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| Reporting to: | Trust Board 26th September 2013 |
| Title | Standing Orders, Standing Financial Instructions and Reservation of Powers to the Board |
| Sponsoring Director | Neil Nisbet, Finance Director |
| Author(s) | |
| Previously considered by | |
| Executive Summary | <p>A review of the Standing Financial Instructions, Standing Orders and Reservation of Powers to the Board has taken place with the key changes outlined in the attached paper.</p> <p>Draft copies of the documents are available on the Trust's website www.sath.nhs.uk should you wish to view these.</p> |
| Strategic Priorities <input type="checkbox"/> Quality and Safety <input type="checkbox"/> Healthcare Standards <input type="checkbox"/> People and Innovation <input type="checkbox"/> Community and Partnership <input checked="" type="checkbox"/> Financial Strength | Operational Objectives FS1 Deliver our milestones to achieve FT status. |
| Board Assurance Framework (BAF) Risks | <input type="checkbox"/> Deliver Safe Care or patients may suffer avoidable harm and poor clinical outcomes and experience <input type="checkbox"/> Achieve safe and efficient Patient Flow or we will fail the national quality and performance standards <input type="checkbox"/> Clear Clinical Service Vision or we may not deliver the best services to patients <input type="checkbox"/> Good levels of Staff Engagement to get a culture of continuous improvement or staff morale and patient outcomes may not improve <input type="checkbox"/> Appoint Board members in a timely way or may impact on the governance of the Trust <input checked="" type="checkbox"/> Achieve a Financial Risk Rating of 3 to be authorised as an FT |
| Care Quality Commission (CQC) Domains <input type="checkbox"/> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input type="checkbox"/> Responsive <input checked="" type="checkbox"/> Well led | Outcomes |
| <input type="checkbox"/> Receive <input type="checkbox"/> Review <input type="checkbox"/> Note <input checked="" type="checkbox"/> Approve | Recommendation Trust Board is asked to NOTE the key changes and APPROVE these documents. |

STANDING ORDERS

September 2013 Amendments

Sections of the Standing Order have been amended as follows:

INTRODUCTION

Statutory Framework changes

- Change of reference to Act of Parliament to National Health Service Act 2006, as amended by the Health and Social Care 2012.

NHS Framework changes

- The Standing Orders now make reference to The Freedom of Information Act 2000 which sets out the requirements for public access to information on the NHS, (*previously the Code of Practice and Openness in the NHS*).
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SECTION 1 - INTERPRETATION

1.4 Integrated Governance

The Standing Orders have been amended to reflect the following for Integrated Governance:

Trust Boards are now encouraged to move away from silo governance and develop integrated governance that will lead to good governance and to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, clinical, information and research governance.

SECTION 2 - THE TRUST BOARD

2.6 Composition of the Board

have been amended to include a Medical or Dental Practitioner and a Nurse or a Midwife

Section 2.6 now reads:

- Up to 5 Executive Directors including:
 - The Chief Executive
 - The Finance Director
 - A medical or dental practitioner; and
 - A nurse or midwife

2.7 Appointment of the Chairman and Members

Section 2.7 now reads:

- The Chairman and Non-Executive Directors are appointed by the NHS Trust Development Authority under delegated authority from the Secretary of State, *(previously Independent Appointments Commission)*.

2.13 Local Healthwatch and Community health Councils

Section 2.13 now reads:

- Local Healthwatch in England and Community Health Councils in Wales are statutory bodies responsible for representing the public interest in health services. Healthwatch Shropshire, Healthwatch Telford and Wrekin and Montgomery Community Health Council have formal observer status at meeting of the Trust Board in accordance with Standing Order 3.43

2.16 (5) Chairman

The Chairman shall liaise with the NHS Trust Development Authority over the appointment of Non-Executive Directors *(previously Independent Appointments Commission)*.

