

***STANDING ORDERS & WVT STANDING FINANCIAL  
INSTRUCTIONS  
2024/25***

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## *Foreword to Standing Orders*

NHS Trusts are required by law to make Standing Orders (SOs), which regulate the way in which the proceedings and business of the Trust will be conducted. Regulation 19 of the NHS Trusts (Membership and Procedure) Regulations, 1990 (as amended) requires the meetings and proceedings of an NHS Trust to be conducted in accordance with the rules set out in the Schedule to those Regulations and with SOs made under Regulation 19(2).

These SOs and associated documents are extremely important. High standards of corporate and personal conduct are essential in the NHS. As the NHS is publicly funded, it is accountable to Parliament for the services it provides and for the effective and economical use of taxpayers' money. The SOs, Standing Financial Instructions (SFIs), procedures and the rules and instructions made under them provide a framework and support for the public service values which are essential to the work of the NHS of:

- Accountability – the ability to stand the test of Parliamentary scrutiny, public judgements on propriety and professional codes of conduct.
- Probity – an absolute standard of honesty in dealing with the assets of the Trust; integrity in decisions affecting patients, staff and suppliers, and in the use of information acquired in the course of NHS duties.
- Openness – transparency about NHS activities to promote confidence between the organisation and its staff, patients and the public.

Additional documents, which form part of these “extended” SOs are:

- SFIs, which detail the financial responsibilities, policies and procedures to be maintained by the Trust.
- Schedule of Decisions Reserved to the Board of the Trust
- Scheme of Delegated Authorities, which sets out delegated levels of authority and responsibility

These extended SOs set out the ground rules within which Board directors and staff must operate in conducting the business of the Trust. Observance of them is mandatory. Such observance will mean that the business of the Trust will be carried out in accordance with the law, Government policy, the Trust's statutory duties and public service values. As well as protecting the Trust's interests, they will also protect staff from any possible accusation of having acted less than properly.

All executive and non-executive directors and senior staff are expected to be aware of the existence of these documents, understand when they should be referred to and, where necessary and appropriate to their role, make themselves familiar with the detailed provisions.



## INTRODUCTION

1. The George Eliot NHS Trust (GEH) is a statutory body which was established on 1<sup>st</sup> July 2009 under The NHS Trust (Establishment) Order 1993 under The George Eliot Hospital NHS Trust (Establishment) Order No 1510.
2. The principal place of business of GEH is George Eliot Hospital, College Street, Nuneaton, CV10 7DJ.
3. The Worcestershire Acute Hospitals NHS Trust (WAHT) is a statutory body established on 1st January 2000 under the NHS Trust (Establishment) Order 1990 under Order No 3473.
4. The principal place of business of WAHT is Worcestershire Royal Hospital, Charles Hastings Way, Worcester, WR5 1DD.
5. The Wye Valley NHS Trust (WVT) is a body corporate which was established on 1<sup>st</sup> April 2011 under The NHS Trust (Establishment) Order 1993 (the Establishment Order).
6. The principal place of business of WVT is Trust Headquarters, Hereford County Hospital, Stonebow Road, Hereford, HR1 2ER.
7. NHS Trusts are governed by statute, mainly the [National Health Service Act 2006](#) and the [Health and Social Care Act 2012](#).
8. The statutory functions conferred on the Trust are set out in the NHS Act 2006 (Chapter 3 and Schedule 4) and in the Establishment Order.
9. As a body corporate, the Trust has specific powers to contract in its own name and to act as a corporate trustee. In the latter role, it is accountable to the Charity Commission for those funds deemed to be charitable as well as to the Secretary of State for Health and Social Care. The Trust also has a common law duty as a bailee for property held by the Trust on behalf of patients.
10. The Department of Health and Social Care (DHSC) requires that Boards draw up a schedule of decisions reserved to the Board and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior managers. The [Code of Conduct and Code of Accountability](#) makes various requirements concerning possible conflicts of interest of Board directors. [The NHS Trusts \(Membership and Procedure\) Regulations 1990](#) requires the establishment of audit and remuneration committees with formally agreed terms of reference.
11. The [Freedom of Information Act 2000](#) and the [Environmental Information Regulations 2004](#) sets out the requirements for public access to information on the NHS.
12. Through these SOs, the Board exercises its powers to make arrangements for the exercise, on behalf of the Trust, of any of its functions by a committee or sub-committee appointed by virtue of the SOs; or by an officer of the Trust, in each case subject to such restrictions and conditions as the Board thinks fit or as the Secretary of State for Health and Social Care may direct.
13. These documents, together with SFIs, provide a regulatory framework for the business conduct of the Trust. They fulfil the dual role of protecting the Trusts' interests by ensuring, for example, that all transactions maximise the benefit to the Trust and protecting staff from possible accusations that they have acted less than properly.
14. The SOs, Scheme of Delegation document and SFIs provide a comprehensive business framework. All directors and all staff should be aware of the existence of these documents and, where necessary, be familiar with their detailed provisions to the extent required for the proper conduct of their duties.
- 15. The failure to comply with SOs and SFIs can be regarded as a disciplinary matter that could result in dismissal.**

## **SECTION A - INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS**

Save as otherwise permitted by law, at any meeting the **Chair** of the Trust shall be the final authority on the interpretation of Standing Orders (SOs) on which the **Chief Executive**, guided by the **Trust Secretary**, shall advise them.

GEH, WAHT and WVT are part of a Foundation Group of hospitals along with the South Warwickshire University NHS Foundation Trust (SWFT) who share a **Chief Executive**.

The **Chief Executive** works with the **Chair** to ensure that the Board maintains its capacity and is continually developed in order to remain 'fit for purpose' in the context of a changing NHS and wider healthcare environment. In support of these responsibilities a key part of the **Chief Executive** role is a focus on the integration agenda, system leadership and partnership working.

To this end, this role involves robust engagement with stakeholders, commissioners, other health and social care providers, public, private and third sector partners, children and families, to maximise the opportunities for improved service delivery at every opportunity.

The **Managing Director** is responsible for the day to day management of the Trust on behalf of the **Chief Executive** leading the Executive Team and Chairing the Trust Management Board. This role encompasses internally and externally the development and implementation of the Trust strategy, the management of relationships, engagement with staff and stakeholders and embedding partnerships with key stakeholders to the organisation, overseeing all communications activity across the Trust, both internally and externally, and the delivery of the Board Assurance Framework.

The following definitions apply for this document.

### **Legislation definitions:**

- the **2006 Act** is the National Health Service Act 2006
- the **2012 Act** is the Health and Social Care Act 2012
- **Membership and Procedure Regulations** are the National Health Service Trust (Membership and Procedure) Regulations 1990 (SI(1990)2024), as amended.

### **Other definitions:**

- **Accountable Officer** means the NHS Officer responsible and accountable for funds entrusted to the Trust. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust, it shall be the **Chief Executive**.
- **Board** means the Chair, Officer (Executive Directors) and Non-Officer (Non-Executive Director) members of the Trust collectively as a body.
- **Budget** means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- **Budget holder** means a director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.

- **Chair of the Board (or Trust)** is the person appointed by the Secretary of State for Health and Social Care and Social Care (delegated to NHS England (NHSE)) to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression “the Chair of the Trust” shall be deemed to include the Deputy Chair of the Trust if the Chair is absent from the meeting or is otherwise unavailable.
- **Chief Executive** means the Chief Officer of the Trust. The **Chief Executive** is also the Accountable Officer.
- **Chief Finance Officer** means the Chief Financial Officer of the Trust.
- **Clinical Directors** are specialty leads reporting to and accountable to the **Chief Executive**, with professional oversight from the Chief Medical Officer. They are **excluded** from the term “director” for the purposes of this document, unless specifically stated otherwise.
- **Commissioning** means the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
- **Committee** means a committee or sub-committee created and appointed by the Trust.
- **Committee members** means persons formally appointed by the Board to sit on or to chair specific committees.
- **Contracting and procuring** means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
- **Executive Director** is an officer of the Trust. Up to five will be voting members of the Trust Board, appointed in accordance with the Membership and Procedure Regulations, 1990. The remainder will not be eligible to vote on the Trust Board.
- **Funds Held on Trust** are those funds which the Trust holds at its date of incorporation, receives on distribution by statutory instrument, or chooses subsequently to accept under powers derived under Part 11 (eleven) of the NHS Act 2006. Such funds may or may not be charitable.
- **Managing Director** means the Managing Director of the Trust and the person responsible for the day to day management of the Trust.
- **Member** means Executive Director (officer) or Non-Executive Director (non-officer) member of the Board as the context permits. Member in relation to the Board does not include its Chair.
- **Associate Member** means a person appointed to perform specific statutory and non-statutory duties, which have been delegated by the Trust Board for them to perform, and these duties have been recorded in an appropriate Trust Board minute or other suitable record.
- **Membership, Procedure and Administration Arrangements Regulations** means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.
- **Motion** is a formal proposition to be discussed and voted on during the course of a Trust Board or Committee meeting.
- **NHS England (NHSE)** is responsible for the oversight of NHS Trusts and has delegated authority from the Secretary of State for Health and Social Care and Social Care for the appointment of the Non-Executive Directors, including the Chair of the Trust.
- **Nominated officer** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- **Non-Executive Director** also is a member of the Trust Board who is not an Executive Director of the Trust and is not to be treated as an Executive Director by

virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.

- **Officer** (or **staff**) means an employee of the Trust or any other person holding a paid appointment or office with the Trust. (This includes all employees or agents of the Trust, including medical and nursing staff and consultants practising upon the Trust's premises and shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust).  
**Officer member** means a member of the Trust Board who is either an Executive Director of the Trust or is to be treated as an Executive Director by virtue of regulation 1(3) (i.e. the Chair of the Trust or any person nominated by such a Committee for appointment as a Trust member).
- **Senior Independent Director (SID)** means an independent non-officer member appointed by the Board to provide a sounding board for the Chair and serve as an intermediary for the other directors when necessary.
- **SFIs** means Standing Financial Instructions.
- **SOs** means Standing Orders.
- **Trust** means the George Eliot Hospital NHS Trust/Worcestershire Acute Hospitals NHS Trust/Wye Valley NHS Trust.
- **Trust Secretary** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chair and monitor the Trust's compliance with the law, Standing Orders, and Department of Health and Social Care guidance.
- **Vice-Chairperson/Deputy Chairperson** means the non-officer member appointed by the Board to take on the Chairperson's duties if the Chairperson is absent for any reason.
- **Working day** means any day, other than a Saturday, Sunday or legal holiday  
Any reference to an Act of Parliament, Statutory Instrument, Direction or Code of Practice shall be construed as a reference to any modification, replacement or re-enactment for the time being in force.  
All reference to the masculine gender shall be read as equally applicable to the feminine gender and vice-versa.

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

These SOs and SFIs must be read in conjunction with the following guidance and any other issued by the Secretary of State for Health and Social Care:

- Caldicott Guardian 1997
- [Human Rights Act 1998](#)
- Freedom of Information Act 2000
- Bribery Act 2010

The Trust Board will from time to time agree and approve policy statements and procedures which will apply to all, or specific groups of staff employed by the Trust. The decisions to approve such policies and procedures will be recorded in an appropriate Trust Board minute and will be deemed where appropriate to be an integral part of the Trust's SOs and SFIs.

## **SECTION B – STANDING ORDERS FOR THE REGULATION OF THE PROCEEDINGS OF GEH/WAHT/WVT**

### **Part 1 – Membership**

#### **1 *Name and business of the Trust***

- 1.1. All business shall be conducted in the name of George Eliot Hospital NHS Trust/Worcestershire Acute Hospitals NHS Trust/Wye Valley NHS Trust (“the Trust”).
- 1.2. All funds received in trust shall be in the name of the Trust as corporate trustee. The powers exercised by the Trust as corporate trustee, in relation to funds held on trust, shall be exercised separately and distinctly from those powers exercised as a Trust.
- 1.3. The Trust has the functions conferred on it by [Schedule 4 of the 2006 Act](#).
- 1.4. Directors acting on behalf of the Trust as a corporate trustee are acting as quasi-trustees. Accountability for charitable funds held on trust is to the Charity Commission and to the Secretary of State for Health and Social Care. Accountability for non-charitable funds held on trust is only to the Secretary of State for Health and Social Care.
- 1.5. The Trust has resolved that certain powers and decisions may only be exercised or made by the Trust Board in formal session, which may include members participating by video or telephone. These powers and decisions are set out in the Schedule of Decisions Reserved and Standing Financial Instructions (SFIs) which are a separate document and have effect as if incorporated into the SOs.

#### **2 *Composition of the Membership of the Trust Board***

In accordance with the [Membership, Procedure and Administration Arrangements regulations](#) the composition of the Board shall be:

- 2.1 The Chair of the Trust (Appointed by the NHSE);
- 2.2 The voting membership of the Trust Board shall comprise the Chair and five non-executive directors (appointed by NHSE), together with up to five executive directors. At least half of the membership of the Trust Board, excluding the Chair, shall be independent non-executive directors.
- 2.3 In addition to the Chair, the non-executive directors shall normally include:
  - a. one appointee nominated to be the Vice-Chair
  - b. one appointee nominated to be the Senior Independent Director
  - c. one or more appointees who have recent relevant financial experience

Appointees can fulfil more than one of the roles identified.



- 2.4 Up to five executive directors (but not exceeding the number of non-executive directors) including:
- **Chief Executive**
  - Chief Finance Officer
  - Medical Practitioner (Chief Medical Officer)
  - Registered Nurse/Midwife (Chief Nursing Officer)
  - **Managing Director**
- 2.5 The Board may appoint additional executive directors, in crucial roles in the Trust, and also additional non-executive directors and Associate non-executive directors to be non-voting members of the Trust Board.
- 2.6 The Trust shall have not more than 11 and not less than eight members (unless otherwise determined by the Secretary of State for Health and Social Care and set out in the Trust's Establishment Order or such other communication from the Secretary of State).

### **3 Appointment of Chair and Members of the Trust Board**

- 3.1 The Chair and non-executive directors of the Trust are appointed by the NHSE, on behalf of the Secretary of State for Health and Social Care.
- 3.2 The **Chief Executive** shall be appointed by the Chair and the non-executive directors.
- 3.3 Executive directors shall be appointed by a committee comprising the Chair, the non-executive directors and the **Chief Executive**.
- 3.4 Where more than one person is appointed jointly to an executive director post in the Trust, those persons shall become appointed as an executive director, jointly.

### **4 Appointment and Powers of Deputy Chair & Senior Independent Director**

- 4.1 Subject to [SO 4.2](#) below, the Chair and members of the Trust may appoint one of their numbers, who is not an executive director, to be Deputy Chair & Senior Independent Director (SID), for such period, not exceeding the remainder of their term as a member of the Trust, as they may specify on appointing them.
- 4.2 Any member so appointed may at any time resign from the office of Deputy Chair and SID, by giving notice in writing to the Chair. The Chair and members may thereupon appoint another member as Deputy Chair and SID, in accordance with the provisions of [SO 4.1](#).
- 4.3 Where the Chair of the Trust has died or has ceased to hold office, or where they have been unable to perform their duties as Chair owing to illness or any other cause, the Deputy Chair & SID shall act as Chair until a new Chair is appointed or the existing Chair resumes their duties, as the case may be; and references to the Chair in these SOs shall, so long as there is no Chair able to perform those duties, be taken to include references to the Deputy Chair & SID.

