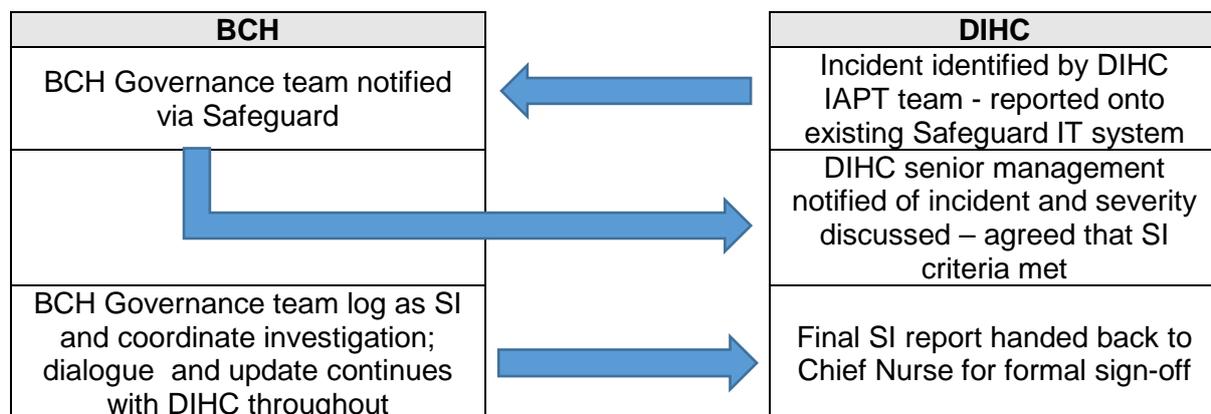
The SLA outlines the key functions and services being provided, with an overarching principle of these being provided on an ‘as is’ basis i.e. as much as is practically possible, running as they were when the services were being managed within DWMH. This includes the relevant IT systems.

A number of conversations held with the relevant BCH service leads have provided assurance that operationally and practically these services will function in a satisfactory manner

**Internal Management and Governance**

The executive accountability for all of these services remains with the relevant DIHC Director in line with their specific duties and designated areas of responsibility; the services being provided include appropriate mechanisms for all notifications and information reporting to support these accountabilities.

Dependent on the service, work may be initiated within DIHC or within BCH but the relevant systems have been put in place to ensure appropriate and timely notification between each organisation. The example below illustrates how this might work in the event of a Serious Incident being reported by the IAPT team:



The performance of the SLA will be monitored through regular review meetings , coordinated by the Interim Head of Quality & Governance.

## **Appendix 1: List of all services provided by the SLA**

Incident Management  
Operational risk management  
Complaints Management  
PALS & Informal Concerns  
Patient Experience  
Claims Management  
CAS alerts  
Clinical Audit & Effectiveness  
Safeguarding  
Research  
CQUINS & Quality Improvement  
Health & Safety  
Fire Safety  
Medicines management  
Medical device management  
Infection Prevention and Control  
Business continuity & emergency preparedness  
Human Resources  
Operational management of the services  
Nurse development & revalidation  
Financial services  
Procurement  
Contract management (e.g. service commissions from CCG)  
Information Technology  
Business Intelligence & Information Management  
Information Governance  
Freedom of Information Act (FOIA)  
Data Subject Access  
Records management  
Website & intranet management  
Switchboard/telephony  
Local Security Management Specialist  
Policies & Procedures Management

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

Date of Meeting: 1 April 2020  
Report: Board Annual Business Cycle

<b>TITLE OF REPORT:</b>	<b>Board Annual Business Cycle</b>
<b>PURPOSE OF REPORT:</b>	To outline the framework and proposed approach to the cycle of business for the Dudley Integrated Health and Care Board and Committees
<b>AUTHOR OF REPORT:</b>	Jim Young - Interim Head of Quality & Governance
<b>KEY POINTS:</b>	<ul style="list-style-type: none"> <li>• A proposed cycle of business has been defined</li> <li>• Further work is required in order to fully populate the schedule; it is also recognised that the schedule will need to be under regular review to reflect that change and development of the Trust over the coming months</li> <li>• To support the transition into a new Committee structure a monthly Integrated Governance Committee will be in place for the period of April 2020 – June 2020, covering the functions of the Finance &amp; Performance, Quality and People &amp; OD Committees</li> </ul>
<b>RECOMMENDATION:</b>	To approve the proposed schedule and approach to its further development
<b>ANY CONFLICTS OF INTEREST IDENTIFIED IN ADVANCE:</b>	None identified
<b>ACTION REQUIRED:</b>	Decision Approval ✓ Assurance ✓



