



<b>Meeting</b>	<b>28<sup>th</sup> March 2023</b>	<b>Board of Directors</b>						
<b>Report</b>	<b>Agenda item 12.</b>	<b>Finance Report - Month 11 2022/23</b>						
<b>Purpose of the Report</b>	Decision		Ratification		Assurance	<b>X</b>	Information	<b>X</b>
<b>Accountable Executive</b>	Simon Holden				Director of Finance			
<b>Author(s)</b>	Helen Wells				Interim Deputy Director of Finance			
<b>Board Assurance Framework</b>	E1	Underlying Long Term Trust Financial Sustainability						
<b>Strategic Aims</b>	Not applicable.							
<b>CQC Domains</b>	Safe, Caring, Responsive, Effective & Well Led.							
<b>Previous Considerations</b>	Finance & Performance Committee – 22 <sup>nd</sup> March 2023							
<b>Summary</b>	<p><b>The purpose of this report is:</b>          To provide an update on the financial performance for February 2023 (Month 11).</p> <p><b>The Board is asked to note:</b></p> <p>a) The Trust’s plan for 2022/23 is a £3.1m deficit following the receipt of further system funding but requires delivery of a £16.3m Efficiency Programme.</p> <p>b) The expected year to date deficit to February (Month 11) is £3.2m, and the Trust is currently reporting a year to date £19.3m deficit, so an adverse movement to plan of £16.1m.</p> <p>c) The achievement of the full year deficit plan of £3.1m assumes delivery of £16.3m Value Improvement Program. This target is profiled from Quarter 2 (i.e. from July 2022 onwards), to allow the Trust time to develop plans for delivery of efficiencies (i.e. £1.8m target per month from July 2022 onwards). The Value Improvement Program is reporting an adverse variance for the year to date of £1m and, if no further schemes are identified, this will potentially increase to £1.5m by the year end.</p> <p>d) As previously identified, as nurse spend agency did not reduce as expected (although there was a reduction in month 11), several planned mitigations have been utilised in month 11 to support the delivery of the submitted year end forecast to NHSE of £20.6m</p>							



e) There are some significant pressures in month and for the year to date, as at month 11, namely;

Description	In Month variance £'m (Month 10)	In Month variance £'m (Month 11)	Year to date variance £'m
Nursing Pay	0.8	0.5	8.8
Medical Pay	0.4	0.3	4.7
Drugs	0.3	0.5	3.7
Outsourcing	0.1	0	3.1
Services Rec'd	0.2	0.1	1.1
VIP	0.3	(1.6)	1.0
Reserves etc	(0.2)	(1.2)	(5.4)
<b>Total</b>	<b>1.9</b>	<b>(1.4)</b>	<b>17</b>

f) There is significant under-performance on elective activity putting the Elective Recovery Funding (ERF) of £8m at risk, although full receipt is currently assumed in line with instruction from NHSE / Integrated Care Board (ICB).

g) A number of financial risks have been identified within this paper as follows:

- Elective Recovery Funding (ERF);
- Workforce;
- Shortfall in Pay Award Funding of circa £0.5m;
- Non elective pressures;
- Value Improvement Programme (VIP);
- High Cost Drugs;
- Elective Surgical Hubs / South Mersey Theatre Capacity (Clatterbridge);
- Out of hospital capacity / Integrated Discharge; and
- Predicted increase in Energy costs reflected pro rata in month, and in forecast for the year of circa £0.7m.

**The Board is also asked to note the following key risks/issues:**

1) The Plan assumes the receipt of £8.4m Elective Recovery Funding (ERF), the Trust's current submitted activity trajectories do not align with this income assumption, but the Trust has been instructed to assume receipt by the Integrated Care Board.



	<p>2) The Value Improvement Plan target was profiled to start from July 2022. In this financial year a significant amount of the savings identified are non-recurrent meaning that they will be carried forward into 2023/24 financial plans. It is imperative than plans are in place to deliver recurrent savings in 2023/24, or the Trust will start to see a significant adverse swing in financial performance moving forwards.</p> <p>3) The Trust's Plan also assumes the Executive Director Group investments approved in 2021/22 wouldn't materialise in full in 2022/23, and therefore only 75% of their value was assumed in the Plan for 2022/23. However, we have seen a significant number of investments being drawn down from April 2022, currently generating a £1.5m in year pressure.</p> <p>4) The most likely financial forecast outturn is a £20.6m deficit (after mitigations), with our Plan being a £3.1m deficit. Therefore, this is an adverse variance to Plan of £17.5m. However, this Plan is heavily dependent on a substantial reduction in Nursing expenditure of £1m, during March as one of the mitigations. There are limited options should this planned improvement not materialise. <b><u>It should be noted that the 2022/23 forecast does not include any impact of the planned Junior Doctors strike during March 23.</u></b></p>
<p><b>Recommendation(s)</b></p>	<p><b>The Board is asked to note:</b></p> <ol style="list-style-type: none"> <li>1. The main costs drivers underpinning this report, namely:             <ol style="list-style-type: none"> <li>a. Nursing Expenditure (£8.8m overspent), both costs (given the current high utilisation of Agency Staff of £12.5m) and also volume (the increase in whole time equivalents of 147 over &amp; above budget)</li> <li>b. Medical Expenditure (£4.7m overspend), both costs (given the current utilisation of Agency Staff £2.3m) and also volume (the increase in whole time equivalents of 39 over &amp; above budget)</li> <li>c. The insourcing of healthcare activity (£3m overspend) not planned in the Trust's original budget</li> <li>d. The shortfall on the funding of the recent pay award (£0.5m)</li> <li>e. The impact of the Bank Holiday, for the Queen's funeral (£0.25m), being both a loss of activity (£0.17m) and premium payments (£0.8m)</li> <li>f. The increasing Energy costs (£0.4m), with a potential forecast outturn increase of circa £0.6m.</li> <li>g. High Cost Drugs (£2.3m)</li> </ol> </li> <li>2. The reduced levels of elective activity when compared to the 2019/20 baseline;</li> <li>3. The remediation being actioned to reduce the Nursing Agency Spend (by circa £1m) during March, the initial target had been £6.4m in 6 months);</li> </ol>



	<ol style="list-style-type: none"> <li>4. The potential for further remediation by stopping any further insourcing and implementing vacancy/agency/pay controls;</li> <li>5. This current year end forecast is currently being reported through to NHS England (NHSE) via the Cheshire and Mersey Integrated Care System;</li> <li>6. The current year end forecast does not take account of the financial impact of the junior doctor industrial action (with this currently being calculated); and</li> <li>7. The recently published 2023/24 “NHS priorities and operational planning guidance”, which includes the re-introduction of Payment by Results for Elective, Day case &amp; First Outpatient Attendances (with Outpatient Follow Ups and non-Elective Care being funded through a block approach, similarly to the current year).</li> </ol>
<b>Corporate Impact Assessment</b>	
<b>Statutory Requirements</b>	Meets the Trust compliance with Foundation Trust Status.
<b>Quality &amp; Safety</b>	Seeks to address Quality & Safety issues across the Trust.
<b>NHS Constitution</b>	Not applicable.
<b>Patient Involvement</b>	Not applicable.
<b>Risk</b>	In line with the Board Assurance Framework and Corporate Risk Register.
<b>Financial impact</b>	In line with the Effectiveness risk areas of the Board Assurance Framework.
<b>Equality &amp; Diversity</b>	Not applicable.
<b>Communication</b>	Document to be published on the Trust’s website as part of the Board of Directors agenda.



## 1.0 Financial Performance Overview

- 1.1 The final version of the 2022/23 plan was a requirement to deliver a £3.1m deficit position requiring a £16.3m Efficiency Programme.
- 1.2 At Month 11, based on the £3.1m deficit plan, the expected position would be a year to date deficit of £3.2m (see plan profile in Appendix 2), however the Trust is reporting a £19.3m deficit “monitored” financial position (i.e. excluding donated assets) which is a £16.1m adverse performance against plan, and represents an improvement of £1.9m when compared to the previous month’s position. This assumes receipt of 11/12<sup>ths</sup> of the System Top Up monies; COVID monies and 11/12<sup>ths</sup> of the £8.4m Elective Recovery Funding (ERF) as per the plan.
- 1.3 Attached in Appendix 2 is the Trust’s Deficit Plan Profile, this shows that from Month 4 (July 2022) when the Value Improvement Plan target of £16.3m was profiled to start, the Trust would have had to deliver a surplus position in each month going forwards to bring the position back to the planned £3.1m deficit. This posed a significant risk to the Trust as plans were not in place to deliver recurrent efficiency savings and achieve the activity performance required to achieve the Elective Recovery Fund income.
- 1.4 The overall Month 11 Trust Position is provided below, followed by a high-level summary of the year to date variances by Division.



KEY VARIANCES	Annual Budget £000s	Feb YTD Budget £000s	Feb YTD Actual £000s	Feb YTD Variance £000s	Feb WTE Budget	Feb WTE Actual	Feb WTE Variance
<b>INCOME</b>							
Income - England	(268,861)	(246,609)	(247,130)	(521)			
Income - Wales	(27,129)	(24,875)	(24,875)	0			
Other Clinical Income	(10,198)	(9,377)	(9,732)	(355)			
Non Patient Income	(20,736)	(19,268)	(19,100)	169			
<b>INCOME</b>	<b>(326,924)</b>	<b>(300,129)</b>	<b>(300,836)</b>	<b>(707)</b>			
<b>PAY</b>							
Nursing	87,442	80,041	88,869	8,828	2,081.06	2,228.10	147.04
Medical	61,552	56,366	61,053	4,688	577.77	616.46	38.69
Admin & Clerical	30,156	27,572	27,403	(168)	895.25	860.41	(34.84)
AHP, Therapies, Diagnostics & Pharmacy	32,772	29,994	29,575	(419)	743.82	719.10	(24.72)
Other	13,865	12,790	12,905	116	465.72	431.99	(33.73)
<b>TOTAL PAY</b>	<b>225,787</b>	<b>206,762</b>	<b>219,806</b>	<b>13,044</b>	<b>4,763.62</b>	<b>4,856.06</b>	<b>92.44</b>
<b>NON PAY</b>							
Drugs	20,951	19,231	22,969	3,738			
Medical & Surgical Equipment	13,965	12,972	13,485	513			
Depreciation	7,046	8,604	8,604	0			
CNST	8,304	7,612	7,612	0			
Purchase Of Healthcare Non Nhs	188	179	3,221	3,042			
Furniture & Office Equipment, Equip Hire & Computers	6,504	5,965	6,313	348			
Building & Engineering	1,839	1,717	2,225	508			
Other (inc Reserves)	44,476	41,243	35,864	(5,379)			
<b>TOTAL NON PAY</b>	<b>103,273</b>	<b>97,523</b>	<b>100,293</b>	<b>2,770</b>			
<b>CRS</b>	<b>(1,471)</b>	<b>(994)</b>	<b>0</b>	<b>994</b>			
<b>TOTAL</b>	<b>666</b>	<b>3,162</b>	<b>19,263</b>	<b>16,101</b>			
<b>REMOVE DONATED ASSET TRANSACTIONS</b>	<b>(59)</b>	<b>(54)</b>	<b>(54)</b>	<b>0</b>			
<b>REMOVE IMPAIRMENT</b>	<b>(2,341)</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>REVISED TOTAL</b>	<b>3,066</b>	<b>3,216</b>	<b>19,317</b>	<b>16,101</b>			

## Income

1.5.1 As in 2021/22, Payment by Results (PbR) remains suspended for 2022/23 and the majority of income is under block contracts.

1.5.2 Overall income is £707k ahead of plan at the end of Month 11. This is predominately due to additional income relating to the bowel screening SLA. Non patient income performance (in the table above) largely relates to higher commercial Procurement income than planned of £519k, offset by reduced levels of car parking income compared to 2019/20 levels which is currently reporting a £754k adverse variance to date.

1.5.3 The Month 11 position includes the following income in line with the £3.1m deficit final plan:

- System Top Up Funding – 11/12<sup>ths</sup> of £21.474m (£19.685m);
- System COVID Funding – 11/12<sup>ths</sup> of £9.851m (£9.030m);
- CCG Funding - 11/12<sup>ths</sup> of £3.300m (£3.025m); and
- Elective Recovery Funding (104%) – 11/12<sup>ths</sup> of £8.497m (£7.789m).



## Elective Activity

1.5.4 To achieve the £8.44m Elective Recovery Funding (ERF) relating to only English activity (currently assumed within the plan and Month 11 financial position), the Trust must deliver 104% of actual elective activity delivered in 19/20 (which was significantly below the 19/20 plan and hence a more favourable starting position for 22/23).

1.5.5 Therefore, the Trust has been developing its activity reporting to be consistent with this requirement. The table below shows the 19/20 activity adjusted for working days, 104% of 19/20 activity target, the 22/23 activity delivered and the variances against both targets to demonstrate the current performance against this planning assumption:

		Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	YTD
<b>Daycase</b>	19/20 Adjusted for working days	2,770	3,000	2,972	3,005	2,879	3,149	3,134	3,275	2,815	3,066	3,046	33,110
	104% of 19/20 Activity	2,881	3,120	3,091	3,125	2,994	3,275	3,259	3,406	2,928	3,189	3,168	34,435
	22/23 Actual	1,997	2,513	2,295	2,317	2,537	2,289	2,327	2,593	2,251	2,482	2,064	25,665
	Actual %	72%	84%	77%	77%	88%	73%	74%	79%	80%	81%	68%	78%
	Variance (+/-) to 19/20	(773)	(487)	(677)	(688)	(342)	(860)	(807)	(682)	(564)	(584)	(982)	(7,445)
Variance (+/-) to 104% of 19/20	(884)	(607)	(796)	(808)	(457)	(986)	(932)	(813)	(677)	(707)	(1,104)	(8,770)	
<b>Inpatient</b>	19/20 Adjusted for working days	307	346	350	331	368	372	370	461	350	356	377	3,988
	104% of 19/20 Activity	319	360	364	345	382	387	385	479	364	370	392	4,147
	22/23 Actual	185	246	213	226	192	264	287	253	221	183	210	2,480
	Actual %	60%	71%	61%	68%	52%	71%	78%	55%	63%	51%	56%	62%
	Variance (+/-) to 19/20	(122)	(100)	(137)	(105)	(176)	(108)	(83)	(208)	(129)	(173)	(167)	(1,508)
Variance (+/-) to 104% of 19/20	(134)	(114)	(151)	(119)	(190)	(123)	(98)	(226)	(143)	(187)	(182)	(1,667)	
<b>OP - NEW</b>	19/20 Adjusted for working days	7,519	8,446	7,886	8,313	7,983	8,645	8,279	8,746	7,035	8,370	8,279	89,502
	104% of 19/20 Activity	7,820	8,784	8,201	8,646	8,302	8,991	8,611	9,095	7,316	8,705	8,610	93,082
	22/23 Actual	6,319	7,963	7,147	7,030	7,313	7,475	7,831	8,902	6,684	7,629	6,508	80,801
	Actual %	84%	94%	91%	85%	92%	86%	95%	102%	95%	91%	79%	90%
	Variance (+/-) to 19/20	(1,200)	(483)	(739)	(1,283)	(670)	(1,170)	(448)	156	(351)	(741)	(1,771)	(8,701)
Variance (+/-) to 104% of 19/20	(1,501)	(821)	(1,054)	(1,616)	(989)	(1,516)	(780)	(193)	(632)	(1,076)	(2,102)	(12,281)	
<b>OP - FU</b>	19/20 Adjusted for working days	16,709	18,265	17,184	17,414	17,335	18,399	18,013	18,687	15,959	18,446	17,771	194,181
	104% of 19/20 Activity	17,377	18,996	17,871	18,110	18,028	19,135	18,733	19,435	16,597	19,183	18,482	201,948
	22/23 Actual	14,222	16,369	15,821	15,867	16,663	17,191	17,734	19,243	16,015	18,277	14,847	182,249
	Actual %	85%	90%	92%	91%	96%	93%	98%	103%	100%	99%	84%	94%
	Variance (+/-) to 19/20 Outturn	(2,487)	(1,896)	(1,363)	(1,547)	(672)	(1,208)	(279)	556	56	(169)	(2,924)	(11,932)
Variance (+/-) to 104% of 19/20 Outturn	(3,155)	(2,627)	(2,050)	(2,243)	(1,365)	(1,944)	(999)	(192)	(582)	(906)	(3,635)	(19,699)	
Planned, Urgent & Other	NBI's	21	19	25	14	25	35	50	47	72	151	688	1,147
	NBO's	9	7	5	6	19	21	24	50	33	62	521	757

1.5.6 Despite a low base year being the foundation of the 22/23 target, expenditure of £3.221m on outsourcing activity and £2.268m on Additional Clinical Activity (ACA), the cumulative performance at Month 11 is as follows:

- Daycase activity performance is 78% of 19/20 activity levels. This equates to 8,770 daycases below the required 104% target;
- Elective inpatient activity performance is 62% of 19/20 activity levels. This equates to 1,667 admissions below the required 104% target;
- New outpatient activity performance is 90% of 19/20 activity levels. This equates to 12,281 appointments below the 104% target; and



- Outpatient Follow Up activity performance is at 94% of 19/20 activity levels. This equates to 19,699 appointments below the 104% target.

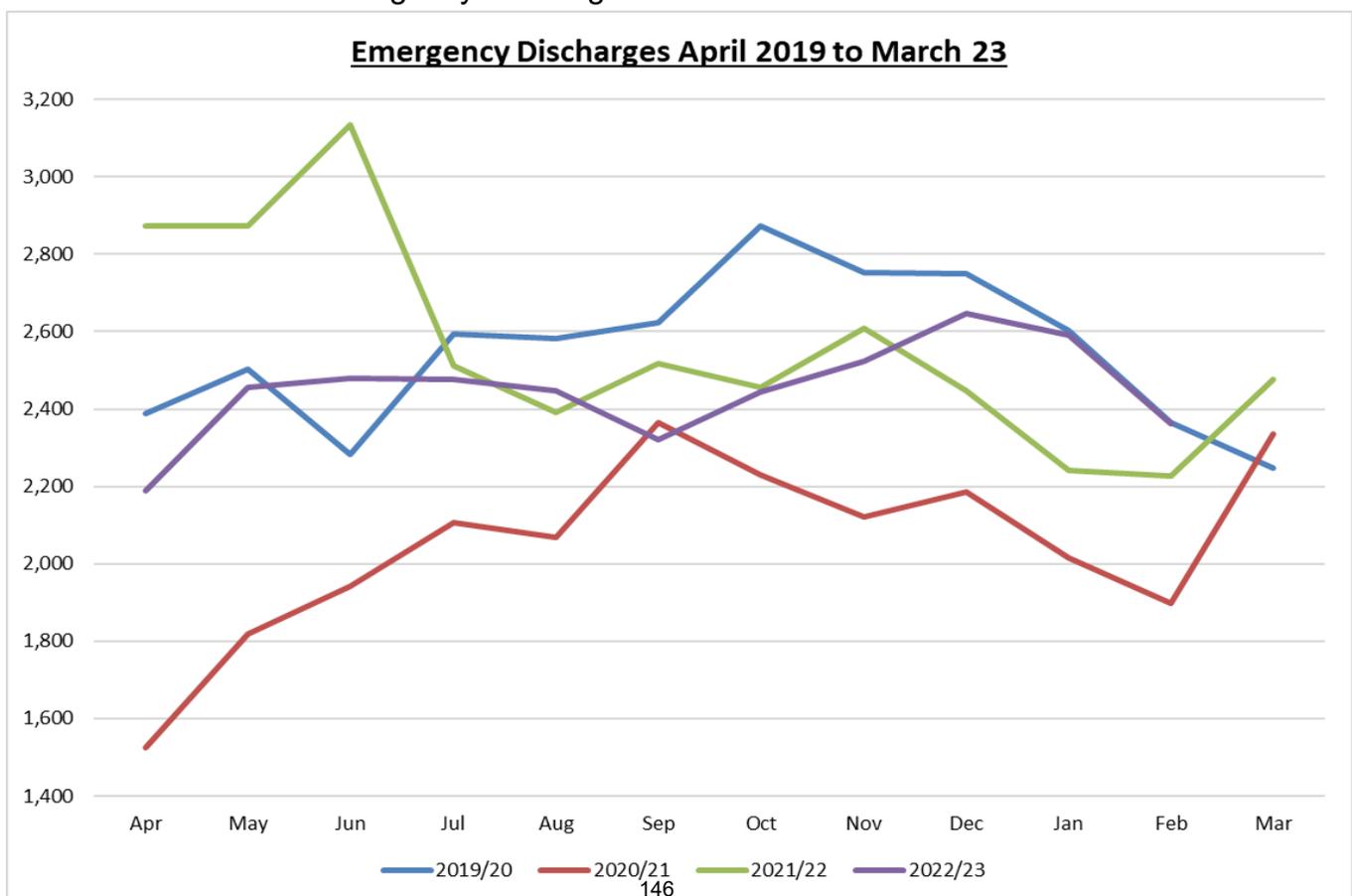
1.5.7 There are still 1,904 appointments across April to February 2023, that have not been booked in or out on the Electronic Patient Record (EPR) system and therefore not included in the Trust's activity. A proportion of this activity may not convert to an actual attendances due to patients not attending for example. This activity will only be included once this process has been completed and has only become a significant issue post Cerner implementation, a new Electronic Patient Record (EPR), which took place after the 19/20 base year.

1.5.8 Work is ongoing, led by the Executive Chief Operating Officer, to understand the reasons for not delivering the activity delivered in the 2019/20 financial year (pre-COVID) and to develop plans to recover productivity. It is thought this is a consequence of mainly (but not exclusively) covid restrictions still in place, coupled with loss of productivity following Cerner implementation and associated reduction in clinical templates.

1.5.9 The detailed variance by specialty and elective point of delivery is shown in Appendix 1 demonstrating underperformance across almost all specialties.

### **Non-Elective Activity**

1.5.10 The Month 11 reported position shows a 5% (equivalent to 1,374 patients) reduction on the 19/20 baseline on emergency discharges.





From internal discussions, this doesn't reflect the operational pressures currently being experienced in the hospital, and hence work is ongoing to understand the data post Cerner implementation. The following are known issues currently being worked through though, namely:

- Clinical Decision Unit (CDU) activity was previously counted as an inpatient admission, however since the Electronic Patient Record (EPR) implementation, this activity remains on an Accident & Emergency (A&E) attendance account and hence does not generate a non elective episode;
- Pre – Cerner implementation, attendances to GP clinic were recorded as admissions. This is no longer the case and thought to be in the region of circa 2,600 per annum; and
- Patients who are being cared for in A&E either due to lack of beds elsewhere in the hospital, or because we no longer have an Emergency Assessment Unit, will also remain on an A&E attendance account.

Further work remains ongoing to investigate, validate and where possible rectify this position with Operational and Business Intelligence colleagues. However, this is taking longer than anticipated due to the Trust's limited resources being directed to resolving clinical Cerner issues as a priority.

## Pay

1.6.1 The Pay position is £13,044k overspent at the end of February 2023. The most significant pressures for pay expenditure continue to be nursing (£8,828k overspent year to date (YTD)) and medical costs (£4,688k overspent YTD) driven by the reliance on bank and agency staff, with agency staff incurring premium rates. The tables below provide an analysis of agency spend year on year and as a proportion of each staff group;

Agency Spend by Staff Group	19/20	20/21	21/22	22/23 YTD to M11 (February)	Year End Projection	Projected Yearly Movement 21/22 to 22/23	Projected Yearly Movement in %
Admin & Clerical	£ 58,632	£ 151,116	£ 642,783	£ 1,395,138	£ 1,521,969	£ 879,186	137%
Medical	£ 2,186,354	£ 2,092,661	£ 2,184,548	£ 2,315,346	£ 2,525,833	£ 341,285	16%
Nursing	£ 420,670	£ 3,346,196	£ 8,356,865	£ 12,520,900	£ 13,659,163	£ 5,302,298	63%
Allied Health Professional	£ 175,607	£ 76,411	£ 85,584	£ 603,669	£ 658,548	£ 572,964	669%
Health Care Scientists	£ 133,831	£ 89,028	£ 101,314	£ 190,429	£ 207,740	£ 106,426	105%
<b>TOTAL</b>	<b>£ 2,975,094</b>	<b>£ 5,755,413</b>	<b>£ 11,371,094</b>	<b>£ 17,025,482</b>	<b>£ 18,573,253</b>	<b>£ 7,202,159</b>	<b>63%</b>
<b>Total Pay Bill</b>	<b>£ 179,577,000</b>	<b>£ 218,177,000</b>	<b>£ 231,024,000</b>	<b>£ 219,806,000</b>			
<b>Agency spend as a % of total Pay Bill</b>	<b>2%</b>	<b>3%</b>	<b>5%</b>	<b>8%</b>			



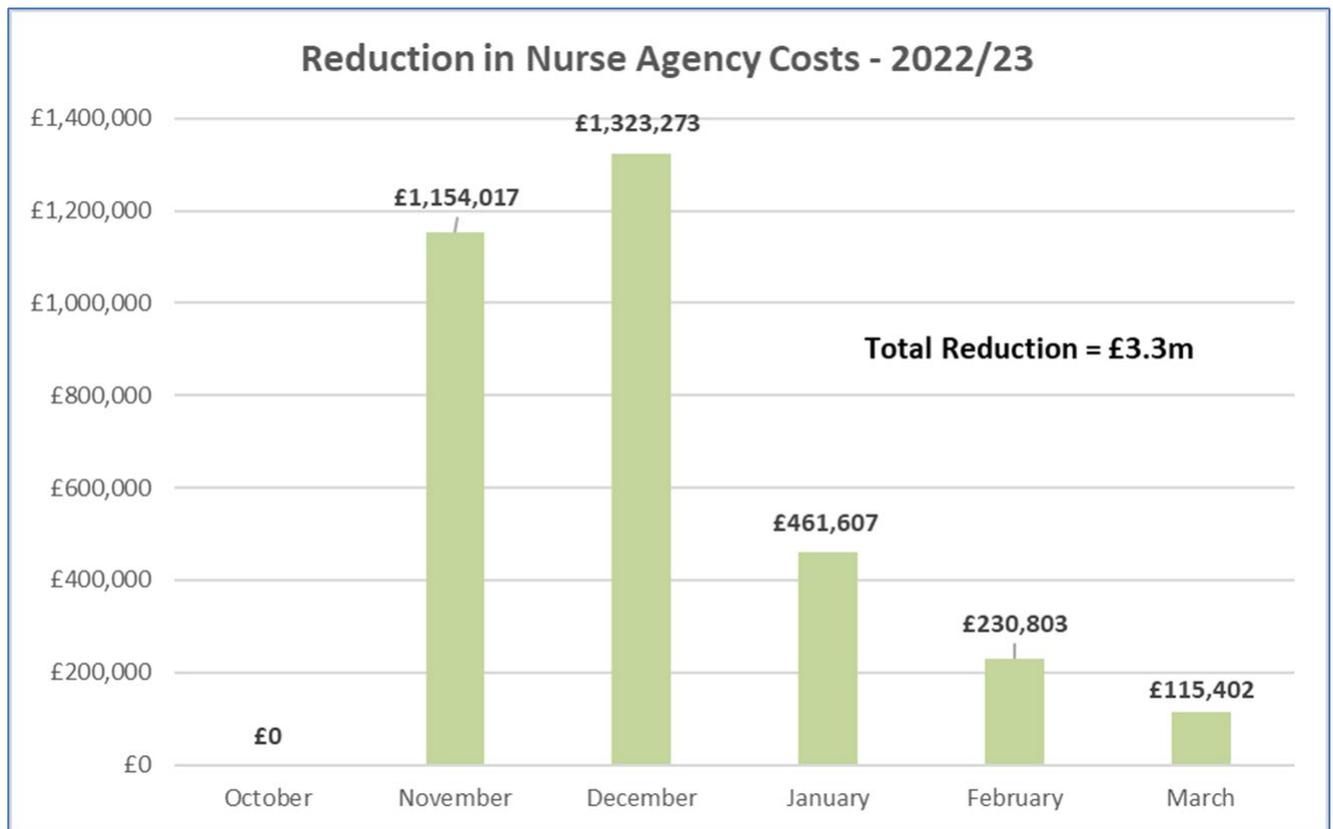
Staff Group	Agency Spend YTD to M11	Total Pay Group Spend YTD to M11	% Agency
	£000s	£000s	
Medical	2,315	61,053	4%
Nursing	12,521	88,869	14%
PTA / PTB	794	29,575	3%
Admin & Clerical	1,395	27,403	5%
Other	-	12,905	0%
<b>TOTAL PAY</b>	<b>17,025</b>	<b>219,806</b>	<b>8%</b>

If spend continues at the levels seen in April to February, a straight-line projection of agency spend for the year indicates a £7.2m increase compared to 2021/22 with:

- Administration and Clerical projected to more than double when using a straight-line extrapolation. This is due to the additional roles associated with data validation following Cerner implementation;
- The nursing agency spend being 14% of the total nursing pay bill with a significant year on year increase despite additional investment and hence recruiting to substantive posts needs to continue to progress at pace to facilitate a permanent reduction in agency costs;
- To support this financial position the Director of Nursing & Quality provided a Nursing and Midwifery Workforce plan to reduce agency spend by a projected £6.4m by the year end by a combination of;
  - Incremental reduction in the Allocate on Arrival (AoA) agency usage; and
  - Standardisation of agency rates (per table below).