## 5 *Tenure of office*

- 5.1 The regulations setting out the period of tenure of office of the Chair and members and for the termination or suspension of office of the Chair and members are contained in [Sections 2 to 4 of the Membership, Procedure and Administration Arrangements Regulations](#).

## 6 *Code of Conduct and Accountability and the Trust's commitment to openness*

All directors shall subscribe and adhere at all times to the principles contained in the [Code of Conduct and Code of Accountability](#) in the NHS and in the Trust's Code of Conduct (HR.93) and Managing Conflicts of Interest Policy (MF.36).

## 7 *Functions and roles of Chair and directors*

The function and role of the Chair and members of the Trust Board is described within these SOs and within those documents that are incorporated into these SO.

# Part 2 – Meetings

## 8 *Ordinary meetings of the Trust Board*

- 8.1. All ordinary meetings of the Trust Board shall be held in public and shall be conducted in accordance with relevant legislation, including the [Public Bodies \(Admission to Meetings\) Act 1960](#), as amended, and guidance issued by the Secretary for State for Health. Members of the public and representatives of the press shall be afforded facilities to attend.
- 8.2. Ordinary meetings of the Trust Board shall be held at regular intervals at such times and places as the Trust Board may from time to time determine. A minimum of six meetings shall be held each year.
- 8.3. The Chair shall give such directions as he thinks fit in regard to the arrangements for meetings and accommodation of the public and representatives of the press to ensure that the Trust Board's business may be conducted without interruption and disruption.
- 8.4. The Trust Board may, by resolution, exclude the public from a part or the whole of a meeting whenever publicity would be prejudicial to public interest by reason of the confidential nature of the business to be transacted. Without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public and representatives of the press will be required to withdraw upon the Trust Board resolving as follows:

***“That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Board to complete business without the presence of the public”***

- 8.5. Business proposed to be transacted when the press and public have been excluded from a meeting as provided in [SO 8.4](#), shall be confidential to members of the Board.
- 8.6. Members and officers or any employee or representative of the Trust in attendance at a private meeting or private part of a meeting, shall not reveal or disclose the contents of papers, discussions or minutes of the items taken in private, outside of the Trust Board meetings without the express permission of the Trust Board.
- 8.7. Nothing in these Standing Orders shall require the Trust Board to allow members of the public or representatives of the press to record proceedings in any manner whatsoever, other than writing, or to make any oral report of proceedings as they take place without the prior agreement of the Trust Board.
- 8.8. The Chair may invite any member of staff of the Trust, any other NHS organisation, an officer of the local council(s) or any other individual acting in an advisory capacity to attend meetings. These invitees shall not count as part of the quorum or have any right to vote at the meeting.
- 8.9. An annual public meeting shall be held on or before 30 September in each year for the purpose of presenting audited accounts, annual reports and any report on the accounts.
- 8.10. The Trust Board may, by resolution, exclude the public from a part or the whole of a meeting whenever publicity would be prejudicial to public interest by reason of the confidential nature of the business to be transacted.
- 8.11. The provisions of these SOs relating to meetings of the Trust Board shall refer only to formal Trust Board meetings, whether ordinary or extraordinary meetings. The provisions shall not apply to seminars or workshops or other meetings attended by members of the Trust Board.

## **9**     *Extraordinary meetings of the Trust Board*

- 9.1. The Chair may call a meeting of the Trust Board at any time. Directors may ask the Chair to call a meeting of the Trust Board at any time.
- 9.2. A meeting may be called forthwith, by the directors who are eligible to vote, if the Chair refuses to call a meeting after such a request has been presented to them, signed by at least one third of the whole number of directors who are eligible to vote (including at least one executive and one non-executive director); and has been presented to them at the Trust's principal place of business. The directors who are eligible to vote may also call a meeting forthwith if, without refusing, the Chair does not call a meeting within seven days after receipt of such request.

## **10**    *Notice of meetings*

- 10.1. The Trust shall set dates and times of regular Trust Board meetings for the forthcoming financial year by the end of December of each year.



- 10.2 One third or more members of the Trust Board may requisition a meeting in writing. If the Chair refuses, or fails, to call a meeting within seven days of a requisition being presented, the members signing the requisition may forthwith call a meeting. In the case of a meeting called by directors in default of the Chair, the notice shall be signed by those directors and no business shall be transacted at the meeting other than that specified in the notice.
- 10.3 A notice of the meeting, specifying the business proposed to be transacted, shall be posted before each meeting on the Trust website. The notice shall be delivered to every director by the most effective route, at least three working days before the meeting. Notice shall be presumed to have been served two days after posting and one day after being sent out via email.
- 10.4 Lack of service of such notice on any individual director shall not affect the validity of a meeting. However, failure to serve such a notice on at least three directors who are eligible to vote will invalidate the meeting.
- 10.5 Where a part or the whole of a meeting is to be open to the public, official notice of the time, place and agenda of the meeting shall be announced in public. As required by the [Public Bodies \(Admission to Meetings\) Act 1960 Section 1\(4\)\(a\)](#), notice will be given by one or more of the following announcements:
- a. in the local press,
  - b. on the Trust's internet website,
  - c. displaying the notice in a conspicuous place in the Trust's hospitals or other facilities
  - d. displaying the notice in other "central and conspicuous places".
- 10.6 The Trust Board may decide to limit publication to details of the items on the meeting agenda that will be considered in the part of the meeting to be held in public. A copy of the notice including the agenda may also be sent to local organisations that will have an interest in the decisions of the Trust Board. These organisations include bodies responsible for commissioning acute and community NHS services locally, patient and public representative groups and local councils.
- 10.6 Notice will be given at least three working days before the meeting. Failure to do so will render the meeting invalid.

## **11 Agenda and Supporting Papers**

- 11.1 The Trust Board may determine that certain matters will appear on every agenda for an ordinary meeting of the Trust Board and that these will be addressed prior to any other business being conducted at the discretion of the Chair. On agreement by the Trust Board, these matters may change from time to time.
- 11.2 A director may request that a matter is included on an agenda. This request should be made in writing, including by electronic means, to the Chair, **Chief Executive**, or the Trust Secretary at least seven working days before the meeting, subject to SO10. Requests made less than seven working days before the meeting may be included on the agenda at the discretion of the Chair, or to the extent that this discretion is delegated to the **Chief Executive** and the **Trust Secretary**.

- 11.3 Notwithstanding [SO 11.2](#), a director may with the consent of the Chair of the meeting, add to the agenda of any meetings any item of business relevant to the responsibilities of the Trust under “Any Other Business”.
- 11.4 The agenda will be sent to directors five working days before the meeting and supporting papers, whenever possible, shall accompany the agenda but will certainly be despatched no later than three clear working days before the meeting, save in an emergency.

## **12 Chair of meetings**

- 12.1 The **Chair** shall preside at any meeting of the Trust Board, if present. In his absence, the Deputy Chair shall preside.
- 12.2 If the Chair and Deputy Chair are absent, the directors present, who are eligible to vote, shall choose a non-executive director who shall preside. An executive director may not take the chair.
- 12.3 The decision of the **Chair** of the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and his interpretation of the SOs shall be final. In this interpretation he shall be advised by the **Chief Executive** and the Trust Secretary and in the case of SFIs he shall be advised by the Chief Finance Officer.

## **13 Voting**

- 13.1 It is not a requirement for decisions to be subject to a vote. The necessity of a vote shall be indicated by the agreement of at least one third of those attending and eligible to vote. The Chair shall be responsible for deciding whether a vote is required and what form this will take.
- 13.2 Save as provided in [SO27](#) Suspension of Standing Orders and [SO28](#) Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding i.e. the Chair of the meeting, shall have a second, and casting vote.
- 13.3 At the discretion of the **Chair**, all questions put to the vote shall be determined by oral expression or by a show of hands, unless the **Chair** directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot. Unless specifically agreed beforehand, the voting record of each individual director in a paper ballot will not be made public or recorded.
- 13.4 The voting record, other than by paper ballot, of any question will be recorded to show how each director present voted or did not vote, if at least one-third of the directors present and eligible to vote so request.
- 13.5 If a Board member so requests, their vote shall be recorded by name. Such a request will not be accepted if doing so would reveal the votes of other directors that do not wish to have their vote recorded.

- 13.6 In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- 13.7 An officer who has been formally appointed by the Trust to act up for an executive director during a period of incapacity or temporarily to fill an executive director vacancy shall be entitled to exercise the voting rights of the executive director. An officer attending the Trust Board meeting to represent an executive director during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the executive director. An executive director's status when attending a meeting shall be recorded in the minutes.
- 13.8 Where the post has voting rights attached, the joint appointees will have the power of one vote; and shall count for the purpose of [SO 2](#) as one person:
- a. either or both of those persons may attend or take part in meetings of the Board;
  - b. if both are present at a meeting they should cast one vote if they agree;
  - c. in the case of disagreements no vote should be cast;
  - d. the presence of either or both of those persons should count as the presence of one person for the purposes of [SO14 Quorum](#).
- 13.9 For the voting rules relating to joint members see [SO 3.4](#).
- 13.10 Where necessary, a director may be counted as present when available constantly for discussions through an audio or video link and may take part in voting on an open basis.

## **14 Quorum**

- 14.1 No business shall be transacted at a meeting unless at least one-third of the whole number of the **Chair** and members, including at least one executive director and one non-executive director is present.
- 14.2 An Officer in attendance for an Executive Director (Officer Member) but without formal acting up status may not count towards the quorum.
- 14.3 If the **Chair** or executive director or non-executive director has been disqualified from participating in the discussion on any matter and/or from voting on any resolution because of a declaration of a conflict of interest ([see Part 3 – Standards of Business Conduct](#)) that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting shall then proceed to the next business.

## **15. Record of attendance**

- 15.1 The names of the directors and others invited by the **Chair**, in accordance with Standing Order 8, present at the meeting, shall be recorded in the minutes.

- 15.2. If a director is not present for the entirety of the meeting, the minutes shall record the items that were considered whilst they were present.

## **16. Minutes**

- 16.1. The minutes of the proceedings of a meeting shall be drawn up, entered in a record kept for that purpose and submitted for agreement at the next meeting.
- 16.2. There should be no discussion on the minutes, other than as regards their accuracy, unless the **Chair** considers discussion appropriate.
- 16.3. Any amendment to the minutes as to their accuracy shall be agreed and recorded at the next meeting and the amended minutes shall be regarded as the formal record of the meeting.

## **17 Petitions**

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

## **18 Notice of Motion**

Subject to the provision of [SO20](#), a director of the Trust desiring to move a motion shall give notice of this, to the **Chair**, at least seven working days before the meeting. The **Chair** shall insert all such notices that are properly made in the agenda for the meeting. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

## **19 Emergency Motions**

Subject to the agreement of the **Chair**, and subject also to the provision of [SO20](#), a member of the Trust Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Trust Board at the commencement of the business of the meeting as an additional item included in the agenda. The **Chair's** decision to include the item shall be final.

## **20 Motions: Procedure at and during a meeting**

- 20.1 A motion may be proposed by the **Chair** of the meeting or any member present, it must also be seconded by another member.
- 20.2 The **Chair** may exclude from the debate, at their discretion, any such motion of which notice was not given on the notice summoning the meeting other than a motion relating to:
- the reception of a report;
  - consideration of any item of business before the Trust Board;
  - the accuracy of minutes;

- that the Trust Board proceed to next business;
- that the Trust Board adjourns;
- that the question be now put.

## **21 Amendments to motions**

- 21.1 A motion for amendment shall not be discussed unless it has been proposed and seconded.
- 21.2 Amendments to motions shall be moved relevant to the motion, and shall not have the effect of negating the motion before the Board.
- 21.3 If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

## **22 Rights of reply to motions**

- 22.1 Amendments. The mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.
- 22.2 Substantive/original motion. The member who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.

## **23 Withdrawing a motion**

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

## **24 Motions once under debate**

- 24.1 When a motion is under debate, no motion may be moved other than:
- an amendment to the motion
  - the adjournment of the discussion, or the meeting
  - that the meeting proceeds to the next business
  - that the question should be now put
  - the appointment of an 'ad hoc' committee to deal with a specific item of business
  - that a member/director be not further heard
  - a motion under Section I (2) or Section I (8) of the Public Bodies (Admissions to Meetings) Act 1960 resolving to exclude the public, including the press (see [SO 29](#)).
- 24.2 In those cases where the motion is either that the meeting proceeds to the “next business” or “that the question be now put” in the interests of objectivity these should only be put forward by a member of the Board who has not taken part in the debate and who is eligible to vote.

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

## **25 Motion to rescind a decision of the Trust Board**

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

## **26 Chair's ruling**

The decision of the **Chair** of the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and their interpretation of the SO and SFIs, at the meeting, shall be final.

## **27 Suspension of Standing Orders**

- 27.1 Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the [Quorum \(SO 14\)](#), any one or more of the SOs may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Trust Board are present (including at least one executive director and one non-executive director) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the Trust Board's minutes.
- 27.2 A separate record of matters discussed during the suspension of SOs shall be made and shall be available to the **Chair** and members of the Trust.
- 27.3 No formal business may be transacted while SO are suspended.
- 27.4 The Audit Committee shall review every decision to suspend SO.

## **28 Variation and amendment of Standing Orders**

These SOs shall not be varied except in the following circumstances:

- upon a notice of motion under [SO 18](#)



- upon a recommendation of the **Chair** or **Chief Executive** included on the agenda for the meeting
- that two thirds of the Trust Board members are present at the meeting where the variation or amendment is being discussed, and that at least half of the Trust's non-executive members vote in favour of the amendment
- providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

## **29 Admission and exclusion on grounds of confidentiality of business to be transacted**

The public and representatives of the press may attend all meetings of the Trust, but shall be required to withdraw upon the Trust Board as follows:

***“that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest”***, [Section 1 \(2\), Public Bodies \(Admission to Meetings\) Act 1960](#).

## **30 General disturbances**

The **Chair** (or Deputy Chair) shall give such directions as they think fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the Trust's business shall be conducted without interruption and disruption. [Section 1\(8\) of the Public Bodies \(Admissions to Meetings\) Act 1960](#) provides the Trust Board power of exclusion to suppress or prevent disorderly conduct or other misbehaviour at a meeting. The public will be required to withdraw upon the Trust Board resolving:

***“That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Trust Board to complete its business without the presence of the public”***.

## **31 Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings**

Nothing in these Standing Orders shall require the Trust Board to allow members of the public or representatives of the press to record proceedings in any manner whatsoever, other than writing, or to make any oral report of proceedings as they take place without the prior agreement of the Trust Board.