People and OD	Apr-20	Jun-20	Aug-20	Oct-20	Dec-20	Feb-21
<b>Opening Reports</b>						
Minutes of the previous meeting	x	x	x	x	x	x
Action Log	x	x	x	x	x	x
Matters arising	x	x	x	x	x	x
Declaration of interest	x	x	x	x	x	x
<b>Workforce Performance</b>						
Management Reports	x	x	x	x	x	x
People and OD Dashboard	x	x	x	x	x	x
People and OD Report	x	x	x	x	x	x
Recruitment KPIs	x	x	x	x	x	x
<b>Health and Wellbeing</b>						
H&WB Implementation Plan	x		x		x	
<b>Organisational Development</b>						
Staff Survey	x		x		x	
Education and Training Report	x	x	x	x	x	x
Medical Education	x	x	x	x	x	
<b>Risk and compliance</b>						
People and OD Risk Register	x	x	x	x	x	x
BAF Review	x		x		x	
Report on Compliance with WRES Standards	x		x		x	
Safer Staffing	x	x	x	x	x	x
e-Rostering						
Exception Report	x		x		x	
<b>Annual Reports, Plans and Strategies</b>						
Annual Report	x					
Education and Training Strategy	x					
People Strategy	x					
Communication Strategy	x					
Equality and Diversity OD Plan	x					
Workforce Planning	x					
<b>Ad hoc</b>						
Policies and Procedures						
ToRs	x					
Committee Effectiveness Review	x					

FIC	Apr-20	Jun-20	Aug-20	Oct-20	Dec-20	Feb-21
<b>Opening reports</b>						
Minutes of the previous meeting	x	x	x	x	x	x
Matters arising	x	x	x	x	x	x
Declaration of interest	x	x	x	x	x	x
<b>Performance</b>						
Performance Report	x	x	x	x	x	x
Data Quality Improvement Plan	x	x	x	x	x	x
IAPT Monthly Progress	x	x	x	x	x	x
CQUINs	x	x	x	x	x	x
<b>Finance</b>						
Finance Report, including CIP	x	x	x	x	x	x
<b>Regular reports</b>						
Management Group Reports	x	x	x	x	x	x
<b>Risk</b>						
BAF	x		x		x	
Finance and Performance Estates and Capital	x	x	x	x	x	x
<b>Annual Reports, Plans and Strategies</b>						
Finance and Delivery Plans						x
Annual Report	x					
Digital Strategy		x				
Revenue and Budget Setting						
Finance Strategy						
Capital Expenditure and Strategy						
Investment Strategy						
Estates strategy						
Infrastructure Strategy						
Commercial Strategy						
<b>Governance</b>						
Terms of Reference	x					
Review of Committee Effectiveness						x
KPI setting						
<u>Ad-hoc</u>						
Policies and Procedures						
Business Cases						
GIRFT/Model Hospital						
Cash Position						

Quality	Apr-20	Jun-20	Aug-20	Oct-20	Dec-20	Feb-21
<b>Opening Reports</b>						
Minutes of the previous meeting	x	x	x	x	x	x
Action Log	x	x	x	x	x	x
Matters arising	x	x	x	x	x	x
Declaration of interest	x	x	x	x	x	x
<b>Quality</b>						
Quality Report	x	x	x	x	x	x
Integrated Performance Dashboard	x	x	x	x	x	x
National Strategies and Policies	x	x	x	x	x	x
IPC	x	x	x	x	x	x
Leadership walkabouts	x	x	x	x	x	x
Health and Safety	x	x	x	x	x	x
<b>Exception Reports</b>						
Management Group reports	x	x	x	x	x	x
<b>Risk</b>						
Quality Risk Register	x	x	x	x	x	x
BAF Review	x		x		x	
External visits/CQC	x	x	x	x	x	x
<b>Quarterly</b>						
Clinical Audit & NICE	x		x		x	
R&D	x		x		x	
Serious Incident	x		x		x	
Safeguarding	x		x		x	
Mortality	x		x		x	
CQUIN/QI	x		x		x	
GIRFT	x		x		x	
<b>Bi-annual</b>						
Staffing	x			x		
Suicide Prevention	x			x		
NRLS	x			x		
Patient Experience	x			x		
<b>Annual</b>						
Compliance/External accreditation	x					
MMC	x					
CAEC	x					
DIPC/HCAI	x					
R&D	x					
Staff Survey	x					
Suicide Prevention Strategy	x					
Litigation	x					
PLACE	x					
Review of Committee Effectiveness	x					
Annual Report	x					
Quality Strategy	x					
Quality Account	x					
<b>Ad-hoc</b>						
Policies and Procedures	x					
Clinical Strategy	x					