	Reduction in agency spend £000s per month	Reduction in agency spend £000s by 31 <sup>st</sup> March 2023
AoA usage	£390k	£2.5m
**Phase 1 – agency rate	£120k	£660k
<b>Total</b>	<b>£0.5m</b>	<b>£3.1m</b>

- Further work in the recruitment of nurses and the reduction in the average supernumerary period for the international nurses from 5 to 3 months. This is projected to reduce the requirement for agency nurses further, generating additional agency savings of £3.3m as detailed below;



In summary, total projected nursing workforce plan agency savings of £6.4m in the last six months of the year, however, when this has been reviewed at month 11, it is yet to be achieved and therefore has been reduced to £1m in the forecast position this month. There has been a reduction in agency spend from month 10, however this is partly offset by increased nurse incentive payments.

#### **1.6.2 Update on Nursing Business Case Investment of £7.2m and overall Nursing Pay Position**

The £7.2m Nursing Business Case investment has now fully been allocated into the Nursing pay position and hence fully accounted for when reviewing the financial position of Nursing pay. The increase to the Nurse cover budget from 19.65% to 23% (equating to £1,752k) has now been allocated to Divisions as per the Business Case. The additional funds approved for cover for nurses on maternity leave has also been allocated into divisional budgets to cover costs incurred for months 1-11.

Nursing pay is £8.8m overspent at the end of February 2023 and 147.04 WTE above funded establishment. The table below shows the Trust is significantly underspend against substantive posts but is over establishing with bank and agency usage at premium rates to levels in excess of the Business Case funding and whole-time equivalents. Key drivers for this are identified in section 1.6.4 below.



Nursing Pay	YTD M11 Var £000s	M11 Actual WTE Var
Substantive	(11,346)	(157.56)
Bank	7,624	220.55
Agency	12,549	84.05
<b>Total</b>	<b>8,828</b>	<b>147.04</b>

1.6.3 The £7.2m investment is predicated on reducing the significant levels of expenditure on both nurse bank and agency. This will continue to be monitored over the coming months to ensure as substantive recruitment is achieved, the premium costs associated with the use of bank and agency staff reduce. However, this is yet to be seen with overall (substantive, agency and bank) whole time equivalents (WTE) employed during Month 11 still remaining at high levels and 147.04 wte over budgeted establishment.

	ANNUAL BUDGET	YTD M11 BUDGET	YTD M11 ACTUAL	YTD M11 VAR	M11 BUDGET	M11 ACTUAL	M11 VAR	AVG COST PER WTE	COST VAR TO SUBSTANTIVE £	% COST VAR TO SUBSTANTIVE %
NURSING PAY	£000's	£000s	£000s	£000s	WTE	WTE	WTE	WTE	£	%
Trained	61,777	56,565	48,656	(7,909)	1,253.96	1,160.92	(93.04)	£ 3,936		
Untrained (incl HCA's)	25,683	23,494	20,057	(3,437)	820.54	756.02	(64.52)	£ 2,540		
Bank - Trained	46	44	2,855	2,811	2.50	76.09	73.59	£ 5,684	£ 1,748	44%
Bank - Untrained	(36)	(33)	4,780	4,813	3.75	150.71	146.96	£ 3,641	£ 1,101	43%
Agency - Trained	(27)	(28)	9,630	9,658	0.31	56.99	56.68	£ 8,282	£ 4,346	110%
Agency - Untrained			2,891	2,891		27.37	27.37	£ 4,129	£ 1,589	63%
<b>TOTAL NURSING PAY</b>	<b>87,442</b>	<b>80,041</b>	<b>88,869</b>	<b>8,828</b>	<b>2,081.06</b>	<b>2,228.10</b>	<b>147.04</b>			

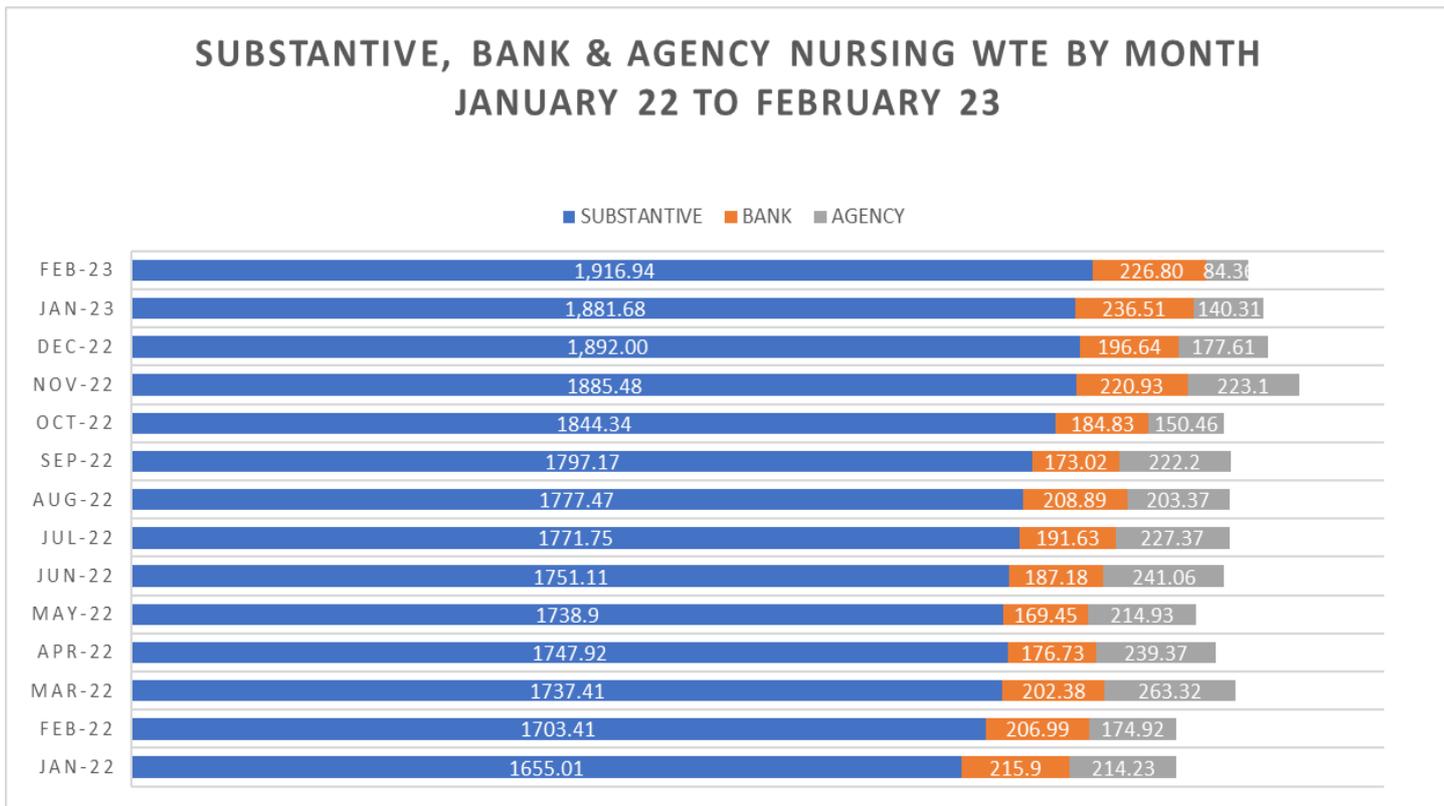
1.6.4 The key areas of over-spend by division and the drivers for spend are shown below;

Division	YTD M11 Var £000s	WTE M11 Var	Key Reasons
Planned Care	1,014	8.15	ICU £555k, 3 wte - agency nurse usage £751k Ward 41 £566k, 15 wte - agency usage £425k Maternity Theatres - additional staffing 24/7 following CQC visit £276k 10 wte. (NB Overall Theatres underspent) Ward 56 - Arthroplasty Unit (£113k)
Womens & Childrens	(816)	(25.24)	Maternity Pay (£594k), (20 wte) - Vacancies & Ockenden funding in position NNU (£134k), (1 wte)
Urgent Care	5,426	59.12	ED Nursing £2,492k, 35 wte - due to workload pressures with additional band 5 nurses rostered on each shift. SIE policy in operation for 92 days YTD (8 days in February) AMU (ward 47) £607k, 1 wte - additional 10 escalation beds open RSU £385k Ward 33 £432k, 10 wte - additional 22 escalation beds open. Winter funding has been allocated here for Oct to Mar 23 Wards 50 & 51 (Frailty wards) £501k Ward 44 £475k
ICP	(233)	6.11	Bluebell ward reconfiguration now funded as agreed at EDG
Nurse Management - Supernumerary Student Nurses	311	13.46	Pressure, while training, until able to fill substantive trained nurse post
Nurse Management - Supernumerary International Nurses	2,265	97.78	Pressure, while training, until able to fill substantive trained nurse post
Nurse Management - Covid Nursing Spend	1,836		Roster usage reason for Covid cover, now removed
Nurse Management - Nursing BC Funding	(549)		Balance of £7.2m BC funding held centrally
<b>Total Analysed</b>	<b>9,254</b>	<b>159.38</b>	
<b>Overall Nursing Pay Position</b>	<b>8,828</b>	<b>147.04</b>	
<b>Month 10 In Month Variance</b>	<b>799</b>	<b>168.86</b>	
<b>Month 11 In Month Variance</b>	<b>542</b>	<b>147.04</b>	



1.6.5 Expenditure attributable to Covid needs to be actively managed and reviewed as funding has significantly reduced in year (and will reduce further in 2023/24) and infection control measures relaxed. Further reduction in expenditure will both help deliver the planned deficit position and the Value Improvement Programme (VIP).

1.6.6 The following chart shows by month the breakdown of nursing staff by substantive, bank, and agency for both trained and untrained nurse staffing from January 2022 to February 2023;



Substantive numbers have increased by 35 WTE since January 2023. It is important that progress against the substantive recruitment of the required nurses approved in the Nursing Business Case investment continues to progress allowing premium costs of agency to reduce. This will continue to be monitored monthly moving forward including attrition rates, recruitment, sickness, and other influencing factors.

1.6.7. A financial virement of £963k (FYE) has been separately actioned from this previously approved Business Case. The aim being to appoint an additional 12 WTE Senior Nurses, which was not in the original Business Case, on the basis this will be cost neutral (i.e. the overall Business Case quantum will remain unchanged). The intention is that these posts, which are currently out to advert, will support all divisions to deliver workforce recruitment, retention, oversight, rota utilisation and control agency spend. There remains a risk that these posts will result in an additional overspend, over and above the current level experienced in nursing.

1.6.8 It is perhaps worth noting that the original investment in the Nursing Business Case, was predicated on there being an overall reduction in nurse bank and agency spend of circa



£6.1m from the level seen in 2021/22. From a 2022/23 financial projection position, this is a similar figure to that put forward in the revised Nursing and Midwifery Workforce plan discussed in section 1.6.1 above, of a £6.4m reduction (albeit against a higher projected spend for 22/23, and yet to materialise), and hence will require close monitoring.

### **1.6.9. Medical Pay**

Medical pay is £4,688k overspent at the end of February 2023 and 38.69 WTE above establishment with £2,315k spent on medical agency.

	ANNUAL	YTD M11	YTD M11	YTD M11	M11	M11	M11
	BUDGET	BUDGET	ACTUAL	VAR	BUDGET	ACTUAL	VAR
MEDICAL PAY	£000's	£000s	£000s	£000s	WTE	WTE	WTE
Consultants	36,382	33,349	33,265	(84)	247.44	232.31	(15.13)
Junior Medical	25,146	22,993	25,472	2,480	330.33	371.53	41.20
Agency	23	24	2,315	2,291	0.00	12.62	12.62
<b>TOTAL MEDICAL PAY</b>	<b>61,552</b>	<b>56,366</b>	<b>61,053</b>	<b>4,688</b>	<b>577.77</b>	<b>616.46</b>	<b>38.69</b>

The main pressures driving the medical pay overspend are detailed in the table below;

Speciality	YTD M11 Var £000s	Key Reasons
ED Medical	1,537	Locum usage to cover additional work pressures. SIE policy in operation for 92 days YTD (8 days in February)
Escalation Ward (w33)- Medical Cover (General Medicine)	304	1 wte Consultant & 2 wte ST1-3 Agency medical cover for the Escalation Ward. Winter funding has been allocated here for Oct to Mar 23
Escalation Beds - Medical Cover (Acute Medicine)	203	Escalation Beds - Medical Cover
Urgent Care ACAs	501	ACAs worked to cover both ward 33 escalation ward being open and workload pressures
Covid Medical Spend	215	Recorded as Covid spend as this is the reason given when booking shifts
Planned Care ACAs	1,477	ACAs incurred across various specialties facilitating predominantly the delivery of the recovery workload.
<b>Total Analysed</b>	<b>4,237</b>	
<b>Overall Medical Pay Position</b>	<b>4,688</b>	
<b>Month 10 In Month Variance</b>	<b>426</b>	
<b>Month 11 In Month Variance</b>	<b>247</b>	

1.6.10 Expenditure attributable to Covid needs to be actively managed as funding has significantly reduced in year. Additional spend on Additional Clinical Activity (ACAs) also needs further review in light of the elective performance, and is being explored by operational colleagues



with support from the Finance team. Further reduction in expenditure will both help deliver Value Improvement Programme (VIP) and address the deficit.

## **Non-Pay**

1.6.11 Total Non-Pay is £2,770k overspent including reserves and Interest Receivable. Key variances are highlighted in the table below;

Description	YTD M11 Var £000s	Key Reasons
Purchase of Healthcare Non NHS	3,042	Outsourcing of activity to external providers of healthcare to help facilitate delivery of 2022/23 activity targets
		1010 - £1,989k YTD - £1,122k Urology, £865 ENT, £2k Plastics
		Nuffield - £37k YTD - £35k Paeds Urol, £2k T&O
		Pioneer £590k YTD - £464k OMFU, £78k Ophthalmology, £48k Plastics
		Pioneer £206k YTD Gynaecology
		Endoscopy £213k, CRV £40k
Drugs	3,738	Expenditure on high cost drugs £2,298k ytd, balance relates to divisional drug pressures (including ITU & Anaesthetics £319k, Respiratory £95k, ED £149k, Diabetes £75k)
Medical & Surgical Equipment Purchases	674	Predominantly Planned Care Theatres and Diagnostics & Pharmacy in relation to activity
Energy (Gas & Electricity)	368	Forecast pressure for year reduced from £1m to £600k due to receipt of actual invoices in month
Building & Engineering	508	Estates spend on building & engineering materials and contractors including backlog maintenance
Interest Receivable	(577)	
Furniture & IT	348	
Services Received	1,090	£865k relates to International Nurses recruitment costs
Other (inc Reserves)	(5,379)	Trust Reserves - e.g. Covid, Contingency
<b>Total</b>	<b>3,812</b>	
<b>Overall Non Pay Position (inc Interest Receivable)</b>	<b>2,770</b>	

Additional costs of £3,042k have been incurred to insource / outsource elective activity to support the reduction in long waiters which whilst improving the operational performance, has had a detrimental impact on the financial position.

High-Cost Drugs are contributing £2,298k towards the Trust's overspend at the end of Month 11. It should be noted that this type of expenditure can be variable. Previously High Costs Drugs have been funded on a pass-through payment system, but this year are included within the block contract at a level lower than the costs incurred. This is being closely monitored and reported externally.

## 1.6.12 **Energy Forecasts**

The energy markets have been volatile throughout 2022. The Trust has had long term contracts for gas and electricity which are due to expire in March 2023 and March 2024 respectively. The purchasing strategy agreed between the Trust and our energy brokers has ensured that the volatilities in the market have been largely managed to date.

Gas prices this financial year are expected to remain relatively constant at between 1.6-2.5 p/kwhr. The Trust has traded 100% of gas purchases this financial year. The price currently paid by the Trust is significantly less than the recently announced Government cap of



11p/kwhr. The Trust has commenced discussions for contract renewal. At this point the future gas pricing is unknown but could represent a financial risk to the Trust from 2023/24.

Electricity prices remained comparable to previous years for Q1 2022/23 at 12p/kwhr. There was a significant increase in July to 20p/kwhr. Prices are expected to continue for the rise throughout the remainder of the financial year. Invoices for August and September are still outstanding and once received will provide greater clarity on the financial risks. The current Government cap for electricity is 34p/kwhr.

Fixed charges for the supply of electricity have also increased significantly this financial year directly related to risks within this sector. These increased charges will cost the Trust an additional £80k compared to 2021/22.

The performance of the combined heat and power (CHP) engine also has a direct impact on energy usage.

Whilst gas prices remain stable (for 2022/23) the financial risk is predominantly related to expected increases in electricity. Based on forecast energy prices, expected usage and CHP performance the financial pressure is projected at circa £0.6m against existing budgets.

Future contracting and pricing from 2023/24 are yet to be confirmed. The difference between the current pricing and the Government cap should be noted.

## 2.0 Divisional Positions

2.1 The breakdown of the Trust reported February variance is also shown by Division below.

Divisional Variances	Apr YTD Var	May YTD Var	June YTD Var	July YTD Var	Aug YTD Var	Sep YTD Var	Oct YTD Var	Nov YTD Var	Dec YTD Var	Jan YTD Var	Feb YTD Var	Movement
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Planned Care	55	766	1,194	1,999	2,211	2,664	3,137	3,743	4,205	4,557	4,405	(152)
Urgent Care	466	1,005	1,688	2,142	3,051	3,979	4,702	5,869	7,095	8,202	9,039	837
ICP	(32)	(49)	(85)	(203)	(246)	(622)	(656)	(770)	(812)	(906)	(1,007)	(101)
D&P	(49)	(98)	(172)	(283)	(278)	(350)	(354)	(462)	(394)	(186)	(466)	(280)
Facilities	46	144	234	301	512	544	640	722	753	806	875	69
Estates	(23)	9	73	(25)	(57)	98	203	413	577	504	325	(179)
Nurse Management	(220)	914	1,757	2,189	2,628	3,087	3,983	4,467	5,181	5,606	5,881	275
Corporate Services	18	37	65	156	135	108	15	(154)	(150)	(255)	(369)	(114)
IM&T	38	(16)	(30)	(42)	(37)	(85)	(81)	(112)	(91)	(89)	(93)	(4)
Central Services	(298)	(1,293)	(3,000)	(2,817)	(2,407)	(1,262)	(1,278)	(845)	(706)	(209)	(2,489)	(2,280)
<b>Total</b>	<b>1</b>	<b>1,419</b>	<b>1,724</b>	<b>3,417</b>	<b>5,512</b>	<b>8,161</b>	<b>10,311</b>	<b>12,871</b>	<b>15,657</b>	<b>18,030</b>	<b>16,101</b>	<b>(1,929)</b>
Exclude Donated Asset Transactions	0	0	0	0	0	0	0	0	0	0	0	0
<b>Variance against plan</b>	<b>1</b>	<b>1,419</b>	<b>1,724</b>	<b>3,417</b>	<b>5,512</b>	<b>8,161</b>	<b>10,311</b>	<b>12,871</b>	<b>15,657</b>	<b>18,030</b>	<b>16,101</b>	<b>(1,929)</b>

The key reasons for these variances are explained above.

## 3.0 Recently Approved Investments

3.1 Recently approved investments are shown in the table below. Whilst the Trust Board approved the recurrent investment, the Executive Directors Group have further reviewed the "in year" ask reducing from £2.6m to £1.8m as shown in the table below.



- 3.2 Recruitment is now underway to fill the posts with the table below updated from prior month to reflect additional anticipated slippage.
- 3.3 Whilst this expenditure has been targeted to address a number of immediate pressures, this level of investment remains unfunded, creating a substantial pressure for 2023/24 and beyond.

<b>Approved Part Year Effect Minimum Commitments (EDG 1 August 2022)</b>	<b>WTE</b>	<b>£</b>	<b>£</b>
1. Business Case: Informatics	18.00	800,000	<b>1,440,000</b>
2. Business Case: Human Resources	11.00	230,000	<b>640,000</b>
3. Business Case: Operational Support	6.00	85,000	<b>170,000</b>
4. Business Case: Communications	3.00	54,167	130,000
5. Business Case: Legal	2.50	45,833	110,000
6. Business Case: Quality Governance	33.71	170,000	1,668,168
7. Business Case: Same Day Emergency Care Staffing	11.74	400,000	1,370,000
8. Maternity Patient Administration System		TBC	TBC
<b>Sub Total</b>	<b>85.95</b>	<b>1,785,000</b>	<b>5,528,168</b>

#### 4.0 Value Improvement Program (VIP)

- 4.1 The updated plan submitted on 20th June 2022 requires the delivery of a £16.3m Efficiency Programme. This is derived from £7.3m brought forward undelivered Cost Reduction Schemes (CRS) from 2021/22, and the initial 2% efficiency requirement for 2022/23 of £6.1m. A further £2.9m is required as part of the updated plan submitted on 20th June 2022, bringing the total efficiency requirement for 2022/23 to 5.5% which is £16.3m.
- 4.2 To date, £14.8m (91%) of schemes have been identified in year, but only £5.3m (32%) on a recurrent basis.
- 4.3 The VIP target is profiled from Quarter 2, i.e. from July 2022 onwards, to allow the Trust time to develop plans for delivery of efficiencies. (i.e. £1.8m target per month from July 2022). VIP is contributing £2.6m to the current overspend, and if no further VIP schemes are identified this will result in year-end overspend (undelivered VIP) of £3.6m.
- 4.4 Work is on-going via the Finance & Performance Working Group to galvanise the approach to identifying savings opportunities and capturing existing and on-going work taking place throughout the Trust. The focus is to minimise costs and drive value through all our activities. Divisions have been tasked with identifying savings plans, supported by an additional Program Management Office (PMO) resource allocated to the Trust by the Integrated Care System, (ICS).
- 4.5 Attached as Appendix 3 is the VIP Monitoring spreadsheet for 2022/23.
- 4.6 The VIP represents a significant financial risk to the Trust and is factored into the Trust's financial forecast.



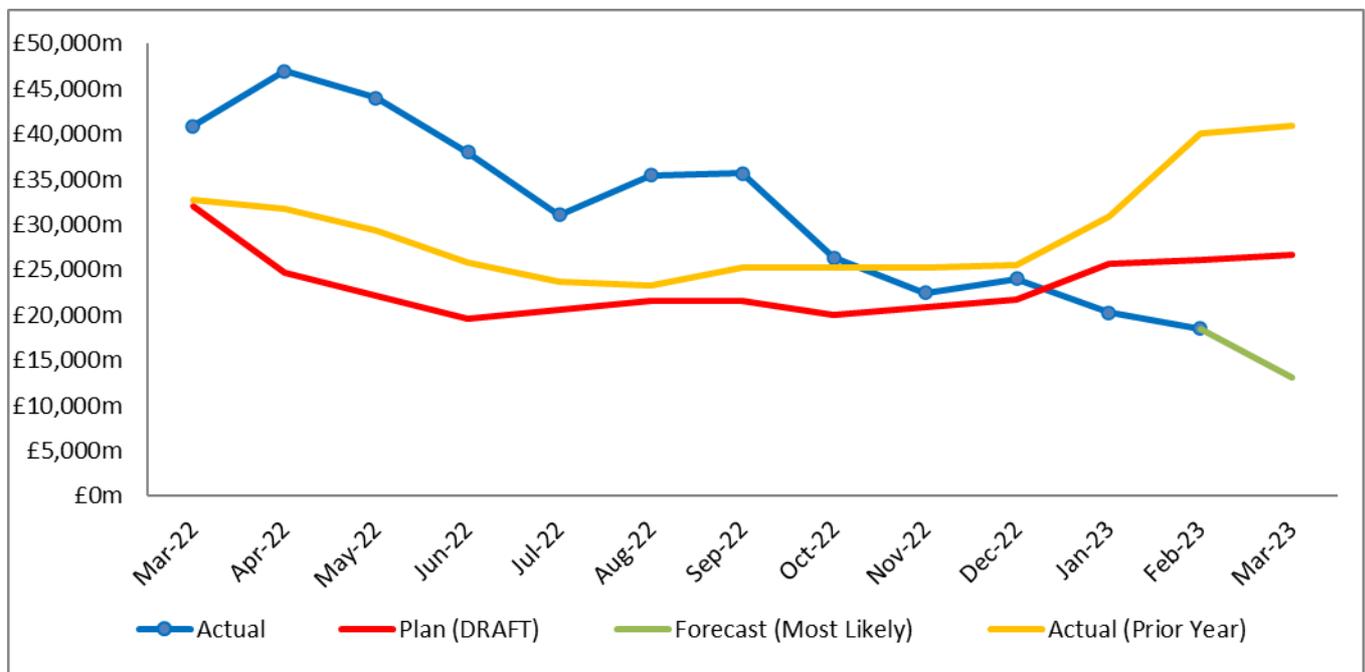
## 5.0 Cash and Better Payment Practice Code Performance

5.1 Cash balances at the end of February 2023 stood at £18.5m (compared to the January 2022 position of £20.2m), due predominantly to the ongoing revenue deficit.

5.2 Cash balances are monitored daily through a rolling cash flow.

5.3 Cash balances remain relatively high, but the cash accumulated in the prior year is working through the position as capital schemes progress, and there remains a significant amount of risk in the 'most likely' forecast, particularly around delivery of the VIP plan and nurse agency reduction. Any underachievement against this forecast will erode the cash balances further, and the position is being closely monitored as the year end approaches.

5.4 The forecast below has been updated to reflect the revised forecast position set out in section 7.



5.5 If the impact of the underperformance (on cash flow) is sufficiently large and not managed across the ICB, then the Trust would need to apply for interim revenue Public Dividend Capital (PDC) support. The Trust is currently funding £3.2m of the Capital Program from cash reserves. We understand that the ICB is currently managing two Trust's revenue cash deficits by in-year contract advances, although this approach may not be available next year and in any event would need to unwind as the financial year end approached.