## **32 Observers at Trust meetings**

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

## Part 3 – Standards of business conduct

### 33 Declarations of interest

- 33.1 In addition to the statutory requirements relating to pecuniary interests dealt with in SO 34, the Trust's Management of Conflicts Policy (MF.38) requires directors to declare interests which are relevant and material to the Trust Board. All existing directors and decision-making staff as set out in the Policy should declare such interests on an annual basis, or as otherwise recommended in the Policy. Any directors and decision-making staff appointed subsequently should declare these interests on appointment.
- 33.2 Interests are:
- **Financial interests**, where an individual may get direct financial benefit from the consequences of a decision they are involved in making.
  - **Non-financial professional interests**, where an individual may obtain a non-financial professional benefit from the consequences of a decision they are involved in making, such as increasing their professional reputation or promoting their professional career.
  - **Non-financial personal interests**, where an individual may benefit personally in ways which are not linked to their professional career and do not give rise to a direct financial benefit, because of decisions they are involved in making in their professional career.
  - **Indirect interests**, where an individual has a close association with another individual who has a financial interest, a non-financial professional interest or a non-financial personal interest and could stand to benefit from a decision they are involved in making.
- 33.3 Subject to the requirements stated in Standing Order 22, the interests of directors' spouses, partners, or other family members must be disclosed where these may be in conflict with the Trust.
- 33.4 If directors have any doubts about the relevance of an interest, this should be discussed with the **Chair** of the Trust or with the Trust Secretary. Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that the potential level of influence, rather than the immediacy of the relationship is more important in assessing the relevance of an interest.
- 33.5 Declarations of interests should be considered by the Trust Board and retained as part of the record of each Trust Board meeting. Any changes in interests should be declared at the next Trust board meeting following the change occurring.
- 33.6 If a conflict of interest is established during the course of a Trust Board meeting, whether arising from a declared interest or otherwise, the director concerned should withdraw from the meeting and play no part in the relevant discussion or decision. The declared conflict of interest should be recorded in the minutes of the meeting. When a Director has declared an interest arising solely from a position with a charity or voluntary body under this Standing Order, the Trust Board may resolve that the



director may remain in the meeting and take part in the discussion, but not vote on the relevant item. A record of this decision shall be made in the minutes.

- 33.7 Directors' directorships of companies likely or possibly seeking to do business with the NHS should be published in the Trust's annual report. The information should be kept up to date for inclusion in succeeding annual reports. Register of Interests
- 33.8 The Trust Secretary will ensure that a Register of Interests is established and maintained to record formally declarations of interests of directors and other decision-making staff. The Register of Interests will include details of all directorships and other relevant and material interests which have been declared by both executive and non-executive directors.
- 33.9 These details will be kept up to date by means of an annual review of the Register of Interests in which any changes to interests declared during the preceding twelve months will be incorporated.
- 33.10 The Register of Interests will be available to the public on the Trust's web page and at the Trust's usual place of business at any time during normal business hours (between 09:00am and 17:00pm on any working day).
- 33.11 With the exception of the requirement to report interests in the Annual Report (Standing Order 21.7), this Standing Order also applies in full to any committee or subcommittee or group of the Trust Board; and to any member of such committee or subcommittee or group (whether or not they are a director).

#### **34 Disability of directors in proceedings on account of pecuniary interest**

- 34.1. Subject to SO33 and the provisions of this Standing Order, if a director has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Trust at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
- 34.2. The Secretary of State may, subject to such conditions as they may think fit to impose, remove any disability imposed by this Standing Order, in any case where it appears to them to be in the interests of the NHS that the disability should be removed.
- 34.3 The Trust Board, or any committee or sub-committee may, if it thinks fit, provide for the exclusion of a director from a meeting while any contract, proposed contract or other matter in which that person has a pecuniary interest, direct or indirect, is under consideration.
- 34.4 Any remuneration, compensation or allowances payable to a director by virtue of [paragraph 233, Part 11 of the NHS Act 2006](#) shall not be treated as a pecuniary interest for the purpose of this Standing Order.
- 34.5 For the purpose of this SO a director shall be treated, subject to [SO2](#) as having an indirect pecuniary interest in a contract, proposed contract or other matter, if:

- they, or a nominee of theirs, is a director of a company or other body, not being a public body, with which the contract was made or is proposed to be made or which has a direct pecuniary interest in the other matter under consideration; or,
- they are a partner of, or is in the employment of a person with whom the contract was made or is proposed to be made or who has a direct pecuniary interest in the other matter under consideration;
- and in the case of persons living together as a couple, whether married or not, the interest of one person shall, if known to the other, be deemed for the purposes of this SO to be also an interest of the other.

34.6 A director shall not be treated as having a pecuniary interest in any contract, proposed contract or other matter by reason only:

- of their membership of a company or other body, if they have no beneficial interest in any securities of that company or other body;
- of an interest in any company, body or person with which they are connected as mentioned in SO 34.5 above which is so remote or insignificant that it cannot reasonably be regarded as likely to influence a director in the consideration or discussion of or in voting on, any question with respect to that contract or matter.

34.7 This SO shall not prohibit a director from taking part in the consideration or discussion of the contract or other matter, or from voting on any question with respect to it, if:

- They have an indirect pecuniary interest in a contract, proposed contract or other matter by reason only of a beneficial interest in securities of a company or other body, and
- the total nominal value of those securities does not exceed £5,000 or one hundredth of the total nominal value of the issued share capital of the company or body, whichever is the less, and
- the share capital is of more than one class, the total nominal value of shares of any one class in which he has a beneficial interest does not exceed one hundredth of the total issued share capital of the class. This does not affect their duty to disclose the interest

34.8 This SO also applies in full to any committee or sub-committee or group of the Trust Board; and to any member of such committee or sub-committee or group (whether or not they are a director).

## **35 Standards of Business Conduct**

35.1 The Trust considers it to be a priority to maintain the confidence and continuing goodwill of its patients, public and fellow service providers. The Trust will ensure that all staff are aware of the standards expected of them and will provide guidance on their personal and professional behaviour.

35.2 The [NHS Constitution \(updated January 2021\)](#) identifies a number of key rights that all staff have and makes a number of further pledges to support staff in delivering NHS services. It goes on to set out the legal duties and expectations of all NHS staff, including:

- to accept professional accountability and maintain the standards of professional practice as set out by the relevant regulatory bodies;
- to act in accordance with the terms of contract of employment;
- not to act in a discriminatory manner;
- to protect confidentiality;
- to be honest and truthful in their work;
- to aim to maintain the highest standards of care and service;
- to maintain training and personal development to contribute to improving services;
- to raise any genuine concerns about risks, malpractice or wrongdoing at work at the earliest opportunity;
- to involve patients in decisions about their care and to be open and honest with them and;
- to contribute to a climate where the truth can be heard and learning from errors is encouraged.

35.3 The Trust adheres to and expects all staff to abide by the seven principles of public life set out by the Parliamentary Committee on Standards of Public Life. These are:

- **Selflessness:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
- **Integrity:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty:** Holders of public office should be truthful.
- **Leadership:** Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

35.4 All staff are expected to conduct themselves in a manner that reflects positively on the Trust and not to act in a way that could reasonably be regarded as bringing their job or the Trust into disrepute. All staff must:

- act in the best interests of the Trust and adhere to its values and this code of conduct;
  - respect others and treat them with dignity and fairness;
  - seek to ensure that no one is unlawfully discriminated against and promote equal opportunities and social inclusion;
  - be honest and act with integrity and probity;
  - contribute to the workings of the Trust and its management and directors in order to help them to fulfil their role and functions;
  - recognise that all staff are individually and collectively responsible for their contribution to the performance and reputation of the Trust;
  - raise concerns and provide appropriate challenge regarding the running of the Trust or a proposed action where appropriate and;
  - accept responsibility for their performance, learning and development.
- 35.5 All Directors must act in accordance with the Professional Standards Authority's 'Standards for members of NHS boards and Clinical Commissioning Group governing bodies in England' 2012.
- 35.6 All staff shall declare any relevant and material interest, such as those described in SO 33 and in the Trust's Management of Conflicts Policy (MF.38). The declaration should be made on appointment to the executive director, clinical director, or senior manager to whom they are accountable. If the interest is acquired or recognised subsequently, a declaration should be made via the Trust's online declarations of interest system in line with the Management of Conflicts Policy (MF.38). The system will then add the interest to the Trust's Register of Interests.
- 35.7 Officers who are involved in, have responsibility for, or are able by virtue of their role or functions to influence the expenditure of taxpayer monies, may be required by the Trust to give statements from time to time, or in connection with particular contracts, confirming that they have no relevant or material interest to declare.
- 35.8 If an officer becomes aware of a potential or actual contract in which they have an interest of the nature described in SO 33 and SO 34, they shall immediately advise the **Chief Finance Officer** formally in writing. This requirement applies whether or not the officer is likely to be involved in administering the proposed or awarded contract to which they have an interest.
- 35.9 Gifts and hospitality shall only be accepted in accordance with the Trust's Management of Conflicts Policy (MF.38). Officers of the Trust shall not ask for any rewards or gifts; nor shall they accept any rewards or gifts of significant value.
- 35.10 All gifts and hospitality, other than those that are of clearly minimal value (as determined in the Trust's Declarations of Interest Policy), should be declared via the Trust's online declarations of interest system. Acceptance of gifts by way of inducements or rewards is a criminal offence under the [Fraud Act 2006](#) and the [Bribery Act 2010](#).
- 35.11 In addition to SO 33, SO 34 and this Standing Order, an officer must also declare to the Chief Executive or Trust Secretary any other employment, business or other relationship of theirs, or of a cohabiting spouse, that conflicts, or might reasonably be

predicted could conflict with interests of the Trust, unless specifically allowed under that officer's contract of employment.

## Part 4 – Arrangements for the exercise of functions by delegation and committees

### 36 *Exercise of functions*

Subject to [SO 40](#) and such directions as may be given by the Secretary of State for Health and Social Care and Social Care, the Trust Board may delegate any of its functions to a committee or sub-committee or to a director or an officer of the Trust. In each case, these arrangements shall be subject to such restrictions and conditions as the board thinks fit.

### 37 *Emergency powers and urgent decisions*

The powers which the Trust Board has retained to itself within these Standing Orders may in emergency or for an urgent decision be exercised by the **Chief Executive** and the **Chair** acting jointly and, if possible, after having consulted with at least two non-executive directors. The exercise of such powers by the **Chief Executive** and the **Chair** shall be reported to the next formal meeting of the Trust Board for formal ratification.

### 38 *Delegation to committees*

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

### 39 *Delegation to officers*

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

### 40 *Schedule of decisions reserved for the Trust Board*

- 40.1 The Trust Board shall adopt a 'Schedule of Decisions Reserved for the Trust Board' setting out the matters for which approval is required by the Trust Board. The Schedule of Reservation, Delegation of Powers and Financial Delegation Limits (Standing Financial Instructions) are a separate document and shall be regarded as forming part of these SOs.
- 40.2 The Trust Board shall review such Schedule at such times as it considers appropriate; and shall update the Schedule of Reservation, Delegation of Powers and Financial Delegation Limits (Standing Financial Instructions) after each review.

- 40.3 The Schedule of Decisions Reserved for the Trust Board shall take precedence over any terms of reference or description of functions of any committee or sub-committee established by the Trust Board. The powers and functions of any committee or sub- committee shall be subject to and qualified by the reserved matters contained in that Schedule.

#### **41 Scheme of Delegated Authorities**

- 41.1 The Trust Board shall adopt a Scheme of Delegated Authorities setting out details of the directors and officers of the Trust to whom responsibility has been delegated for deciding particular matters; and in a director's or officer's absence, the director or officer who may act for them. The Schedule that is current at the date of adoption of these SOs is contained in [Appendices 1 and 2](#) and shall be regarded as forming part of these SOs.
- 41.2 The Trust Board shall review such Schedule at such times as it considers appropriate; and shall update such Schedule in [Appendices 1 and 2](#) after each review.
- 41.3 The direct accountability, to the Trust Board, of the Director of Finance and other Executive Directors to provide information and advise the Trust Board in accordance with any statutory requirements shall not be impaired, in any way, by the delegations set out in the Scheme of Delegated Authorities.

#### **42 Appointment of committees**

- 42.1 Subject to such directions as may be given by, or on behalf of, the Secretary of State for Health and Social Care, the Trust may, and if directed by them, shall appoint committees of the Trust, consisting wholly or partly of directors of the Trust or wholly of persons who are not directors of the Trust. Committees will be subject to review by the Trust Board from time to time.
- 42.2 An appointed committee may, subject to such directions as may be given by, or on behalf of, the Secretary of State for Health and Social Care or the Trust Board, appoint sub-committees consisting wholly or partly of members of the committee (whether or not they include directors of the Trust) or wholly of persons who are not members of the committee (whether or not they include directors of the Trust).
- 42.3 The SOs of the Trust, as far as they are applicable, shall apply with appropriate alteration, to meetings of any committee or sub-committee.
- 42.4 The Trust Board shall approve the terms of reference of each such committee. Each committee shall approve the terms of reference of each sub-committee reporting to it. The terms of reference shall include details of the powers vested and conditions, including reporting back to the committee, or Trust Board. Such terms of reference shall have effect as if incorporated into the Standing Orders and be subject to review every two years, at least, by that committee; and adoption by the Trust Board.
- 42.5 Committees may not delegate their powers to a sub-committee unless expressly authorised by the Trust Board.



- 42.6 The Board shall approve the appointments to each of the committees and sub-committees that it has formally constituted. Where the Board determines that a committee shall include members who are neither directors nor officers, the Board shall determine the terms of such appointment. The payment of travelling and other allowances shall be in accordance with the rates as may be determined by the Secretary of State for Health and Social Care, with the approval of the Treasury (see Part 11, paragraph 233 of the 2006 Act).
- 42.7 Minutes, or a representative summary of the issues considered and decisions taken, of any committee appointed under this SO are to be formally recorded and submitted for inclusion onto the agenda of the next possible Trust Board meeting. Minutes, or a representative summary of the issues considered and decisions taken of any sub-committee shall be submitted for inclusion onto the agenda of the next committee meeting to which it reports.
- 42.8 The committees to be established by the Trust will consist of statutory and mandatory; and non-mandatory committees.

### **43 Statutory and mandatory committees**

#### **Role of Audit Committee**

- 43.1 In line with the requirements of the [Code of Governance for NHS Provider Trusts](#), [NHS Audit Committee Handbook](#) (fourth edition), [NHS Codes of Conduct and Accountability](#), and the [Higgs report](#), the Trust Board will establish an Audit Committee, constituted to provide the Trust Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS.
- 43.2 The terms of reference of the Audit Committee shall have effect as if incorporated into these SOs and their approval shall be recorded in the appropriate minutes of the Trust Board and may be varied from time to time by resolution of the Trust Board. The Terms of Reference will be approved by the Trust Board and reviewed on an annual basis.
- 43.3 The [Code of Governance for NHS Provider Trusts](#), and [Higgs report](#) recommends a minimum of three non-executive directors be appointed, unless the Board decides otherwise, of which one must have significant, recent and relevant financial experience.

#### **Role of Auditor Panel**

- 43.4 The Trust Board shall nominate its Audit Committee to act as its Auditor Panel in line with [schedule 4, paragraph 1 of the Local Audit and Accountability Act 2014](#).
- 43.5 The Auditor panel shall advise the Trust Board on the selection and appointment of the external auditor.

- 43.6 The terms of reference of the Auditor Panel shall have effect as if incorporated into these SOs and their approval shall be recorded in the appropriate minutes of the Trust Board and may be varied from time to time by resolution of the Trust Board.