Audit	Apr-20	Jun-20	Aug-20	Oct-20	Dec-20	Feb-21
<b>Opening reports</b>						
Minutes of the previous meeting	x	x	x	x	x	x
Matters arising	x	x	x	x	x	x
Declaration of interest	x	x	x	x	x	x
<b>Regular items</b>						
Board Assurance Framework	x	x	x	x	x	x
Standing Orders	x	x	x	x	x	x
Standing Financial Instruments	x		x		x	
Corporate Risk Register	x		x		x	
External Assurance review	x	x	x	x	x	x
Losses and Compensation	x		x		x	
Debtors and Creditors Balances	x		x		x	
Single Tender Action	x		x		x	
External Audit work	x	x	x	x	x	x
Counter Fraud Activity report	x		x		x	
Scheme of Delegation	x			x		
<b>Annual reports</b>						
Internal Audit strategy						
Head of Internal Audit						
External Audit Review						
Raising Concerns Speaking Out						
Fraud Response Plan						
Annual Account						
Charity Annual Account						
Counter Fraud Annual Report			x			
Annual Report Self-assessment						
Review of Comittee Effectiveness	x					
Audit Letter Terms of Reference	x					
Quality Account	final					
Clinical Audit Plan and Annual report						
Modern Slavery Act			x			
Annual Governance Statement	x	x				
Internal Audit Review						
Final Accounts					x	
Gifts and Hospitality Register					x	
Severance payments settlement agreements						
Internal Annual Plan						
External Annual Plan and Strategic Plan						
Internal Audit Opinion ISA260						
Final Accounts Audit						
<b>Ad-hoc</b>						
Policies and Procedures						
Ex Gratia Payments and Claims						

<b>Remuneration</b>	Apr-20	Jun-20	Aug-20	Oct-20	Dec-20	Feb-21
Minutes						
Action Log						
Review of Renumeration of Executive Directors						
Fit and Proper Persons Review						
Review of Effectiveness						
Appointments						
Sucession Planning						
Executive Performance Review						
Terms of Reference Review						

## DUDLEY INTEGRATED HEALTH AND CARE BOARD

Date of Meeting: 1<sup>st</sup> April 2020  
Report: Finance Report

<b>TITLE OF REPORT:</b>	Finance Report
<b>PURPOSE OF REPORT:</b>	To provide a summary of the financial position of the Trust and update the board on the key financial issues
<b>AUTHOR OF REPORT:</b>	Matthew Gamage – Director of Finance
<b>KEY POINTS:</b>	<ul style="list-style-type: none"> <li>• The opening balance sheet will reflect the closing position of Dudley and Walsall Mental Health NHS Trust after the transfer of services to Black Country Healthcare NHS Foundation Trust</li> <li>• £1.6m income expected for patient care activities relating to Primary Care Mental Health and IAPT services</li> <li>• £0.4m expenditure with Black Country Healthcare NHS Foundation Trust for the provision of back office management support for Primary Care Mental Health and IAPT services</li> <li>• Due to the limited volume of services in the first 6 months the Trust is expecting to be in a deficit financial position of £0.6m at the end of September 2020</li> <li>• £3.4m funding made available by Black Country Healthcare NHS Foundation Trust to support transaction costs repayable over a 3 year period</li> <li>• Additional funding available for COVID-19 and temporary contract payment arrangements have been implemented by NHSEI</li> </ul>
<b>RECOMMENDATION:</b>	<ul style="list-style-type: none"> <li>• The Board is asked to receive this report for assurance</li> <li>• Updated financial plan to be presented to Board following a review of the budgets during April 2020</li> <li>• Director of Finance to ensure that correct level of funding is received by the Trust following notification of revised payment arrangements for April 2020 – September 2020</li> <li>• Financial model for the Full Business Case submission to be delayed to enable the system to focus on COVID-19. The model will need to be updated to reflect latest planning assumptions at the time of submission</li> </ul>
<b>ANY CONFLICTS OF INTEREST IDENTIFIED IN ADVANCE:</b>	
<b>ACTION REQUIRED:</b>	Decision Approval Assurance x