5.6 The Trust performance against the Better Payment Practice Code for February is shown below:



<b>Better payment practice code</b>	<b>Current YTD</b>	<b>Current YTD</b>	<b>Previous Month YTD</b>	<b>Previous Month YTD</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>28/02/2023</b>	<b>28/02/2023</b>	<b>31/01/2023</b>	<b>31/01/2023</b>
	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
<b>Non NHS</b>				
Total bills paid in the year	67,270	87,634	61,750	81,467
Total bills paid within target	59,747	77,788	54,740	72,580
Percentage of bills paid within target	88.8%	88.8%	88.6%	89.1%
<b>NHS</b>				
Total bills paid in the year	1,867	16,617	1,714	14,163
Total bills paid within target	1,535	14,527	1,402	12,116
Percentage of bills paid within target	82.2%	87.4%	81.8%	85.5%
<b>Total</b>				
Total bills paid in the year	69,137	104,251	63,464	95,630
Total bills paid within target	61,282	92,315	56,142	84,696
Percentage of bills paid within target	88.6%	88.6%	88.5%	88.6%

The target for Trusts is 95%. The performance is below this at present, due largely to the significant increase in the number of invoices arising from additional agency workers (we now process around 26,000 invoices compared to around 2,000 at the start of the pandemic) with no additional resources thus resulting in significant resource pressure both on Account Payable staff and the Staffing Solutions team that handle the invoice approvals. The position will hopefully be recovered as agency usage falls going forward.

## 6.0 Risk and Mitigation

The following risks and mitigations have been identified:

- **Elective Recovery Funding (ERF)** – the financial position assumes delivery of 104% of the 19/20 baseline and associated ERF income. In total this amounts to £8.44m for the financial year with 10112ths i.e. £7.74m assumed within the Month 11 financial position. This is a significant risk and may be retracted given the current elective performance which does not deliver the required activity level despite incurring additional cost of outsourcing / insourcing, though this has not happened to date. Operational colleagues are working on delivery plans with support from Business Intelligence colleagues and Finance to recover the elective productivity position. Retraction of this funding is assumed only in the worst case financial forecast.
- **Workforce** – there are a number of workforce challenges which impact on the financial position, most notably the high number of substantive vacancies within the nursing workforce. Significant work is underway to address this including



international nurse recruitment as well as local recruitment drives, however there is a considerable financial pressure;

- **Non elective activity** – increases in this area are causing immense pressure to the hospital operationally and additional workforce costs are being incurred to maintain patient safety with no additional funding for this activity. There is currently escalation capacity open to cope with demand. Work continues with the Integrated Care Partnership to manage as many patients as clinically appropriate outside of the hospital setting. The Same Day Emergency Care Centre (SDEC Centre) opened late December 2022 which is hoped will help to support this pressure;
- **Value Improvement Programme (VIP)** – the VIP target of £16.3m (5.5%) represents the largest savings challenge the Trust has ever faced and consequently a significant risk in delivering the planned financial position. To date £14.8m has been identified in year of which £5.3m is recurrent. Work is continues to identify schemes with particular emphasis on 2023/24 plans.
- **High Cost Drugs** – there is an overspend on high costs drugs of £2.3m at the end of Month 11. This is a volatile expenditure area which is no longer on a pass-through payment but included in the block allocation for this year. Further work is underway to understand whether the driver is cost or volume or a combination of the two and this has been reported to the Integrated Care System as a cost pressure.
- **Elective Surgical Hubs / South Mersey Theatre Capacity (Clatterbridge)** – The Trust plan to utilise the additional theatre capacity made available at the Clatterbridge site to help deliver on operational targets. However, there is an unintended financial consequence of using Clatterbridge, since the activity delivered from this site will not be counted as our activity and hence affect the activity performance for ERF delivery. This issue will be raised regionally.
- **Out of hospital capacity / Integrated Discharge** – The Clinical Commissioning Group (CCG), prior to dissolution, provided funding for the first six months of the year to support Integrated Discharge Teams as well as nursing home beds. The Trust has been recently notified of an allocation of circa £700k which will be utilised to fund beds at Pinetum.
- **Energy Costs** – The costs of fuel are rising rapidly nationally and anticipated to result in a £0.6m overspend this year. Further financial pressure for next year is highly likely and negotiations are underway for new contracts.
- **Financial impact of junior doctor industrial action** – it is likely that there will be both an operational and financial impact following the junior doctor industrial action. These are currently not factored into the current 2022/23 financial forecast. The



costs are being calculated and will be discussed with the ICB as to how this will be managed in the year end position.

## 7.0 Financial Forecast 2022/23

The table below demonstrates the maintenance of the reported forecast at m11 of a £20.6m deficit (including the £3.1m deficit plan). This forecast position cannot deteriorate further, given the Trust's consolidated position within the wider Cheshire & Mersey Integrated Care System.

In the table below details are provided of additional measures required to deliver this reported M11 forecast.

	Mth 11	Mth 11	Mth 10	Mth 10
Forecast Outturn February 2023	£23.7	£23.7	£27.2	£27.2
Less Nurse Spending on Agency	-£1.1	£22.7	-£2.1	£25.1
Delay Band 2 to Band 3	-£2.0	£20.7	-£2.0	£23.1
Business Case Recruitment slowed further	-£0.0	£20.6	-£0.3	£22.8
Frontline Digital Bid - released m11	£0.0	£20.6	-£0.8	£22.0
Reduced Insourcing	£0.0	£20.6	-£0.7	£21.3
VAT Creditors	£0.0	£20.6	-£0.7	£20.6

## 8.0 Financial Planning 2023/24

On 23 December 2022, NHS England (NHSE) released its 2023/24 priorities and operational planning guidance, outlining three priority areas for the service:

1. Prioritise recovering core services and productivity;
2. Return to delivering the key ambitions in the NHS Long Term Plan (LTP); and
3. Continue transforming the NHS for the future.

It's a step change in approach to this year's guidance.

- It is notably shorter with fewer targets
- Promotes genuine partnership between systems and the centre, with a greater emphasis on outcomes and less prescription on how to achieve them.
- More flexible funding for systems to deliver on local priorities, and that the focus on productivity sits alongside continued investment.
- More focus on longer term System Financial Planning

Whilst there are a number of specific activity related targets, the most notable change is the re-introduction of Payment by Results for Elective, Day case & First Outpatient Attendances (with Outpatient Follow Ups and non-Elective Care being funded through a block approach, similarly to the current year).

Plans for 23/24 are currently in production, with final financial plans due to be submitted to the ICB on 22nd March and to NHSE on 29th March. A separate paper on 2023/24 business planning is being prepared.



## Appendix 1

The variances below are against the 104% of 2019/20 activity target:-

Specialty Code	Specialty Description	Feb-23					YTD Total					YTD Total - %			
		DC	EL IP	OPFA	OPFUP	Total	DC	EL IP	OPFA	OPFUP	Total	DC	ELIP	OPFA	OPFUP
100	General Surgery	(205)	(17)	(273)	(108)	(603)	(142)	(83)	(1,802)	(968)	(2,994)	99%	84%	62%	76%
101	Urology	(254)	(9)	(159)	(81)	(504)	(1,806)	(243)	48	1,341	(660)	62%	64%	106%	130%
103	Breast Surgery	(11)	(3)	(47)	96	35	(33)	(37)	15	1,242	1,187	93%	60%	105%	147%
104	Colorectal Surgery	(18)	(10)	202	249	423	(986)	(56)	2,247	2,395	3,600	64%	73%	198%	282%
106	Upper GI Surgery	70	(0)	113	24	208	701	(5)	1,019	(185)	1,529	297%	81%	276%	82%
107	Vascular Surgery	(7)	(6)	(300)	(314)	(626)	(90)	(139)	(243)	154	(318)	94%	74%	99%	107%
110	Trauma & Orthopaedics	(50)	(84)	(280)	(257)	(672)	(444)	(376)	(2,472)	(1,592)	(4,884)	64%	57%	75%	92%
120	ENT	(66)	(1)	(823)	(1,110)	(1,999)	(308)	(58)	(7,187)	(8,249)	(15,801)	69%	78%	49%	78%
130	Ophthalmology	(133)	14	74	(53)	(99)	(673)	120	474	2,027	1,949	85%	514%	111%	112%
140	Oral Surgery	(54)	(1)	0	(24)	(79)	(639)	(27)	37	(114)	(743)	17%	4%	3627%	67%
143	Orthodontics	0	0	16	(306)	(290)	0	0	(75)	(3,696)	(3,771)	0%	0%	88%	49%
144	Maxillo-Facial Surgery	(14)	2	84	139	211	(108)	(8)	(838)	1,381	427	89%	73%	76%	143%
160	Plastic Surgery	(125)	(2)	(28)	34	(121)	(828)	(104)	(995)	736	(1,191)	74%	47%	71%	115%
171	Paediatric Surgery	0	0	0	0	0	0	0	(119)	(64)	(182)	0%	0%	0%	0%
190	Anaesthetic Service	8	0	27	5	40	13	0	368	24	405	0%	0%	0%	0%
191	Pain Management	(90)	0	6	(61)	(145)	(831)	6	(409)	(869)	(2,103)	39%	0%	63%	67%
215	Paediatric ENT	0	0	0	0	0	0	0	0	(48)	(48)	0%	0%	0%	0%
216	Paediatric Ophthalmology	0	0	(17)	(23)	(40)	0	0	(169)	(353)	(522)	0%	0%	0%	0%
361	Nephrology	0	0	(12)	(57)	(69)	12	(14)	(104)	(462)	(568)	0%	31%	77%	86%
420	Paediatrics	(22)	(19)	(40)	(309)	(390)	(184)	(141)	(43)	(3,428)	(3,795)	2%	0%	103%	56%
450	Dental Medicine Service	0	0	0	0	0	0	0	0	0	0	0%	0%	0%	0%
501	Obstetrics	0	0	0	0	0	0	0	0	0	0	0%	0%	0%	0%
502	Gynaecology	(16)	(30)	55	(78)	(69)	(1,157)	(248)	17	(2,556)	(3,945)	36%	51%	104%	76%
503	Gynaecological Oncology	0	0	(9)	(72)	(81)	0	0	(100)	(683)	(782)	0%	0%	0%	0%
	<b>Planned Care Total:</b>	<b>(988)</b>	<b>(167)</b>	<b>(1,411)</b>	<b>(2,304)</b>	<b>(4,869)</b>	<b>(7,501)</b>	<b>(1,413)</b>	<b>(10,331)</b>	<b>(13,967)</b>	<b>(33,211)</b>				
170	Cardiothoracic Surgery	0	0	(2)	(14)	(16)	0	0	(32)	(142)	(173)	0%	0%	0%	0%
180	Accident & Emergency	1	0	0	0	1	3	0	0	0	3	0%	0%	0%	0%
300	General Medicine	17	0	(158)	(36)	(178)	66	(12)	(1,332)	(50)	(1,327)	227%	31%	28%	92%
301	Gastroenterology	(197)	(6)	88	(187)	(302)	(1,728)	(61)	378	(615)	(2,026)	61%	28%	136%	93%
302	Endocrinology	12	0	(1)	76	88	73	1	(8)	761	826	156%	140%	103%	138%
303	Clinical Haematology	(1)	(5)	(11)	634	617	221	(128)	142	8,634	8,870	111%	16%	124%	254%
306	Hepatology	2	0	(22)	(64)	(83)	16	0	227	(462)	(220)	0%	0%	165%	81%
307	Diabetic Medicine	8	1	(56)	(447)	(493)	57	(2)	(399)	(4,021)	(4,365)	328%	34%	72%	53%
309	Haemophilia Service	0	0	0	0	0	1	0	0	0	1	0%	0%	0%	0%
315	Palliative Care	0	0	(2)	(54)	(57)	0	0	(30)	(464)	(494)	0%	0%	33%	36%
320	Cardiology	62	(0)	(333)	(160)	(431)	227	(17)	72	(1,489)	(1,207)	130%	39%	105%	81%
324	AntiCoag	0	0	(18)	(393)	(411)	0	0	(158)	(4,350)	(4,508)	31%	0%	23%	3%
330	Dermatology	(10)	0	64	(226)	(173)	(111)	(2)	205	(2,575)	(2,483)	97%	0%	109%	80%
340	Respiratory Medicine	0	(2)	(192)	(180)	(374)	(18)	(25)	(559)	(242)	(844)	0%	23%	89%	99%
410	Rheumatology	(3)	0	(2)	(306)	(311)	(77)	0	(120)	(1,561)	(1,758)	85%	0%	95%	91%
430	Geriatric Medicine	(6)	(2)	(26)	44	9	(0)	(10)	(154)	736	572	102%	50%	96%	159%
822	Chemical Pathology	0	0	(7)	(19)	(26)	0	0	0	105	105	0%	0%	104%	127%
	<b>Urgent Care Total:</b>	<b>(116)</b>	<b>(15)</b>	<b>(676)</b>	<b>(1,331)</b>	<b>(2,138)</b>	<b>(1,272)</b>	<b>(255)</b>	<b>(1,768)</b>	<b>(5,733)</b>	<b>(9,027)</b>				
322	Clinical Microbiology	0	0	(16)	0	(16)	0	0	(182)	0	(182)	0%	0%	0%	0%
811	Interventional Radiology Service	0	0	0	0	0	3	0	0	0	3	0%	0%	0%	0%
812	Diagnostic Imaging	0	0	0	0	0	0	0	0	0	0	0%	0%	0%	0%
	<b>Diagnostics Total:</b>	<b>0</b>	<b>0</b>	<b>(16)</b>	<b>0</b>	<b>(16)</b>	<b>3</b>	<b>0</b>	<b>(182)</b>	<b>0</b>	<b>(179)</b>				
	<b>Trust Total:</b>	<b>(1,104)</b>	<b>(182)</b>	<b>(2,102)</b>	<b>(3,635)</b>	<b>(7,023)</b>	<b>(8,770)</b>	<b>(1,667)</b>	<b>(12,281)</b>	<b>(19,699)</b>	<b>(42,417)</b>	<b>78%</b>	<b>62%</b>	<b>90%</b>	<b>94%</b>



## Appendix 2

	M1 NHSI Plan	M2 NHSI Plan	M3 NHSI Plan	M4 NHSI Plan	M5 NHSI Plan	M6 NHSI Plan	M7 NHSI Plan	M8 NHSI Plan	M9 NHSI Plan	M10 NHSI Plan	M11 NHSI Plan	M12 NHSI Plan	Total M1-M12
<b>IN MONTH LEDGER (SURPLUS) / DEFICIT</b>	1,605,000	1,602,000	1,605,000	(206,000)	(206,000)	(205,000)	(206,000)	(208,000)	(205,000)	(210,000)	(204,000)	(155,000)	3,007,000
Donated Asset Income	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Donated Asset Depreciation	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(16,000)	(181,000)
<b>MONITORED (SURPLUS) / DEFICIT</b>	<b>1,610,000</b>	<b>1,607,000</b>	<b>1,610,000</b>	<b>(201,000)</b>	<b>(201,000)</b>	<b>(200,000)</b>	<b>(201,000)</b>	<b>(203,000)</b>	<b>(200,000)</b>	<b>(205,000)</b>	<b>(199,000)</b>	<b>(151,000)</b>	<b>3,066,000</b>
<b>CUMULATIVE PLAN DEFICIT</b>			4,827,000	4,626,000	4,425,000	4,225,000	4,024,000	3,821,000	3,621,000	3,416,000	3,217,000	3,066,000	



## Appendix 3

Division	Scheme Title	In Year	Recurrent	July	August	September	October	November	December	January	February	March	Total
		-£ 16,290,794	-£ 16,290,794	-£ 1,810,088	-£ 1,810,088	-£ 1,810,088	-£ 1,810,088	-£ 1,810,088	-£ 1,810,088	-£ 1,810,088	-£ 1,810,088	-£ 1,810,088	-£ 16,290,794
ICP	Tarporley income generation	£ -											
Finance	Commercial Procurement	£ 73,733	£ 42,804	£ 24,578	£ 6,144	£ 6,144	£ 6,144	£ 6,144	£ 6,144	£ 6,144	£ 6,144	£ 6,144	£ 73,733
D&I	Retail review - Costa	£ 181,000	£ 181,000	£ 60,333	£ 15,083	£ 15,083	£ 15,083	£ 15,083	£ 15,083	£ 15,083	£ 15,083	£ 15,083	£ 181,000
D&I	EBME sales	£ 50,000	£ 50,000	£ 5,556	£ 5,556	£ 5,556	£ 5,556	£ 5,556	£ 5,556	£ 5,556	£ 5,556	£ 5,556	£ 50,000
Planned	Vascular SLA	£ 328,000	£ -			£ 103,000	£ 41,167	£ 54,167	£ 17,167	£ 49,167	£ 46,167	£ 17,167	£ 328,000
Central	Maternity leave pay reserve	£ 350,000	£ 350,000	£ 116,667	£ 29,167	£ 29,167	£ 29,167	£ 29,167	£ 29,167	£ 29,167	£ 29,167	£ 29,167	£ 350,000
D&I	CDH	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Central	Technical opportunity (Band 2-3)	£ 2,287,469	£ -	£ 254,163	£ 254,163	£ 254,163	£ 254,163	£ 254,163	£ 254,163	£ 254,163	£ 254,163	£ 254,163	£ 2,287,469
Central	Advances code	£ 140,000	£ -	£ 15,556	£ 15,556	£ 15,556	£ 15,556	£ 15,556	£ 15,556	£ 15,556	£ 15,556	£ 15,556	£ 140,000
Central	RPST	£ 130,000	£ -	£ 14,444	£ 14,444	£ 14,444	£ 14,444	£ 14,444	£ 14,444	£ 14,444	£ 14,444	£ 14,444	£ 130,000
Central	Capital creditors	£ 750,000	£ -	£ 83,333	£ 83,333	£ 83,333	£ 83,333	£ 83,333	£ 83,333	£ 83,333	£ 83,333	£ 83,333	£ 750,000
Central	Bad debt provision	£ 100,000	£ -	£ 11,111	£ 11,111	£ 11,111	£ 11,111	£ 11,111	£ 11,111	£ 11,111	£ 11,111	£ 11,111	£ 100,000
Central	Legal provision	£ 300,000	£ -	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 300,000
Central	Anaesthetics provision	£ 987,291	£ -	£ 109,699	£ 109,699	£ 109,699	£ 109,699	£ 109,699	£ 109,699	£ 109,699	£ 109,699	£ 109,699	£ 987,291
Central	Hospital at Home creditor	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Central	Cerner Deferred Income	£ 1,327,561	£ -	£ 147,507	£ 147,507	£ 147,507	£ 147,507	£ 147,507	£ 147,507	£ 147,507	£ 147,507	£ 147,507	£ 1,327,561
Central	High Cost Drugs	£ 1,756,986	£ 1,756,986	£ 585,662	£ 146,416	£ 146,416	£ 146,416	£ 146,416	£ 146,416	£ 146,416	£ 146,416	£ 146,416	£ 1,756,986
Central	Non Pay Inflation	£ 458,952	£ 458,952	£ 152,984	£ 38,246	£ 38,246	£ 38,246	£ 38,246	£ 38,246	£ 38,246	£ 38,246	£ 38,246	£ 458,952
Central	Wales Contract Negotiation	£ 634,812	£ 634,812	£ 211,604	£ 52,901	£ 52,901	£ 52,901	£ 52,901	£ 52,901	£ 52,901	£ 52,901	£ 52,901	£ 634,812
Central	Additional CCG Monies	£ 83,000	£ 83,000	£ 27,667	£ 6,917	£ 6,917	£ 6,917	£ 6,917	£ 6,917	£ 6,917	£ 6,917	£ 6,917	£ 83,000
D&I	Removal of Domestic second clean	£ 400,000	£ 400,000		£ 166,667	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 33,333	£ 400,000
Central	2022/23 Contract increases - Velindre, AHCH, Dental & Shropshire	£ 61,325	£ 61,325			£ 2,381	£ 794	£ 794	£ 794	£ 45,946	£ 5,309	£ 5,309	£ 61,325
Planned	Release of 2021/22 year end provisions	£ 331,481				£ 76,694	£ 25,565	£ 48,725	£ 30,196	£ 30,196	£ 89,909	£ 30,196	£ 331,481
ICP	Place Contribution	£ 134,527	£ 134,527			£ 44,842	£ 14,947	£ 14,947	£ 14,947	£ 14,947	£ 14,947	£ 14,947	£ 134,527
ICP	On Call	£ 39,150	£ 39,150			£ 13,050	£ 4,350	£ 4,350	£ 4,350	£ 4,350	£ 4,350	£ 4,350	£ 39,150
Finance	Review of Property Services Invoices	£ 385,429				£ 128,476	£ 42,825	£ 42,825	£ 42,825	£ 42,825	£ 42,825	£ 42,825	£ 385,429
HR	Release of 2021/22 year end provisions	£ 165,085				£ 14,667	£ 4,889	£ 4,889	£ 25,304	£ 9,061	£ 97,150	£ 9,126	£ 165,085
ICP	NMABs Service Delivery	£ 53,809					£ 53,809						£ 53,809
Central	Investment Slippage	£ 786,000	£ 848,000						£ 157,200	£ 157,200	£ 157,200	£ 157,200	£ 786,000
W&C	Release of 2021/22 year end provisions	£ 377,785					£ 71,880	£ 14,376	£ 14,376	£ 262,776	£ 14,376	£ 14,376	£ 377,785
W&C	Release of 2021/22 year end provisions	£ 14,750					£ 8,194	£ 1,639	£ 1,639	£ 1,639	£ 1,639	£ 1,639	£ 14,750
Planned	Release of 2021/22 year end provisions	£ 188,511					£ 63,320	£ 12,664	£ 87,200	£ 12,664	£ 12,664	£ 12,664	£ 188,511
IM&T	Release of 2021/22 year end provisions	£ 27,572					£ 13,272		£ 14,300				£ 27,572
Central	Wales Contract Negotiation	£ 245,429	£ 245,429						£ 184,072	£ 20,452	£ 20,452	£ 20,452	£ 245,429
D&I	Release of 2021/22 year end provisions	£ 9,900							£ 9,900				£ 9,900
ICP	Release of 2021/22 year end provisions - Social Care Funding	£ 400,000									£ 400,000		£ 400,000
IM&T	Release of 2021/22 year end provisions	£ 202,225									£ 202,225		£ 202,225
Central	Release of 2021/22 year end provisions	£ 976,288									£ 976,288		£ 976,288
D&I	Release of 2021/22 year end provisions	£ 82,000									£ 82,000		£ 82,000
													£ -
<b>Total Delivered</b>		<b>£ 14,820,070</b>	<b>£ 5,285,985</b>	<b>£ 1,854,197</b>	<b>£ 1,136,243</b>	<b>£ 1,386,019</b>	<b>£ 1,191,255</b>	<b>£ 1,487,472</b>	<b>£ 1,518,344</b>	<b>£ 1,494,569</b>	<b>£ 3,418,811</b>	<b>£ 1,333,161</b>	<b>£ 14,820,070</b>
<b>Total Outstanding</b>		<b>-£ 1,470,724</b>	<b>-£ 11,004,809</b>	<b>£ 44,108</b>	<b>-£ 673,846</b>	<b>-£ 424,069</b>	<b>-£ 618,833</b>	<b>-£ 322,616</b>	<b>-£ 291,745</b>	<b>-£ 315,519</b>	<b>£ 1,608,723</b>	<b>-£ 476,927</b>	<b>-£ 1,470,724</b>

<b>Meeting</b>	<b>28<sup>th</sup> March 2023</b>	<b>Board of Directors</b>					
<b>Report</b>	<b>Agenda item 13.</b>	<b>5 Year Capital Program Proposed Approach - Update</b>					
<b>Purpose of the Report</b>	Decision	<b>X</b>	Ratification		Assurance		Information
<b>Accountable Executive</b>	Simon Holden				Director of Finance		
<b>Author(s)</b>	Simon Holden Sue Phillipson				Director of Finance Head of Financial Management		
<b>Board Assurance Framework</b>	E1	Underlying Long Term Trust Financial Sustainability					
<b>Strategic Aims</b>	Not applicable.						
<b>CQC Domains</b>	Safe, Caring, Responsive, Effective & Well Led						
<b>Previous Considerations</b>	Finance & Performance Committee – 22 <sup>nd</sup> February 2023						
<b>Executive Summary</b>	<p>The purpose of this report is to seek agreement of the Board of Directors for an alternative approach of allocating internally generated capital funding, i.e., depreciation, which is currently c £5m per annum.</p> <p>Each year capital funding is used to support spend on Medical Equipment, Estates &amp; Facilities and IM&amp;T. With rolling replacement programs to varying degrees being present within each area.</p> <p>The proposal is to allocate funding to these areas on a recurrent basis.</p>						
<b>Recommendation(s)</b>	<p>The Board is requested to support the proposed allocation of the £5m internally generated capital funding as follows:</p> <ul style="list-style-type: none"> <li>• £2m Medical Equipment</li> <li>• £2m Estates &amp; Facilities</li> <li>• £0.5m IM&amp;T Equipment</li> <li>• £0.5m Contingency</li> </ul>						
<b>Corporate Impact Assessment</b>							
<b>Statutory Requirements</b>	Meets the Trust compliance with Foundation Trust Status.						
<b>Quality &amp; Safety</b>	Seeks to address Quality & Safety issues across the Trust.						
<b>NHS Constitution</b>	Not applicable.						
<b>Patient Involvement</b>	Not applicable.						



<b>Risk</b>	In line with the Board Assurance Framework and Corporate Risk Register.
<b>Financial impact</b>	In line with the Effectiveness risk areas of the Board Assurance Framework.
<b>Equality &amp; Diversity</b>	Not applicable.
<b>Communication</b>	Document to be published on the Trust's website as part of the Board of Directors agenda.

## 5 Year Capital Program Proposed Approach

### BACKGROUND

1. The Trust internally generates currently circa £5m from depreciation annually that can be utilised to support the allocation of capital funds proposed in this paper. This can be adjusted as this value changes.
2. Each year capital funding is used to support spend on Medical Equipment, Estates & Facilities and IM&T. With rolling replacement programs to varying degrees being present within each area.
3. The proposal is to allocate funding to these areas on a recurrent basis, based on historical spend over the last 3 years.
4. The table below identifies spend against Backlog Maintenance, Medical Equipment and Information Technology from 2019/20 to 2021/22;

Year	Backlog Mtce	Medical Equip	IT	Contingency	Total
	£000s	£000s	£000s	£000s	£000s
2021/22	1,277	2,503	1,266		5,046
	25%	50%	25%		100%
2020/21	10,924	6,050	1,458		18,432
	59%	33%	8%		100%
2019/20	2,415	2,331	485		5,231
	46%	45%	9%		100%
<b>Average</b>	<b>44%</b>	<b>42%</b>	<b>14%</b>		<b>100%</b>
	2,179	2,117	705		5,000
<b>PROPOSED ALLOCATION</b>	<b>2,000</b>	<b>2,000</b>	<b>500</b>	<b>500</b>	<b>5,000</b>

### PROPOSAL

5. The appropriate expertise is held by the relevant Clinical and Professional Leads and it is proposed they will lead on the prioritisation of spend and management of multi-year capital programs for these areas.
6. The following allocation of capital funding is initially proposed as follows;
  - Medical Equipment £2m per annum  
Lead – Nigel Scawn, Medical Director
  - Estates & Facilities £2m per annum  
Lead – Ian Miller, Head of Estates

- IM&T Equipment £0.5m per annum  
Lead – Alwyn Price, Deputy Director of IM&T Infrastructure
  - Capital Contingency £0.5m per annum  
Lead – Simon Holden, Director of Finance
7. These leads will need to work with divisions and each other to develop robust plans that can be delivered in year considering inter-dependencies e.g., considering the IM&T and Estates involvement required, whilst also delivering, for example, other perhaps mandated work plans in year. This may involve phasing some schemes to facilitate delivery and managing any in year slippage.
  8. The plans will be presented to Finance and Performance Working Group and signed off by the Finance and Performance Committee and Trust Board in line with the existing governance arrangements.
  9. Individual disciplines will continue to “bid” for Central Capital Monies, to maximise capital investment locally, but only where supported by Finance and Performance Working Group. This is to ensure the affordability of any on-going revenue implications can also be considered and captured e.g., capital charges, consumables and maintenance contracts.
  10. All capital spend must be managed within the Trust’s Capital Departmental Expenditure Limit (CDEL) and cannot overspend. Should the Trust be in the unlikely position that CDEL allocated is lower than internally generated depreciation, the allocations proposed will be reduced proportionately.