### **Role of Remuneration Committee**

- 43.7 In line with the requirements of the [Code of Governance for NHS Provider Trusts](#), [NHS Codes of Conduct and Accountability](#), and the [Higgs report](#), the Trust Board shall appoint a committee to undertake the role of a remuneration and terms of service committee. This role shall include providing advice to the Trust Board about appropriate remuneration and terms of service for the **Chief Executive** and other executive directors ([Regulations 17-18, Membership and Procedure Regulations](#)), as well as advising the Trust Board on the terms of service of other senior officers, and ensuring that the policy of the Trust Board on remuneration and terms of service is applied consistently.
- 43.8 The Committee shall advise the Trust Board on the size, structure and membership and succession plans for the Trust Board and maintain oversight of the performance of the **Chief Executive** and executive directors, including:
- all aspects of salary (including any performance-related elements/bonuses);
  - provisions for other benefits, including pensions;
  - arrangements for termination of employment and other contractual terms.
- 43.9 The terms of reference of the Remuneration and Nominations Committee shall have effect as if incorporated into these SOs and their approval shall be recorded in the appropriate minutes of the Trust Board and may be varied from time to time by resolution of the Trust Board.
- 43.10 The [Code of Governance for NHS Provider Trusts](#) and [Higgs report](#) recommends the committee be comprised exclusively of non-executive directors, a minimum of three, who are independent of management.

### **Role of the Charity Committee**

- 43.11 The Trust Board, acting as Corporate Trustee, shall appoint a committee to be known as the Charity Trustee, whose role shall be to advise the Trust on the appropriate receipt, use and security of charitable monies.
- 43.12 The terms of reference of the Charity Trustee shall have effect as if incorporated into these SOs and shall be recorded in the appropriate minutes of the Trust Board, acting as Corporate Trustee, and may be varied from time to time by resolution of the Trust Board, acting in this capacity.

## **44     *Non mandatory committees***

- 44.1 The Trust Board shall appoint such additional non-mandatory committees as it considers necessary to support the business and inform the decisions of the Trust Board ([Regulations 15-16, Membership and Procedure Regulations](#)).



- 44.2 The terms of reference of these committees shall have effect as if incorporated into these SOs. The approval of the terms of reference shall be recorded in the appropriate minutes of the Trust Board and may be varied from time to time by resolution of the Trust Board.
- 44.3 The membership of these committees may comprise non-executive directors or executive directors, or a combination of these. The membership and voting rights shall be set out in the terms of reference of the committee and shall be subject to approval by the Board.
- 44.4 The current non-mandatory committees in place are (March 2023):
- **Quality Committee/Quality Assurance Committee.** The purpose of the Quality Committee/Quality Assurance Committee is to provide the Board with an independent and objective review of all aspects of quality and safety relating to the provision of care and services in support of ensuring the best clinical outcomes and experience for all patients; and, to assure the Board that the Trust is aligned to the statutory quality and safety demands of existing legislation relating to all areas of the Trust.
  - **Risk Management Executive/Executive Risk Committee.** The purpose of the Risk Management Executive/Executive Risk Committee is to ensure the effective implementation of the Risk Management Strategy and there are core processes in place to manage risks across the organisation. The Risk Management Executive/Executive Risk Committee reports on any issues where the Trust Board may require additional assurance or where a Trust Board decision is required.
  - **Finance and Performance Executive.** The purpose of the Finance and Performance Executive is to ensure the Executive Team holds all divisions and/or directorates (as appropriate) to account for their delivery of key quality, performance, workforce and financial objectives and as required by the Trust Board and/or regulators. The overall objective is to provide assurance and support at all levels that appropriate management action (by managers and clinicians) is being exercised and that the organisation can demonstrate it is well led from “ward to board”.
  - **Foundation Group Strategy Committee.** The purpose of the Foundation Group Strategy Committee is to advise the Boards of South Warwickshire University NHS Foundation Trust, George Eliot Hospital NHS Trust, Worcestershire Acute Hospitals NHS Trust and Wye Valley NHS Trust on all matters relevant to identifying and sharing best practice at pace.

These are subject to change at the discretion of the Trust Board.

## 45 **Joint Committees**

- 45.1 Joint committees may be appointed by the Trust by joining one or other Trusts consisting of, wholly or partly of the **Chair** and members of the Trust or other health service bodies, or wholly of persons who are not members of the Trust or other health bodies in question.
- 45.2 Any committee or joint committee appointed under this SO may, subject to such directions as may be given by the Secretary of State or the Trust or other health

bodies in question, appoint sub-committees consisting wholly or partly of members of the committees or joint committee (whether or not they are members of the Trust or health bodies in question) or wholly of persons who are not members of the Trust or health bodies in question or the committee of the Trust or health bodies in question.

#### **46**     *Proceedings in committee to be confidential*

- 46.1     There is no requirement for meetings of Trust Board committees and sub-committees to be held in public, or for agendas or records of these meetings to be made public. However, the records of any meetings may be required to be disclosed, should a valid request be made under the rights conferred by the Freedom of Information Act, 2000 and there is no legal justification for non-disclosure.
- 46.2     Committee members should normally regard matters dealt with or brought before the committee as being subject to disclosure, unless stated otherwise by the **Chair** of the committee. The **Chair** shall determine whether specific matters should remain confidential until they are reported to the Trust Board.
- 46.3     A director of the Trust or a member of a committee shall not disclose any matter reported to the Trust Board, or otherwise dealt with by the committee if the Trust Board resolves that it is confidential.
- 46.4     Regardless of this Standing Order 26, individual directors and officers of the Trust have a right and a duty to raise with the Trust any matter of concern they may have about health service issues concerned with the delivery of care or services

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

The SO and SFIs of the Trust, as far as they are applicable, shall as appropriate apply to meetings and any committees established by the Trust. In which case the term “**Chair**” is to be read as a reference to the **Chair** of other committees as the context permits, and the term “member” is to be read as a reference to a member of other committees also as the context permits.

#### **48**     *Duty to report Non-Compliance with Standing Orders and Standing Financial Instructions*

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

#### **49**     *Terms of reference*

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

## **50      *Delegation of powers by committees to sub-committees***

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

## **51      *Approval of appointments to committees***

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

## **52      *Appointments for statutory functions***

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

## **53      *Proceedings in committee to be confidential***

- 53.1 There is no requirement for meetings of Trust Board committees and sub-committees to be held in public, or for agendas or records of these meetings to be made public. However, the records of any meetings may be required to be disclosed, should a valid request be made under the rights conferred by the [Freedom of Information Act 2000](#) and there is no legal justification for non-disclosure.
- 53.2 Committee members should normally regard matters dealt with, or brought before the committee as being subject to disclosure, unless stated otherwise by the **Chair** of the committee. The **Chair** shall determine whether specific matters should remain confidential until they are reported to the Trust Board.
- 53.3 A director of the Trust or a member of a committee shall not disclose any matter reported to the Trust Board, or otherwise dealt with by the committee if the Trust Board resolves that it is confidential.
- 53.4 Regardless of this SO, individual directors and officers of the Trust have a right and a duty to raise with the Trust any matter of concern they may have about health service issues concerned with the delivery of care or services.

## **54      *Election of Chair of committee***

- 54.1 Each committee shall appoint a **Chair**; and may appoint a Deputy Chair from its membership. The terms of reference of the committee shall describe any specific rules regarding who the Chair should be. Meetings of the committee will not be recognised as quorate, if the Chair, or Deputy Chair, or other suitably qualified, nominated member of the committee is not present to undertake the role.

- 54.2 Each committee shall review the appointment of its Chair, as part of the annual review of the committee's role and effectiveness.

## 55 Special meetings of committee

The **Chief Executive** shall require any committee to hold a special meeting, on the request of the **Chair**, or on the request, in writing of any two members of that committee.

# Part 5 – Custody of seal and sealing of documents

## 56 Custody of seal

The common seal of the Trust shall be kept by the **Trust Secretary** in a secure place.

## 57 Sealing of documents

- 57.1 The Seal of the Trust shall only be attached to documents where there is a legal requirement for sealing and the subject matter of the relevant document has first been approved in accordance with these Standing Orders and Standing Financial Instructions in accordance with the Scheme of Delegated Authorities.

- 57.2 The seal shall be affixed in the presence of the signatories in accordance with Paragraph 33 of Schedule 4 of the 2006 Act:

***“33 Instruments etc. (1) The fixing of the seal of an NHS trust must be authenticated by the signature (a) of the chairperson or of some other person authorised (whether generally or specifically) by the NHS trust for that purpose, and (b) of one other director.”*** 31. Bearing witness to the affixing of the Seal

- 57.3 A recommended wording for the witnessing of the use of the Seal is “The Common Seal of the George Eliot Hospital National Health Service/Worcestershire Acute Hospitals National Health Service/Wye Valley National Health Service Trust was hereunto affixed in the presence of....”

- 57.3 The seal shall be affixed in the presence of two executive directors, and not from the originating department, and shall be attested by them.

## 58 Bearing witness to the affixing of the Seal

A recommended wording for the witnessing of the use of the Seal is “*The Common Seal of the George Eliot Hospital National Health Service/Worcestershire Acute Hospitals National Health Service/Wye Valley National Health Service Trust was hereunto affixed in the presence of....*”

## 59 Register of sealing

The **Trust Secretary** shall keep a register in which they will make an entry of every sealing, numbered consecutively in a book provided for that purpose. The entry shall be

signed by the persons who approved and authorised the sealing of the document; and who attested the seal.

## **60 Signature of documents**

- 60.1 Where any document will be a necessary step in legal proceedings on behalf of the Trust, it shall be signed by the **Chief Executive** or any executive director, unless any enactment requires or authorises otherwise.
- 60.2 In land transactions, the signing of certain supporting documents will be delegated to managers and set out clearly in the Scheme of Delegation. This will not include the main or principal documents effecting the transfer (e.g. sale/purchase agreement, lease, contracts for construction works and main warranty agreements or any document which is required to be executed as a deed).

## **Part 6 – Waiver of Standing Orders made by the Secretary of State for Health and Social Care**

### **61 Power of the Secretary of State to make waivers**

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

### **62 Definition of ‘Chair’ for the purpose of interpreting this waiver**

For the purposes of SO 80 (below), the “relevant Chair” is:

- a. at a meeting of the Trust, the Chair of that Trust
- b. at a meeting of a Committee:
  - in a case where the member in question is the Chair of that committee, the Chair of the Trust;
  - in the case of any other member, the Chair of that committee.

### **63 Application of waiver**

- 63.1 A waiver will apply in relation to the disability to participate in the proceedings of the Trust because of a pecuniary interest. It will apply to a member of the Trust, who is a healthcare professional, within the meaning of regulation 5(5) of the Regulations, and who is providing or performing, or assisting in the provision or performance, of:
- services under the National Health Service Act 1977; or
  - services in connection with a pilot scheme under the National Health Service Act 1997;

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

63.2 Where the 'pecuniary interest' of the member in the matter, which is the subject of consideration at a meeting at which, they are present:

- a. arises by reason only of the member's role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;
- b. has been declared by the relevant Chair as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:
  - are members of the same profession as the member in question,
  - are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the Trust is responsible.

#### **64**     ***Conditions which apply to the waiver and the removal of having a pecuniary interest***

The removal is subject to the following conditions:

- a. the member must disclose their interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;
- b. the relevant **Chair** must consult the **Chief Executive** before making a declaration in relation to the member in question pursuant to SO 80.2b, except where that member is the **Chief Executive**;
- c. in the case of a meeting of the Trust:
  - the member may take part in the consideration or discussion of the matter, which must be subjected to a vote, and the outcome recorded;
  - may not vote on any question with respect to it.
- d. in the case of a meeting of the Committee:
  - the member may take part in the consideration or discussion of the matter, which must be subjected to a vote, and the outcome recorded;
  - may vote on any question with respect to it; but the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the Trust Board



## **SECTION C – STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS FOR THE REGULATION OF TENDERING AND CONTRACTING (CONTRACT PROCEDURE RULES)**

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

- 1.1 The procedure for making all contracts by or on behalf of the Trust shall comply with these SOs and SFIs (except where [SO 26](#) Suspension of Standing Orders is applied), supplemented by such operational procedures as deemed necessary by the **Chief Executive Officer** or **Managing Director** and the **Chief Finance Officer**. These operational procedures shall have effect as if incorporated in SOs and SFIs
- 1.2 The **Chief Finance Officer** shall be responsible for ensuring that the operation of contracts with any external procurement partner adhere to the SFIs.

### ***2 General***

- 2.1 The Trust will develop a longer-term procurement strategy in conjunction with the Foundation Group.
- 2.2 Every contract made by or on behalf of the Trust shall comply with the procedures and requirements of:
  - a. these SOs
  - b. the Trust's SFIs
  - c. any direction by the Trust Board
- 2.3 Wherever possible, and provided it protects the Trust's position adequately, contracts made will reflect the most up to date and relevant model Standard Conditions that are provided by the Department of Health and Social Care. These models may be amended to develop bespoke contracts.
- 2.4 Directives of the Council of the European Union (EU) for awarding all forms of contracts shall take precedence over all other procedural requirements and guidance and shall have effect as if incorporated in these SOs. The EU Procurement Rules apply to public authorities under the [Public Contracts Regulations 2015](#). The regulations cover fully regulated procurements and 'light touch regime'. The rules set out detailed procedures for contracts where the value equals or exceeds specific thresholds. These thresholds are exclusive of VAT and relate to the full life of the contract.
- 2.5 All projects and commitments of expenditure will be subject to these SFIs and should be treated as 'total value' expenditure and not disaggregated unless

specifically referenced otherwise. All those in a position to commit expenditure should consider, before committing the expenditure or entering into any quotation or tender procedure, whether the expenditure is part of a larger overall sum of money to which different SFI conditions would apply. If this is deemed to be the case then the larger 'total value' sum should be used and the appropriate SFIs applied accordingly.

- 2.6 The **Chief Executive Officer** shall be responsible for ensuring the best value for money can be demonstrated for all services provided under contract or in-house. The Trust Board may also determine from time to time those in-house services should be market tested by competitive tendering.
- 2.7 Contract procedures shall take account of the Trust's Code of Conduct (HR.93) and Managing Conflicts of Interest Policy (MF.36) and the necessity to avoid any possibility of collusion or allegations of collusion between contractors and suppliers; or between contractors and suppliers and staff of the Trust.
- 2.8 The application of the provisions of this part of the SOs and SFIs to contracts and purchases may be varied by resolution of the Trust Board from time to time.

### **3** *Delegated authority to enter into contracts*

- 3.1 The Trust Board shall have power to accept tenders and to authorise the conclusion of contracts. It may delegate such authority subject to financial limits set in accordance with [Appendix 2](#).
  - a. a committee appointed under [Part 4 – Arrangements for the exercise of functions by delegation and committees](#) of these SOs
  - b. the **Chief Executive Officer**
  - c. to the **Chief Executive Officer** jointly with the **Chair**
  - d. the directors or nominated officers
  - e. officers of the Trust's procurement service supplier, in accordance with that organisation's standard operating procedures.
- 3.2 The financial limits determining whether quotations (competitive or otherwise) or sealed bid tenders must be obtained shall be set in accordance with the procedure in the SFIs; the current thresholds being set out in [Appendix 2](#).