## 1. Introduction

This reports provides the current financial plan for the first 6 months of the financial year. This plan is based on the financial modelling assumptions contained in the Strategic Outline Case (SOC) for the creation of Dudley Integrated Health and Care. The financial model has been shared with partners within in the Dudley system and NHSEI.

The report also provides an update on current financial issues such as Public Dividend Capital (PDC), COVID-19 and the financial model for the Full Business Case.

## 2. Income and Expenditure Plan

The table below shows the income and expenditure summary for period April 20 – September 20

Income and Expenditure Plan	Apr - Sep £000's
Income from patient care activities	(1,605)
Operating Expenditure	1,483
<b>Contribution to overheads</b>	<b>(136)</b>
Management SLA	429
Board Costs	470
Transaction Costs	557
Transaction Support	(765)
<b>Deficit</b>	<b>555</b>

The Trust is planning to receive £1.6m income from patient care activities relating to the provision of primary care mental health and IAPT services. This includes an increase of £0.2m to meet the Long Term Plan requirements.

Operating expenditure is expected to be £1.4m based on the forecast expenditure for 2019/20 and relates mainly to pay costs.

The Service Level Agreement (SLA) is with Black Country Healthcare NHS Foundation Trust for the provision of back office functions for the period April – September 2020. This will provide stability for the services during the first 6 months of the financial year prior to the remaining services transferring into the Trust, subject to regulatory approval.

The SOC assumed that Board costs would be approximately £0.47m for April to September 2020.

It was anticipated that transaction costs of £0.6m would be incurred in the first 6 months which would be funded by the CCG and external IT funding. The timing of these transaction costs are currently being reviewed.

Due to the limited volume of services in the first 6 months the Trust is expecting to be in a deficit financial position of £0.6m at the end of September 2020. This financial position will improve when the full business case is approved and the Trust is able to mobilise more services and manage the entirety of the Whole Population Budget associated with the ICP contract.

The income and expenditure plan will be refined during the month of April 2020 and presented in more detail at the next Board meeting.

### 3. Balance Sheet

The table below shows the forecast balance sheet for the Trust. This is based on the forecast closing balance sheet for Dudley and Walsall NHS Mental Health Trust for 2019/20 which has been adjusted to reflect the transfer of services to Black Country Healthcare NHS Foundation Trust.

Balance Sheet	Opening £000's	Month 1 £000's	Month 2 £000's	Month 3 £000's	Month 4 £000's	Month 5 £000's	Month 6 £000's
Non Current Assets	50	46	42	38	33	29	25
Current Assets	5,100	5,803	4,638	3,474	3,412	3,350	3,288
<b>Total Assets</b>	<b>5,150</b>	<b>5,849</b>	<b>4,680</b>	<b>3,512</b>	<b>3,445</b>	<b>3,379</b>	<b>3,313</b>
<b>Current Liabilities</b>	<b>(5,100)</b>	<b>(3,984)</b>	<b>(2,824)</b>	<b>(1,665)</b>	<b>(1,607)</b>	<b>(1,549)</b>	<b>(1,492)</b>
<b>Net Current Assets</b>	<b>0</b>	<b>1,819</b>	<b>1,814</b>	<b>1,809</b>	<b>1,805</b>	<b>1,801</b>	<b>1,796</b>
<b>Non Current Liabilities</b>	<b>0</b>	<b>(2,267)</b>	<b>(2,267)</b>	<b>(2,267)</b>	<b>(2,267)</b>	<b>(2,267)</b>	<b>(2,267)</b>
<b>Total Assets Employed</b>	<b>50</b>	<b>(402)</b>	<b>(411)</b>	<b>(420)</b>	<b>(428)</b>	<b>(437)</b>	<b>(445)</b>

The opening balance includes an estimated asset value of £50,000 which mainly relates to IT equipment. The balance sheet assumes that this equipment will have nil value by the end of the financial year.