SECTION 4 - ARRANGEMENTS FOR THE EXERCISE OF FUNCTIONS BY DELEGATION

4.2 Section 4.2 has been amended to read

The Trust cannot delegate its functions to another body except where expressly permitted by law or under arrangements made by the Secretary of State. However the Trust may enter into arrangements for the carrying out, on such terms as the Trust considers appropriate, of any of its functions jointly with another body under its powers under Para 8, Part 2, Schedule 2 of the NHS Act 2006

(Previously S16B of the NHS Act 1977 allows for regulations to provide for the functions of Trusts to be carried out for the Trust by third parties.

Where a function is delegated by these regulations to another NHS body, the Trust has responsibility to ensure that the proper delegation is in place. In other situations, i.e. delegation to committees, sub committees or Officers, the Trust retains full responsibility).

SECTION 5 - COMMITTEES

Section 5.8 amended to read

The committees, sub-committees, and joint-committees established by the Board are:

- Audit Committee
- Charitable Funds Committee
- Quality and Safety Committee
- Finance Committee *(previously Finance and Performance Committee)*
- Hospital Executive Committee *(previously not included)*

- Workforce Committee (*previously not included*)
- Remuneration Committee (*previously Remuneration and Terms of Service Committee*)
- Risk Committee (*previously Risk Management Executive*)

**RESERVATION OF POWERS TO THE BOARD
AND
DELEGATION OF POWERS**

September 2013 Amendments

SECTION C – DECISIONS / DUTIES DELEGATED BY THE BOARD TO COMMITTEES

The committees, sub-committees, and joint-committees established by the Board are:

- Audit Committee
- Charitable Funds Committee
- Quality and Safety Committee
- Finance Committee (*previously Finance and Performance Committee*)
- Hospital Executive Committee
- Workforce Committee (*previously not included*)
- Remuneration Committee (*previously Remuneration and Terms of Service Committee*)
- Risk Committee (*previously Risk Management Executive*)

Amended to reflect the Terms of Reference for the Workforce Committee as follows.

The Committee will:

- 8.1 Seek assurance to the Board on the development, implementation and effectiveness of people related strategies including workforce, organisational development, staff wellbeing, staff engagement and communication in line with best practice to support the Trust's strategy
- 8.2 Receive and review proposals and recommendations from Education Committee, Clinical Centres, Trust Negotiation and Consultation Committee, Local Negotiation Committee and Clinical forums such as Nursing and Midwifery Forum.
- 8.3 Routinely review progress on the Trust's Workforce and Organisational Development Strategies, receive Workforce Reports including Statutory and Mandatory training statistics, Workforce Plans, Staff Survey and action plans, review Staff Engagement reports, Organisational Development updates, Communication and Engagement Strategy in relation to internal / staff communication and NHS Foundation Trust staff membership.

SECTION I – AUTHORISATION LEVELS

| PERSONNEL | CHEQUES/ BACS/ CHAPS | CAPITAL EXPENDITURE Note 1 | REVENUE EXPENDITURE Note 2 | ASSET DISPOSALS | CHARITABLE EXPENDITURE |
|---|----------------------------|----------------------------------|----------------------------------|--------------------|---------------------------|
| BOARD (AS GROUP) | See Bank Mandate | <£5,000,000 Note 3 | >£250,000 | <£1,000,000 | >£100,000 |
| CHAIRMAN | | <£100,000 | <£100,000 Note 4 | <£100,000 | Nil |
| CHIEF EXECUTIVE | | <£100,000 | <£100,000 Note 4 | <£100,000 | <£10,000 |
| FINANCE DIRECTOR | | <£100,000 | <£100,000 Note 4 | <£100,000 | <£10,000 |
| EXEC DIRECTORS | | Nil | <£50,000 | <£5,000 | Nil |
| ASSISTANT CHIEF OPERATING OFFICER/CARE GROUP MANAGER/DIRECTOR OF ESTATES | | Nil | <£25,000 | <£5,000 | Nil |
| CENTRE MANAGERS /CARE GROUP HEAD OF NURSING/HEADS OF SERVICE | | Nil | <£10,000 | <£5,000 | <£5,000 Note 5 |
| ASSISTANT CENTRE MANAGERS/MATRONS/ASST HEADS OF SERVICE | | Nil | <£5,000 | Nil | Nil |
| WARD MANAGER AND OPERATIONAL MANAGER | | Nil | <£1000 | Nil | Nil |
| FINANCE DIRECTOR AND ONE CFC MEMBER | | N/A | N/A | N/A | <£100,000 |