### **4** *Competition in purchasing or disposals – procedures*

The Trust Board shall from time to time adopt procedures which shall be regarded as being incorporated into these SO and which shall take account of SFIs, the Trust's Procurement rules and regulations including implementing EC Directives on Public Procurement and which shall deal with:

- a. Tender process selection
- b. methods for inviting tenders
- c. the manner in which tenders are to be submitted
- d. the receipt and safe custody of tenders
- e. the opening of tenders
- f. evaluation



- g. re-tendering
- h. such other matters in connection with tendering as the Board considers appropriate

## 5 Disposals of land and buildings

Land and buildings that are owned by the Trust, or are otherwise recorded as being part of the estate of the Trust, shall be disposed of in accordance with the most recent rules and guidance issued by the Department of Health. Disposal will require the approval of the Trust Board.

## 6 Interest of officers in contracts

- 6.1 Any **staff** of the Trust who comes to know that the Trust has entered into or proposes to enter into a contract in which they or any person connected with them has any pecuniary interest, direct or indirect, the officer shall declare their interest by giving notice in writing of such fact to the **Chief Executive Officer** or the **Trust Secretary** as soon as practicable in accordance with [Section B, Part 3 of SOs](#).
- 6.2 **All staff** should also declare to the **Chief Executive Officer** any other employment or business or other relationship, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.
- 6.3 The Trust will require interests, employment or relationships so declared to be entered in a register of interests of staff.

## 7 Joint Finance Arrangements

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

## 8 Reverse eAuctions

The Trust should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions.

## 9 Capital investment manual and other Department of Health guidance

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

## 10 General applicability

Where the value of a contract over the life of the contract is £20,000 or more (excluding VAT), the Trust shall ensure that, unless national contracts or [ProCure 21+ National Framework](#) or similar procedures are followed, competitive tenders are invited for:

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

## 11 Health care services

Where the Trust elects to invite tenders for the supply of healthcare services these SOs and SFIs shall apply as far as they are applicable to the tendering procedure.

# Part 1 – Use of approved firms and exemptions to contract procedure rules

## 12 Exceptions and instances where formal tendering need not be applied

- 12.1 Value for money should always be sought, though formal tendering procedures **need not be applied** where:
- a. the estimated expenditure or income does not, or is not reasonably expected to, exceed **£10,000** (excluding VAT) over the life of the contract;
  - b. the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;
  - c. disposals are required;
  - d. under the contract terms of the PFI scheme in operation at Wye Valley NHS Trust, goods and services can only be supplied by the Trust's PFI partner.
- 12.2 Exemptions from these SOs and SFIs Contract Procedure Rules are only allowed in exceptional circumstances such as there being insufficient suppliers for the goods, works or services being procured. Permission must be obtained for any exemption using the form at Appendix 4. Major contracts may be subject to the European Procurement Rules and the Trust cannot provide an exemption from those requirements.
- 12.3 A written application for an exemption from the Trust's SOs and SFIs (Contract Procedure Rules) must be made to the **Chief Finance Officer** setting out the reasons for the application using the form at [Appendix 3](#). The **Chief Finance Officer** must respond within 21 days. A register of all approved exemptions will be maintained and reported to the Audit Committee.
- 12.4 Reasons for exemption are, but not limited to:
- a. in very exceptional circumstances where the **Chief Executive Officer** decides that formal tendering procedures would not be practicable or

- the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- b. where the requirement is covered by an existing contract;
  - c. where framework agreements are in place and have been approved by the Board;
  - d. where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members;
  - e. where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
  - f. where specialist expertise is required and is available from only one source;
  - g. when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
  - h. there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
  - i. for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.
  - j. The **Chief Finance Officer** will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work, where allowed and provided for in the Capital Investment Manual.
- 12.5 Tenders need not be invited in accordance with the provisions of the Trust's SOs and SFIs (Contract Procedure Rules) if an urgent decision is required, for example for the protection of life or property or to maintain the functioning of a service. Wherever possible though, at least two quotations must be obtained and any decision made or contract awarded shall be reported to the relevant director and **Chief Finance Officer**. Such emergency contracts should be let for as short a period as possible to allow their replacement with a contract that is fully compliant with the Contract Procedure Rules at the earliest practical opportunity.
- 12.6 **The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.**
- 12.7 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in the agreed Single Tender Waiver document (Appendix 3), managed by the Procurement service and reported to the Audit Committee.
- 12.8 The authorisation of a Single Tender Waiver does not mean that competitive tendering will remain not applicable for future periods. Wherever possible the Procurement

service will work with departments to support a competitive tendering process in readiness for the contract end date.

- 12.9 The Audit Committee will have an explicit role in the oversight of the use of waivers. A register of waivers will be maintained and reported to the Audit Committee on an agreed schedule, as a minimum 6 monthly. This will include oversight of use of Single Tender Waivers over extended periods.

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

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

### **14** *Building and Engineering Construction Works*

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

### **15** *Fair and adequate competition*

Where the exceptions set out in section 13 apply, the Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

### **16** *List of approved firms*

- 16.1 The Trust shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists (where relevant). Where in the opinion of the **Chief Finance Officer** it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the **Chief Executive Officer**.
- 16.2 **Responsibility for maintaining list.** A manager nominated by the **Managing Director** shall on behalf of the Trust maintain lists of approved firms (where considered appropriate) from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Trust is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

### **17** *Building and Engineering Construction Works*

- 17.1 Invitations to tender shall be made only to firms included on the approved list of tenderers (where appropriate) compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).

- 17.2 Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equality Act 2010, and any amending and/or related legislation.
- 17.3 Firms shall conform at least with the requirements of the [Health and Safety at Work etc. 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.

## **18 Financial Standing and Technical Competence of Contractors.**

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

## **19 Exceptions to using Approved Contractors**

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

# **Part 2 – Contracting and tendering procedure**

## **20 Invitation to Tender**

- 20.1 All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- 20.2 All invitations to tender shall state that no tender will be accepted unless:
- a. submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the **Chief Executive Officer** or nominated Manager;
  - b. that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

- 20.3 Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- 20.4 Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed):
- shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment Standard forms of contract general conditions and major works (GC/Wks): or,
  - when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A); or,
  - in the case of civil engineering work, the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors.

These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

## 21 *Receipt and safe custody of tenders*

The **Trust Secretary** or his/her nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

## 22 *Opening tenders and register of tenders*

- 23.1 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the **Managing Director** and not from the originating department.
- 23.2 A member of the Trust Board will be required to be one of the two approved persons present for the opening of tenders estimated above £1,000,000. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Trust's Financial Delegation Limits at [Appendix 2](#).
- 23.3 The originating department will be taken to mean the department sponsoring or commissioning the tender.
- 23.4 The involvement of Finance Department staff in the preparation of a tender proposal will not preclude the **Chief Finance Officer** or any approved senior manager from the Finance Department from serving as one of the two senior managers to open tenders.
- 23.5 All executive directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.



- 23.6 The **Trust Secretary** will count as a director for the purposes of opening tenders.
- 23.7 Every tender received shall be marked with the date of opening and initialed by those present at the opening.
- 23.8 A register shall be maintained by the **Managing Director**, or a person authorised by him/her, to show for each set of competitive tender invitations dispatched:
- the name of all firms/individuals invited;
  - the names of firms/individuals from which tenders have been received;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

Each entry to this register shall be signed by those present. A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

- 23.9 Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as [late tenders](#).

## 24 **Admissibility**

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

## 25 **Late tenders**

- 25.1 Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the **Managing Director** or his or her nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer.
- 25.2 Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the **Chief Executive Officer** or **Managing Director** or his or her nominated officer or if the process of evaluation and adjudication has not started.
- 25.3 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential,



recorded, and held in safe custody by the **Managing Director** or his or her nominated officer.

## **26 Acceptance of Formal Tenders**

- 26.1 Any discussions with a tenderer, which are deemed necessary to clarify technical aspects of their tender before the award of a contract, will not disqualify the tender.
- 26.2 The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record. It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:
- experience and qualifications of team members;
  - understanding of client's needs;
  - feasibility and credibility of proposed approach;
  - ability to complete the project on time.

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

- 26.3 No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these Instructions except with the authorisation of the **Managing Director**.
- 26.4 The use of these procedures must demonstrate that the award of the contract was:
- a. not in excess of the going market rate/price current at the time the contract was awarded;
  - b. that best value for money was achieved.
- 26.5 All tenders should be treated as confidential and should be retained for inspection.

## **27 Tender Reports to the Trust Board**

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

# **Part 3 – Competitive and non-competitive quotations**

## **28 General position on quotations**

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000 but not exceed £20,000. In both cases, the amount excludes VAT and is the cost over the life of the contract.

## **29 Competitive Quotations (contract value of between £10,000 and £49,999.99 excluding VAT over the contract life)**

- 29.1 Quotations should be sought from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- 29.2 For estimated expenditure with a value in excess of £10,000 and less than £50,000 (excluding VAT over the contract life), quotations should be in writing unless **Managing Director** or his or her nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record. Estimated expenditure below this level but in excess of £5,000 (excluding VAT over the contract life) can be collected informally i.e. from written or telephone quotations or an approved price list.
- 29.3 All quotations should be treated as confidential and should be retained for inspection.
- 29.4 The **Managing Director** or his or her nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

## **30 Non-Competitive Quotations**

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

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

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

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

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

- 32.1 Providing all the conditions and circumstances set out in these SO and SFIs have been fully complied with, formal authorisation and awarding of a contract may be

decided to the value of the contract as per the Authorised Signatory List, to the whole life value of the contract (excluding VAT).

- 32.2 These levels of authorisation may be varied or changed and need to be read in conjunction with the Trust Board's Scheme of Delegation. Formal authorisation must be put in writing. In the case of authorisation by the Trust Board, this shall be recorded in their minutes.

### **33** *Instances where Formal Competitive Tendering or Competitive Quotation is not required*

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

- a. the Trust shall use the NHS Supply Chain for procurement of all goods and services, unless the **Chief Executive Officer** or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- b. If the Trust does not use the NHS Supply Chain, where tenders or quotations are not required, because expenditure is below £10,000, the Trust shall procure goods and services in accordance with procurement procedures approved by the **Chief Finance Officer**.

### **34** *Compliance requirements for all contracts*

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

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

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

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

### **36** *Healthcare Services Agreements*

Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the Trust. Service agreements are not contracts in law and therefore not enforceable by the courts. The **Managing Director** shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the Board.

### 37 Disposals

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

- a. any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the **Managing Director** or his nominated officer;
- b. obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- c. items to be disposed of with an estimated sale value of less than £5,000, this figure to be reviewed on a periodic basis;
- d. items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- e. land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance.

### 38 In-House Services

- 38.1 The **Managing Director** shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.
- 38.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- a. Specification group, comprising the **Managing Director** or nominated officer/s and specialist.
  - b. In-house tender group, comprising a nominee of the Managing Director and technical support.
  - c. Evaluation team, comprising normally: a specialist officer; a supplies officer; and, a Chief Finance Officer representative. For services having a likely expenditure exceeding £500,000, a non-executive director should be a member of the evaluation team.
- 38.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 38.4 The evaluation team shall make recommendations to the Board.
- 38.5 The **Managing Director** shall nominate an officer to oversee and manage the contract on behalf of the Trust.

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

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

## **SECTION D – STANDING FINANCIAL INSTRUCTIONS**

### **1 Interpretation**

- 1.1. The **Chair** of the Trust is the final authority in the interpretation of SO on which the **Chief Executive Officer** shall advise him. In the case of the SFIs, he will be advised by the **Chief Finance Officer**.
- 1.2. The definitions applied to the SO apply also for these SFIs. The following additional definitions apply:

#### ***Legislation definitions:***

No additional legislation

#### ***Other definitions:***

- **Budget manager** is the director or employee with delegated authority to manage the finances (Income and Expenditure) and resources for a specific area of the Trust.
  - **Commissioning** is the process for determining the need for and for obtaining the supply of healthcare and related services by the Trust within available resources.
  - **Contracting and procuring** is the process of 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.
  - **Assistant Chief Operating Officers** are the senior operational managers; and their formally nominated deputies, for the division or specialty, as designated by the Executive Director.
- 1.3. Any reference to an Act of Parliament, Statutory Instrument, Direction or Code of Practice shall be construed as a reference to any modification, replacement or re-enactment for the time being in force.

### **2 Introduction**

- 2.1. These SFIs are issued for the regulation of the conduct of the Trust, its directors and officers in relation to all financial matters with which they are concerned.
- 2.2. The SFIs explain the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.
- 2.3. They identify the financial responsibilities which apply to everyone working for the Trust; and shall be used in conjunction with the Schedule of Decisions Reserved to the Board (Appendix 1) and the Scheme of Delegated Authorities (Appendix 3) which both also form part of the Trust's SOs.
- 2.4. Detailed procedural advice, which shows how the SFIs should be applied, is maintained in departmental and financial procedure notes.

- 2.5 These SFIs do not refer to all legislation or regulations and advice issued by the Department of Health applicable to the Trust. Any uncertainty regarding the application of these SFIs should be discussed with the **Chief Finance Officer**, prior to action.
- 2.6 The SFIs apply to all staff, including temporary contractors, volunteers and staff employed by other organisations to deliver services in the name of the Trust. Failure to comply with the SFIs could lead to disciplinary action, up to and including dismissal.

### **3** *Compliance with these SFIs*

- 3.1 These SFIs prevail over any division and service guidance or procedural documents. They also prevail over any guidance or instruction issued by other organisations conducting business with the Trust. All staff should notify the **Chief Finance Officer** of any conflicts between the local guidance and instruction and the SFIs, if the conflict cannot be resolved satisfactorily locally.
- 3.2 **All staff** have a duty to disclose, as soon as possible, to the **Chief Finance Officer** or the **Trust Secretary**, any failure to comply with these SFIs. Full details of the non-compliance including an assessment of the potential impact; and any mitigating factors shall be reported by the **Chief Finance Officer** to the next formal meeting of the Audit Committee for referring action or ratification.
- 3.3 Changes to or variations from these SFIs will be subject to a specific resolution of the Trust Board or be consequent upon further directions from the Secretary of State.
- 3.4 There shall be a periodic review, normally annually, but no more than every two years of all financial limits contained in these SFIs.

### **4** *Responsibilities and delegations*

- 4.1 These SFIs have been compiled under the authority of the Trust Board. They are reviewed by the **Audit Committee** and approved by the Trust Board.
- 4.2 **The Trust Board** exercises financial supervision and control by:
- a. approving the financial strategy
  - b. requiring the submission and approval of budgets that deliver the financial targets set for the Trust within approved allocations and overall income
  - c. approving specific responsibilities placed on directors and employees as indicated in the Scheme of Delegated Authorities
  - d. approving the method of providing financial services.
- 4.3 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Schedule of Decisions Reserved to the Trust Board ([Appendix 1](#)). All other powers have been delegated to the Board's appointed committees; and the directors and officers of the Trust.
- 4.4 **The Chief Executive Officer** is the Accountable Officer of the Trust and:
- a. is legally accountable to Parliament for all of the actions of the Trust



- b. is accountable to the Trust Board for ensuring that the Board of Directors meets its obligation to perform the Trust's functions within the available financial resources
  - c. holds overall executive responsibility for the Trust's activities and is responsible to the Board for ensuring that its financial obligations and targets are met
  - d. is responsible overall for the maintenance of the Trust's systems of internal control
  - e. is responsible for ensuring that all members and staff of the Trust are aware of and understand their responsibilities within these SFIs
- 4.5 Save for the decisions and actions reserved to the Trust Board, the **Chief Executive Officer** has full operational authority to approve the financial transactions of the Trust and to delegate such powers to post-holders within the Trust management. The **Chief Executive Officer** will, as far as possible, delegate detailed responsibilities, as described in these SFIs and, in more detail in the Scheme of Delegated Authorities (appendices 1 and 2).
- 4.6 The **Chief Finance Officer** is responsible for:
  - a. maintaining and implementing the Trust's financial policies
  - b. maintaining an effective system of internal financial control including ensuring that adequate and effective financial procedures and systems incorporating the principles of segregation of duties and internal checks are prepared, documented and maintained
  - c. ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time
- 4.7 **All staff**, including Board members, severally and collectively, are responsible for:
  - a. the security of the property of the Trust;
  - b. avoiding loss;
  - c. exercising economy and efficiency in the use of resources;
  - d. conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.
  - e. considering the legality of all transactions
- 4.8 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Chief Finance Officer.
- 4.9 All officers shall make available any relevant records or information to the Chief Finance Officer in connection with the carrying out of their duties of supervision regarding the implementation of the Trust's financial policies and systems of financial control whether by internal audit or otherwise.
- 4.10 Contractors and their employees, who are empowered by the Trust to commit the Trust to expenditure or who are authorised to obtain income shall be covered by these instructions. It is the responsibility of the **Managing Director** to ensure that such persons are made aware of this.