## **RISK**

11. The Trust started the Interventional Radiology (Room 1) Capital Scheme in 2022/23, with an estimated cost of £3.6m. It is thought that £0.6m will be spent in 2022/23, leaving £3m to be funded during 2023/24. The Trust will seek to source external capital funding to support this scheme, but as yet this is unknown. Therefore, if no further external support is secured, this will be a precommitment against the Trust’s internally generated capital funding of £5m, which will then limit the funding available to support other divisional schemes in year.

## **RECOMMENDATION**

12. It is recommended that the Board supports the proposal to allocate the internally generated circa £5m capital funding as follows to allow a longer term planning process of capital investment. However, noting that if no further external funding for Interventional Radiology is received, these allocations will need to be revisited;
  - £2m Medical Equipment
  - £2m Estates & Facilities
  - £0.5m IM&T Equipment
  - £0.5m Contingency

<b>Meeting</b>	<b>28<sup>th</sup> March 2023</b>	<b>Board of Directors</b>					
<b>Report</b>	<b>Agenda item 14.</b>	<b>Standing Financial Instructions and Variable Pay Approval Levels</b>					
<b>Purpose of the Report</b>	Decision	<b>X</b>	Ratification	<b>X</b>	Assurance		Information
<b>Accountable Executive</b>	Simon Holden				Director of Finance		
<b>Author(s)</b>	Rose Garrod				Chief Financial Accountant		
<b>Board Assurance Framework</b>	G1	Failure to progress implementation of the governance improvement plan.					
<b>Strategic Aims</b>	Not applicable.						
<b>CQC Domains</b>	Well Led						
<b>Previous Considerations</b>	Audit Committee – 28 <sup>th</sup> February 2023						
<b>Summary</b>	<ul style="list-style-type: none"> <li>The purpose of the report is to provide an annual review of the Trust’s SFIs and amend/update where necessary.</li> </ul>						
<b>Highlights</b>	<p>The Board is asked to note and approve:</p> <ul style="list-style-type: none"> <li>The updated Standing Financial Instructions</li> <li>The items being deleted are shown in yellow and crossed through and those that are being inserted/amended are highlighted in green. These are reviewed by consulting various departments to ensure that they are current and relevant.</li> <li>Changes to roles and responsibilities.</li> <li>Improved governance for a number of the Trust’s Committees (including Remuneration Committee and Audit Committee), following best practice.</li> </ul>						
<b>Recommendation(s)</b>	<p>The Board is requested to:</p> <ul style="list-style-type: none"> <li>Agree the Standing Financial Instructions, including the variable pay approval levels, and recommend these to Board of Directors for approval.</li> </ul>						
<b>Corporate Impact Assessment</b>							
<b>Statutory Requirements</b>	Meets the Trust compliance with Foundation Trust Status						
<b>Quality &amp; Safety</b>	Seeks to address Quality & Safety issues across the Trust.						
<b>NHS Constitution</b>	To be committed to providing the most effective, fair and sustainable use of resources.						
<b>Patient Involvement</b>	Not applicable.						
<b>Risk</b>	Ensures compliance of Trust rules and regulations by staff .						

<b>Financial impact</b>	In line with the Effectiveness risk areas of the Board Assurance Framework.
<b>Equality &amp; Diversity</b>	Not applicable.
<b>Communication</b>	Document to be published on the Trust's website as part of the Board of Directors agenda.

## Standing Financial Instructions and Variable Pay Approval Levels

### BACKGROUND

1. This is the annual review of the Trust Standing Financial Instructions.

### PURPOSE

2. The purpose is to ratify the Trust Standing Financial Instructions and publish on the Intranet, so Staff can refer to it to ensure compliance with Trust Policies and Procedures

### REVIEW PROCESS

The review was conducted by:

- Discussions were held with a number of Senior Managers/Directors/Internal Audit/Counter Fraud;
- Review against the HFMA checklist
- Taking account of recent internal audit recommendations in relation to waivers
- Review of Service Level Agreement report to ensure consistency with recommendations.

To note, yellow and crossed out areas are to be removed and green areas are additions.

### CURRENT POSITION

The Standing Financial Instructions are reviewed annually in order to ensure that they are current and relevant and to ensure that roles and responsibilities are correctly reflected to ensure that the Policies and Procedures of the Trust are adhered to.

The main changes to highlight are:

1. As the Audit Committee Terms of Reference have been updated they are now reflected in the revised SFI's.
2. Changes have been made throughout to reflect changes in job titles and Committee responsibilities.
3. As the Terms of Reference have been updated for the Remuneration and Nominations Committee and Audit Committee, these have been reflected in the SFIs
4. Where responsible Committee names have been revised these are shown mainly in Tables A and B.
5. Some of the changes are as a result of recent reports regarding Waivers (MIAA) and the SLA report (Andy Chandler) as well as the HFMA checklist.
6. Section 7 now makes specific reference to Service level agreements, some of this highlighted section are lifted straight from the SLA report.

7. A new section has now been added regarding Commercial Procurement Contracting as this is now representing a significant financial value to the Trust. Importantly it states that all contracts must be approved by the Commercial Income Group.
8. In section 11 Tendering and Contracting – we have now added a few instances where a waiver is not required. This is so that the waivers report which is presented to Audit Committee on a quarterly basis, concentrates on those that are of a risk of not representing value for money.
9. Section 32 of Table A – Service level agreements have been added and their financial limits are reflected in section 5.2 of table B.
10. Section 10.4 of Table B now takes account of the requirement for ministerial approval for settlements over £100k, under the Managing Public Money guidance.
11. The variable pay approval policy was reviewed by medical staffing and took account of guidance regarding authorisation levels.
12. Prior to the COVID pandemic the Finance team used to deliver finance training to non financial managers, this is now resuming and will have a section dedicated to the SFIs in order to raise awareness.
13. A mini guide is also issued alongside the SFIs which is approximately 3 pages long which is a readable guide picking out the significant guidance relating to day to day issues.

## **RECOMMENDATIONS**

5. The Board of Directors is asked to:
  - Agree and approve the Standing Financial Instructions, including the variable pay approval levels.

## STANDING FINANCIAL INSTRUCTIONS

---

- 1 INTRODUCTION
  - 2 AUDIT
  - 3 ALLOCATIONS/PAYMENT BY RESULTS, BUSINESS  
PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING
  - 4 ANNUAL ACCOUNTS AND REPORTS
  - 5 BANK ACCOUNTS
  - 6 INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER  
NEGOTIABLE INSTRUMENTS
  - 7 FOUNDATION TRUST CONTRACTS
  - 8 TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE BOARD  
OF DIRECTORS AND EMPLOYEES
  - 9 PROCESSING OF THE PAYROLL
  - 10 NON-PAY EXPENDITURE
  - 11 TENDERING AND CONTRACT PROCEDURE
  - 12 EXTERNAL BORROWING AND INVESTMENTS
  - 13 CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND  
SECURITY OF ASSETS
  - 14 STOCK, STORES AND RECEIPT OF GOODS
  - 15 DISPOSALS AND CONDEMNATIONS, INSURANCE, LOSSES AND SPECIAL  
PAYMENTS
  - 16 INFORMATION TECHNOLOGY
  - 17 PATIENTS' PROPERTY
  - 18 FUNDS HELD ON TRUST
  - 19 ACCEPTANCE OF GIFTS AND HOSPITALITY FOR STAFF
  - 20 RETENTION OF DOCUMENTS
  - 21 RISK MANAGEMENT
- 

### Scheme of Reservation and Delegation

#### Schemes of Reservation and Delegation Table A

#### Schemes of Reservation and Delegation Table B

Author: Chief Financial Accountant					EIA Ref:	
Ratified at	Date Approved	Revision No.	Author/Contact	Review Due Date	Uploaded Date	Pages
Board of Directors	14.09.2021	7.0	Rose Garrod	14.09.2023	16.11.2021	1 of 118

# 1. INTRODUCTION

## General

NHS/ NHSE sets the Terms of Authorisation for the Foundation Trust that require compliance with the principles of best practice applicable to corporate governance within the NHS / Health Sector with any relevant code of practice and guidance issued by NHS/ NHSE

The Code of Conduct and Accountability in the NHS issued by the Department of Health requires that each NHS organisation shall give, and may vary or revoke, Standing Financial Instructions for the regulation of the conduct of its Members and officers in relation to all financial matters with which they are concerned. These Standing Financial Instructions (SFIs) are issued in accordance with the Code. They shall have effect as if incorporated in the Standing Orders (SOs) of the Foundation Trust.

These SFIs detail the financial responsibilities, policies and procedures to be adopted by the Foundation Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law and 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 of Directors in the Scheme of Reservation and Delegation adopted by the Foundation Trust.

These SFIs identify the financial responsibilities, which apply to everyone working for the Foundation Trust and its constituent organisations including The Cheshire West Integrated Care Partnership, The Countess Charity and Trading Units. This includes staff who through collaboration with other NHS organisations may not be employed by this Foundation Trust but who use the systems controlled by it. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes. These must be approved in accordance with the Scheme of Reservation and Delegation.

Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of either the Director of Finance the Deputy Director of Finance or the Assistant 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 Foundation Trust's SOs.

### **FAILURE TO COMPLY WITH STANDING FINANCIAL INSTRUCTIONS AND STANDING ORDERS IS A DISCIPLINARY MATTER, WHICH COULD RESULT IN DISMISSAL.**

Overriding Standing Financial Instructions – If for any reason these Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board of Directors and staff have a

duty to disclose any non-compliance with these Standing Financial Instructions and they must be notified to the Director of Finance as soon as possible.

## Terminology

Unless the contrary intention appears or the context otherwise requires, words or expressions contained in the Standing Order bear the same meaning as in the National Health Service Act 2006, the amendments in the Health and Social Care Act 2012 and the Constitution. References in the Standing Orders to legislation include all amendments, replacements, or re-enactments made.

Headings are for ease of reference only and are not to affect interpretation. Words importing the masculine gender only shall include the feminine gender; words importing the singular shall include the plural and vice-versa.

In the Standing Orders, Standing Financial Instructions: and Scheme of Reservation and Delegation the following definitions apply:

### Definitions

<b>the Act</b>	National Health Service Act 2006 The Health and Social Care Act 2012 Local Audit and Accountability Act 2014
<b>Accounting Officer</b>	Shall be the Officer responsible and accountable for funds entrusted to the Foundation Trust in accordance with the NHS Foundation Trust Accounting Officer Memorandum. They are responsible for ensuring the proper stewardship of public funds and assets. The National Health Service Act 2006 designates the Chief Executive Officer of the NHS Foundation Trust as the Accounting Officer
<b>Appointing Organisations</b>	Those organisations named in the Constitution who are entitled to appoint Governors
<b>Authorisation</b>	An authorisation given by <b>NHS</b> <b>NHSE</b>
<b>Board of Directors</b>	The Board of Directors as constituted in accordance with the Constitution;
<b>Budget</b>	Means a resource, expressed in financial or manpower terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Foundation Trust

## Definitions

<b>Budget holder</b>	A director or employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.
<b>Chair of the Board of Directors</b>	Is the person appointed by the Council of Governors to lead the Board and to ensure that it successfully discharges its overall responsibility for the Foundation Trust as a whole. The expression “the Chair of the Foundation Trust” shall be deemed to include the Vice-Chair of the Foundation Trust if the Chair is absent from the meeting or is otherwise unavailable.
<b>Chief Executive Officer</b>	The Chief Officer of the Foundation Trust
<b>Committee</b>	A committee or sub-committee created and appointed by the Foundation Trust.
<b>Constitution</b>	Describes the type of organisation, its primary purpose, governance arrangements and membership.
<b>Contracting and Procuring</b>	Means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
<b>Director</b>	A member of the Board of Directors;
<b>External auditor</b>	Any financial auditor other than the financial auditor appointed under the Constitution to review and report upon other aspects of the Foundation Trust’s performance;
<b>Financial auditor</b>	The person appointed to audit the accounts of the Foundation Trust, who is called the auditor in the 2006 Act;
<b>Financial year</b>	a) the period beginning with the date on which the Foundation Trust is authorised and ending with the next 31 March; and b) each successive period of twelve months beginning with 1 April.
<b>the Foundation Trust</b>	Countess of Chester Hospital NHS Foundation Trust;

## Definitions

<b>Foundation Trust Contract</b>	Agreement between the Foundation Trust and <b>Clinical Commissioning Groups</b> other relevant Commissioners for the provision and commissioning of health services.
<b>Funds held on Trust</b>	Shall mean those funds which the Foundation Trust holds at its date of incorporation, receives on distribution by statutory instrument, or chooses subsequently to accept under powers derived under Health Service Act 2006 Chapter 5 Section 51. Such funds may or may not be charitable.
<b>Member</b>	A member of the Foundation Trust;
<b>NHSI/NHSE</b>	Health Care Regulator
<b>Nominated Officer</b>	An officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
<b>Officer</b>	An employee of the Foundation Trust.
<b>Partner</b>	In relation to another person, a member of the same household living together as a family unit;
<b>Secretary</b>	the Secretary of the Foundation Trust or any other person appointed to perform the duties of the Secretary, including a joint, assistant or deputy secretary;
<b>Standing Financial Instructions</b>	(SFIs) regulate the conduct of the Trusts financial matters
<b>Standing Orders</b>	(SOs) are incorporated in the Constitution and regulate the business conduct of the Foundation Trust

Wherever the title Chief Executive Officer, Director of Finance, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them.

Wherever the term "employee" is used and where the context permits it shall be deemed to include employees of third parties contracted to the Foundation Trust when acting on behalf of the Foundation Trust, including nursing and medical staff and consultants practising on the Foundation Trust premises.

## Responsibilities and Delegation

The Foundation Trust shall at all times remain a going concern as defined by **NHS/NHSE**. The Board of Directors exercises financial supervision and control by:

- a. formulating the financial strategy;
- b. requiring the submission and approval of budgets within overall income unless otherwise agreed with **NHS/NHSE**;
- c. defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money) and by ensuring appropriate audit provision; and
- d. defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation document

The constitution dictates that the Council of Governors may not delegate any of its powers to a committee or sub-committee. The Board of Directors has resolved that certain powers and decisions may only be exercised by the Board of Directors in formal session. These are set out in the "Reservation of Powers to the Board of Directors" document, published within the Scheme of Delegation. The Board of Directors will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the Foundation Trust.

Within the SFIs, it is acknowledged that the Chief Executive Officer is ultimately accountable to the Board of Directors and as the accounting officer for ensuring that the Board of Directors meets its obligation to perform its functions within the available financial resources. The Chief Executive Officer has overall executive responsibility for the Foundation Trust's activities, is responsible to the Board of Directors for ensuring that its financial obligations and targets are met and has overall responsibility for the Foundation Trust's system of internal control.

The Chief Executive Officer and Director of Finance will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.

It is a duty of the Chief Executive Officer to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these Instructions. All staff shall be responsible for ensuring conformity with the Standing Orders, Standing Financial Instructions and financial procedures of the Foundation Trust.

### **The Director of Finance is responsible for:**

- a. implementing the Foundation Trust's financial policies and for co-ordinating any corrective action necessary to further these policies; (The SFIs themselves do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and financial procedure notes).
- b. maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of

separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;

- c. ensuring that sufficient records are maintained to show and explain the Foundation Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Foundation Trust at any time;
- d. and, without prejudice to any other functions of directors and employees to the Foundation Trust, the duties of the Director of Finance include:
- e. the provision of financial advice to other members of the Board of Directors, Council of Governors and employees;
- f. the design, implementation and supervision of systems of internal financial control; and
- g. the preparation and maintenance of such accounts, certificates, estimates, records and financial reports as the Foundation Trust may require for the purpose of carrying out its statutory duties.

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

- a. the security of the property of the Foundation Trust;
- b. avoiding loss;
- c. exercising economy and efficiency in the use of resources; and
- d. conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

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

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

## 2. AUDIT

### Audit Committee

In accordance with the Standing Orders the Trust shall establish a committee of non-executive directors as an audit committee to perform such monitoring, reviewing and other functions as are appropriate.

The purpose of the Audit Committee is to support the Board of Directors to deliver the Trust's responsibilities for the conduct of public business and the stewardship of funds; to be responsible for providing assurance to the Board that appropriate systems of internal control and risk management are in place covering all corporate and clinical areas of the Trust; and to make recommendations to the Council of Governors on the appointment of external auditors.

The Committee shall seek to ensure that business is conducted in accordance with the law and proper standards; public money is safeguarded and properly accounted for; Financial Statements are prepared in a timely manner and give a true and fair view of the financial position of the Trust for the period in question; services are managed so as to secure economic, efficient and effective use of resources; and that reasonable steps are taken to prevent and detect fraud and other irregularities.

The membership of the Committee shall be:

- Chair of the Audit Committee: a nominated non-executive Director
- Two further nominated non-executive Directors

The Trust Chair shall propose which non-executive Directors will be most suitable for nomination as Chair and members of the Committee. The Board shall approve the appointment of the Committee Chair and non-executive members based on the Trust Chair's recommendations. (The Foundation Trust Code of Governance requires that the Committee should be composed of at least three independent non-executive Directors, at least one of whom has recent and relevant financial experience.)

Those normally in attendance at the Committee meetings shall be:

- The Director of Finance (in their capacity as the Lead Executive Officer for the Committee)
- External Auditors
- Internal Auditors
- Local Counter Fraud Specialist (as appropriate)
- Company Secretary

In addition, the chairs of the following Committees; Quality & Safety, Finance and Performance and People and Organisation Committee will attend annually to report on the work of their committees.

In line with the Audit Committee being a statutory independent Committee of the Board, attendance at the Audit Committee will be by invitation only and by

agreement with the Chair of the Committee in advance. ~~The Trust Chair will be invited to observe the work of the Audit Committee annually.~~

Those who are normally in attendance may exceptionally send a deputy to the meeting, with prior consent of the Chair.

Other Employees of the Trust, including Executives, managers and clinicians may be required to attend at the request of the Chair of the Audit Committee for particular items on the Agenda that relate to areas of risk or operation for which they are responsible.

The Chief Executive should be invited to attend at least annually to discuss with the Audit Committee the process for assurance that supports the Annual Governance Statement.

The Trust Chair shall not be a member of the Committee ~~but will be invited to observe the Audit Committee at least once per year.~~

At least once a year the Committee should meet privately with the External Auditors, Internal Auditors and Local Counter Fraud Service. The head of internal audit and representative of external audit have a right of direct access to the chair of the Committee.

The Company Secretary or their nominee shall act as Secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support to the Chair of the Committee and Committee members.

## **ROLE AND RESPONSIBILITIES**

### **AUTHORITY**

The Committee shall have the delegated authority to act on behalf of the Board of Directors in accordance with the Constitution, Standing Orders, Standing Financial Instructions, and Scheme of Delegation. The limit of such delegated authority is restricted to the areas outlined in the Duties of the Committee and subject to the rules on reporting, both as defined below.

The Committee is empowered to investigate any activity within its Terms of Reference, and to seek any information it requires from staff, who are required to co-operate with the Committee in the conduct of its enquiries.

The Committee is authorised by the Board of Directors to obtain independent legal and professional advice and to secure the attendance of external personnel with relevant experience and expertise, should it consider this necessary. All such advice should be arranged in consultation with the Company Secretary.

~~The Trust Chair shall propose which non-executive Directors will be most suitable for nomination as Chair and members of the Committee. The Board shall approve the appointment of the Committee Chair and non-executive members, based on the Trust Chair's recommendations. (The Foundation Trust Code of Governance requires that the Committee should be composed of at least three independent non-~~

executive Directors, at least one of whom has recent and relevant financial experience.)

## Duties

### a) Governance, Risk Management and Internal Control

The Committee shall assure itself that the Trust has established and maintains an effective integrated system of governance, risk management and internal controls, across the whole of the Trust's activities (both clinical and non-clinical) that supports the achievement of the Trust's objectives

In particular, the Committee shall assure itself either directly or through the work of other Committees: the Quality and Safety Committee, Finance and Performance and People and Organisation Development of the accuracy, adequacy and effectiveness of:

- All risk and control-related disclosure statements (in particular the Annual Governance Statement and relevant declarations of compliance with the requirements of NHS England Monitor and the Care Quality Commission), together with any accompanying statement from the Head of Internal Audit, any external audit opinion or other appropriate independent assurances, prior to endorsement by the Board.
- The underlying assurance processes that indicate the degree of the achievement of corporate objectives and the effectiveness of the management of principal corporate, financial and clinical risks. These will include but will not be limited to: the Board Assurance Framework; the Risk Management Strategy; and the Risk Register along with realistic prioritised action plans and targets to eliminate or minimise risk.
- The policies and controls for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification.
- The policies and procedures for all work related to fraud and corruption as set out by NHS CFA (NHS Counter Fraud Authority)

In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit, Local Counter Fraud Service (LCFS), and other assurance functions, but will not be limited to these audit and assurance functions.

The Committee will seek assurance from the Quality and Safety Committee, to the extent that this is reasonable and possible, that the quality and clinical risk elements of the Trust's Board Assurance Framework, Risk Register, Risk Management Strategy and underpinning risk management and clinical governance processes are in place, fully effective and in line with best practice. 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.

The Committee will seek assurance from the People and Organisation Committee in regard to good structures, processes, and outcomes across all areas of governance in respect of the Trust's workforce.

### **b) Internal Audit and Counter Fraud**

The Committee shall ensure that there is an effective internal audit function established by management that meets mandatory **Public Sector NHS** Internal Audit Standards (**2017 PSIAS**) and provides appropriate independent assurance to the Audit Committee, Chief Executive Officer and Board.

The Committee shall also satisfy itself that the organisation has adequate arrangements in place for countering fraud, bribery and corruption that meet **NHSCFA's Government Functional** Standards **GOVS 013: Counter Fraud** and shall review the outcomes of work in these areas.

This will be achieved by:

- Approval of the appointment of the Internal Auditor.
- Consideration of the provision of the Internal Audit service, the cost of the audit service and any questions of resignation and dismissal.
- Reviews and approval of the Internal Audit **Strategy Plan, operational plan** and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Assurance Framework and Risk Management Strategy.
- Consideration of the major findings of internal audit work and the response of managers, ensuring that recommendations are followed-up and any lessons are learned within the Trust.
- Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
- Annual review of the effectiveness of internal audit and of co-ordination between the Internal and External Auditors to optimise audit resources.
- Regular review of resource allocation to the local counter-fraud service (LCFS), progress against the LCFS work plan and ongoing LCFS investigations, and the outcomes, learning and actions resulting from counter fraud work.

The committee will refer any suspicions of fraud, bribery and corruption to the to the LCFS who will report to NHS CFA

### **External Audit**

The Committee shall support the Council of Governors with their duty to appoint, re-appoint, or remove the external auditor. The Committee shall:

- agree the criteria for appointment or removal with the Council of Governors, and advise on the external audit terms and conditions including fees;
- report to the Council of Governors annually on the performance of the external auditor;
- and agree with the Council of Governors a policy on the engagement of the external auditor to provide non-audit services.

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

- Consideration of the performance of the External Auditor, as far as the rules governing the appointment permit.
- Discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the Annual Plan, and ensure coordination, as appropriate, with other External Auditors in the local NHS.
- Discussion with the External Auditors of their local evaluation of audit risks and assessment of the Local Health Economy and associated impact on the audit fee.
- Reviewing all External Audit reports, ensuring appropriate management responses and monitoring the implementation of responses
- agreement of the annual audit letter before submission to the Board and any work carried outside the annual audit plan, together with the appropriateness of management responses.

### Other Assurance Functions

The Audit Committee shall receive assurance from the Quality and Safety Committee **on its review** of the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation. These will include, but will not be limited to, any reviews **by Department of Health Arms' Length Bodies or by NHS England or Regulators/Inspectors** (e.g. Care Quality Commission, NHS, **NHS Protect, NHS Resolution, NHS Counter** Fraud Authority etc), professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc).

The Committee shall review the work of other Committees within the organisation whose work can provide relevant assurances. This will particularly include the Quality and Safety Committee, the Finance and **Investments Performance** Committee, **People and Organisation Committee** and any other risk management Committees that may be established. In reviewing the work of the Quality and Safety Committee and issues concerning clinical risk management, the Audit Committee will

wish to satisfy itself on the assurance that can be gained from the clinical audit function.

The Committee shall review all decisions made by the Board ~~or The Council of Governors~~ to suspend Standing Orders or Standing Financial Instructions.

The Committee shall receive reports at least Quarterly on the work relating to Cyber Security.

### **Management**

The Committee shall require and review reports and positive assurances from Directors and managers on the overall arrangements for governance, risk management and internal control.

The Committee may also require specific reports from individual functions within the organisation (e.g. clinical audit) as they may be appropriate to the overall arrangements.

### **Financial Reporting**

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

The Committee shall ensure that 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.

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

- the wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
- changes in, and compliance with, accounting ~~standards~~/policies and practices;
- unadjusted mis-statements in the financial statements;
- significant judgements in the preparation of financial statements;
- significant adjustments resulting from the audit;
- letter of representation
- qualitative aspects of financial reporting.

### **Whistleblowing Freedom to Speak Up and Associated Governance Processes**

The Audit Committee shall review the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns about possible improprieties in financial, clinical or safety matters including ensuring that any such concerns are investigated proportionately and independently.

## **REPORTING AND RELATIONSHIPS**

The Committee shall be accountable to the Board of Directors of the Trust.

The Committee shall make an Annual Report to the Board of Directors to demonstrate the Committee's discharge of its duties and to confirm the fitness for purpose of the Trust's assurance framework, risk management, and governance processes.

The Committee shall make recommendations to the Board of Directors concerning any issues that require decision or resolution by the Board.

The Committee shall make an annual report to the Council of Governors identifying any matters where it recommends that action or improvement is necessary, and reporting on the performance of the external auditor.

The Committee shall review the minutes and recommendations of the Quality and Safety, Finance and Performance and Organisation ~~Committee and other~~ Committees as appropriate.

The Committee shall review its own performance, constitution and terms of reference annually to ensure it is operating at maximum effectiveness. Any proposed changes to the terms of reference should be agreed by the Trust Board.

## CONDUCT OF BUSINESS

The Committee shall conduct business in accordance with the Standing Orders of the Trust.

The Committee shall be deemed quorate if there are at least two non-executive Directors present. A quorate meeting shall be competent to exercise all or any of the authorities, powers and duties vested in or exercised by the Committee.

The Committee shall meet not less than five times in each financial year. The Chair of the Committee may request an extraordinary meeting if he/she considers one to be necessary. The External Auditor or Head of Internal Audit may request a meeting of the Committee if either or both consider that one is necessary.

At the discretion of the Chair of the Audit Committee, business may exceptionally be transacted either: through a teleconference ~~or by video conferencing~~ where an agenda has been issued in advance; or through the signing by two thirds of members of a written resolution sent in advance to members and recorded in the minutes of the next formal meeting.

Agendas and papers should be prepared and circulated five ~~clear days~~ ~~working days~~ before each meeting.

Minutes of Committee meetings should be formally recorded and distributed to Committee Members, normally within 10 working days of the meetings. Subject to the approval of the Chair of the Committee, the Minutes will be submitted to the Trust Board at its next meeting and may be presented by the Chair. The Chair will draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

## Director of Finance

The Director of Finance is responsible for:

- a) Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control including the establishment of an effective internal audit function and the coordination of other assurance arrangements;
- b) ensuring that the internal audit is adequate and meets the NHS mandatory audit standards;
- c) deciding at what stage to involve the police in cases of fraud, 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 Committee and the Board of Directors. The report must cover:
  - i) a clear opinion on the effectiveness of internal controls in accordance with current guidance issued by the **NHS** **NHSE** including for example the Assurance Framework.
  - ii) major internal financial control weaknesses discovered,
  - iii) progress on the implementation of internal audit recommendations,
  - iv) progress against plan over the previous year,
  - v) strategic audit plan,
  - vi) a detailed plan for the coming year.
  - vii) any longer term plans require **by NHS** **NHSE**

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

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

## Internal Audit

The NHS Foundation Trust Accounting Officer Memorandum requires the Foundation Trust to have an internal audit function.