NOTES

1. NHS Trusts reporting a year end deficit in its most recent audited accounts, forecasting an outturn deficit for the financial year or with an in-year deficit should note that at the discretion of the appropriate NHS TDA Director of Delivery and Development or the NHS TDA Director of Finance a NHS Trusts delegated limits can be lowered. Where this is the case all schemes over £500k in value will need agreement to proceed from the relevant Director of Delivery and Development. Where this applies NHS Trusts will be notified in writing by the NHS TDA.
2. Any single transaction.
3. Up to £5 million NHS Trust Board
Between £5 million, and £10 million NHS TDA Director of Finance
£10 million to £25 million NHS TDA Capital Investment Group
£25 million to £50 million NHS TDA Capital Investment Group and NHS TDA Board
Over £50 million NHS TDA Capital Investment Group and NHS TDA Board and the Department of Health
4. Between £100,000 and £250,000 any two from Chairman, Chief Executive and Finance Director.
5. Charitable Funds Approvals up to £5,000 can be approved by the Deputy Finance Director
6. All values are inclusive of the current rate of Value Added Tax
7. CFC is the Charitable Funds Committee

< Up to > Greater than

STANDING FINANCIAL INSTRUCTIONS

September 2013 Amendments

SECTION 3 - ALLOCATION, BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

3.2 Budgetary Delegation

3.3.2 (c) amended to read

Each Budget Holder is responsible for ensuring that:

no permanent employees are appointed without confirmation that funding to support the appointments has been established through the Finance Department and authorised as such by the Finance Director or delegated officer (*previously Chief Executive*).

SECTION 7 - NHS SERVICE AGREEMENTS FOR THE PROVISION OF SERVICES

7.3 A 'Patient Led NHS and 'Practice Based Commissioning''

Section now removed.

SECTION 8 - TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

8.2 FUNDED ESTABLISHMENT

Amendments to this section as follows

8.2.1 The manpower plans incorporated within the annual budget will form the funded establishment. Changes to the funded establishment require the authorisation of the Finance Director or delegated officer.

8.2.2 The funded establishment of any department may not be varied without the approval of the Finance Director or Delegated Officer.

SECTION 10 - FINANCIAL FRAMEWORK

Section 10.1 has been amended to reflect current NTDA guidelines

10.1 The Finance Director should ensure that members of the Board and the Executive Committee are aware of the Financial Framework within the NHS Trust Development Authority's Accountability Framework for NHS Trust Boards. He should ensure that the direction and guidance in the framework is followed by the Trust.

SECTION 12 - TENDERING AND CONTRACT PROCEDURE

12.7 Exceptions and instances where formal tendering need not be applied

- (e) Where Government Procurement Services (*previously Buying Solutions*) agreements are in place and have been approved by the Board;

12.9 Contracting/Tendering Procedure

12.9.1/12.9.2 Invitation to tender/ Receipt and safe custody of tenders

For Tenders Managed by Shropshire Healthcare Procurement Services

SFIs amended to describe the electronic process in place for Tenders managed through the Procurement Team.

The Procurement department use a fully audited electronic sealed bid process, where quotations and tenders cannot be opened until the set date and time. There is a complete electronic audit trail of view/opening dates/times/responses and amendments, built into this process.

SECTION 17 - INFORMATION TECHNOLOGY

Section amended to describe the role of the SIRO, Information Asset Register and Information Asset Owners as follows:

The Finance Director, as Senior Information Risk Owner (SIRO), will need to ensure that the organisation's approach to information risk is effective in terms of resources, commitment and execution and that the board is adequately briefed on information risk issues.

Information Asset Register - Information Assets are identifiable and definable assets owned or contracted by an organisation which are 'valuable' to the business of that organisation. The SIRO should oversee a review of the organisation's asset register to ensure it is complete and robust. In order to establish corporate coherence it should be possible for a single asset register to be created for the organisation.