## Part 1 – Allocation, planning, budgets, budgetary control and monitoring

### 5 *Financial and budget plans*

- 5.1 The **Chief Executive Officer** shall submit to the Board and external regulators as required, strategic and operational plans, as suggested by relevant guidance, to meet the needs of the Board. These plans will include an annual financial plan, which takes into account financial targets and forecast limits of available resources. The plans will include:
- a. description of the significant assumptions on which planning is based
  - b. details of major changes in workload, delivery of services or resources required to achieve the plans.
- 5.2 Prior to the start of each financial year, the **Chief Finance Officer** shall prepare and submit budgets for approval by the Board. Such budgets will:
- a. be in accordance with and reconcilable, at a summary level, to the aims and objectives set out in the annual Business Plan
  - b. reconcile the financial plans to be provided to relevant external regulators, such as NHSE/I
  - c. reflect resource plans, including workload and workforce plans
  - d. be prepared within the limits of available funds
  - e. show how the plans will deliver against the financial targets and obligations set externally by the Secretary of State and relevant regulatory bodies; and set internally by the Trust
  - f. provide a forecast of the Trust's performance over the year against key financial indicators, as determined by the Trust and by relevant regulatory bodies
  - g. include summary financial projections for the longer term
  - h. identify and assess significant financial risks.
- 5.3 **All staff** who have been given delegated authority to manage and administer budgets shall be expected to contribute to the preparation of the annual budget.
- 5.4 All **Associate Chief Operating Officers** will sign up to their allocated budgets at the commencement of each financial year.
- 5.5 The **Chief Finance Officer** has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage successfully.

### 6 *Management of the financial resource*

- 6.1 The **Chief Executive Officer** shall require directors and authorised budget managers to seek to deliver the financial outturn targets set by the Trust Board within the approved annual budget plan and the adjustments to those targets reflected in the re-forecasts performed during the year.
- 6.2 The **Chief Executive Officer** may change the financial outturn targets of any divisions, or services.
- 6.3 **Directors** and **authorised budget holders** shall seek to deliver their service responsibilities within the limits of the financial outturn targets set for them.

Financial and other resources shall only be used for the purposes for which they are provided, as approved by the **Chief Executive Officer** and the Board.

## **7**     *Setting the annual financial plan*

- 7.1     The **Chief Executive Officer** shall be responsible for providing the Trust Board with the annual financial plan, taking into account financial targets and forecast income and service developments. The plan will identify the significant assumptions on which it is based; and provide details of significant changes to service and workforce plans and how these will impact on the Trust's financial targets. The plan will identify how the Trust will achieve the annual efficiency savings set by the Department of Health.
- 7.2     The **Chief Finance Officer** shall be responsible overall for the design and delivery of the annual integrated financial budget plan.
- 7.3     All **Executive Directors** shall be responsible for contributing to the integrated planning process, which shall incorporate plans for workforce, service delivery and quality, service capacity and activity, and efficiency planning.
- 7.4     **Budget holders** shall provide all financial, statistical and other relevant information, including service, capacity, workforce and efficiency plans, as required by the **Chief Finance Officer** to enable budgets to be compiled.
- 7.5     All **budget managers** should sign up to their allocated budgets at the start of each financial year.

## **8**     *Managing and reporting the financial position during the year*

- 8.1     The **Chief Finance Officer** shall be responsible overall for the design and delivery of adequate systems of financial budgetary control. These systems will include processes for:
  - a.     identifying the level of earned income directly attributable to each budget area
  - b.     identifying the target (gross or net) allowable expenditure for each budget area, that will enable each budget holder to deliver their annual financial target contribution to the overall Trust target
  - c.     updating the forecast income and allowable expenditure, during the year, to reflect changes in contracted income, service capacity and delivery.
  - d.     monitoring and reporting financial performance against plans and forecasts
  - e.     delivering monthly integrated financial reports to meet the requirements of the Project Management Office, Finance and Performance Executive and the Trust Board in a form approved by the Board.
- 8.2     All **Executive Directors** shall be responsible for establishing monitoring and reporting systems for workforce, service delivery and quality, service capacity and activity, and efficiency planning to enable budget holders to deliver an integrated analysis of their service performance.
- 8.3     **All staff** to whom responsibility is delegated to incur expenditure, or generate income shall comply with the requirements of those systems.
- 8.4     Designated **budget holders** shall be responsible for maintaining expenditure within the limits of earned available income.

- 8.5 Designated **budget holders** shall monitor and analyse the integrated financial performance of their service during the year. This shall include assessment of:
- a. progress towards delivering the required financial position for the budget area
  - b. the impact of resources used, including workforce, progress of service delivery and achievement of efficiency plans
  - c. trends and projections
  - d. where relevant, plans and proposals to recover adverse performance
- 8.6 The **Chief Finance Officer** shall ensure that **budget holders** are provided with advice and support from suitably qualified finance staff, to enable them to perform their budget management role adequately.
- 8.7 The **Chief Finance Officer** shall be required to compile and submit to the Trust Board such financial estimates and forecasts, on both revenue and capital account, as may be required from time to time.
- 8.8 The **Chief Finance Officer** shall keep the Trust Board informed of:
- a. significant in-year variance from the business plan and advise the Board on actions to be taken to address the variance
  - b. financial consequences of changes in Trust policy
  - c. financial implications of external determinations, such as national pay awards and changes to the pricing of clinical services
- 8.9 The **Chief Finance Officer** shall:
- a. ensure that **budget managers** receive adequate training on an on-going basis to help them comply with expectations and to manage successfully
  - b. issue timely, accurate and comprehensible advice and financial reports to each **budget manager**, covering the areas for which they are responsible

## **9** *Annual accounts, reports and returns*

- 9.1 The **Chief Finance Officer** shall:
- a. prepare financial returns in accordance with the accounting policies and guidance provided by the Department of Health (DH) and the Treasury, the Trust's accounting policies, and accounting practice as determined by the accounting bodies in the UK.
  - b. prepare and submit annual financial reports to NHS E/I certified in accordance with current guidelines
  - c. submit financial returns to the DH for each financial year in accordance with the timetable prescribed by the DH
  - d. submit periodic monitoring and financial returns to external organisations, such as NHSE/I, in accordance with the timetables set by those organisations
- 9.2 The Trust's annual accounts must be audited by an auditor appointed by the Trust. The Trust's audited annual accounts shall be presented to a public meeting and made available to the public, within the timescales set by the DH.

- 9.3 The **Chief Executive Officer** shall publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the current DH requirements and guidance.

## **10 Budgetary Delegation**

- 10.1 The **Chief Executive Officer** may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
- a. the amount of the budget;
  - b. the purpose(s) of each budget heading;
  - c. individual and group responsibilities;
  - d. authority to exercise virement;
  - e. achievement of planned levels of service;
  - f. the provision of regular reports.
- 10.2 The **Chief Executive Officer** and delegated **budget holders** must not exceed the budgetary total or virement (administrative transfer of funds from one part of a budget to another) limits set by the Trust Board.
- 10.3 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.
- 10.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the **Chief Executive Officer**, as advised by the **Chief Finance Officer**.

## **11 Budgetary Control and Reporting**

- 11.1 The **Chief Finance Officer** will devise and maintain systems of budgetary control. These will include:
- a. monthly financial reports to the Board in a form approved by the Board containing:
    - income and expenditure to date showing trends and forecast year-end position;
    - movements in working capital;
    - movements in cash and capital;
    - capital project spend and projected outturn against plan;
    - explanations of any material variances from plan;
    - details of any corrective action where necessary and the **Chief Executive Officer's** and/or **Chief Finance Officer's** view of whether such actions are sufficient to correct the situation.
  - b. the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
  - c. investigation and reporting of variances from financial, workload and manpower budgets;
  - d. monitoring of management action to correct variances; and
  - e. arrangements for the authorisation of budget transfers.
- 11.2 Each **budget holder** is responsible for ensuring that:

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

11.3 The **Managing Director** is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Financial Plan and a balanced budget.

## 12 *Capital expenditure*

The general rules applying to delegation and reporting shall also apply to capital expenditure.

## 13 *Monitoring returns*

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

# Part 2 – Audit

## 14 *Audit Committee*

14.1 In accordance with SO, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2015), which will provide an independent and objective view of internal control by:

- a. overseeing Internal and External Audit services;
- b. reviewing financial, information systems, monitoring the integrity of the financial statements, and reviewing significant financial reporting judgments;
- c. review the establishment and maintenance of an effective system of governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
- d. monitoring compliance with SOs and SFIs;
- e. reviewing schedules of losses and compensations and making recommendations to the Board;
- f. reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and explanations/action plans;
- g. Reviewing the arrangements in place to support the Assurance Framework process prepared on behalf of the Board and advising the Board accordingly.

14.2 Where the Audit Committee considers there is evidence of ultra vires (beyond authority) transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the NHSE/I. (To the Chief Finance Officer in the first instance.)

- 14.3 It is the responsibility of the **Chief Finance Officer** to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.

## **15 Chief Finance Officer**

- 15.1 The **Chief Finance Officer** is responsible for:

- a. ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- b. ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
- c. deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- d. ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee [and the Board]. The report must cover:
  - a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;
  - major internal financial control weaknesses discovered;
  - progress on the implementation of internal audit recommendations;
  - progress against plan over the previous year;
  - strategic audit plan covering the coming three years;
  - a detailed plan for the coming year.

- 15.2 The **Chief Finance Officer** or designated auditors are entitled without necessarily giving prior notice to require and receive:

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

## **16 Role of Internal Audit**

- 16.1 Internal Audit will review, appraise and report upon:

- a. the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- b. the adequacy and application of financial and other related management controls;
- c. the suitability of financial and other related management data;
- d. the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - fraud and other offences;
  - waste, extravagance, inefficient administration;
  - poor value for money or other causes.



- e. Internal Audit shall also independently verify the Assurance Statements in accordance with guidance from the National Audit Office.
- 16.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the **Chief Finance Officer** must be notified immediately.
- 16.3 The **Chief Internal Auditor** will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the **Chair** and **Chief Executive Officer** of the Trust.
- 16.4 The **Chief Internal Auditor** shall be accountable to the **Chief Finance Officer**. The reporting system for internal audit shall be agreed between the **Chief Finance Officer**, the Audit Committee and the **Chief Internal Auditor**. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.
- 16.5 Designated executive directors and non-executive directors must carry out audit recommendations within the timescale agreed for action. Failure to do so will be reported to the Audit Committee.

## **17 External Audit**

Under the [Local Audit and Accountability Act 2014](#), NHS Trusts must select and appoint their own auditors and directly manage their contracts for the audits for the financial year. Local appointment increases local accountability and moves NHS Trusts into line with NHS Foundation Trusts.

## **18 Fraud and corruption**

- 18.1 In line with their responsibilities, the **Chief Executive Officer** and **Chief Finance Officer** shall monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on fraud and corruption.
- 18.2 The Trust shall nominate a suitable person to carry out the duties of the Local Anti-Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.
- 18.3 The Local Counter Fraud Specialist shall report to the **Chief Finance Officer** and shall work with staff in NHS Protect and the Regional Anti-Fraud Specialist in accordance with the [NHS Counter Fraud Standards 2018](#).
- 18.4 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

## **19 Security Management**

- 19.1 In line with their responsibilities, the **Managing Director** will monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on NHS security management.

- 19.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health and Social Care guidance on NHS security management.
- 19.3 The **Managing Director** has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed Local Security Management Specialist (LSMS).

## Part 3 – Bank and Government Banking Service (GBS) Accounts

### 20 General

- 20.1 The **Chief Finance Officer** is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' Trusts should minimise the use of commercial bank accounts and consider using the GBS accounts, or any successor organisations, for all banking services.
- 20.2 The Board shall approve the banking arrangements.

### 21 Bank and GBS Accounts

The **Chief Finance Officer** is responsible for:

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

### 22 Banking Procedures

- 22.1 The **Chief Finance Officer** will prepare detailed instructions on the operation of bank and GBS (or successor) accounts, which must include:
- a. the conditions under which each bank and GBS (or successor) account is to be operated;
  - b. those authorised to sign cheques or other orders drawn on the Trust's accounts.
  - c. those authorised to undertake electronic banking transactions.
- 22.2 The **Chief Finance Officer** must advise the Trust's bankers in writing of the conditions under which each account will be operated.

### 23 Tendering and Review

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

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

## **Part 4 – Income, fees and charges and security of cash, cheques and other negotiable instruments**

### **24     *Income Systems***

- 24.1 The **Chief Finance Officer** is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.
- 24.2 The **Chief Finance Officer** is also responsible for the prompt banking of all monies received.

### **25     *Fees and charges***

- 25.1 The Trust shall follow the Department of Health's Payment by Results guidance in charging commissioners for healthcare services, based on the national tariff. Where prices outside of the national tariff are used, they should be calculated in accordance with the "Costing" Manual.
- 25.2 The **Chief Finance Officer** is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall 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.
- 25.3 All employees must inform the **Chief Finance Officer** promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

### **26     *Debt recovery***

- 26.1 The **Chief Finance Officer** is responsible for the appropriate recovery action on all outstanding debts.
- 26.2 Income not received should be dealt with in accordance with losses procedures.
- 26.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

### **27     *Security of cash, cheques and other negotiable instruments***

- 27.1 The **Chief Finance Officer** is responsible for:
- a. approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
  - b. ordering and securely controlling any such stationery;

- c. the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
  - d. prescribing systems and procedures for handling cash and negotiable securities on behalf of the Trust.
- 27.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 27.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the **Chief Finance Officer**.
- 27.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.

## **Part 5 – NHS Agreement for provision of services ([see also Section C, Paragraph 37](#))**

### **28     *Service Level Agreements***

The **Chief Executive Officer**, as the Accountable Officer, is responsible for ensuring the Trust enters into suitable Service Level Agreements (SLA) with service commissioners for the provision of NHS services. All SLAs should aim to implement the agreed priorities contained within the Financial Plan) 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:

- a. the standards of service quality expected;
- b. the relevant national service framework (if any);
- c. the provision of reliable information on cost and volume of services;
- d. the NHS Commissioning and contracting guidelines;
- e. that SLAs are based on integrated care pathways.