### Role of Internal Audit

The role of internal audit embraces two key areas:

- The provision of an independent and objective opinion to the Accounting Officer, the Board of Directors and the Audit Committee on the degree to

which risk management, control and governance support the achievement of the organisation's agreed objectives.

- The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

Internal Audit will review, appraise and report upon:

- a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- b) the adequacy and application of financial and other related management controls;
- c) the suitability of financial and other related management data;
- d) the extent to which the Foundation Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - i) fraud and other offences,
  - ii) waste, extravagance, inefficient administration,
  - iii) poor value for money or other causes.
- e) Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the Department of Health and NHSI.

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

The Director of Internal Audit or the nominated representative will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chair and Chief Officer Executive of the Foundation Trust.

The Audit Engagement Lead or a nominated representative shall be accountable to the Director of Finance. The reporting system for internal audit shall be agreed between the Director of Finance, the Audit Committee and the Director of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every 3 years. Where, in exceptional circumstances, the use of normal reporting channels is thought to limit the objectivity of the audit, the Director of Internal Audit shall have access to report direct to the Chair or a non-executive member of the Foundation Trust's Audit Committee.

Managers in receipt of audit reports referred to them, have a duty to take appropriate remedial action within the agreed time-scales specified within the report. All significant/material audit recommendations are registered on an audit tracker maintained by ~~the Associate Director of Corporate Affairs~~ **Head of Governance /Deputy** Company Secretary which is monitored and reported to subsequent audit committees to ensure they are completed.

## Access to Documents

Internal audit has a right of access at all reasonable times to every document relating to the Foundation Trust which appears to them as necessary for the purpose of their function.

## Financial Audit (External Audit)

### Duties

The Foundation Trust is to have a financial auditor and is to provide the financial auditor with every facility and all information which he may reasonably require for the purposes of his functions under Chapter 5 of the 2006 Act.

The financial auditor is to carry out their duties in accordance with Schedule 10 to the 2006 Act and in accordance with any directions given by **NHS/NHSE** on standards, procedures and techniques to be adopted.

In auditing the accounts the financial auditor must, by examination of the accounts and otherwise, satisfy themselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Foundation Trust is required to include an annual governance statement within the financial statements. The financial auditors have a responsibility to:

- consider the completeness of the disclosures in meeting the relevant requirements; and
- identify any inconsistencies between the disclosures and the information that they are aware of from their work on the financial statements and other work.

### Appointment of Financial Auditor

The financial auditor is appointed by the Council of Governors following recommendation from the Audit Committee. The 'Code of Audit Practice' contains the directions of the Regulator under the Local Audit and Accountability Act 2014 with respect of the standards, procedures and techniques to be adopted by the auditor.

A person may only be appointed as the financial auditor if they (or in the case of a firm of each of its members) are a member of one or more of the bodies referred to in paragraph 7 of The Local Audit and Accountability Act 2014.

The Council of Governors at a General Meeting shall appoint or remove the Foundation Trust's financial auditor.

The Board of Directors may resolve that external financial auditors be appointed to review and publish a report on any other aspect of the Foundation Trust's performance. Any such auditors are to be appointed by the Council of Governors.

The Foundation Trust shall comply with the Audit Code.

The external financial auditor shall comply with the Audit Code.

References in 2.3.3 and 2.3.5 equally relate to external audit.

NHS/NHSE may require auditors to undertake work on its behalf at the Foundation Trust. In this situation, a tripartite agreement between NHS/NHSE, the auditor and the Foundation Trust will be agreed. This agreement, which will include details of the subsequent work and reporting arrangements, will be in accordance with the principles established in the guidance issued by the Institute of Chartered Accountants in England and Wales in audit 05/03: Reporting to Regulators or Regulated Entities.

The auditor may, with the approval of the Council of Governors, provide the Foundation Trust with services which are outside of the scope as defined in the code (additional services). The Foundation Trust shall adopt and implement a policy for considering and approving any additional services to be provided by the auditor.

### **Liaison with Internal Audit**

It is expected that the external financial auditors will liaise with the internal audit function in order to obtain a sufficient understanding of internal audit activities to assist in planning the audit and developing an effective audit approach. In particular the financial auditor may wish to consider the work of internal audit when undertaking their procedures in relation to the Annual Governance Statement.

### **Access To Documents**

The financial auditors of the Foundation Trust have a right of access at all reasonable times to every document relating to the Foundation Trust which appears to them necessary for the purpose of their functions under Local Audit and Accountability Act 2014.

### **Public Interest Report**

In the event of the financial auditor issuing a Public Interest report the Foundation Trust shall:

- Send the public interest report to the Council of Governors and the Board of Directors:
  - At once if it is an immediate report; or
  - Not later than 14 days after conclusion of the audit.
- forward a report to NHS/NHSE within 30 days (or such shorter period as NHS/NHSE may specify) of the report being issued. The report shall include details of the Foundation Trust's response to the issues raised within the Public Interest report.

### **Fraud and Corruption**

The Foundation Trust shall take all necessary steps to counter fraud affecting NHS funded services in accordance with the requirements of the standard NHS Contract and in accordance with;

- a) the NHS ~~Fraud and Corruption Counter Fraud~~ Manual published by NHS CFA;
- b) ~~the policy statement “Applying appropriate sanctions consistently” published by NHS Government Functional Standards GOVS 013: Counter Fraud;~~
- b) any other reasonable guidance or advice issued by NHS CFA that affects efficiency, systemic and/or procedural matters.

The Chief Executive Officer and Director of Finance shall monitor and ensure compliance with the above.

The Foundation Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the ~~Department of Health Fraud and Corruption Manual and guidance. Government Functional Standards GOVS 013 requirement 9.~~

The Local Counter Fraud Specialist shall report to the Foundation Trust-Director of Finance-and shall work with the staff in NHS CFA in accordance with the ~~Department of Health Fraud and Corruption Manual. NHS Counter Fraud Authority Counter Fraud manual.~~

The Local Counter Fraud Specialist will provide a written plan and report to the Audit Committee, at least annually on Anti-fraud work within the Foundation Trust.

## Security Management

The Foundation Trust shall promote and protect the security of people engaged in activities for the purposes of the health service functions of that body, its property and its information in accordance with the requirements of the ‘Foundation Trust Contract’

The Foundation Trust shall nominate and appoint a local security management specialist as per the Foundation Trust Contract.

The Chief Executive Officer has overall responsibility for controlling and coordinating security. However, there are nominated Executive and Non-Executive Directors, in accordance with statutory requirements, and tasks are delegated to the appointed Local Security Management Specialist (LSMS).

### 3. ALLOCATIONS / PAYMENT BY RESULTS, BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING

#### Preparation and approval of business plans and budgets

The Chief Executive Officer will compile and submit to the Board of Directors a strategic direction document that encompasses an Annual Business Plan which takes into account financial targets and forecast limits of available resources **and in accordance with the required planning timetable**. The annual business plan will contain:

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

Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive Officer, prepare and submit budgets relating to income and expenditure for approval by the Board of Directors. Such budgets will:

- a) be in accordance with the aims and objectives set out in the Foundation Trust's Annual Business Plan and the commissioners' local delivery plans;
- b) accord with workforce, **activity and financial** ~~and manpower~~ plans;
- c) be produced following discussion with appropriate budget holders;
- d) identify potential risks;
- e) be based on reasonable and realistic assumptions; and
- f) enable the Foundation Trust to comply with the requirements of the NHS Oversight Framework set by **NHSI NHSE**;
- g) **there should be a quality assurance check to ensure internal consistency across all strands of business planning**;
- h) **be produced following agreement with the Integrated Care Board**

The Director of Finance shall monitor financial performance against budgets, periodically review it and report to the Board of Directors. Any significant variances should be reported by the Director of Finance to the Foundation Trust Board of Directors as soon as they come to light and the Board of Directors shall be advised of action to be taken in respect of such variances.

All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.

Budgets are issued to all budget holders and acceptance is assumed unless the Head of Financial Management is notified otherwise.

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

## **Budgetary delegation**

The Chief Executive Officer may delegate the management of a budget to permit the performance of a defined range of activities, including pooled budget arrangements under Part 3 of the National Health Service Act 2006. 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) performance management framework;
- e) performance against service line key performance indicators;
- f) authority to exercise virement;
- g) achievement of planned levels of service; and
- h) the provision of regular reports.

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

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

## **Budgetary control and reporting**

The Director of Finance will devise and maintain systems of budgetary control. These will include:

- a) regular financial reports to the Board of Directors and Finance & Performance Committee in a form approved by the Board of Directors containing:
  - i) income and expenditure reports to date showing trends and forecast year-end position
  - iii) details of performance within NHS Oversight Framework
  - iv) capital project expenditure and projected out-turn against plan,
  - v) explanations of any material variances from plan/budget;
  - vii) Other key finance indicators as required by the Board and
  - v) details of financial risk and corrective action where necessary and the Chief Executive Officer '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 and budget manager, covering the areas for which they are responsible;
- c) investigation and reporting of variances from financial, and workload budgets;
- d) monitoring of management action to correct variances;
- e) arrangements for the authorisation of budget transfers;
- f) advising the Chief Executive Officer and Foundation Trust Board of Directors of the consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the economic and financial impact of future plans and projects; and.
- g) review of the basis and assumptions used to prepare the budgets.

In the performance of these duties the Director of Finance will have access to all budget holders and budget managers on budgetary matters and shall be provided with such financial and statistical information as is necessary.

Each Budget Holder is responsible for ensuring that:

- a) any planned or known overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board of Directors;
- b) officers shall not exceed the budget limit set;
- c) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement; and,
- d) no permanent employees are appointed without the approval of the Chief Executive Officer or Director of Finance other than those provided for in the budgeted establishment as approved by the Board of Directors. (see Table A in Scheme of Reservation and Delegation).

The Chief Executive Officer is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan.

### **Capital expenditure**

The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in Section 12.) A Project Sponsor will be identified who will assume responsibility for the budget relating to the scheme.

## Monitoring NHSE Monthly Returns

The Chief Executive Officer is responsible for ensuring that the appropriate monitoring forms are submitted to NHS NHSE, and the Integrated Care Board, within the specified time-scales.

## 4. ANNUAL ACCOUNTS AND REPORTS

### Accounts

The Foundation Trust is to keep accounts in such form as NHS NHSE may with the approval of the Treasury direct. The accounts are to be audited by the Foundation Trust's financial (external) auditor. The following documents will be made available to the Comptroller and NHS NHSE Auditor General for examination at his request:

- the accounts;
- any records relating to them; and
- any report of the financial auditor on them.

The Accounting Officer shall ensure that the Foundation Trust prepares in respect of each financial year annual accounts in such form as NHS NHSE may with the approval of the Treasury direct. In preparing its annual accounts, the Foundation Trust is to comply with any directions given by Monitor NHSE with the approval of the Treasury as to:

- the methods and principles according to which the accounts are to be prepared;
- the information to be given in the accounts;

and shall be responsible for the functions of the Foundation Trust as set out in paragraph 25 of Schedule 7 to the 2006 Act.

The annual accounts, any report of the financial auditor on them, and the annual report are to be presented to the Council of Governors at a Regular Council Meeting.

The Accounting Officer shall cause the Foundation Trust to:

- lay a copy of the annual accounts, and any report of the financial auditor on them, before Parliament; and
- once it has done so, send copies of those documents to the NHS NHSE

The Accounting Officer is responsible for complying with the requirements relating to the form, preparation and presentation of the accounts.

### Annual Reports

The Accounting Officer shall ensure that the Foundation Trust prepares annual reports and send them to NHS NHSE. The reports are to give:

- information on any steps taken by the Foundation Trust to secure that (taken as a whole) the actual membership of its public constituencies and

of the classes of the staff constituency is representative of those eligible for such membership; and

- any other information **NHSI NHSE** requires in the Annual Reporting Guidance.

The Foundation Trust is to comply with any decision **NHSI NHSE** makes as to:

- the form of the reports;
- when the reports are to be sent to him;
- the periods to which the reports are to relate.

The financial auditors of the Foundation Trust have a responsibility to read the information contained within the Annual Report and consider the implications for the audit opinion and/or certificate if there are apparent misstatements or material inconsistencies with the financial statements.

## Annual Plans

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

The Foundation Trust is required to provide three types of in-year reports:

- regular reports, as required by **NHSI NHSE**;
- exception reports, which may relate to any in-year issue affecting compliance with the Authorisation, such as performance against core national healthcare targets and standards; and
- ad hoc reports, following up specific issues identified either in the Annual Plan or in-year.

---

## 5. BANK ACCOUNTS

### General

The Director of Finance is responsible for managing the Foundation Trust banking arrangements and for advising the Foundation Trust on the provision of banking services and operation of accounts.

The Board of Directors through the Finance & Performance Committee shall approve the banking arrangements.

### Bank accounts

The Director of Finance is responsible for:

- a. all bank accounts, and other forms of working capital financing that may be available.
- b. establishing separate bank accounts for the Foundation Trust's non-exchequer funds;
- c. ensuring payments made from all bank accounts do not exceed the amount credited to the account except where arrangements have been made; and
- d. reporting to the Board of Directors or the Finance & Performance Committee all arrangements made with the Foundation Trust's bankers for accounts to be overdrawn.

All accounts should be held in the name of the Foundation Trust. No officer other than the Director of Finance shall open any account in the name of the Foundation Trust, or for the purpose of furthering Foundation Trust activities, or any Funds Held on Trust Accounts.

### Banking procedures

The Director of Finance will prepare detailed instructions on the operation of all bank accounts, which must include:

- a. the conditions under which each bank account is to be operated;

- b. the limit to be applied to any overdraft; and
- c. those authorised to sign cheque/other transfers/orders drawn by whatever means on the Foundation Trust's accounts.

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

The Director of Finance shall approve security procedures for any cheques issued without a hand-written signature e.g. lithographed. Manually produced cheques shall be signed by the authorised officer(s) in accordance with the bank mandate.

All cheques shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

### **Tendering and Review**

The Director of Finance will review the banking arrangements of the Foundation Trust at regular intervals to ensure they reflect best practice and represent best value for money with advice from the Director of Commercial Procurement Services.

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

### **Income systems**

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.

All such systems shall incorporate, where practicable, in full the principles of internal check and separation of duties.

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

### **Fees and charges other than Foundation Trust Contracts (FOUNDATION TRUST CONTRACTS section).**

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.

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.

## Private Health Care

The statutory limitation on private patient income in section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012.

Income not derived from the principal purpose: Foundation Trusts have an obligation to ensure that the total income derived from their principal purpose is greater than their total income from the provision of goods and services for “any other purposes” including the provision of private healthcare.

Foundation Trusts must also:

- Provide information in their annual report explaining the impact of non-principal purpose income on the delivery of goods and services for their primary purpose;
- Provide information in their forward plans about any activities for purposes other than their principal purpose and about any income they expect to receive from these activities;
- Where their forward plans contain information about activities for purposes other than their principal purpose, ensure that their Councils of Governors are satisfied that this activity will not to any significant extent interfere with the fulfilment of their principal purpose or other functions; and
- Obtain the approval of their Councils of Governors for proposed increases of 5% or more to their non-principal purpose income;

## Debt recovery

The Director of Finance is responsible for the appropriate recovery action on all outstanding debts, including a formal follow up procedure for all debtor accounts.

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

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

## Security of cash, cheques and other negotiable instruments

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; (No form of receipt which has not been specifically authorised by the Director of Finance-should be issued).
- b) ordering and securely controlling any such stationery;
- c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and

d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Foundation Trust.

Official money shall not under any circumstances be used for the encashment of private cheques, nor IOUs.

Relevant staff shall be informed of their responsibilities and duties for the collection, handling or disbursement of cash, cheques etc.

All cheques, cash etc., shall be banked promptly intact except under arrangements approved by the Director of Finance.

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 Foundation Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Foundation Trust from responsibility for any loss.

Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be monitored and recorded within the Finance Department. Any significant trends should be reported to the Director of Finance and Internal Audit via the incident reporting system. Where there is prima facie evidence of fraud or corruption this should follow the form of the Foundation Trust's Anti-Fraud Bribery & Corruption Policy and the guidance provided by NHS CFA. Where there is no evidence of fraud or corruption the loss should be dealt with in line with the Foundation Trust's Losses and Compensations Procedures.

---

## 7. FOUNDATION TRUST CONTRACTS AND SERVICE LEVEL AGREEMENTS

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

The Chief Executive Officer, as the accounting officer, is responsible for ensuring the Foundation Trust enters into suitable Foundation Trust Contracts (FTC) with **Clinical Commissioning Groups (CCGs) and other** relevant commissioners for the provision of NHS services. The Foundation Trust will follow the priorities contained within the schedules of the contract, and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Executive Officer should take into account:

- the standards of service quality expected;
- the relevant national service framework (if any);
- the provision of reliable information on cost and volume of services;
- the Performance Assessment Framework contained within the FTC
- that FTC builds where appropriate on existing partnership arrangements;

*Corporate Governance Manual  
Standing Financial Instructions*

*Countess of Chester Hospital  
NHS Foundation Trust*

A good FTC 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 Officer to ensure that the Foundation Trust works with all partner agencies involved in both the delivery and the commissioning of the service required.

The Chief Executive Officer, as the Accounting Officer, will need to ensure that regular reports are provided to the Board of Directors detailing actual and forecast income from the FTC.

### **Non Commercial Contracts/Service Level Agreements**

Where the Trust enters into a relationship with another organisation for the supply or receipt of other services – clinical or non-clinical, the responsible officer must ensure that an appropriate **non-commercial contract Service Level Agreement** is present and signed by both parties.

For any tendering requirement service leads and budget managers should seek the guidance of the Director of Commercial Procurement Services. This is to ensure that the Public Sector Procurement Regulations and Trust SFIs are complied with, and that value for money is achieved via the purchasing expertise of the Procurement Team.

For healthcare related services purchased from healthcare related bodies, it is not normally expected that formal contracting and tendering procedures will apply. However, for exceptionally high value or high risk purchases, or where alternative suppliers exist, it is advisable for formal contracting or tendering procedures to be considered and the Director of Commercial Procurement Services should be consulted.

A Service Level Agreement will include the service and financial obligations of each party in accordance with delivery of the agreement, and state how service levels and/or quality is measured and monitored and how issues can be remedied if things if performance is not as expected.

An **SLA** is a distinctly separate arrangement in its own right. It does not form part of the main contract with Commissioners, nor does it represent a sub-contracting of obligations under the main contract. In some cases, depending on who it is with, an SLA will also need to be a full legally binding contract, e.g., with local authorities, NHS Foundation Trusts, charities etc.

Typically, the Trust should enter into an SLA for any service agreement which has financial implications in excess of £1,000 **AND** has an expected duration of at least 12 months.

This should incorporate:

- **The Aims of the Agreement**

- A description of the service and indicative activity levels
- The term of the agreement
- Renegotiation of the agreement
- Breach of conditions
- Penalties
- Termination
- The value of the agreement
- The lead officers
- Performance monitoring and quality standards and dispute resolution procedures
- Risk management and clinical governance arrangements
- Payment terms and financial dispute resolution procedures

Non-commercial contracts Service Level Agreements should be reviewed, agreed, and signed on an annual basis or as determined by the term of the agreement so as to ensure value for money and to minimise the potential loss of income.

### Commercial Contracts

The Trust also enters into commercial agreements with non-healthcare bodies for non-healthcare goods and services. Whilst there is still a requirement for legal contracts with commercial bodies, these transactions will usually fall under the responsibility of the Trust's Procurement Team.

All Commercial Procurement Framework Contracts must be approved by the Commercial Income Group, which must have at least one Executive Director in attendance in order for it to be quorate. Commercial Procurement Frameworks must not conflict with National NHS Policy.

---

## 8. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES

### Remuneration and Nominations Committee

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

The purpose of the Remuneration and Nominations Committee of the Board is to be responsible for identifying and appointing candidates to fill all the Executive Director positions on the Board and for deciding their remuneration and allowances, and other terms and conditions of service

The Committee will be appointed by the Board and the membership shall be:

- the Chair of the Trust; and
- all Non-Executive Directors of the Trust Board.
- **the Trust Vice Chair will be the Vice Chair of the Committee.**

**The Board will appoint one of the Committee members to be Chair and another as Vice Chair. The Vice Chair will automatically assume the authority of the Chair should the latter be absent.**

**Each member will have one vote with the Chair having a second and casting vote, if required. Should a vote be necessary a decision will be determined by a simple majority.**

**Those normally in attendance at the Committee meetings shall be:**

- **The Chief Executive, except when the Chief Executive's remuneration, terms of service or appointment are being considered.**
- **The Director of People and Organisation Development, as adviser to the Committee.**
- **The Director of Corporate Affairs/Company Secretary, or their nominee, will act as Secretary to the Committee and provide appropriate support to the Chair and Committee members.**
- **The Committee may invite other managers to attend in an advisory capacity or seek information from an external independent source if necessary.**

### 3.0 ROLE AND RESPONSIBILITIES

#### **AUTHORITY**

**The Committee is authorised by the Board of Directors to act within its terms of reference.**

**The Committee is authorised by the Board to determine the remuneration and terms of service of the Board Executive Directors and other Senior Managers, as agreed, and to be responsible for identifying and appointing candidates to fill all the Executive Director positions on the Board. The Committee is also authorised to**

consider any matter relating to the continuing in office of any Board Executive Director.

The Committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, subject always to compliance with Trust delegated authorities.

## DUTIES

### Remuneration Role

The Committee will

Establish and keep under review a remuneration policy in respect of Executive Board Directors (and Senior Managers on locally-determined pay).

Consult the Chief Executive about proposals relating to the remuneration and terms of service of the other Executive Directors and other Senior Managers as agreed\*.

In accordance with all relevant laws, regulations and Trust policies, decide and keep under review the terms and conditions of office of the Trust's Executive Directors (and senior managers on locally-determined pay), including:

- Salary, including any performance-related pay or bonus;
- Provisions for other benefits, including pensions and cars;
- Allowances;
- Payable expenses; and
- Compensation payments.

In adhering to all relevant laws, regulations and Trust policies:

- Establish levels of remuneration which are sufficient to attract, retain and motivate Executive Directors, without paying more than is necessary;
- Use national guidance and market benchmarking analysis in the annual determination of remuneration of Executive Directors (and senior managers on locally-determined pay); and
- Be sensitive to pay and employment conditions elsewhere in the Trust.

Monitor and assess the output of the evaluation of the performance of the Executive Directors and consider this output when reviewing changes to remuneration levels.

To advise upon and oversee contractual arrangements relating to the Executive Directors, including but not limited to termination payments to avoid rewarding poor performance.

To scrutinise any termination payments relating to the Chief Executive or Executive Directors, ensuring that they have been properly calculated and take account of any relevant guidance.

Such other duties as the Trust Board may delegate.

*\* The definition of 'senior managers' is "those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust".*

*(paragraph 2.47, NHS Foundation Trust Annual Reporting Manual 2020/21)*

### **Nominations Role**

The Committee will:

Regularly review the structure, size and composition (including skills, knowledge, experience and diversity of the Board, making use of the output of the Board evaluation process as appropriate and make recommendations to the Board and Remuneration and Nominations Committee of the Council of Governors, as applicable, with regard to any changes.

Give full consideration and make plans for succession planning for the Board Executive Directors and senior managers (as defined above) taking into account the challenges and opportunities facing the Trust and the skills and expertise needed on the Board in the future.

Keep the leadership needs of the Trust under review at executive level to ensure the continued ability of the Trust to operate effectively in the health economy.

Be responsible for identifying and appointing candidates to fill posts within its remit as and when they arise.

When a vacancy is identified, evaluate the balance of skills, knowledge and experience on the Board, and its diversity, and in the light of this evaluation, prepare a description of the role and capabilities required for the particular appointment. In identifying suitable candidates the Committee shall use open advertising or the services of external advisers.

Ensure that a proposed Executive Director's other significant commitments are disclosed before appointment and that the proposed appointees disclose any business interests that may result in a conflict of interest prior to the appointment.

Ensure that a proposed Executive Director is a 'fit and proper' person as defined in law and regulation.

Consider any matter relating to the continuing in office of any Board Executive Director including the suspension or termination of service of an individual as an employee of the Trust, subject to the provisions of the law and their service contract.

## **REPORTING AND RELATIONSHIPS**

The Committee shall be accountable to the Board of Directors of the Trust.

The minutes of the Committee shall be formally recorded and submitted to the Board of Directors, unless it is inappropriate to do so (for example, to uphold the *General Data Protection Regulation* and confidentiality in items such as termination of service), and subject to approval by the Committee chair.

The Chair of the Committee shall draw to the attention of the Board of Directors any issues that require disclosure to the full Board, or require executive action.

The Committee chair will provide annually a report to the Board detailing how the Committee has discharged its Terms of Reference.

The Committee shall review its own performance, constitution and terms of reference annually to ensure it is operating at maximum effectiveness. Any proposed changes to the terms of reference should be agreed by the Trust Board.

## **CONDUCT OF BUSINESS**

The Committee shall conduct its business in accordance with the Standing Orders and Standing Financial Instructions of the Trust

The Committee shall be deemed quorate with three members present. A quorate meeting shall be competent to exercise all or any of the authorities, powers and duties vested in or exercised by the Committee.

The Committee shall meet at least twice per year, with additional meetings being arranged as required.

At the discretion of the Chair of the Committee business may exceptionally be transacted through a teleconference provided all parties are able to hear all other parties and where an agenda has been issued in advance, or through the signing by every member of a written resolution sent in advance to members and recorded in the minutes of the next formal meeting.

Agendas and briefing papers should be prepared and circulated in sufficient time for Committee members to give them due consideration.

Minutes of Committee meetings should be formally recorded and distributed to Committee Members within 10 working days of the meetings.

The Committee will report to the Board after each meeting.

The Committee shall receive and agree a description of the work of the Committee, its policies and all Executive Director emoluments in order that these are accurately reported in the required format in the Trust's annual report and accounts.

## Funded establishment

The workforce plans incorporated within the annual budget will form the funded establishment. The establishment of the Foundation Trust will be identified and monitored by the Director of **Human Resources People** and Organisation Development under delegation from the Chief Executive Officer.

The funded establishment of any department may not be varied without the approval of the Chief Executive Officer or individual nominated within the relevant section of the Scheme of Reservation and Delegation.

## Staff appointments

No Executive Director 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 unless:

- a. authorised to do so by the Chief Executive Officer; and
- b. within the limit of the approved budget and funded establishment, or as approved by Transformation and Resource Panel as defined in the Scheme of Reservation and Delegation.

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

## 9. PROCESSING OF THE PAYROLL

The Director of **Human Resources People** and Organisation Development in conjunction with the Director of Finance-is responsible for:

- a. specifying timetables for submission of properly authorised time records and other notifications;
- b. the final determination of pay and allowances; including verification that the rate of pay and relevant conditions of service is in accordance with current agreements.
- c. making payment on agreed dates; and
- d. agreeing method of payment.

The Director of **Human Resources People** and Organisation Development in conjunction with the Director of Finance-will issue instructions regarding the following:

- 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;
- h. procedures for payment by cheque, bank credit, to employees;
- i. procedures for the recall of cheques and bank credits
- j. pay advances and their recovery;
- k. a system to ensure the recovery from leavers of sums of money and property due by them to the Foundation Trust.

The Director of Finance is responsible for the following:

- a. maintenance of regular and independent reconciliation of pay control accounts; and
- b. separation of duties of preparing records and handling cash.