Information Asset Owners (IAOs) are directly accountable to the SIRO and will provide assurance that information risk is being managed effectively for their assigned information assets.

AUTHORISATION LEVELS
APPENDIX A

| PERSONNEL | CHEQUES/ BACS/ CHAPS | CAPITAL EXPENDITURE Note 1 | REVENUE EXPENDITURE Note 2 | ASSET DISPOSALS | CHARITABLE EXPENDITURE |
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| FINANCE DIRECTOR | | <£100,000 | <£100,000 Note 4 | <£100,000 | <£10,000 |
| EXEC DIRECTORS | | Nil | <£50,000 | <£5,000 | Nil |
| ASSISTANT CHIEF OPERATING OFFICER/CARE GROUP MANAGER/DIRECTOR OF ESTATES | | Nil | <£25,000 | <£5,000 | Nil |
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| ASSISTANT CENTRE MANAGERS/MATRONS/ASST HEADS OF SERVICE | | Nil | <£5,000 | Nil | Nil |
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Over £50 million NHS TDA Capital Investment Group and NHS TDA Board and the Department of Health
- Between £100,000 and £250,000 any two from Chairman, Chief Executive and Finance Director.
- Charitable Funds Approvals up to £5,000 can be approved by the Deputy Finance Director
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< **Up to** > **Greater than**

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

**RESERVATION OF POWERS TO THE BOARD
AND
DELEGATION OF POWERS**

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THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

RESERVATION OF POWERS TO THE BOARD AND DELEGATION OF POWERS

SECTION A – INTRODUCTION

The Code of Accountability for NHS Boards requires the Trust Board to draw up a schedule of decisions reserved to itself and to ensure that management arrangements are in place to enable the clear delegation of its other responsibilities. This document therefore sets out the powers reserved to the Board and the Scheme of Delegation, together with tables of financial limits and approval thresholds. However, the Board remains accountable for all of its functions, including those that have been delegated, and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role.

All powers of the Trust which have not been retained as reserved by the Board or delegated to a Board Committee shall be exercised on behalf of the Board by the Chief Executive. The Scheme of Delegation identifies any functions, which the Chief Executive shall perform personally and those delegated to other directors or officers. All powers delegated by the Chief Executive can be re-assumed by him/her should the need arise. As Accountable Officer, the Chief Executive is accountable to the Accounting Officer of the NHS Executive for the funds entrusted to the Trust.

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

The Scheme of Delegation shows only the 'top level' of delegation within the Trust. The Scheme is to be used in conjunction with the system of budgetary control and other established procedures within the Trust.