### **29     *Involving partners and jointly managing risk***

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

### **30     *Reports to Board on SLAs***

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

### 31 *Commissioning*

The Trust's main activity is to provide healthcare services. Guidance should be sought from the **Chief Finance Officer** where commissioning activities are necessary.

## Part 6 – Terms of service, allowances and payment of employees

### 32 *Funded Establishment*

- 32.1 The manpower plans incorporated within the annual budget will form the funded establishment.
- 32.2 The funded establishment of any department may only be varied in accordance with delegated limits.

### 33 *Staff Appointments*

- 33.1 No officer or member of the Trust Board or employee may engage, re-engage, or re-grade employees, on a permanent or temporary nature, hire agency staff, or agree to changes in any aspect of remuneration:
  - a. unless authorised to do so by the **Managing Director**;
  - b. within the limit of their approved budget and funded establishment.
  - c. in accordance with Trust approved human resource policies and agreements
- 33.2 The Board will approve procedures presented by the **Managing Director** for the determination of commencing pay rates, condition of service etc, for employees.

### 34 *Processing Payroll*

- 34.1 The **Chief Finance Officer** will be responsible for liaison with the Trust's payroll and **Chief People Officer** in order to:
  - a. specify timetables for submission of properly authorised time records and other notifications;
  - b. determine final pay and allowances;
  - c. make payment on agreed dates;
  - d. agree methods of payment.
- 34.2 The **Chief Finance Officer** will liaise with the Trust's payroll and **Chief People Officer** to issue instructions regarding:
  - a. verification and documentation of data;
  - b. the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
  - c. maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - d. security and confidentiality of payroll information;
  - e. checks to be applied to completed payroll before and after payment;
  - f. authority to release payroll data under the provisions of the Data Protection Act;
  - g. methods of payment available to various categories of employee and officers;

- h. procedures for payment by cheque, bank credit, or cash to employees and officers;
- i. procedures for the recall of cheques and bank credits;
- j. pay advances and their recovery;
- k. maintenance of regular and independent reconciliation of pay control accounts;
- l. separation of duties of preparing records and handling cash;
- m. a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.

34.3 Appropriately nominated **managers** have delegated responsibility for:

- a. submitting time records, and other notifications in accordance with agreed timetables;
- b. completing time records and other notifications within 3 months of the date of the claim in accordance with the **Chief Finance Officer's** instructions and in the form prescribed by the **Chief People Officer**;
- c. submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the **Chief Finance Officer** must be informed immediately.

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

## 35 *Contracts of Employment*

The Board shall delegate responsibility to authorised **managers** for:

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

## Part 7 – Non-pay expenditure

### 36 *Delegation of Authority*

36.1 The Board 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 managers.

36.2 The **Chief Executive Officer** will set out:

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

36.3 The **Managing Director** shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

## Part 8 – Choice, requisitioning, ordering, receipt and payment for goods and services

### 37 Requisitioning

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

### 38 System of Payment and Payment Verification

38.1 The **Chief Finance Officer** shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

38.2 The **Chief Finance Officer** will:

- a. advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs and regularly reviewed;
- b. prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- c. be responsible for the prompt payment of all properly authorised accounts and claims;
- d. be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (i) A list of Board employees (including specimens of their signatures) authorised to certify invoices.
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - the account is arithmetically correct;
    - the account is in order for payment.
  - (iii) A timetable and system for submission to the Chief Finance Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
  - (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.



- e. be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in [SFI 40](#) below.

### 39 Prepayments

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

- a. Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to net present value (NPV) using the National Loans Fund (NLF) rate plus 2%).
- b. The appropriate executive director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- c. The **Chief Finance Officer** will need to be satisfied with the proposed arrangements before approving the contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- d. The **budget holder** is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate **director** or **Chief Executive Officer** if problems are encountered.

### 40 Official orders

Official Orders must:

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

### 41 Duties of managers and officers

41.1 Managers and officers must ensure that they comply fully with the guidance and limits specified by the **Chief Finance Officer** and that:

- a. all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements, letters of intent and other commitments which may result in a liability are notified to the **Chief Finance Officer** in advance of any commitment being made;
  - b. contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
  - c. where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
  - d. no order shall be issued for any item or items to any firm, which has made an offer of gifts, reward or benefit to directors or employees, other than:
    - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
    - conventional hospitality, such as lunches in the course of working visits;
- This provision needs to be read in conjunction with [Section B, Part 3 Standards of Business Conduct](#);**

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

41.2 The **Managing Director** and **Chief Finance Officer** shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with relevant guidance. The technical audit of these contracts shall be the responsibility of the relevant director.

## **42 Joint Finance Arrangements with local authorities and voluntary bodies**

Payments to local authorities and voluntary organisations made under the powers of [Section 75 of the NHS Act 2006](#) shall comply with procedures laid down by the **Chief Finance Officer**, which shall be in accordance with these Acts.

## **43 External borrowing**

- 43.1 The **Chief Finance Officer** will advise the Board concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital (PDC) and any proposed new borrowing, within the limits set by the Department of Health. The **Chief Finance Officer** is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.
- 43.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the **Chief Executive Officer** and the **Chief Finance Officer**.
- 43.3 The **Chief Finance Officer** must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 43.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position, represent good value for money, and comply with the latest guidance from the Department of Health.
- 43.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the **Chief Executive Officer** or the **Chief Finance Officer**.

**Officer.** The Board must be made aware of all short term borrowings at the next Board meeting. All long-term borrowing must be consistent with the plans outlined in the current Financial Plan and be approved by the Trust Board.

#### **44**     *Investment*

- 44.1 Temporary cash surpluses must be held only in such public or private sector investments as notified by the Secretary of State and authorised by the Board.
- 44.2 The **Chief Finance Officer** is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 44.3 The **Chief Finance Officer** will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

#### **45**     *Financial framework*

The **Chief Finance Officer** should ensure that members of the Board are aware of the Financial Framework. This document contains directions, which the Trust must follow. It also contains directions to Clinical Commissioning Groups regarding resource and capital allocation and funding to Trusts. The **Chief Finance Officer** should also ensure that the direction and guidance in the framework is followed by the Trust.

## **Part 9 – Capital investment, private financing, fixed asset registers and security of assets**

#### **46**     *Capital Investment*

- 46.1 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;
  - c. shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.
- 46.2 For every capital expenditure proposal the **Managing Director** shall ensure:
- a. that a business case (in line with the guidance contained within the “Capital Investment Manual”) is produced setting out:
    - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
    - the involvement of appropriate Trust personnel and external agencies;
    - appropriate project management and control arrangements;
  - b. that the **Chief Finance Officer** certified professionally to the costs and revenue consequences detailed in the business case.

- 46.3 For capital schemes where the contracts stipulate stage payments, the **Chief Executive Officer** or **Managing Director** will issue procedures for their management.
- 46.4 The **Chief Finance Officer** shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 46.5 The **Chief Finance Officer** shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 46.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 46.7 The **Managing Director** shall issue to the manager responsible for any scheme:
- a. specific authority to commit expenditure;
  - b. authority to proceed to tender;
  - c. approval to accept a successful tender.
- 46.8 The **Chief Executive Officer** will issue a scheme of delegation for capital investment management in accordance with "Estatecode" guidance and the Trust's Standing Orders.
- 46.9 The **Chief Finance Officer** shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes as notified to the Trust by the Department of Health/NHSE/I.
- 46.10 The **Chief Finance Officer** shall issue procedures for the rare occasions where there may be a requirement to commence work in advance of contracts being signed based on a Letter of Intent. Authorisation should be sought from the CFO and/or **Managing Director** in accordance with the scheme of delegation.

## **47**     **Asset registers**

- 47.1 The **Managing Director** is responsible for the maintenance of registers of assets, taking account of the advice of the **Chief Finance Officer** concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted on a rolling basis.
- 47.2 The Trust shall maintain an asset register recording fixed assets with sufficient detail to enable the asset's identification, valuation, type of asset, location and relevant manager.
- 47.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- a. properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;

- b. stores, requisitions and wages records for own materials and labour including appropriate overheads;
  - c. lease agreements in respect of assets held under a finance lease and capitalised.
- 47.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 47.5 The **Chief Finance Officer** shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 47.6 The value of each asset shall be held at fair value as determined by the Trust's accounting policies.
- 47.7 The value of each asset shall be depreciated using methods and rates as specified within the Trust's accounting policies.
- 47.8 The **Chief Finance Officer** shall calculate and pay capital charges as specified in the NHS Finance Manual issued by the Department of Health.

## **48**     **Security of Assets**

- 48.1 The overall control of fixed assets is the responsibility of the **Chief Executive Officer**.
- 48.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the **Chief Finance Officer**. This procedure shall make provision for:
- a. recording managerial responsibility for each asset;
  - b. identification of additions and disposals;
  - c. identification of all repairs and maintenance expenses;
  - d. physical security of assets;
  - e. periodic verification of the existence of, condition of, and title to, assets recorded;
  - f. identification and reporting of all costs associated with the retention of an asset;
  - g. reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 48.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the **Chief Finance Officer**.
- 48.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 48.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 48.6 Where practical, assets should be marked as Trust property.

## Part 10 – Stores and receipt of goods

### 49 General position

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

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

### 50 Control of stores, stocktaking, condemnations and disposal

- 50.1 Subject to the responsibility of the **Chief Finance Officer** 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 **Chief Finance Officer**. The control of any pharmaceutical stocks shall be the responsibility of a designated **pharmaceutical officer**; the control of any fuel oil and coal of a designated **estates manager**.
- 50.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the **designated manager/pharmaceutical officer**. Wherever practicable, stocks should be marked as health service property.
- 50.3 The **Chief Finance Officer** shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 50.4 Stocktaking arrangements shall be agreed with the **Chief Finance Officer** and there shall be a physical check covering all items in store at least once a year.
- 50.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the **Chief Finance Officer**.
- 50.6 The designated **manager/pharmaceutical officer** shall be responsible for a system approved by the **Chief Finance Officer** for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the **Chief Finance Officer** any evidence of significant overstocking and of any negligence or malpractice. Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

### 51 Goods supplied by NHS Supply Chain

For goods supplied via the NHS Supply Chain, 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 before forwarding this to the **Chief Finance Officer** who shall satisfy himself that the goods have been received before accepting the recharge.



## Part 11 – Disposals and condemnations, losses and specials payments

### 52 *Disposals and condemnation procedures*

- 52.1 The **Chief Finance Officer** must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 52.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the **Chief Finance Officer** of the estimated market value of the item, taking account of professional advice where appropriate.
- 52.3 All unserviceable articles shall be:
- a. condemned or otherwise disposed of by an employee authorised for that purpose by the **Chief Finance Officer**;
  - b. recorded by the Condemning Officer in a form approved by the **Chief Finance Officer**, 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 **Chief Finance Officer**.
- 52.4 The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the **Chief Finance Officer** who will take the appropriate action.

### 53 *Losses and special payments*

- 53.1 The **Chief Finance Officer** must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.
- 53.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform **Managing Director** and the **Chief Finance Officer** or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the **Chief Finance Officer** and/or **Managing Director**. Where a criminal offence is suspected, the **Chief Finance Officer** must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies, which may indicate fraud or corruption, the **Chief Finance Officer** must inform the relevant LCFS and NHS Protect regional team in accordance with Secretary of State for Health and Social Care's Directions. The **Chief Finance Officer** must notify NHS Protect and the External Auditor of all suspected frauds.
- 53.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the **Chief Finance Officer** must immediately notify:
- a. the Board (via the Audit Committee),
  - b. the External Auditor.
- 53.4 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.
- 53.5 The **Chief Finance Officer** shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.



- 53.6 For any loss, the **Chief Finance Officer** should consider whether any insurance claim can be made.
- 53.7 The **Chief Finance Officer** shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 53.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 53.9 All losses and special payments must be reported to the Audit Committee at every meeting.

## Part 12 – Information Technology

### 54 *Responsibilities and duties of the Chief Finance Officer*

- 54.1 The **Chief Finance Officer**, who is responsible for the accuracy and security of the computerised financial data of the Trust, shall:
- a. devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programs and computer hardware for which they are responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
  - b. ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
  - c. ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
  - d. ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews, as they may consider necessary are being carried out.
- 54.2 The **Chief Finance Officer** shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.
- 54.3 The **Chief Finance Officer** shall publish and maintain a Freedom of Information 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 and describes the classes or types of information about our Trust that we make publicly available.

### 55 *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 Trust's in the Region wish to sponsor jointly) all responsible directors and employees will send to the **Chief Finance Officer**:

- a. details of the outline design of the system;
- b. in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

## **56**     *Contracts for computer services with other health bodies or outside agencies*

- 56.1 The **Chief Finance Officer** shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 56.2 Where another health organisation or any other agency provides a computer service for financial applications, the **Chief Finance Officer** shall periodically seek assurances that adequate controls are in operation.

## **57**     *IT risk assessments*

The **Chief Finance Officer** shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

## **58**     *Requirements for computer systems, which have an impact on corporate financial systems*

Where computer systems have an impact on corporate financial systems, the **Chief Finance Officer** shall need to be satisfied that:

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

# **Part 13 – Patient’s Property**

## **59**     *Patient property*

- 59.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 59.2 The **Chief Operating Officer** and **Chief Finance Officer**, on behalf of the **Chief Executive Officer** are responsible for ensuring that patients or their guardians, as appropriate, are given information and advice on patient property which includes two key messages:
- a. Patients should keep as little property as possible on Trust premises, and this particularly applies to valuables. They should hand any item they do not need to a relative/carer to take home

- b. The Trust will not accept liability for loss of or damage to the patient's property unless it is handed over for safekeeping and a copy of the Patient Property Record is obtained as a receipt.

This information and the process for handing in property will be provided in writing, by notices and other written information material including admission documentation and property records, and orally through the advice of staff responsible for admission.

- 59.3 The **Chief Finance Officer** must provide detailed written instructions on the collection, custody, investment, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 59.4 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 **Chief Finance Officer**.
- 59.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the [Administration of Estates \(Small Payments\) Act 1965](#)), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 59.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 59.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

## Part 14 – Funds Held on Trust

### 60 *Corporate Trustee*

- 60.1 The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- 60.2 The **Chief Finance Officer** shall ensure that each trust fund, which the Trust is responsible for managing, is managed appropriately with regard to its purpose and to its requirements.

### 61 *Accountability to Charity Commission and Secretary of State for Health and Social Care*

- 61.1 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust and to the Secretary of State for all funds held on trust.
- 61.2 The Schedule of Matters Reserved to the Board and the Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust officers must take account of that guidance before taking action.

## **62     *Applicability of SFIs to funds held on Trust***

- 62.1 In so far as it is possible to do so, most of the sections of these SFIs will apply to the management of funds held in trust.
- 62.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

## ***Part 15 – Retention of Records***

- 63.1 The **Managing Director** shall be responsible for maintaining archives for all records required to be retained in accordance with the [Records Management Code of Practice for Health and Social Care 2016](#).
- 63.2 The records held in archives shall be capable of retrieval by authorised persons.
- 63.3 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the **Managing Director**. Detail shall be maintained of records so destroyed.