Liabilities are not allowed to transfer to Black Country Healthcare NHS Foundation Trust under a commercial transfer arrangement.

Black Country Healthcare NHS Foundation Trust have agreed to leave sufficient cash in the bank to cover the final net current assets. This principle has been agreed as part of the Business Transfer Agreement (BTA) which also includes an agreement to indemnify the Trust against liabilities relating to period prior to 1<sup>st</sup> April 2020.

The opening current liabilities include £4.4m trade and other payables and £0.7m provisions. The current assets include £2.8m trade debtors and £2.3m cash to cover the net current assets.

On the 1<sup>st</sup> April, Black Country Healthcare NHS Foundation Trust will provide £3.4m of funding which will provide working capital and funding for transaction costs. Therefore the cash position on the 1<sup>st</sup> April will be £5.7m. The £3.4m is repayable over a 3 year period at an interest rate of 3.5% to cover the PDC impact for Black Country Healthcare NHS Trust.

The forecast balance sheet assumes that the £4.4m relating to trade and other payables will be paid in the first two months of the financial year. The £0.7m provisions is assumed to release gradually and be fully utilised over the 12 month period.

The balance sheet also reflects the impact and expenditure impact of the first 6 months trading.

At the end of the 6 month period the Trust will have £3.4m remaining in the bank.

### 4. Public Dividend Capital (PDC)

Through the Business Transfers of services from Dudley and Walsall Mental Health NHS Trust to Black Country Healthcare NHS Foundation Trust there is a requirement for the Trust to request the transfer of PDC to Black Country NHS Foundation Trust. The Trust has been informed that this will happen as a post transaction transfer once the accounts have been finalised.

Dudley and Walsall Mental Health NHS Trust latest Long Term Financial Model (LTFM) shows that PDC is greater than the net assets transferring to BCP and the excess would therefore remain in Dudley Integrated Health and Care which will need to apply to HM Treasury for the excess to be written off.

Until this process is completed this will result in monthly reports showing an unbalanced balance sheet. It is proposed that both BCH and the ICP show the final transacted position with a note showing the requested movements.

## **5. COVID-19 Financial Arrangements**

NHSEI have notified all NHS providers that they will be moving to block contract payments on account for all NHS trusts and foundation trusts for an initial period of the 1st April to 31st July 2020.

Organisations have been asked to move to a simplified basis of contracting for the duration of the crisis to ensure that NHS organisations have sufficient funding to respond to the crisis.

To ensure that costs are fully covered, NHS providers will receive block contract payments from commissioners, and income from non-NHS sources. Where this is not sufficient to cover a provider's underlying cost base, additional central top up payments will be made.

Further top up payments will be made to cover reasonable costs of responding to the crisis, net of any cost reductions eg for consumables not required.

The block payments have been calculated using provider submissions for the Agreement of Balances (AoB) collection in month 9 of 2019/20. These values have been annualised and include a growth assumption of 2.8% which comprises of 2.5% tariff uplift and 0.3% CNST.

As this calculation is based on values prior to the merger transaction and the creation of Dudley Integrated Health and Care. It is likely that the amount relating to IAPT and primary care mental health services is included within the total block payment associated with the previous Dudley and Walsall Mental Health contract. The Director of Finance will liaise with Dudley CCG and Black Country Healthcare NHS Foundation Trust to ensure that the funding is allocated correctly to each organisation in a timely manner.

## **6. Financial Model for the Full Business Case**

The Integrated Care Provider development team have been working with partner organisations over the last few months to develop the financial model for the delivery of full ICP contract. Financial due diligence has been undertaken on the services which are due to transfer to the Trust following approval of the full business case submission. The draft due diligence report is due in early April.

Due to the impact of COVID-19 it was agreed at Development Board to delay the submission of the Full Business Case to enable the Trust and the wider system to focus on the response to the current situation.

The financial model will need to be refreshed and agreed at an appropriate time in the coming months.