The Director of ~~Human Resources~~ **People** and Organisation Development is responsible for ensuring:

8.4.3 Appropriately nominated managers have delegated responsibility for:

- c. processing a signed copy of the contract/appointment form and such other documentation as may be required immediately upon an employee commencing duty.
- d. submitting time records, and other notifications in accordance with agreed timetables, and by agreed procedures;
- e. completing time records and other notifications in accordance with the instructions and form prescribed by the Director of **People** ~~Human Resources~~ and Organisation Development.
- f. submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of ~~Human Resources~~ **People** and Organisation Development must be informed immediately. In circumstances where fraud might be expected this must be reported to LCFS; and
- g. proposing contractual changes to an employee's record in the ESR payroll system. The system shall provide for a list of directors/employees authorised to amend employee records. Access and authority controls will be maintained within the computerised system.

Regardless of the arrangements for providing the payroll service, the Director of **Human Resources People** and Organisation Development in conjunction with the Director of Finance shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

## **Contracts of employment**

The Director **Human Resources People** and Organisation Development is responsible for:

- a. ensuring that all employees are issued with a Contract of Employment in a form approved by the Board of Directors and which complies with employment and Health & Safety legislation; and
- b. dealing with variations to, or termination of, contracts of employment.

## **10. NON-PAY EXPENDITURE**

### **Delegation of authority**

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

The Chief Executive Officer will set out that:

- a. the list of managers who are authorised to place requisitions for the supply of goods and services should be updated and reviewed on an ongoing basis and annually by the Procurement Department or by officers in those departments that are responsible for their own procurement, for example Estates and Pharmacy;
- b. where the authorisation system is computerised the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system; and
- c. the maximum level of each requisition and the system for authorisation above that level.

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

### **Choice, requisitioning, ordering, receipt and payment for goods and services**

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 Foundation Trust. In so doing, the advice of the Director of Commercial Procurement Services shall be sought.

The Director of Finance shall be responsible for the prompt payment of properly authorised accounts and claims in accordance with the Better Payment Practice Code (BPPC). Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

The Director of Finance will:

- a. advise the Board of Directors 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 the Scheme of Reservation and Delegation and regularly reviewed;
- b. prepare procedural instructions where not already provided in the Scheme of Delegation or procedure notes for budget holders on the obtaining of goods, works and services incorporating the thresholds;
- c. be responsible for the prompt payment of all properly authorised accounts and claims;
- d. be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - i. A list of directors/employees (including specimens of their signatures) authorised to approve or incur expenditure. Where the authorisation system is computerised the list will be maintained within the computerised system and the 'signature' will be in the form of electronic authorisation in accordance with the access and authority controls maintained within the computerised system.
  - 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, (except as below).

Prepayments outside of normal commercial arrangements for example fully comprehensive maintenance contracts, rental, insurance, are only permitted where exceptional circumstances apply. In such instances:

prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cashflows must be discounted to NPV).

- a. the appropriate Officer in conjunction with the Procurement Department 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 Foundation Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- b. the Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU/UK Public Procurement Law where the contract is above a stipulated financial threshold);
- c. the Budget Holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive Officer if problems are encountered.

Official Orders must:

- a. be consecutively numbered;
- b. be in a form approved by the Director of Finance;
- c. state the Foundation Trust terms and conditions of trade; and
- d. only be issued to, and used by, those duly authorised by the Chief Executive Officer.

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

- a. all contracts other than for a simple purchase permitted within the Scheme of Delegation or delegated budget, leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of

Finance-in advance of any commitment being made. Advice should be sought initially from the Director of Commercial Procurement Services

- b. contracts above specified EU/UK thresholds are advertised and awarded in accordance with EU/UK and GATT rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621);
- c. where consultancy advice is being obtained, the procurement of such advice must be in accordance with advice from the Procurement department. Where an officer certifying accounts relies upon other officers to do preliminary checking, he/she shall wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.
- 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;
- 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 Officer;
- f. all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract where the value of the order cannot reasonably be calculated in advance (for instance a call to attend equipment breakdown) and purchases from petty cash or on purchasing cards. Works and services where the value of the order cannot reasonably be calculated in advance will require a confirmatory purchase order at the time when the actual value is determined;
- g. verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive Officer 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 Foundation Trust to a future un-competitive purchase;
- j. purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- k. petty cash records are maintained in a form as determined by the Director of Finance; and,

- I. orders are not required to be raised for utility bills, NHS Recharges; audit fees. Payments must be authorised in accordance with the delegated limits set for non pay.

The Chief Executive Officer 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 **NHS/NHSE** guidance. The technical audit of these contracts shall be the responsibility of the relevant Director.

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

### **Joint finance arrangements with local authorities and voluntary bodies**

Payments to local authorities and voluntary organisations made under the powers of section Part 3 of the 2006 Act shall comply with procedures laid down by the Director of Finance which shall be in accordance with these Acts.

## **11. TENDERING AND CONTRACT PROCEDURE**

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

The procedure for making all contracts by or on behalf of the Foundation Trust shall comply with the Standing Orders (SOs) and Standing Financial Instructions (SFIs) (except where suspension of standing orders is applied).

### **EU/UK Directives Governing Public Procurement**

Prescribing procedures for awarding all forms of contracts shall be in line with EU Procurement / UK Procurement Law and have effect as if incorporated in the SOs and SFIs. Procedure notes detailing EU/UK thresholds and the differing procedures to be adopted must be maintained within the Foundation Trust.

The Foundation Trust shall comply as far as is practicable with the requirements of **NHS/NHSE** guidance in respect of capital investment, estate and property transactions

The Foundation Trust shall comply with Department of Health (DoH) guidance on Procurement Transparency (PICD, March 2014) and as amended).

### **Formal Competitive Tendering**

**Where there is a Procurement/Tendering need, Procurement should be engaged with straight away to ensure that the correct and to avoid any unnecessary delays**

The Foundation Trust shall ensure that competitive tenders are invited for:

- the supply of goods, materials and manufactured articles and
- for the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DH);
- for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and for disposals (unless provided for under a framework agreement) and it is deemed appropriate by the Director of Finance.
- Where the Foundation Trust elects to invite tenders for the supply of healthcare these SOs and SFIs shall apply as far as they are applicable to the tendering procedure.

By aggregating the estimated total annual value of the goods, service or works and multiplying this by the number of years that the contract is to run. If the contract does not specify the contract length, then four years shall be taken as the multiplier.

Formal tendering procedures **and waiver** procedures are not required where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed the limit set in the Scheme of Reservation and Delegation, (this figure to be reviewed annually); **or**
- (b) the requirement is ordered under existing contracts. **or**
- (c) a **valid Countess of Chester Hospital NHS Foundation Trust** framework agreement has been identified and agreed for use by the Director of Commercial Procurement Services as an appropriate means to procure, if in compliance with section 10.11.
- (d) **or a valid local or national framework**

The Board, delegated to the Director of Finance shall ensure that invitations to tender are published on-line via the government website Contracts Finder and Find a Tender for above EU/UK limit contracts. Tender opportunities must be open and accessible to anyone whom wishes to access them supporting fairness and competition.

## **Building and Engineering Construction Works**

Competitive Tendering cannot be waived for building and engineering construction works and maintenance unless note 10.12 applies.

## **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 Officer, and be recorded in an appropriate Foundation Trust record.

## Contracting/Tendering Procedure

- i. All processes should be conducted electronically through the Trusts approved e-Tendering system.
- ii. Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- iii. Every tender for building or engineering works (except for maintenance work) shall embody or be in the terms of the current edition of one of an appropriate standard form of contract as determined by the Head of Capital Development.
- iv. All contracts awarded through what-ever means must be held on a central contract register as administered by the Procurement Department

### e-Tendering

- i. Procedures on how to conduct a Contracting, Tendering and Quotation process electronically must be maintained by the Foundation Trust's Procurement Department.
- ii. Where the receipt and opening of tenders is automated within the e-Tendering System, the opening of tenders and register of tenders procedure does not apply, provided that the system complies with its principle. Where Tenders are received electronically, 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 a Procurement Officer. This would usually be after 48 hours.

### Tender reports to the Board of Directors

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

The Trust should ensure that firms submitting tenders follow industry good practice and as a minimum:

- (a) All suppliers should work to the such of the **NHSI NHSE** Standard Terms and Conditions as are applicable.
- (b) The Trust should confirm that firms tendering for work 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 all relevant acts.
- (c) Firms shall conform at least with the requirements of the Health and Safety at Work Act 1974 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.

- (d) The Director of Finance may make or institute any enquiries they deem appropriate concerning the financial standing and financial suitability of approved contractors.
- (e) The Director with lead responsibility for clinical governance may make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

#### General position re quotations

Quotations are required where formal tendering procedures are:

- (a) not applied,
- (b) not required and where the intended expenditure or income exceeds, or
- (c) reasonably expected to exceed the limit defined in the Scheme of Reservation and Delegation (excluding VAT irrespective of recovery arrangements).

#### 10.7.2 Competitive Quotations

All competitive quotations should be obtained electronically through the Trust's approved e-Procurement system;

- (i) Where quotations are required they should be obtained from at least three firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Board.
- (ii) Every quotation for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iii) Every quotation for building or engineering works (except for maintenance work shall embody or be in the terms of the current edition of one of an appropriate standard form of contract as determined by the Head of Capital Development.
- (iv) Opportunities to quote must be published on the Trust's approved e-Procurement system and on HM Government's Contracts Finder website and Find a Tender for above EU/UK limit work..
- (v) Adequate time must be given for suppliers to respond, proportionate to the subject matter of the opportunity and in line with EU/UK Regulations where applicable.
- (vi) Quotations should be obtained electronically through the Trust's approved e-Procurement.
- (vii) All quotations should be treated as confidential and should be retained for inspection.
- (viii) The Chief Executive Officer or his nominated officer should evaluate the quotations and select the one which gives the best value for money.

## 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 Foundation Trust and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive Officer or Director of Finance.

## Reverse e-Auctions

The Foundation Trust should have policies and procedures in place for the control of all tendering activity carried out through e-Auctions. All tendering and quotation exercises will use e-auctions where appropriate to determine final price unless agreed in writing by the Head of Procurement Contracting in conjunction with the Director of Procurement Services.

Where the appropriate strategy has been approved by the Director of Commercial Procurement Services, an e-Auction may be used in place of a formal Tender under the following conditions

- (i) The opportunity is published on Contracts Finder/ Find a Tender as complies with all transparency requirements as set out in section 10
- (iii) The e-Auction is for price only. (Where MAT (Most Advantageous)-applies, the Tender/Quotation Procedure must be followed)

## Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the staff as defined in the Scheme of Reservation and Delegation Table B. These levels of authorisation may be varied or changed. Formal authorisation must be put in writing. In the case of authorisation by the Board of Directors this shall be recorded in their minutes.

## Waiver Process (Tenders and Quotations)

Formal tendering and quotation procedures may be waived by officers to whom powers have been delegated by the Chief Executive Officer where:

- (a) the timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification; or
- (b) specialist expertise is required and is available from only one source; or
- (c) the task is essential to complete the project, and engaging different consultants would be inappropriate; or
- (d) there is a clear benefit to be gained from maintaining continuity with an earlier project.

- (e) the goods or materials to be supplied consist of repairs to parts for existing equipment which, for practical reasons, must be from the same manufacturer;
- (f) Where the market place has a limited number of suppliers which is below the minimum number required for quotation or tender exercises. (The type of research and evidence carried out must be documented on the waiver submission).
- (g) Where an extension to an existing contract can be evidenced to be more effective to the Trust than the alternative of a competitive exercise at that time. Initial approval by the Director of Commercial Procurement Services will be reported to the Executives via the Director of Finance. This extension period must not breach EU/UK thresholds; and/or
- (h) Where the Director of Commercial Procurement Services can evidence that cost efficiency can be realised by the Trust through negotiation and or mini competition carried out by the Procurement Department. A comparison of at least the current and proposed supplier must be evidenced. Initial approval by the Director of Commercial Procurement Services will be report to the Executives via the Director of Finance.
- (i) where equipment is to be purchased and needs to be from the same manufacturer to support standardisation. In such cases the reasons must define operational risks associated with non standardisation.

The waiver process 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 or quotations is not applicable and should be waived the reasons should be documented and reported by the Director of Finance to the Audit Committee in a formal meeting on an annual basis. They will also be reported to Finance & Performance Committee on a quarterly basis.

EU legislation cannot be waived and an appropriate EU/UK tender exercise must be completed even where it is believed there is only a single supplier to the marketplace. (This is a legislative requirement).

## National Framework Agreements

Where a National Framework Agreement (or bespoke collaborative framework) has been established in such a way that meets with the Trusts formal Tendering and Quotation requirements and has been let in a legally compliant manner, the Framework may be utilised if;

- (i) The Director of Procurement in conjunction with the Head of Procurement Contracting has assessed its appropriateness and can recommend its use in the circumstances.

- (ii) Call-off requirements are met, which include complying with Framework mini-competitions where appropriate

## **Product Standardisation**

Product standardisation is key in supporting the Trusts drive for efficiencies and value for money in the goods and services it procures. This standardisation is not only relevant in the goods and services the Trust procures but also the suppliers the Trust contracts with. Therefore there will be a continuous programme of standardisation delivered through contracting and trialing projects led by the Trusts Procurement Department.

## **Contracts**

The Foundation Trust may only enter into contracts within its statutory powers delegated to it and shall comply with:

- (a) these SOs;
- (b) the Foundation Trust's SFIs;
- (c) EU/UK Law Directives and other statutory provisions;
- (d) any relevant directions and guidance on the Procurement and Management of Consultants;
- (e) such of the NHS Standard Contract Conditions as are applicable;
- (f) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (g) 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.
- (h) In all contracts made by the Foundation Trust, the Board shall endeavour to obtain best value for money. The Chief Executive Officer shall nominate an officer who shall oversee and manage each contract on behalf of the Foundation Trust. Contracts must be authorised in accordance with the Scheme of Reservation and Delegation.

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

The Chief Executive Officer shall nominate officers with delegated authority to enter into contracts for the employment of other officers, to authorise re-grading of staff, and enter into contracts for the employment of agency staff or temporary staff service contracts.

## **Healthcare Services Agreements**

Healthcare Service Agreements made between two NHS organisations, for example with health authorities for the supply of healthcare services, are subject to the provisions of the National Health and Social Care Act 2012.

The Chief Executive Officer shall nominate officers with power to negotiate for the provision of healthcare services with purchasers of healthcare.

## **Cancellation of Contracts**

Except where specific provision is made in model Forms of Contracts or Standard Schedules of Conditions approved for use within the National Health Service and in accordance with Standing Orders, there shall be inserted in every written contract a clause empowering the Foundation Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor has been found to have breached any elements pertaining to the requirements of the Bribery Act 2010, and as amended including the actions of its sub-contractors within the definitions of the Act.

## **Determination of Contracts for Failure to Deliver Goods or Material**

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

## **Contracts Involving Funds Held on Trust**

Contracts will be entered into for specified named fund. Such Contracts involving charitable funds held shall comply with the requirements of the Charities Acts and Charity Commission guidance.

## **Disposals**

Competitive Tendering or Quotation procedures (dependant on estimated value and the same competitive process as described above in this section) 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 Officer or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the Trusts Disposals policy;
- (c) items to be disposed of with an estimated sale defined in the Scheme of Reservation and Delegation, this figure to be reviewed annually;

- (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 **NHSE Monitor** guidance has been issued but subject to compliance with such guidance.

### **Applicability of SFIs on Tendering and Contracting to funds held on trust (see SFI Section 17)**

These Instructions shall apply to expenditure from Exchequer funds and also to works, services and goods purchased from the Foundation Trust's Charitable Funds.

### **Pre-Market Engagement with Suppliers**

The Foundation Trust may enter in to preliminary or indicative discussions with suppliers of goods, services and works, prior to applying the Tendering and Contracting Procedure (10) only for the purposes either; to develop a business case for investment or; capital budget planning or; understanding the viability of an infrastructure project. This should be done in conjunction with Procurement. When engaging suppliers for these purposes the Foundation Trust must not:

- (a) Provide commercially sensitive Trust information which may distort future competition
- (b) Enter in to any form of negotiations
- (c) Offer commitment to buy, either verbally or in writing.

If there is doubt or concern that preliminary discussions may breach these conditions to achieve the desired purpose, then advice from the Procurement Department must be sought.

It is a requirement that stakeholders complete the Confidentiality and Conflict of Interest Declaration form in order to support this stage of the process.

Where it is anticipated the project may exceed the EU/UK thresholds applicable to The Public contracts Regulations 2015 as amended from time to time. Advice from the Procurement Department must be sought in all cases.

## **12. EXTERNAL BORROWING AND INVESTMENTS**

### **NHS Oversight Framework**

The Foundation Trust must ensure compliance with the NHS Oversight set by **NHSI** **NHSE**

The NHS Oversight Framework determines the Finance and use of resources metrics calculations which take into consideration the levels of borrowing and the affordability of such. These are reported to **NHSI** **NHSE** on a regular basis. The Board must approve and review the affordability of additional borrowing before any loans are entered into.

## Public Dividend Capital

On authorisation as a Foundation Trust the Public Dividend Capital held immediately prior to authorisation continues to be held on the same conditions.

Additional Public Dividend Capital may be made available on such terms the Secretary of State (with the consent of the Treasury) decides.

Draw down of Public Dividend Capital should be authorised in accordance with the mandate held by the Department of Health Cash Funding Team, and is subject to approval by the Secretary of State.

The Foundation Trust shall be required to pay annually to the Department of Health a dividend on its Public Dividend Capital at a rate to be determined from time to time, by the Secretary of State.

## Commercial Borrowing and Investment

The Foundation Trust may borrow money from any commercial source for the purposes of or in connection with its functions.

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

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

## Investment of Temporary Cash Surpluses

Temporary cash surpluses must be held only in such public and private sector investments as authorised by the Finance & Performance Committee.

Finance & Performance Committee is responsible for establishing and monitoring an appropriate investment strategy and policy.

The Director of Finance is responsible for advising the Finance & Performance Committee on investments and shall report periodically to the Finance & Performance Committee concerning the performance of investments held.

The Director of Finance will prepare detailed procedural instructions on investment operations and on the records to be maintained. The Foundation Trust's Treasury Management policy will incorporate guidance from **NHS** **NHSE** as appropriate.

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

### Capital investment

The Chief Executive Officer:

- 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; and
- c) shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges.

For capital expenditure proposals the Chief Executive Officer shall ensure (in accordance with the limits outlined in the Scheme of Delegation):

- 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; and
  - ii) appropriate project management and control arrangements; and
  - iii) the involvement of appropriate Foundation Trust personnel and external agencies; and
- b) That the business case has detailed the cost and revenue consequences and that it has been authorised in accordance with table B in the Scheme of Reservation and Delegation.

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.

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

The approval of a capital programme shall not constitute approval for expenditure on any scheme. The Senior Leaders Group shall consider each individual scheme on its merits and by record of proceedings recommend to the Trust Board or Finance & Performance Committee

- a) approval to commit expenditure;
- b) approval to proceed to tender;
- c) approval to accept a successful tender

The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. The NHS/NHSE Capital regime, investment and property business case approval guidance for NHS Trust must be followed where applicable.

## Private finance

The Foundation Trust should normally test for Private Finance when considering 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 Officer shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) A business case must be referred to the Department of Health or HM Treasury as appropriate (for example if a 'Deed of Safeguard' is required), for approval or treated as per current guidelines. The Foundation Trust must follow the relevant government guidance which applies to Private Finance.
- (c) The proposal must be specifically agreed by the Foundation Trust in the light of such professional advice as should reasonably be sought in particular with regard to vires.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

## Asset registers

The Chief Executive Officer is responsible for the maintenance of registers of assets, taking account of 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 as appropriate.

The Foundation Trust shall maintain an Asset Register recording fixed assets to enable financial reporting in accordance with the requirements of International Accounting Standards.

Additions to the fixed Asset Register must be clearly identified to an appropriate Division and be validated by reference to:

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

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).

The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed Asset Registers.

The value of each asset shall be accounted for as per International Accounting Standards and the Foundation Trust Annual Reporting Manual (FTARM) issued by **NHS/NHSE**.

The Director of Finance shall calculate and pay capital charges as specified by **NHS/NHSE**.

## Protected Property

A register of all relevant assets required to provide Commissioner Requested Services is required to be maintained in accordance with requirements issued by **NHS/NHSE**. Relevant assets are any item of property, including buildings, interests in land, equipment (including rights, licences and consents relating to its use), without which the Trusts ability to meet its obligations to provide Commissioner Requested Services would be regarded as materially prejudiced.

No Protected Property may be disposed of without the approval of **NHS**.

This will be achieved through the annual planning process. The annual plan will include proposed changes in the treatment of assets that are protected and proposed disposals and acquisitions.

The Foundation Trust is required to notify relevant bodies of the publication date of their plans to allow them to lodge any objections. Twenty-one days is allowed before the plans are then approved.

During the year when the proposed changes are made the Asset Register must be updated accordingly. The relevant bodies should then be notified that an updated Asset Register is available.

As required by Condition 9 (4) of the Terms of Authorisation NHS FTs must make the Asset Register available for inspection by the public. NHSFTs may charge a reasonable fee for access to this information.

## Security of assets

The overall control of fixed assets is the responsibility of the Chief Executive Officer advised by the Director of Finance.

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

All significant discrepancies revealed by verification of physical assets to fixed Asset Register shall be notified to the Director of Finance.

Whilst each employee has a responsibility for the security of property of the Foundation Trust, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board of Directors. Any breach of agreed security practices must be reported in accordance with instructions.

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

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

## 14. STOCK, STORES AND RECEIPT OF GOODS

Stocks are defined as those goods normally utilised in day to day activity, but which at a given point in time have not been used or consumed. There are three broad types of store:-

- a) **Controlled stores** - specific areas designated for the holding and control of goods;
- b) **Wards & departments** - goods required for immediate usage to support operational services.
- c) **Manufactured Items** - where goods and consumables are being made or processes are being applied which add to the raw material cost of the goods.

Such stocks should be kept to a minimum and for;

- a. controlled stores and other significant stores (as determined by the Director of Finance) should be subjected to an annual stocktake or perpetual inventory procedures; and
- b. valued at the lower of cost and net realisable value.

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 Officer. 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. The control of any Pharmaceutical stocks shall be the responsibility of a designated Pharmaceutical Officer; the control of any fuel oil of the Head of Estates.

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

The Director of Finance shall approve procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses. 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.

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

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 14, Disposals and Condemnations, Losses and

Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

### **Receipt of Goods**

A delivery note shall be obtained from the supplier at the time of delivery and shall be signed by the person receiving the goods. All goods received shall be checked, by the appropriate department, as regards quantity and/or weight and inspected as to quality and specification. Instructions shall be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available.

All goods received shall be entered onto an appropriate goods received/stock record (whether a computer or manual system) on the day of receipt. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where the goods received are found to be unsatisfactory or short on delivery, they shall only be accepted on the authority of the designated officer and the supplier shall be notified immediately.

For goods supplied via the NHS Supply Chain central warehouses, the Chief Executive Officer shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note to satisfy themselves that the goods have been received. The Finance Department will make payment on receipt of an invoice. This may also apply for high-volume low value items such as stationery.

### **Issue of Stocks**

The issue of stocks shall be supplied by an authorised requisition note and a receipt for the stock issued shall be returned to the designated officer. Where a 'topping up' system is used, a record shall be maintained as approved by the of Finance. Regular comparisons shall be made of the quantities issued to wards/departments etc. and explanations recorded of significant variations.

All transfers and returns shall be recorded on forms/systems provided for the purpose and approved by the Director of Finance.

---

## **15. DISPOSALS AND CONDEMNATIONS, INSURANCE, LOSSES AND SPECIAL PAYMENTS**

### **Disposals and condemnations**

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

When it is decided to dispose of a Foundation 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.

For property relating to Commissioner Requested Services refer to section 12.4 of these SFIs.

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 which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.

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.

### **Losses and special payments**

The Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The Director of Finance must also prepare a fraud response plan that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it.

Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Divisional Manager or Head of Department, who must immediately inform the Director of Finance who will liaise with the Chief Executive Officer or inform an officer charged with responsibility for responding to concerns involving loss confidentially. This officer will then appropriately inform the Director of Finance who will liaise with the Chief Executive Officer.

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 or corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform their Local Counter Fraud Specialist who will inform the NHS-CFA **before** any action is taken and reach agreement how the case is to be handled.

The Director of Finance must notify NHS CFA and the external financial auditor of all frauds.

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

- a) the Board of Directors,
- b) the financial auditor, and
- c) the Local Security Management Specialist.

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

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

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

## **INSURANCE**

The Director of Finance shall ensure that insurance arrangements exist in accordance with the risk management programme.

The Board shall decide if the Foundation Trust will insure through the risk pooling schemes administered by the NHS Resolution, obtain commercial insurance or self insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually by the Finance & Performance Committee and reported to the Board via the minutes.

### **Arrangements to be followed by the Board of Directors in agreeing Insurance cover**

Where the Board decides to use the risk pooling schemes administered by the NHS Resolution or obtain commercial insurance the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution or obtain commercial insurance, 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.

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.

### **Commercial Insurance Cover Decisions Delegated to the Finance & Performance Committee**

As a Foundation Trust the Board need to consider the adequacy of insurance cover recognising the Public Benefit Corporation status. This function has been delegated to the Finance & Performance Committee. Foundation Trust may decide to enter into top-up commercial insurance arrangements, for example

- Directors and Officers Liability
- Property Damage
- Private Finance Initiatives
- Motor vehicle insurance
- Business interruption (Increased Cost of Working and Loss of Income)
- Other as agreed by the Finance & Performance Committee

## Compensation Claims

The Foundation Trust is committed to effective and timely investigation and response to any claim which includes allegations of clinical negligence, employee and other compensation claims. The Foundation Trust will follow the requirements and note the recommendations of the Department Health, and the NHS Resolution in the management of claims. Every member of staff is expected to co-operate fully, as required, in assessment and management of each claim.

The Foundation Trust will seek to reduce the incidence and adverse impact of clinical negligence, employee and other litigation by:-

- Adopting prudent risk management strategies including continuous review.
- Implementing in full the NHS Complaints Procedure, thus providing an alternative remedy for some potential litigants.
- Adopting a systematic approach to claims handling in line with the best current and cost effective practice.
- Following guidance issued by the NHS Resolution relating to clinical negligence.
- Achieving the Standards for Better Health.
- Implementing an effective system of Clinical Governance

The Associate Director of Corporate Affairs is responsible for clinical negligence: for managing the claims process and informing the Foundation Trust Board of Directors of any major developments on claims related issues.

## 16. INFORMATION TECHNOLOGY

### Responsibilities and duties of the Chief Digital Information Officer and Director of Finance in relation to Finance Systems

The Chief Digital Information Officer and Director of Finance are responsible for the accuracy and security of the computerised financial data of the Foundation Trust, and shall:

- a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Foundation Trust's data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the General Data Protection Regulations (GDPR) and Data Protection Act 2018 and the Computer Misuse Act 1990, and any other relevant act.
- b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- d) ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent via transmission networks.
- e) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.

The Chief Digital Information Officer and Director of Finance shall satisfy themselves 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 will be obtained from them prior to implementation.

The Associate Director of Corporate Affairs 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.

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

In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of NHS Organisations in the Local Health economy wish to sponsor jointly) all responsible directors and employees will send to the Chief Digital Information Officer:

- a) details of the outline design of the system prior to procurement and implementation to enable a value for money assessment relative to existing technical architecture and a cyber security assessment to ensure the safety of data as per the General Data Protection Regulations (GDPR), the Data Protection Act, 2018 and the Computer Misuse Act. 1990, and any other relevant act;
- b) the operation requirement in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation.

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

The Chief Digital Information Officer and 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 Chief Digital Information Officer and the Director of Finance shall periodically seek assurances that adequate controls are in operation.

### **Requirement 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 and the Chief Digital Information Officer shall satisfy them self that:

- a) systems acquisition, development and maintenance are in line with corporate policies such as an-Digital & Data 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 have access to such data; and
- d) such computer audit reviews as are considered necessary are being carried out.