## ***Part 16 – Risk Management and Insurance***

### **64     *Programme of risk management***

- 64.1 The **Managing Director** shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health assurance framework requirements, which must be approved and monitored by the Board. The programme of risk management shall include:
- a. a process for identifying and quantifying risks and potential liabilities;
  - b. engendering among all levels of staff a positive attitude towards the control of risk;
  - c. management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
  - d. contingency plans to offset the impact of adverse events;
  - e. audit arrangements including; Internal Audit, clinical audit, health and safety review;
  - f. a clear indication of which risks shall be insured;
  - g. arrangements to review the Risk Management programme.

- 64.2 The existence, integration and evaluation of the above elements will assist in providing a basis to make the Annual Governance Statement within the Annual Report and Accounts as required by current Department of Health guidance.

## **65 Insurance: Risk Pooling Schemes administered by NHS Resolution**

The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Resolution 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.

## **66 Insurance arrangements with commercial insurers**

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

- a. Trusts may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- b. where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- c. where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose, the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from NHS Resolution. In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements, the **Chief Finance Officer** should consult the Department of Health.

## **67 Arrangements to be followed by the Board in agreeing insurance cover**

- 67.1 Where the Board decides to use the risk pooling schemes administered by the NHS Resolution, the **Chief Finance Officer** shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The **Chief Finance Officer** shall ensure that documented procedures cover these arrangements.
- 67.2 Where the Board decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, the **Chief Finance Officer** shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The **Chief Finance Officer** will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses, which will not be reimbursed.
- 67.3 All the risk pooling schemes require scheme members to make some contribution to the settlement of claims (the 'deductible'). The **Chief Finance Officer** should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

# ***Appendices 1 and 2 – Schedule of Reservation, Delegation of Powers and Financial Delegation Limits***

## Introduction

Standing Order 1 provides that “the Trust has resolved that certain powers and decisions may only be exercised or made by the Trust Board in formal session.” These powers and decisions are set out in this Schedule.

## ***1 Structure and governance of the Trust, including regulation, control and approval of Standing Orders and documents incorporated into the Standing Orders***

1.1 Approve, including variations to:

- Standing Orders for the regulation of its proceedings and business (Section B, Part 4).
- this Schedule of matters reserved to the Trust Board (Section B, Part 4, SO 40).
- Standing Financial Instructions (SO 43, SO 44, SFI 2)
- Scheme of Delegated Authorities, including financial limits in delegations, from the Trust Board to officers of the Trust (Section B, Part 4).
- suspension of Standing Orders (SO 27)

1.2 Determine the frequency and function of Trust Board meetings (SO 8), including:

- administration of public and private agendas of Board meetings (SO 8)
- calling extra-ordinary meetings of the Board (SO 9)

1.3 Ratify the exercise of emergency powers by the Chair and **Chief Executive Officer** (SO 37)

1.4 Establish Board committees including those which the Trust is required to establish by the Secretary of State for Health or other regulation (Section B, Part 4); and:

- delegate functions from the Board to the committees
- delegate functions from the Board to a director or officer of the Trust
- approve the appointment of members of any committee of the Trust Board or the appointment of representatives on outside bodies
- receive reports from Board committees and take appropriate action in response to those reports
- confirm the recommendations of the committees which do not have executive decision-making powers

1.4.1. approve terms of reference and reporting arrangements of committees (SO 42).

1.4.2. approve delegation of powers from Board committees to sub-committees (SO 42)

1.5 Approve and adopt the organisational structures, processes and procedures to facilitate the discharge of business by the Trust and modifications thereto.

- Appoint the **Chief Executive Officer** (SO 3)

- Appoint the Executive Directors (SO 3)
- 1.6 Require, from directors and officers, the declaration of any interests which might conflict with those of the Trust; and consider the potential impact of the declared interests (Section B, Part 3).
  - 1.7 Agree and oversee the approach to disciplining directors who are in breach of statutory requirements or the Trust's Standing Orders.
  - 1.8 Approve the disciplinary procedure for officers of the Trust.
  - 1.9 Approve arrangements for dealing with and responding to complaints.
  - 1.10 Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on Trust
  - 1.11 Approve arrangements relating to the discharge of the Trust's responsibilities as a bailee for patients' property.

## **2      *Determination of strategy and policy***

- 2.1 Approve those Trust policies that require consideration by the Trust Board. These will be determined by the individual directors responsible for adopting and maintaining the policies.
- 2.2 Approve the Trust's strategic direction:
  - 2.2.1 annual budget, strategy and business plans
  - 2.2.2 definition of the strategic aims and objectives of the Trust.
  - 2.2.3 clinical and service development strategy
  - 2.2.4 overall, programmes of investment to guide the letting of contracts for the supply of clinical services.
- 2.3 Approve and monitor the Trust's policies and procedures for the management of governance and risk.

## **3      *Direct operational decisions***

- 3.1 Approve capital investment plans:
  - 3.2.1 the annual capital programme
  - 3.2.2 all variations to approved capital plans in accordance with authorization levels.
  - 3.2.3 to acquire, dispose of, or change of use of land and/or buildings
  - 3.2.4 capital investment in accordance with authorization levels, supported by a business case and in line with the approval guidance issued by NHS England & Improvement.
- 3.1 Introduce or discontinue any significant activity or operation which is regarded as significant (if it has a gross annual income or expenditure, before any set off, in accordance with the financial delegations.
- 3.2 Approve individual contracts and commitments to pay, other than Commissioning Contracts, of a revenue nature amounting to, or likely to amount to over £500K:



- 3.2.1 Tenders and quotations over the lifetime of the contract
- 3.2.2 Revenue funded service developments, in line with the approval guidance issued by the NHS England & Improvement
- 3.2.3 Orders processed through approved supply arrangements
- 3.2.4 Orders processed through non-approved supply arrangements
- 3.2.5 Receipt of loans and trials equipment and materials
- 3.2.6 Prepayment agreements for services received
- 3.3 Decide the need to subject services to market testing (Section C, Part 1)

#### **4 *Quality, financial and performance reporting***

- 4.1 Appraise continuously the affairs of the Trust through receipt of reports, as it sees fit, from directors, committees and officers of the Trust.
- 4.2 Monitor returns required by external agencies; and significant performance reviews carried out by, including, but not exclusively limited to:
  - 4.2.1 The Care Quality Commission
  - 4.2.2 NHS Improvement
- 4.3 Consider and approve of the Trust's Annual Report including the annual accounts.
- 4.4 Approve the Annual report(s) and accounts for funds held on trust.
- 4.5 Approve the Quality Account

#### **5 *Audit arrangements***

- 5.1 Approve audit arrangements recommended by the Audit Committee (including arrangements for the separate audit of funds held on trust).
- 5.2 Receive reports of the Audit Committee meetings and take appropriate action.
- 5.3 Receive and approve the annual audit reports from the external auditor in respect of the Financial Accounts and the Quality Account.
- 5.4 Receive the annual management letter from the external auditor and agree action on recommendations of the Audit Committee, where appropriate.
- 5.5 Endorse the Annual Governance Statement for inclusion in the Annual Report

#### **6 *Management of revenue budgets and authorization levels***

## SCHEME OF DELEGATION SUMMARY

## Appendix 1 and 2 SFI's

### Management of revenue budgets

Responsibility for maintaining expenditure within approved budget	Authority delegated to
Individual budget level (Pay and Non Pay)	Designated Budget Holder
Divisional/department budgets	Associate COO/Executive Director/Associate or Deputy Director
Financial reserves and provisions	Chief Finance Officer
Hosted services	Appropriate Budget Holder
Virement of budgets WITHIN Cost Centre	Budget Holder/General Manager/Associate COO/ Associate or Deputy Director
Virement of budgets BETWEEN Cost Centres (excluding those affecting reserves):	
<£10k	Designated Budget Holder
£10k-£25k	General Manager
£25k-£50k	Associate COO/Executive Director/Associate or Deputy Director
£50k-£100k	Managing Director OR CFO
£100k-£500k	Managing Director AND CFO
>£500k	Trust Board

### Authorisation Levels - Trust

These limits represent the maximum limits to be applied to Groups of Officers (Levels 1-4) operating within their available budgetary provision. Actual limits applied to individual officers may be set at a lower level to reflect the level of delegated budgetary authority. The Chief Finance Officer will maintain an Authorised Signatory List specifying individual officer limits – this list shall have effect as if incorporated in this Scheme of Delegation.

Limits	Auth'n of Non Stock req's and payments	PFI related Exp	Capital Schemes	Finance Leases and MES's
£0k-£10k	Level 4: Designated Budget Holder	Head of Estates	Desig. Capital Project Manager	Level 4: Designated Budget Holder
£10k-£25k	Level 3: General Manager / Associate Directors / Heads of Dept	Head of Estates	Desig. Capital Project Manager	Level 3: General Manager / Associate Directors / Heads of Dept
£25k-£50k	Level 2: Associate COO/Executive Director/ Deputy CFO	Head of Estates	Desig. Capital Project Director	Level 2: Associate COO/Executive Director/ Deputy CFO
£50k-£100k	Level 1: Managing Director OR CFO	Managing Director OR CFO	Managing Director OR CFO	Level 1: Managing Director OR CFO
£100k-£500k	Managing Director AND CFO	Managing Director AND CFO	Managing Director AND CFO	Managing Director AND CFO
>£500k	Trust Board*	Trust Board*	Trust Board*	Trust Board*

\* NB: where authority is reserved to the Trust Board, once approved, it shall be enacted on the relevant Trust system by the Managing Director AND the CFO

### Authorisation Levels - Charitable Funds

Limits	Charitable Funds	Charitable Funds	Role Titles	Lease and MES Value
<£2k	Fund Manager	No changes proposed to sign-off limits or rights	Associate COO and General Manager are designated roles within the organisational hierarchy relating to operating Divisions. Associate Director roles in corporate functions will be designated as equivalent roles for the purpose	Authorisation limits applicable to Leases and MES's will apply to the whole life cost of lease or MES charges.
£2k-£10k	Managing Director OR CFO			
£10k-£25k	Managing Director AND CFO			
£25k-£50k	Managing Director AND CFO AND Chairman/NED			
>£50k	Trust Board or Charity Trustee			

### Non Pay Expenditure - requirements to enforce competition


Limits	No Quotations required though VFM to be evidenced	Application of competition requirements based on value of procurement (Left)	Tendering and Contract Procedures (Below)	Delegated Authority
£0k - £9,999k	Minimum of 3 formal written quotations received	The limits are applicable to all requisitions. Values are based on the full contract life. Values exclude VAT	These limits govern processes relating to the managing and award of tenders and subsequent amendments to contract terms.	Where either the Managing Director or Chief Finance Officer are unavailable due to annual or sick leave, delegated authority for authorisation of goods and services and/or contract awards and application of waivers is delegated to the Chief Executive or an Executive Director in the case of the Managing Director or to one of the Deputy CFOs in place of the Chief Finance Officer.
£10k-£49,999k	See advice of CFO or Head of Procurement - formal procurement arrangement		They also identify the limits applicable to the application of waivers to procurement requirements as set out in SFI's and the level at which waivers must be approved.	
> £49,999k (or successor arrangement)	All potential contracts over this value must comply with EU legislation (or successor legislation post BREXIT. Thresholds subject to amendment and differ according to type of expenditure. Contact Head of Procurement for advice/guidance		All waivers are reported on to the Audit Committee on a retrospective basis.	

### Tendering and Contract Procedures (including Leases and MES's)

Limits	Application of Waivers to avoid requirements to obtain Quotations/Tenders (subject to SFIs)	Opening Tenders	Awarding Tenders and Signing of Contracts on behalf of the Trust	Variation to existing contracts (including PFI scheme and MES's)
<£10k	Associate COO/Executive Director/Associate or Deputy Director		Designated Budget Holder	Designated Budget Holder
£10k-£50k	CFO / Deputy CFO		Associate COO/Executive Director/Associate or Deputy Director	Associate COO/Executive Director/Associate or Deputy Director
£50k-£100k	Managing Director OR CFO		Managing Director OR CFO	Managing Director OR CFO
£100k-£500k	Managing Director AND CFO		Managing Director AND CFO	Trust Board*
>£500k	Trust Board*		Trust Board*	Trust Board*
<£1m		Two Senior Managers/Officers as nominated by Managing		
>£1m		One Senior Manager/Officer and one Board member		

\* NB: where authority is reserved to the Trust Board, once approved, it shall be enacted on the relevant Trust system by the Managing Director AND the CFO

## Appendices 3 – Exemption to Contract Procedure Rules Approval Form

<b>EXEMPTION TO STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS (CONTRACT PROCEDURE RULES)</b>	
<p><i>Staff are responsible for ensuring that exemptions to the rules are approved in advance of any action undertaken in all instances where contract procedures rules cannot be complied with. An exemption is a permission to let a contract without complying with one or more of the rules within standing orders and standing financial instructions.</i></p>	
<b>Section 1      Details</b>	
Scheme Name	
Description of Services, Works or Supplies	
Provider	
<b>Section 2      Contract Values and Duration</b>	
Total Contract Value	
Contract Duration	
Approx Start Date	
Please 'check' the box which covers the contract value:	
<input type="checkbox"/>	Up to £10,000
<input type="checkbox"/>	Up to £100,000
<input type="checkbox"/>	Up to £250,000
<input type="checkbox"/>	Up to £500,000
<input type="checkbox"/>	Over £500,000
<b>Section 3      Why is the exemption requested?</b>	
<p><i>Not limited to: no quotations have been sought or the purchase cannot be made via a compliant framework agreement. If an application to let a contract without genuine competition is granted, the officer responsible for the contract must demonstrate that the price obtained is not in excess of the market price and that the contract represents best value. A lack of time caused by inadequate forward planning is not a cogent reason and will not permit an exemption to the rules.</i></p>	
<b>Section 4      Has the matter been agreed with the relevant technical expert</b>	
<p><i>Has the relevant experts(s) in your service agreed that the goods, services or works to be purchased are required and will be fit for purpose, that the supplier's prices are reasonable and good value for money and the suitability of the proposed provider has been established.</i></p>	
<b>Section 5      What is the impact of non-approval?</b>	

<b>Section 6      Why has the proposed provider been selected?</b>					
<b>Section 7      What will happen when the exemption period expires?</b>					
<i>What will be in place to prevent the need for a future exemption request?</i>					
<b>Section 8      Has Procurement advice been sought?</b>					
<i>Has procurement advice been sought in arriving at the decision to seek a waiver?</i>					
<b>Section 9      Approvals (to be finalised after completion of Sections 1 to 8)</b>					
<b>Originating Officer</b>					
<b>Name</b>		<b>Signature</b>		<b>Date</b>	
<b>Authorising Officer (as defined in the financial delegation limits: up to £10,000 - Associate COO/Executive Director/Associate or Deputy Director; Up to £50,000 –Chief Finance Officer or Deputy CFO; Up to £100,000–Managing Director OR Chief Finance Officer; Up to £500,000 – Managing Director AND CFO Over £500,000 – Board)</b>					
<b>Name</b>		<b>Signature</b>		<b>Date</b>	
<b>Chief Finance Officer or Nominated Deputy</b>					
<b>Name</b>		<b>Signature</b>		<b>Date</b>	