## Risk Assessment

The Chief Digital Information Officer shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate business continuity and disaster recovery plans for IM&T Infrastructure.

The Foundation Trust shall disclose to **NHSI NHSE** and directly to any third parties, as may be specified by the Secretary of State, the information, if any, specified in the Terms of Authorisation, Schedule 6. Other information, as requested, shall be provided to **NHSI NHSE**.

## 17. PATIENTS' PROPERTY

The Foundation 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.

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

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

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

The Director of Nursing & Quality must approve 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. The said instructions shall cover the necessary arrangements for withdrawal of cash or disbursement of money held in accounts of patients who are incapable of handling their own financial affairs. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.

A patient's property record, in a form determined by the Director of Nursing & Quality shall be completed in respect of the following:

- a) property handed in for safe custody by any patient (or guardian as appropriate); and
- b) property taken into safe custody having been found in the possessions of:
  - mentally disordered patients
  - confused and/or disorientated patients
  - unconscious patients
  - patients dying in hospital
  - patients found dead on arrival at hospital (property removed by police)

- c) A record shall be completed in respect of all persons in category b, including a nil return if no property is taken into safe custody.

The record shall be completed by a member of the hospital staff in the presence of a second member of staff and the patient (or representative) where practicable. It shall then be signed by both members of staff and by the patient, except where the latter is restricted by physical or mental incapacity. Any alterations shall be validated by signature as required in the original entry on the record.

Where Department of Health instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Director of Nursing & Quality.

Patients' income, including pensions and allowances, shall be dealt with in accordance with current Department of Work and Pensions instructions. For long stay patients, the Chief Executive Officer shall ensure that positive action is taken to use their funds effectively and so reduce balances accruing.

Refunds of cash handed in for safe custody will be dealt with in accordance with current Department of Work and Pensions instructions. Property other than cash, which has been handed in for safe custody, shall be returned to the patient as required, by the officer who has been responsible for its security. The return shall be receipted by the patient or guardian as appropriate and witnessed.

The disposal of property of deceased patients shall be effected by the officer who has been responsible for its security, such disposal shall be in accordance with written instructions approved by the Director of Nursing & Quality.

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

Property handed over for safe custody shall be placed into the care of the appropriate administrative staff. Where there are no administrative staff present, in which case the property shall be placed in the secure care of the most senior member of nursing staff on duty.

In respect of deceased patients, if there is no will and no lawful next of kin the property vests in the Crown and particulars shall, therefore, be notified to the Treasury Solicitor.

Any funeral expenses necessarily borne by the Foundation Trust are a first charge on a deceased person's estate. Where arrangements for burial or cremation are not made privately, any element of the estate held by the Foundation Trust may be appropriated towards funeral expenses, upon the authorisation of the Director of Finance.

Staff should be informed, at Departmental induction, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

---

## 18. FUNDS HELD ON TRUST

### General

The Foundation Trust has a responsibility as a corporate trustee for the management of funds it holds on trust. The management processes may overlap with those of the organisation of the Foundation Trust, the trustee responsibilities must be discharged separately and full recognition given to its accountability to the Charity Commission.

The reserved powers of the Board of Directors and the Scheme of Delegation make clear where decisions where discretion must be exercised are to be taken and by whom.

As management processes overlap most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.

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

Charitable Funds are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the Trust or to the Health Service. The objects of which are for charitable purposes relating to the general or any specific purposes of the Countess of Chester Hospital NHS Foundation Trust or to purposes relating to the health service. They are administered by the Foundation Trust Board of Directors acting on behalf of the corporate trustee.

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

### Existing Charitable Funds

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

The Director of Finance shall periodically review the funds in existence and shall make recommendations to the Charitable Funds Committee regarding the potential for rationalisation of such funds within statutory guidelines.

The Director of Finance shall ensure that all funds are administered in accordance with the Charities Commission in accordance with the Charities Act 2001 or subsequent legislation.

## **New Charitable Funds**

The Director of Finance shall, recommend the creation of a new fund where funds and/or other assets, received for charitable purposes, cannot adequately be managed as part of an existing fund. All new funds must be covered by a Deed of Establishment and must be formally approved by the Charitable Funds Committee.

The Deed of Establishment for any new fund shall clearly identify, inter alia, the objects of the new fund, the nominated fund manager, the estimated annual income and, where applicable, the Charitable Funds Committee's power to assign the residue of the fund to another fund contingent upon certain conditions e.g. discharge of original objects.

## **Sources of New Funds**

All gifts accepted shall be received and held in the name of the Charity and administered in accordance with the Charity's policy, subject to the terms of specific funds. As the Charity can accept gifts only for all or any purposes relating to the NHS, officers shall, in cases of doubt, consult Director of Finance before accepting any gift. Advice to the Board of Directors on the financial implications of fund raising activities by outside bodies or organisations shall be given by the Director of Finance.

All gifts, donations and proceeds of fund-raising activities, which are intended for the Charity's use, must be handed immediately to the Director of Finance via the Fundraising Office/Cash Office to be banked directly to the Charitable Funds Bank Account.

In respect of Donations, the Director of Finance shall:-

- a) provide guidelines to Officers of the Foundation Trust as to how to proceed when offered funds. These will include:-
  - i) the identification of the donor's intentions;
  - ii) where possible, the avoidance of creating excessive numbers of funds;
  - iii) the avoidance of impossible, undesirable or administratively difficult objects;
  - iv) sources of immediate further advice; and
  - v) treatment of offers for personal gifts.
- b) provide secure and appropriate receipting arrangements, which will indicate that donations have been accepted directly into the appropriate fund and that the donor's intentions have been noted and accepted.

In respect of Legacies and Bequests, the Director of Finance shall be kept informed of and record all enquiries regarding legacies and bequests. Where required, the Director of Finance shall:-

- a. provide advice covering any approach regarding the receipt of funds/other assets from executors:-
- b. after the death of a testator all correspondence concerning a legacy shall be dealt with on behalf of the Charity by the Fundraising Manager.
- c. where necessary, obtain grant of probate, or make application for grant of letters of administration;
- d. be empowered to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
- e. be directly responsible, in conjunction with the Charitable Funds Committee, for the appropriate treatment of all legacies and bequests.

In respect of fund-raising, the final approval for major appeals will be given by the Board of Directors. Final approval for smaller appeals will be given by the Charitable Funds Committee. The Director of Finance shall:-

- a) advise on the financial implications of any proposal for fund-raising activities;
- b) deal with all arrangements for fund-raising by and/or on behalf of the Charity and ensure compliance with all statutes and regulations;
- c) be empowered to liaise with other organisations/persons raising funds for the Charity and provide them with an adequate discharge;
- d) be responsible for alerting the Charitable Funds Committee and the Board of Directors to any irregularities regarding the use of the Charity's name or its registration numbers; and
- e) be responsible for the appropriate treatment of all funds received from this source.

In respect of Trading Income (see also NHS Charitable Funds Guidance Chapter 6), the Director of Finance shall:-

- a) be primarily responsible, along with designated fund managers, for any trading undertaken by the Charity; and
- b) be primarily responsible for the appropriate treatment of all funds received from this source.

In respect of Investment Income, the Director of Finance shall be responsible for the appropriate treatment of all dividends, interest and other receipts from this source (see below).

## **Investment Management**

The Charitable Funds Committee shall be responsible for all aspects of the management of the investment of charitable funds as delegated under the terms of the approved investment policy. The issues on which the Director of Finance shall be required to provide advice to the Charitable Funds Committee shall include:-

- a) the formulation of investment policy which meets statutory requirements (Trustee Investment Act 1961) with regard to income generation and the enhancement of capital value;
- b) the appointment of advisers, brokers and, where appropriate, investment fund managers and:-
  - i) the Director of Finance shall recommend the terms of such appointments; and for which
  - ii) written agreements shall be signed by the Chief Executive Officer;
- c) pooling of investment resources and the preparation of a submission to the Charity Commission for them to make a scheme;
- d) the participation by the Charity in common investment funds and the agreement of terms of entry and withdrawal from such funds;
- e) that the use of assets shall be appropriately authorised in writing and charges raised within policy guidelines;
- f) the review of the performance of brokers and fund managers;
- g) the reporting of investment performance.

The Director of Finance shall prepare detailed procedural instructions concerning the receiving, recording, investment and accounting for Charitable Funds.

### **Expenditure from Charitable Funds**

Expenditure from Charitable Funds shall be managed by the Charitable Funds Committee on behalf of the Board of Directors. In so doing the committee shall be aware of the following:-

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

Delegated authority to incur expenditure which meets the purpose of the funds is set out in the Scheme of Delegations; exceptions are as follows:-

- a) Any staff salaries/wages costs require Charitable Funds Committee approval

- b) No funds are to be “overdrawn” except in the exceptional circumstance that Charitable Funds Committee approval is granted.

## **Banking Services**

The Director of Finance shall advise the Charitable Funds Committee and, with its approval, shall ensure that appropriate banking services are available in respect of administering the Charitable Funds. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by the Charity Commission.

## **Asset Management**

Assets in the ownership of or used by the Foundation Trust, shall be maintained along with the general estate and inventory of assets of the Foundation Trust. The Director of Finance shall ensure:-

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

## **Reporting**

The Director of Finance shall ensure that regular reports are made to the Charitable Funds Committee with regard to, inter alia, the receipt of funds, investments and expenditure.

The Director of Finance shall prepare annual accounts in the required manner, which shall be submitted, to the Charitable Funds Committee acting on behalf of the corporate trustee within agreed timescales.

The Director of Finance shall prepare an annual trustees’ report and the required returns to the Charity Commission for adoption by the Charitable Funds Committee.

## **Accounting and Audit**

As Corporate Trustee arrangements must be made to ensure that an external financial auditor is appointed to provide an independent review of the accounts in accordance with Charity Commission legislation.

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

Distribution of investment income to the charitable funds and the recovery of administration costs shall be performed on a basis determined by the Director of Finance.

The Director of Finance shall ensure that the records, accounts and returns receive adequate scrutiny by internal audit during the year. They will liaise with external audit and provide them with all necessary information.

The Charitable Funds Committee shall be advised by the Director of Finance on the outcome of the annual external audit.

### **Taxation and Excise Duty**

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

---

## **19. ACCEPTANCE OF GIFTS AND HOSPITALITY BY STAFF**

The Chief Executive Officer via the Associate Director of Corporate Affairs shall ensure that all staff are made aware of the Foundation Trust policy on acceptance of gifts and other benefits in kind. This policy should follow the guidance contained in the Department of Health Standards of Business Conduct for NHS Staff and the NHS England Conflicts of Interest Policy is also deemed to be an integral part of the Standing Orders and Standing Financial Instructions.

Refer also to Standing Orders Standards of Business Conduct including Conflict of Interest Policy, Anti-Fraud, Bribery & Corruption Policy and the Foundation Trust's Human Resource policies, for example "Conflict of Interest Policy."

---

## 20. RETENTION OF DOCUMENTS

### Context

All NHS records are public records under the terms of the Public Records Act 1958 section 3 (1) – (2). The Secretary of State for Health and all NHS organisations have a duty under this Act to make arrangements for the safe keeping and eventual disposal of all types of records. In addition, the requirements of the General Data Protection Regulations (GDPR), the Data Protection Act 2018 and the Freedom of Information Act 2000 must be achieved.

### Accountability

The Chief Executive Officer and senior managers are personally accountable for records management within the organisation ensuring the Trust adheres to the Records Management Code of Practice for Health and Social Care 2016-2021. Additionally, the organisation is required to take positive ownership of, and responsibility for, the records legacy of predecessor organisations and / or obsolete services. Under the Public Records Act all NHS employees are responsible for any records that they create or use in the course of their duties. Thus any records created by an employee of the NHS are public records and may be subject to both legal and professional obligations.

### Types of Record Covered by The Code of Practice

The guidelines (Records Management code of Practice for Health and Social Care 2016-2021) apply to NHS records of all types (including records of NHS patients treated on behalf of the NHS in the private healthcare sector) regardless of the media on which they are held:

- Patient health records (electronic or paper based)
- Records of private patients seen on NHS premises;
- Accident and emergency, birth and all other registers;
- Theatre registers and minor operations (and other related) registers;
- Administrative records (including e.g. personnel, estates, financial and accounting records, notes associated with complaint-handling);
- X-ray and imaging reports, output and other images;
- Photographs, slides and other images;
- Microform (i.e. fiche / film)

*Corporate Governance Manual*

*Schemes of Reservation and Delegation*

- Audio and video tapes, cassettes, CD-ROM etc.
- Emails;
- Computerised records;
- Scanned records;
- Text messages (both out-going from the NHS and in-coming responses from the patient)

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

Documents held in accordance with the Records Management Code of Practice for Health and Social Care Services 2016 2021 shall only be destroyed at the express instigation of the Chief Executive Officer, records shall be maintained of documents so destroyed.

---

## 21. RISK MANAGEMENT

### Programme of Risk Management

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

The programme of risk management shall include:

- a process for identifying and quantifying risks and potential liabilities;
- engendering among all levels of staff a positive attitude towards the control of risk;
- 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;
- contingency plans to offset the impact of adverse events;
- audit arrangements including; Internal Audit, clinical audit, health and safety review;
- a clear indication of which risks shall be insured;
- arrangements to review the Risk Management programme.

*Corporate Governance Manual*

*Schemes of Reservation and Delegation*

The existence, integration and evaluation of the above elements will assist in providing a basis to make an Annual Governance Statement within the Annual Report and Accounts as required by current ~~NHS~~ **NHSE** guidance.

***Corporate Governance Manual***

***Schemes of Reservation and Delegation***

**SCHEME OF RESERVATION AND  
DELEGATION RESERVATION TO  
BOARD**

Revised July 2021

**CONTENTS**

	<b>SECTION</b>
<b>SCHEDULE OF DELEGATED MATTERS</b>	<b>1</b>
<b>INTRODUCTION</b>	<b>2</b>
<b>RESERVATION OF POWERS TO THE BOARD OF DIRECTORS</b>	<b>3</b>
<b>DELEGATION OF POWERS</b>	<b>4</b>
<b>SCHEME OF DELEGATION TO OFFICERS</b>	<b>5</b>

**1. SCHEDULE OF DELEGATED MATTERS**

<b>DELEGATED MATTERS</b>	<b>TABLE REFERENCE</b>
STANDING ORDERS/STANDING FINANCIAL INSTRUCTIONS MEETINGS	1
AUDIT ARRANGEMENTS	1
AUTHORISATION OF CLINICAL TRIALS	2
AUTHORISATION OF NEW DRUGS	3
AUTHORISATION OF PRODUCT TRIALS	4
AUTHORISATION OF RESEARCH PROJECTS	5
BANK ACCOUNTS (EXCLUDING CHARITABLE FUND ACCOUNTS)	6
CAPITAL INVESTMENT	7
CLINICAL AUDIT	8
COMMERCIAL SPONSORSHIP	9
COMPLAINTS (PATIENTS AND RELATIVES)	10
CONFIDENTIAL INFORMATION	11
DATA PROTECTION ACT	12
DECLARATION OF INTEREST	13
DISPOSAL AND CONDEMNATIONS	14
ENVIRONMENTAL REGULATIONS	15
EXTERNAL BORROWING	16
FINANCIAL PLANNING / BUDGETARY RESPONSIBILITY	17
FINANCIAL PROCEDURES AND SYSTEMS	18
FIRE PRECAUTIONS	19
FIXED ASSETS	20
FRAUD	21
FUNDS HELD ON TRUST (CHARITABLE AND NON CHARITABLE FUNDS)	22
HEALTH AND SAFETY	23
HOSPITALITY / GIFTS	24
INFECTIOUS DISEASES AND NOTIFICABLE OUTBREAKS	25
LEGAL PROCEEDINGS	26
LOSSES, INSURANCE, WRITE OFF AND COMPENSATION	27
MEDICINES INSPECTORATE REGULATIONS	28
MEDICAL	29
NON PAY EXPENDITURE	30
PATIENTS PROPERTY	31
PATIENTS SERVICES AGREEMENTS	32
PERSONNEL AND PAY	33
QUOTATIONS, TENDERING AND CONTRACT PROCEDURES	34
RECORDS	35
REPORTING OF INCIDENTS TO THE POLICE	36
RISK MANAGEMENT	37
SEAL	38
SECURITY MANAGEMENT	39
SETTING OF FEES AND CHARGES	40
STORES AND RECEIPT OF GOODS	41

## 2. INTRODUCTION

**The Standing Orders provides that "The Board of Directors may delegate any of its powers to a committee of Directors or to an executive Director". The-NHS Foundation Trust Code of Governance also requires that there should be a formal schedule of matters specifically reserved to the Foundation Trust Board.**

The purpose of this document is to detail how the powers are reserved to the Board of Directors, while at the same time delegating to the appropriate level the detailed application of Foundation Trust policies and procedures. However, the Board of Directors remains accountable for all of its functions, even those delegated to committees, sub committees, individual directors or officers and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role. Specifically, the Trust's Standing Orders provide as follows:

### **" ARRANGEMENTS FOR THE EXERCISE OF FUNCTIONS BY DELEGATION**

Subject to such directions or guidance as may be given by NHSE Monitor, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions:

by a committee appointed by virtue of Standing Order 6.1 below; or

by an executive director of the trust;

#### **"Delegation to committees**

The Board may agree, from time to time, to the delegation of executive powers to committees, formally constituted in accordance with Standing Order 6.1. The constitution and terms of reference of these committees or sub-committees and their specific executive powers shall be approved by the Board.

#### **"Delegation to officers**

Those functions of the trust which have not been retained as reserved by the Board or delegated to a 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 assist him in undertaking and discharging the remaining functions for which he/she will still retain accountability to the Board. For the avoidance of doubt whilst the Chief Executive can nominate officers to assist him/ her in undertaking

and discharging any functions, the Chief Executive can only delegate functions to one or more executive directors.

The Chief Executive shall prepare a scheme of delegation identifying his proposals, which shall be considered and approved by the Board, subject to any amendments agreed during the discussion. The Chief Executive may periodically propose amendments to the scheme of delegation that shall also be considered and approved by the Board.

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 any statutory requirements and any requirements of NHSE Monitor (or a successor body).”

#### **2.1 Caution over the Use of Delegated Powers**

**Powers are delegated to directors and officers on the understanding that they would not exercise delegated powers in a manner which in their judgement was likely to be a cause for public concern.**

#### **2.2 Absence of Directors or Officer to Whom Powers have been Delegated**

**In the absence of a director or officer to whom powers have been delegated those powers shall be exercised by that director or officer's superior unless alternative arrangements have been approved by the Board of Directors. If the Chief Executive Officer is absent powers delegated to him/her may be exercised by the nominated officer acting in his/her absence after taking appropriate advice from the Director of Finance.**

**If it becomes clear to the Board of Directors that the Accounting Officer is incapacitated and will be unable to discharge their responsibilities over a period of four weeks or more, the Board of Directors should appoint an acting Accounting Officer, usually the Director of Finance pending the Accounting Officers return. The same applies if, exceptionally, the Accounting Officer plans an absence of more than four weeks during which they cannot be contacted.**

### **3. RESERVATION OF POWERS TO THE BOARD OF DIRECTORS**

*Corporate Governance Manual*

*Schemes of Reservation and Delegation*

### **3.1 Accountability**

**The Code of Conduct and Accountability which has been adopted by the Foundation Trust requires the Board of Directors to determine those matters on which decisions are reserved unto itself. Board members share corporate responsibility for all decisions of the Board. These reserved matters are set out in section 4 below:**

### **3.2 Duties**

**It is the Board's duty to:**

- act within statutory financial and other constraints;
- be clear what decisions and information are appropriate to the Board of Directors and draw up Standing Orders, a schedule of decisions reserved to the Board and Standing Financial Instructions to reflect these,
- 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;
- establish performance and quality measures that maintain the effective use of resources and provide value for money;
- specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities;
- establish Audit and Remuneration & Nominations 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.

### **3.3 General Enabling Provision**

**The Board of Directors may determine any matter, for which it has authority, it wishes in full session within its statutory powers.**

### **3.4 Regulations and Control**

**The Foundation Trust Board remains accountable for all of its functions, even those delegated to individual committees, sub-committees, directors or officers and would therefore expect to receive information about the exercise of delegated**

**functions to enable it to maintain a monitoring role. The following are decisions reserved to the board:**

- Approval of Standing Orders (SOs), a schedule of matters reserved to the Board of Directors and Standing Financial Instructions for the regulation of its proceedings and business.
- Suspension of Standing Orders.
- Vary or amend the Standing Orders..
- Ratification of any emergency decisions taken by the Chair and Chief Executive Officer in public session in accordance with SO 6.8.6.
- Approval of a scheme of delegation of powers from the Board of Directors to Committees, or individuals.
- Requiring and receiving the declaration of Board members' interests which may conflict with those of the Foundation Trust and determining the extent to which that director may remain involved with the matter under consideration.
- Requiring and receiving the declaration of officers' interests which may conflict with those of the Foundation Trust.
- Approval of arrangements for dealing with complaints.
- Adoption of the organisational structures, to facilitate the discharge of business by the Foundation Trust and to agree modifications thereto.
- To receive reports from committees including those which the Foundation Trust is required by the Constitution and the National Health Service Act 2006 or other regulation to establish and to take appropriate action thereon.
- To confirm the recommendations of the Foundation Trust's committees where the committees do not have executive powers.
- Approval of arrangements relating to the discharge of the Foundation Trust's responsibilities as a corporate trustee for funds held on trust.
- To establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board of Directors.
- Approval of arrangements relating to the discharge of the Foundation Trust's responsibilities as a bailer for patients' property.
- Authorise use of the seal.
- Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive Officer's attention in accordance with SOs.
- Disciplining Board members' who are in breach of Statutory Requirements or Standing Orders.

### **3.5 Appointment and terms and conditions of employment**

The appointment and terms and conditions of employment of the Chief Executive and Executive Directors in accordance with the terms of reference of the Remuneration and Nominations Committee. This also includes the termination of employment

*Corporate Governance Manual*

*Schemes of Reservation and Delegation*

### **3.6 Strategy and Business Plans and Budgets**

#### **Definition of the strategic aims and objectives of the Foundation Trust.**

- Approve proposals for ensuring quality and developing clinical governance in services provided by the Foundation Trust, having regard to any guidance issued by the Secretary of State or the Independent Regulator.
- Approval and monitoring of the Foundation Trust's policies and procedures for the management of risk.
- Approve budgets.
- Approve annually Foundation Trust's proposed business plan.
- Ratify proposals for acquisition, disposal or change of use of land and/or buildings.
- Approve PFI proposals.
- Approve proposals on individual contracts, including purchase orders (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over £150,000,000.
- 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 Officer and Director of Finance.
- Review use of NHS risk pooling schemes for example CNST and RPST and other commercial insurance arrangements.

### **3.7 Audit Arrangements**

#### **Approval of external audit appointment (and where necessary dismissal) is reserved for the Council of Governors.**

To approve the appointment (and where necessary dismissal) of the internal auditors.

### **3.8 Annual Reports and Accounts**

- Receipt and approval of the Foundation Trust's Annual Report and Annual Accounts prior to presentation to the Council of Governors at a Members Meeting.

### **3.9 Monitoring**

- Receive of such reports as the Board of Directors sees fit from committees in respect of their exercise of powers delegated.
- Continuous appraisal of the affairs of the Foundation Trust by means of the provision to the Board of Directors as the Board of Directors may require from directors, committees, and officers of the Foundation Trust as set out in management policy statements.
- Receive reports from Director of Finance on financial performance against budget and business plan and receive the minutes of the Finance & Performance Committee.

## **4 DELEGATION OF POWERS**

### **4.1 Delegation to Committees**

The Board of Directors may determine that certain of its powers shall be exercised by Standing Committees. The composition and terms of reference of such committees shall be that determined by the Board of Directors. The Board of Directors shall determine the reporting requirements in respect of these committees. In accordance with the Standing Orders committees may not delegate executive powers to sub-committees unless expressly authorised by the Board of Directors.

### **4.2 Responsibilities of the Accounting Officer**

**The following responsibilities are defined through the Foundation Trust Accounting Officer Memorandum:**

The Accounting Officer has responsibility for the overall organisation, management and staffing of the Foundation Trust and for its procedures in financial and other matters.

The Accounting Officer must ensure that:

- There is a high standard of financial management in the Foundation Trust as a whole;
- Financial systems and procedures promote efficient and economical conduct of business and safeguard financial propriety and regularity throughout the Foundation Trust; and
- Financial considerations are fully taken into account in decisions on Foundation Trust policy proposals.

**The specific personal responsibilities of a Foundation Trust Accounting Officer:**

- The propriety and regularity of the public finances for which they are answerable;
- The keeping of proper accounts;
- Prudent and economical administration;
- The avoidance of waste and extravagance; and
- The efficient and effective use of all the resources in their charge.

**The Accounting Officer must:**

- Personally sign the accounts and, in doing so accept personal responsibility for ensuring their proper form and content as prescribed by **NHS! NHSE** in accordance with the Act.
- Comply with the financial requirements of the Terms of Authorisation.

*Corporate Governance Manual*

*Schemes of Reservation and Delegation*

- Ensure that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of management, as well as in the form prescribed for published accounts (so that they disclose with reasonable accuracy, at any time the financial position of the NHS Foundation Trust).
- Ensure that the resources for which they are responsible as Accounting Officer are properly and well managed and safeguarded, with independent and effective checks of cash balances in the hands of any official.
- Ensure that assets for which they are responsible such as land, buildings and other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate.
- Ensure that conflicts of interest are avoided, whether in the proceedings of the Board of Directors, Council of Governors or in the actions or advice of the Foundation Trust staff, including themselves.
- Ensure that, in the consideration of policy proposals relating to the expenditure for which they are responsible as Accounting Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and brought to the attention of the Board of Directors.
- Take reasonable steps for the prevention and detection of fraud and other irregularities.
- Confirm that as far as he or she is aware, there is no relevant audit information of which the Trust's auditors are unaware, and the Accounting Officer has taken all the steps required that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

**The Accounting Officer should ensure that effective management systems appropriate for the achievement of the Foundation Trust's objectives, including financial monitoring and control systems, have been established. An Accounting Officer should ensure that managers at all levels:**

- Have a clear view of their objectives, and the means to assess and, wherever possible, measure outputs or performance in relation to those objectives;
- Are assigned well defined responsibilities for making the best use of resources (both those consumed by their own commands and any made available to organisations or individuals outside the NHS Foundation Trust) including a critical scrutiny of output and value for money.
- Have the information (particularly about cost), training and access to the expert advice which they need to exercise their responsibilities effectively.

## **5. SCHEME OF DELEGATION TO OFFICERS**

**Standing Orders and Standing Financial Instructions set out in some detail the financial responsibilities of the Chief Executive Officer, the Director of Finance and other directors. These responsibilities are summarised below.**

Delegated matters in respect of decisions which may have a far reaching effect must be reported to the Chief Executive Officer. The **'Delegated to'** authority is in accordance with the: Standing Orders and Standing Financial Instructions. The **'Operational Responsibility'** shown below is the lowest level to which authority is delegated.

Table A - Delegated Authority,

Table B - Delegated Financial Limits,

Delegation to lower levels is only permitted with written approval of the Chief Executive Officer who will, before authorising such delegation, consult with other Senior Managers as appropriate.

DELEGATED MATTER	DELEGATED TO	OPERATIONAL RESPONSIBILITY		
Standing Orders/Standing Financial Instructions/Constitution		Execs	Division	Other

a)	Final authority in interpretation of Standing Orders	Chair	Chair		
b)	Approval of Standing Orders, a schedule of matters reserved to the Board and Standing Financial Instructions	Board of Directors	Board of Directors		
c)	Notifying Directors and employees of their responsibilities within the Standing Orders and Standing Financial Instructions and ensuring that they understand their responsibilities	Chief Executive Officer	Board of Directors	Deputy Directors/Divisional Medical Directors /Divisional Directors/ Business Performance Managers/ Associate Medical Directors/ Deputy Director of Nursing Corporate Department Heads	
d)	Responsibility for security of the Foundation Trust's property, avoiding loss, exercising economy and efficiency in using resources and conforming with Standing Orders, Financial instructions and financial procedures	Chief Executive Officer	Board of Directors		All Employees
e)	Suspension of Standing Orders	Board of Directors	Board of Directors		
f)	Review suspension of Standing Orders	Audit Committee	Audit Committee		
g)	Variation or amendment to Standing Orders	Board of Directors/Council of Governors	Board of Directors		
h)	Emergency powers relating to the authorities retained by the Board of Directors.	Chair and Chief Executive Officer with two non-executives	Chair and Chief Executive with two non-executives		
i)	Disclosure of non-compliance with Standing Orders to the Chief Executive (report to the Board of Directors).	All staff			All staff
j)	Disclosure of non-compliance with SFIs to the Director of Finance (report to the Audit Committee)	All staff			All staff
k)	Advice on interpretation or application of SFIs	Director of Finance	Director of Finance	Assistant Director of Finance	Chief Financial Accountant
<b>Meetings</b>					

a)	Calling meetings of the Foundation Trust	Chair	Chair		
b)	Chair all Foundation Board of Directors or Directors meetings and associated responsibilities	Chair	Chair		
<b>1.</b>	<b>Audit Arrangements</b>				
a)	Ensure adequate internal and external audit services are provided which are accountable to the Director of Finance (and involve the Audit Committee in the selection process when / if an audit service provider is changed.)	Director of Finance	Director of Finance		

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
Standing Orders/Standing Financial Instructions/Constitution			Execs	Division	Other
b)	Review, appraise and report in accordance with Public Sector Internal Audit Standards (2016) and best practice.	Audit Committee			Director of Internal Audit
c)	Provide an independent and objective view on internal control, and probity	Audit Committee			Internal Audit /Financial Audit
d)	Ensure cost-effective audit service.	Audit Committee	Director of Finance		
e)	Implement recommendations	Chief Executive Officer	Director of Finance		Relevant Officers
<b>2.</b>	<b>Authorisation of Clinical trials</b>				
	Authorisation of Clinical Trials	Chief Executive Officer (based on appropriate advice and authorisation)	Executive Medical Director		With advice from Research and Innovation Committee
<b>3.</b>	<b>Authorisation of New Drugs</b>				
	All new product requests	Chief Executive Officer (based on appropriate advice and authorisation)		Director of Pharmacy	With advice from Drugs and Therapeutics Committee
<b>4.</b>	<b>Authorisation of Product trials</b>				
	Authorisation of Product trials	Chief Executive Officer (based on appropriate advice and authorisation)		Divisional Directors/ Divisional Medical Directors/Associate Medical Directors /Business Performance Managers/ Deputy Directors of Nursing with Director of Commercial Procurement Services	
<b>5.</b>	<b>Authorisation of Research Projects</b>				
	Authorisation of Research Projects	Chief Executive Officer	Executive Medical Director		Research and Innovation Committee
<b>6.</b>	<b>Bank Accounts (Excluding Charitable Fund Accounts)</b>				
a)	Operation: <ul style="list-style-type: none"> <li>▪ Managing banking arrangements and operation of bank accounts</li> </ul> Finance & Performance Committee (approves arrangements)	Director of Finance	Finance & Performance Committee	Deputy Director of Finance /Assistant Director of Finance	Chief Financial Accountant

Corporate Governance Manual

Schemes of Reservation and Delegation

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	<ul style="list-style-type: none"> <li>▪ Opening bank accounts</li> </ul>	Director of Finance	Director of Finance		
	<ul style="list-style-type: none"> <li>▪ Approve and apply arrangements for all banking transactions.</li> </ul>	Director of Finance			To be completed in accordance with bank mandate/ internal procedures
b)	Investments: <ul style="list-style-type: none"> <li>▪ Investment of surplus funds in accordance with the Foundation Trust's Treasury Management policy</li> <li>▪ Preparation of investment procedures</li> </ul>	Director of Finance		Assistant Director of Finance	Chief Financial Accountant
c)	Petty Cash	Director of Finance			<b>Refer To Table B Delegated Limits</b>
<b>7.</b>	<b>Capital Investment</b>				
a)	Programme: <ul style="list-style-type: none"> <li>▪ Ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on business plans / Service development Strategy</li> </ul>	Board of Directors	Director of Finance		
	<ul style="list-style-type: none"> <li>▪ Preparation of Capital Investment Programme</li> </ul>	Chief Executive Officer	Director of Finance	Deputy Director of Finance /Head of Financial Management/Head of Estates/Associate Director of Estates and Facilities	
	<ul style="list-style-type: none"> <li>▪ Approval of Capital Investment Programme</li> </ul>	Board of Directors	Finance & Performance Committee		
	<ul style="list-style-type: none"> <li>▪ Approval of a business case</li> </ul>	Board of Directors/ Executive Directors Group	Finance & Performance Committee		<b>Refer To Table B Delegated Limits</b>

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	<ul style="list-style-type: none"> <li>Financial monitoring and reporting on all capital scheme expenditure including variations to contract</li> </ul>	Director of Finance	Director of Finance	Head of Estates/Head of Financial Management/Deputy Director of Finance or delegated nominee/Associate Director of Estates & Facilities	
	<ul style="list-style-type: none"> <li>Financial approvals on all capital scheme expenditure including variations to contract</li> </ul>	Chief Executive Officer or Director of Finance		Head of Financial Management/Deputy Director of Finance or delegated nominee	
	<ul style="list-style-type: none"> <li>Authorisation of capital requisitions</li> </ul>	Chief Executive Officer or Director of Finance		Associate Director of Estates & Facilities	Refer To Table B Delegated Limits
	<ul style="list-style-type: none"> <li>Assessing the requirements for the operation of the construction industry taxation deduction scheme.</li> </ul>	Director of Finance		Assistant Director of Finance	
	<ul style="list-style-type: none"> <li>Issuing the Head of Estates with specific authority to commit capital expenditure, proceed / accept tenders in accordance with the SOs and SFIs</li> </ul>	Chief Executive Officer	Director of Finance	Associate Director of Estates & Facilities	
	<ul style="list-style-type: none"> <li>Responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost.</li> </ul>	Chief Executive Officer	Director of Finance	Associate Director of Estates & Facilities /Head of Estates	
	<ul style="list-style-type: none"> <li>Ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences.</li> </ul>	Chief Executive Officer	Director of Finance	Deputy Director of Finance /Head of Financial Management	Refer to Table B Delegated Limits
	<ul style="list-style-type: none"> <li>Issue procedures governing</li> </ul>	Director of Finance	Director of Finance	Deputy Director of Finance /Head of	

Corporate Governance Manual

Schemes of Reservation and Delegation

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.			Financial Management/Head of Estates	
b)	Private Finance: <ul style="list-style-type: none"> <li>Demonstrate that the use of private finance represents best value for money and transfers risk to the private sector. Proposal to use Private Finance must be specifically agreed by the Board of Directors</li> </ul>	Chief Executive Officer	Director of Finance		
c)	Leases (property and equipment) <ul style="list-style-type: none"> <li>Granting and termination of leases with Annual rent &lt; £100k</li> <li>Granting and termination of leases of &gt; £100k should be reported to the Board of Directors</li> </ul>	Chief Executive Officer  Board of Directors	Director of Finance  Chief Executive / Director of Finance		Assistant Director of Finance
<b>8.</b>	<b>Clinical Audit</b>				
	Responsible for Clinical Audit <ul style="list-style-type: none"> <li>Agreement of an annual audit programme.</li> </ul>	Executive Medical Director		Divisional Medical Directors/ Associate Medical Directors/Service Clinical Directors	Clinical Audit Committee
<b>9.</b>	<b>Commercial Sponsorship</b>				

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	Agreement to proposal	Chief Executive Officer	Associate Director of Corporate Affairs		
<b>10.</b>	<b>Complaints (Patients &amp; Relatives)</b>				
a)	Overall responsibility for ensuring that all complaints are dealt with effectively	Chief Executive Officer	Director of Nursing & Quality	Deputy Director of Nursing - Corporate	Patient Experience Lead Complaints Manager
b)	Responsibility for ensuring complaints relating to a division/department are investigated thoroughly.	Chief Executive Officer	Director of Nursing & Quality	Deputy Directors/Divisional Directors /Divisional Medical Directors/ Corporate Department Heads/Associate Medical Directors	Patient Experience Lead Complaints Manager
<b>11.</b>	<b>Confidential Information</b>				
a)	Review of the Foundation Trust's compliance with the Caldicott report on protecting patients' confidentiality in the NHS	Chief Executive Officer	Caldicott Gardian Executive Medical Director		
b)	Freedom of Information Act compliance code	Chief Executive Officer	Associate Director of Corporate Affairs		
<b>12.</b>	<b>Data Protection Act</b>				
	Review of Foundation Trust's compliance	Chief Executive Officer	Director of Finance	Head of Information Governance	
<b>13.</b>	<b>Declaration of Interest</b>				
a)	Requiring and receiving the declaration of Board Members interests	Board of Directors	Board of Directors	Head of Governance/Deputy Company Secretary	
a)	Maintaining a register of Interests	Chief Executive Officer	Company Secretary	Deputy Company Secretary	
b)	Declaring relevant and material interest	Chief Executive Officer	Board of Directors/ Council of Governors	Operational Management Board / All Senior Managers/ Consultants/All Staff	
<b>14.</b>	<b>Disposal and Condemnations</b>				
a)	Items obsolete, redundant, irreparable or cannot be repaired cost effectively	Director of Finance			Refer To Table B Delegated Limits
b)	Develop arrangements for the sale of assets	Director of Finance			Refer To Table B

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
					Delegated Limits
c)	Disposal of Protected Property (as defined in the Terms of Authorisation)	Chief Executive Officer (with authorisation of NHS/NHSE)	Chief Executive Officer		
<b>15.</b>	<b>Environmental Regulations</b>				
	Review of compliance with environmental regulations, for example those relating to clean air and waste disposal.	Chief Executive Officer	Chief Operating Officer	Divisional Directors	Head of Facilities/ Head of Estates
<b>16.</b>	<b>External Borrowing</b>				
a)	Advise Board of Directors of the requirements to repay / draw down Public Dividend Capital.	Director of Finance		Deputy Director of Finance /Assistant Director of Finance	
b)	Application for draw down of Public Dividend Capital, overdrafts and other forms of external borrowing.	Director of Finance			In accordance with table B
c)	Preparation of procedural instructions	Director of Finance		Assistant Director of Finance	
d)	Approve a list of employees authorised to make short term borrowings on behalf of the Foundation Trust.	Chief Executive Officer	Director of Finance		
<b>17.</b>	<b>Financial Planning / Budgetary Responsibility</b>				
a)	Setting: <ul style="list-style-type: none"> <li>▪ Submit budgets to the Board of Directors</li> </ul>	Director of Finance	Director of Finance		
	<ul style="list-style-type: none"> <li>▪ Submit to Board financial estimates and forecasts</li> </ul>	Director of Finance	Director of Finance		
	<ul style="list-style-type: none"> <li>▪ Compile and submit to the Board an Annual Risk Assessment Strategy and Plan: <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</li> </ul> </li> </ul>	Chief Executive Officer	Director of Finance / Chief Operating Officer	Deputy Director of Finance /Assistant Director of Finance /Head of Financial Management/Head of Contracts & Income /Associate Director of Planning Transformation	

Corporate Governance Manual

Schemes of Reservation and Delegation

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	workload, delivery of services or resources required to achieve the plan.				
b)	Monitoring: <ul style="list-style-type: none"> <li>Devise and maintain systems of budgetary control.</li> </ul>	Director of Finance		Deputy Director of Finance Assistant Director of Finance /Head of Financial Management/Head of Contracts & Income	
	<ul style="list-style-type: none"> <li>Delegate budgets to budget holders</li> </ul>	Chief Executive Officer	Director of Finance		
	<ul style="list-style-type: none"> <li>Monitor performance against budget, maintain accurate forecasts and develop action plans to resolve overspends</li> </ul>	Director of Finance	Chief Operating Officer	Deputy Director of Finance /Head of Financial Management/Head of Contracts & Income/Associate Medical Directors/ <del>Divisional Medical Directors</del> /Divisional Directors /Service Clinical Directors /Business Performance Managers/Deputy Directors of Nursing Corporate Department Heads/Budget Managers	with advice from the Clinical Business & Finance Managers
	<ul style="list-style-type: none"> <li>Ensuring adequate training is delivered to budget holders to facilitate their management of the allocated budget</li> </ul>	Director of Finance		Deputy Director of Finance /Head of Financial Management/Head of Contracts & Income	Clinical Business & Finance Managers
	<ul style="list-style-type: none"> <li>Submit <b>NHSE Monitor</b> Reporting in accordance with the Independent Regulators requirements for financial monitoring returns</li> </ul>	Chief Executive Officer	Director of Finance	Deputy Director of Finance /Assistant Director of Finance /Head of Financial Management/Head of Contracts & Income	Chief Financial Accountant
	<ul style="list-style-type: none"> <li>Identify and implement cost improvements and income generation activities in line with the Business</li> </ul>	Chief Executive Officer	Director of Finance / Chief Operating Officer	Deputy Director of Finance /Assistant Director of Finance /Head of Financial Management/Head of Contracts & Income	with advice from the Clinical Business & Finance Managers

Corporate Governance Manual

Schemes of Reservation and Delegation

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	Plan			Divisional Directors / Associate Medical Directors/Clinical Medical Directors Divisional Medical Directors / Service Clinical Directors Business Performance Manager/ Deputy Director of Nursing Corporate Department Heads / Model Hospital Programme/Associate Director of Transformation	
	Preparation of: <ul style="list-style-type: none"> <li>Annual Accounts</li> </ul>	Director of Finance		Deputy Director of Finance /Assistant Director of Finance	Chief Financial Accountant
	<ul style="list-style-type: none"> <li>Annual Report</li> </ul>	Chief Executive Officer	Executive Directors	Corporate Department Heads/Deputy Directors/Divisional Medical Directors	Business Planning Manager
c)	Budget Responsibilities Ensure that <ul style="list-style-type: none"> <li>budgets are to be managed within allocations, virement is not permitted between NHS/ NHSE categories</li> </ul>	Director of Finance	Chief Operating Officer	Deputy Directors/Divisional Directors /Associate Medical Directors/Divisional Medical Directors /Business Performance Managers/ Deputy Director of Nursing Matrons Service /Corporate Department Heads/Clinical Directors with advice from	from the Clinical Business & Finance Managers / Assistant Director of Finance / Head of Contracts & Income/Head of Financial Management
	<ul style="list-style-type: none"> <li>approved budget is not used for any other than a specified purpose subject to rules of virement</li> </ul>	Director of Finance	Chief Operating Officer	Deputy Directors/Divisional Directors/ Associate Medical Directors/Divisional Medical Directors/Business Performance Managers/Heads of Nursing/Matrons/ Service/Corporate Department Heads Service Clinical Directors with advice	from the Clinical Business & Finance Managers/ Deputy Director of Finance / Head of Contracts & Income/Head of Financial Management
	<ul style="list-style-type: none"> <li>No permanent employees are appointed without the approval of</li> </ul>	Chief Executive Officer	Director of Finance/Chief Operating Officer/Director		

Corporate Governance Manual

Schemes of Reservation and Delegation

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	the Chief Executive other than those provided for within available resources and manpower establishment.		of Human Resources People & Organisation Development		
d)	<p>Authorisation of Virement:</p> <ul style="list-style-type: none"> <li>▪ It is not possible for any officer to vire from non-recurring headings to recurring budgets or from capital to revenue / revenue to capital. Virement between different budget holders requires the agreement of both parties. (see appendix G)</li> </ul>	Chief Executive Officer			<b>Refer To Table B Delegated Limits</b>
<b>18.</b>	<b>Financial Procedures and Systems</b>				
a)	Maintenance & Update on Foundation Trust Financial Procedures	Director of Finance		Deputy Director of Finance /Assistant Director of Finance	
b)	Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented <sup>7</sup>	Chief Executive Officer and Director of Finance		Deputy Director of Finance/Assistant Director of Finance /Deputy Directors/Divisional Directors/Associate Medical Directors/ Business Performance Managers/ Deputy Director of Nursing /Service Clinical Directors /All budget holders/ Corporate Department Heads	Clinical Business & Finance Managers/ Project Accountant Chief Financial Accountant
c)	<p>Responsibilities:</p> <ul style="list-style-type: none"> <li>▪ Designing Foundation Trust's financial policies and ensuring compliance. Co-ordinate corrective action.</li> </ul>	Director of Finance		Deputy Director of Finance /Assistant Director of Finance	Chief Financial Accountant

**Corporate Governance Manual**

**Schemes of Reservation and Delegation**

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	<ul style="list-style-type: none"> <li>Ensure that adequate records are maintained to explain Foundation Trust's transactions and financial position.</li> </ul>	Director of Finance		Deputy Director of Finance Assistant Director of Finance /Head of Financial Management/Head of Contracts & Income	Clinical Business & Finance Managers/ Project Accountant/ Chief Financial Accountant
	<ul style="list-style-type: none"> <li>Providing financial advice to members of the Board of Directors and staff.</li> </ul>	Director of Finance		Deputy Director of Finance /Assistant Director of Finance /Head of Financial Management/Head of Contracts & Income	Clinical Business & Finance Managers/ Project Accountant/ Chief Financial Accountant
	<ul style="list-style-type: none"> <li>Ensure that appropriate statutory records, accounts, certificates etc are maintained.</li> </ul>	Director of Finance		Deputy / Director of Finance Assistant Director of Finance /Head of Financial Management Head of Contracts & Income	Clinical Business & Finance Managers/ Project Accountant/ Chief Financial Accountant
d)	<p>Financial Systems: Responsible for the accuracy and security of computerised financial data:</p> <ul style="list-style-type: none"> <li>Ensure that contracts for computer services clearly define responsibilities for security, privacy, accuracy, completeness and timeliness of data during processing.</li> </ul>	Director of Finance		Deputy Director of Finance /Assistant Director of Finance / Head of Financial Management/-Head of Contracts & Income	
	<ul style="list-style-type: none"> <li>transmission and storage.</li> </ul>	Director of Finance		Deputy Director of Finance /Assistant Director of Finance /Head of Financial Management/ Head of Contracts & Income	
	<ul style="list-style-type: none"> <li>Ensure that new and upgraded systems are developed in a controlled manner and tested</li> </ul>	Director of Finance		Deputy Director of Finance /Assistant Director of Finance	

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	<ul style="list-style-type: none"> <li>Developing financial systems in accordance with the Foundation Trust's IM&amp;T Strategy.</li> </ul>	Director of Finance		Deputy Director of Finance/Assistant Director of Finance	
	<ul style="list-style-type: none"> <li>Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place.</li> </ul>	Chief Executive Officer / Director of Finance		Deputy Director of Finance/Assistant Director Finance /Chief Digital Information Officer	
<b>19.</b>	<b>Fire precautions</b>				
	Ensure that the Fire Precautions and prevention policies and procedures are adequate and that fire safety and integrity of the estate is intact.	Chief Executive Officer	Executive Medical Director- Chief Operating Officer	Head of Estates	Fire Safety Officer
<b>20.</b>	<b>Fixed Assets</b>				
a)	Maintenance of asset register including asset identification and monitoring	Chief Executive Officer		Assistant Director of Finance	Chief Financial Accountant
b)	Ensuring arrangements for financial control and financial audit of building and engineering and building transactions comply with applicable regulations	Director of Finance	Chief Operating Officer/ Associate Director of Estates	Head of Estates	
c)	Calculate and pay capital charges in accordance with the requirements of NHS/ NHSE	Director of Finance		Assistant Director of Finance	Chief Financial Accountant
d)	Responsibility for security of Foundation Trust's assets including notifying discrepancies to the Director of Finance and reporting losses in accordance with Foundation Trust's procedures	Chief Executive Officer			All staff
<b>21.</b>	<b>Fraud (See also 36)</b>				
a)	Monitor and ensure compliance with the Trust's contractual responsibilities under the NHS Standard	Chief Executive Officer and Director of Finance			Local Counter Fraud Specialist

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	Contract for Providers regarding fraud and corruption, including the appointment of the Local Counter Fraud Specialist.				
b)	Notify NHSCFA and External Audit of all Frauds	Director of Finance			Local Counter Fraud Specialist
<b>22.</b>	<b>Funds Held on Trust (Charitable and Non Charitable Funds)</b>				
a)	Management: Funds held on trust are managed in accordance with procedures for expenditure, acceptance of donations and reserves policy.	Charitable Funds Committee	Director of Finance		Nominated fund holder
b)	Maintenance of authorised signatory list of nominated fund holders.	Director of Finance		Assistant Director of Finance	Chief Financial Accountant
c)	Expenditure Limits	Director of Finance			<b>Refer To Table B Delegated Limits</b>
d)	Developing systems for receiving donations	Director of Finance		Assistant Director of Finance	Chief Financial Accountant/ Fundraising Manager
e)	Dealing with legacies	Director of Finance		Assistant Director of Finance	Chief Financial Accountant/ Fundraising Manager
f)	Fundraising Appeals: <ul style="list-style-type: none"> <li>▪ Preparation and monitoring of budget</li> </ul>	Director of Finance		Assistant Director of Finance	Fundraising Manager / Chief Financial Accountant
	<ul style="list-style-type: none"> <li>▪ Reporting progress and performance against budget</li> </ul>	Charitable Funds Committee and Director of Finance		Assistant Director of Finance	Fundraising Manager /Chief Financial Accountant
g)	Operation of Bank Accounts: <ul style="list-style-type: none"> <li>▪ Managing banking arrangements and operation of bank accounts</li> </ul>	Director of Finance in conjunction with the Corporate Trustee		Assistant Director of Finance	Chief Financial Accountant
	Opening bank accounts	Director of Finance			
h)	Development of an Investment Strategy	Charitable Funds Committee	Director of Finance	Assistant Director of Finance	Chief Financial Accountant

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
i)	Investments: <ul style="list-style-type: none"> <li>Nominated deposit taker</li> </ul>	Charitable Funds Committee	Director of Finance	Assistant Director of Finance	Chief Financial Accountant
	<ul style="list-style-type: none"> <li>Placing transactions</li> </ul>	Director of Finance		Assistant Director of Finance	Chief Financial Accountant
j)	Registration of Funds with Charities Commission	Director of Finance		Assistant Director of Finance	
k)	Preparation of: <ul style="list-style-type: none"> <li>Annual Accounts</li> </ul>	Director of Finance		Assistant Director of Finance	Chief Financial Accountant/ Financial Accountant
	<ul style="list-style-type: none"> <li>Annual Report</li> </ul>	Director of Finance		Assistant Director of Finance	Chief Financial Accountant /Financial Accountant Fundraising Manager
l)	Approval of the annual charitable funds accounts	Board of Directors acting on behalf of the Corporate Trustee			Charitable Funds Committee
<b>23.</b>	<b>Health and Safety</b>				
	Review of all statutory compliance with legislation and Health and Safety requirements including control of Substances Hazardous to Health Regulations	Chief Executive Officer / Quality and Safety Board Committee/ Chief Operating Officer	Executive Medical Director/Head of Operations/ Chief Operating Officer	Emergency Planning Manager	Health & Safety Compliance Manager/ all Managers
<b>24.</b>	<b>Hospitality/Gifts</b>				
a)	Keeping of hospitality register	Chief Executive	-Company Secretary	Deputy Company Secretary	
b)	Register all individual and collective hospitality receipts	/Chief Executive	Company Secretary	Deputy Company Secretary	as per the Trusts Conflicts of Interest Policy
<b>25.</b>	<b>Infectious Diseases and Notifiable Outbreaks</b>				
	<ul style="list-style-type: none"> <li>Compliance with code of Practice for the Prevention and Control of Health Care Associated Infections – The Health Act 2006.</li> <li>Surveillance, prevention and control of infection in the</li> </ul>	Chief Executive Officer	Director of Infection Prevention and Control (Director of Nursing & Quality)		All Staff

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
	Trust. Production of an Annual Report on the state of HCAI within the Trust for public release.				
<b>26.</b>	<b>Legal Proceedings</b>				
a)	Engagement of Foundation Trust's Solicitors	Chief Executive Officer / Director of Finance/Deputy Chief Executive	Associate Director of Corporate Affairs		
b)	Approve and sign all documents which will be necessary in legal proceedings including Aged Debt Proceedings	Chief Executive Officer	Director of Finance / Associate Director of Corporate Affairs	Assistant Director of Finance	Head of Legal Services/ Chief Financial Accountant
c)	Sign on behalf of the Foundation Trust any agreement or document not requested to be executed as a deed	Chief Executive Officer	Executive Director Associate Director of Corporate Affairs		
d)	Issuing property valued >£5,000 only on production of a probate letter of administration	Director of Finance	Associate Director of Corporate Affairs	Deputy Director of Finance Assistant Director of Finance	
e)	Deceased Patients Property	Director of Nursing & Quality	Company Secretary		
<b>27.</b>	<b>Losses, Insurance, Write-off and Compensation</b>				
a)	Prepare procedures for recording, accounting and reporting for losses and special payments including preparation of a fraud response plan and informing the NHSCFA of frauds.	Chief Executive Officer	Director of Finance		<b>Refer To Table B Delegated Limits</b>
b)	Reviewing appropriateness of insurance claims	Director of Finance		Assistant Director of Finance	Chief Financial Accountant
c)	A register of all of the payments should be maintained by the Finance Department of all losses and compensations and made available for inspection	Director of Finance		Assistant Director of Finance	Head of Security (LCFS)
d)	A report of all of the above payments should be presented to the Audit Committee	Director of Finance		Assistant Director of Finance	

DELEGATED MATTER		DELEGATED TO	OPERATIONAL RESPONSIBILITY		
e)	Special Payments: <ul style="list-style-type: none"> <li>Compensation payments by Court Order</li> </ul>	Chief Executive Officer	Associate Director of Corporate Affairs Director of Finance		Above Excess – NHSLA Below Excess –
f)	Ex-Gratia Payments including seeking approval of Treasury: <ul style="list-style-type: none"> <li>Financial Limits</li> </ul>	Chief Executive Officer	Director of Human Resources and Organisation Development Director of Finance		Refer To Table B Delegated Limits
g)	Insurance: <ul style="list-style-type: none"> <li>Approval of Insurance arrangements</li> </ul>	Finance & Performance Committee	Director of Finance		
<b>28.</b>	<b>Medicines Inspectorate Regulations</b>				
	Review Regulations	Chief Executive Officer		Director of Pharmacy	
<b>29.</b>	<b>Medical</b>				
a)	<ul style="list-style-type: none"> <li>Clinical Governance arrangements</li> </ul>	Executive Medical Director and Director of Nursing and Quality	Deputy Director of Nursing/Deputy Medical Director	Divisional Directors/Associate Medical Directors Business Performance Managers/ Deputy Directors of Nursing Divisional Medical Directors/ Service Clinical Directors/Associate Director of Risk & Safety	
	<ul style="list-style-type: none"> <li>Medical Leadership</li> </ul>	Executive Medical Director	Executive Medical Director/Deputy Medical Director	Divisional Director/Associate Medical Directors/Divisional Medical Directors	
	<ul style="list-style-type: none"> <li>Programmes of medical education</li> </ul>	Executive Medical Director	Director of Medical Education/ Deputy Medical Director	Medical Education Manager	
	<ul style="list-style-type: none"> <li>Medical staffing plans</li> </ul>	Executive Medical Director	Executive Medical Director/ Deputy Medical Director	Divisional Medical Directors/Associate Medical Directors/ Service Clinical Directors/HR Medical Staffing Manager	
	<ul style="list-style-type: none"> <li>Medical Research</li> </ul>	Executive Medical Director	Executive Medical Director/ Deputy Medical Director	Clinical Director for Research	

Corporate Governance Manual

Schemes of Reservation and Delegation