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

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

SECTION B – RESERVATION OF POWERS TO THE BOARD

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| 1 | The Code of Accountability | |
| | The Code of Accountability, which has been adopted by the Trust, requires the Board to determine those matters on which decisions are reserved unto itself. These reserved matters are set out in paragraphs 2 to 9 below. | |
| 2 | General Enabling Provision | |
| | The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers. | |
| 3 | Regulation and Control | |
| | 3.1 | Approval, suspension, variation or amendment of Standing Orders, Standing Financial Instructions, schedule of matters reserved to the Board, scheme of delegation of powers from Board to officers, and other arrangements relating to standards of business conduct. |
| | 3.2 | Requiring and receiving the declaration of directors' interests which may conflict with those of the Trust and determining the extent to which that director may remain involved with the matter under consideration. |
| | 3.3 | Requiring and receiving the declaration of interests from officers which may conflict with those of the Trust. |
| | 3.4 | Approval of arrangements for dealing with complaints. |
| | 3.5 | Adoption of the organisational structures, processes and procedures to facilitate the discharge of business by the Trust and to agree modifications thereto. |
| | 3.6 | To receive reports from committees including those which the Trust is required by the Secretary of State or other regulation to establish and to take appropriate action thereon. |
| | 3.7 | Confirm the recommendations of the Trust's committees where the committees do not have executive powers. |
| | 3.8 | Approve arrangements relating to the discharge of the Trust's responsibilities as a corporate trustee for funds held on trust. |
| | 3.9 | Establish terms of reference and reporting arrangements of all committees and sub-committees which are established by the Board. |
| | 3.10 | Approve arrangements relating to the discharge of the Trust's responsibilities as a bailee for patients' property. |
| | 3.11 | Ratification of any urgent decisions taken by the Chairman and Chief Executive in public session in accordance with Standing Orders. |
| | 3.12 | Authorise the use of the Common Seal of the Trust. |
| | 3.13 | Discipline members of the Board or employees who are in breach of statutory requirements or Standing Orders. |
| | 3.14 | Approve a Scheme of Delegation of Powers from the Board to Committees |
| | 3.15 | Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with Standing Orders |
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| 4 | Appointments and Dismissals | |
| | Subject to Trust's Standing Orders: | |
| | 4.1 | Appointment of Vice Chairman of the Board. |
| | 4.2 | Appoint and dismiss committees (and individual members) which are directly accountable to the Board. |
| | 4.3 | Appoint, appraise, discipline and dismiss executive directors, subject to Standing Orders. |
| | 4.4 | Confirm appointment of members of any committee of the Trust as representatives on outside bodies. |
| | 4.5 | Approve proposals of the Remuneration Committee regarding directors and senior employees and those of the Chief Executive for staff not covered by the Remuneration Committee. |
| | | |
| 5 | Strategy, Business Plans and Budgets | |
| | | |
| | 5.1 | Define the strategic aims and objectives of the Trust. |
| | 5.2 | Approve proposals for ensuring quality and developing clinical governance in services provided by the Trust, having regard to any guidance issued by the Secretary of State. |
| | 5.3 | Approve the Trust's policies and procedures for the management of risk. |
| | 5.4 | Approve Outline and Final Business Cases for Capital Investment. |
| | 5.5 | Approval annually of plans in respect of anticipated income and the application of available resources (budgets). |
| | 5.6 | Approve annually Trust's proposed organisational development proposals. |
| | 5.7 | Ratify proposals for acquisition, disposal or change of use of land and/or buildings. |
| | 5.8 | Approval of the opening or closing of any bank or investment account. |
| | 5.9 | Approve proposals on individual contracts (other than NHS contracts) of a capital or revenue nature amounting to, or likely to amount to over [refer to Standing Orders] [£100,000] over a 3 year period or the period of the contract if longer. |
| | 5.10 | Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Finance Director (for losses and special payments) previously approved by the Board. |
| | 5.11 | Approve proposals for action on litigation against or on behalf of the Trust. |
| | 5.12 | Approve PFI proposals |
| | 5.13 | Approve individual compensation payments |
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| 6 | Policy Determination | |
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| | Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff. | |
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| 7 | Audit Arrangements | |
| | | |
| | 7.1 | Approve the appointment (and where necessary dismissal) of external auditors and advise the Audit Commission on the appointment. Approval of external auditors' arrangements for the separate audit of funds held on trust, and the submission of reports to the Audit Committee meetings who will take appropriate action |
| | 7.2 | Receive of the annual management letter received from the external auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee. |
| | 7.3 | Receive an annual report from the Internal Auditor and agree action on recommendations where appropriate of the Audit Committee. |
| | 7.4 | |
| | | |
| 8 | Annual Reports and Accounts | |
| | | |
| | 8.1 | Receipt and approval of the Trust's Annual Report and Annual Accounts |
| | 8.2 | Receipt and approval of the Annual Report and Accounts for funds held on trust. |
| | | |
| 9 | Monitoring | |
| | | |
| | 9.1 | Receive of such reports as the Board sees fit from committees in respect of their exercise of powers delegated. |
| | 9.2 | Continuous appraisal of the affairs of the Trust by means of the provision to the Board as the Board may require from directors, committees, and officers of the Trust as set out in management policy statements. All monitoring returns required by the Department of Health and the Charity Commission shall be reported, at least in summary, to the Board. |
| | | Receive reports from the CEO on actual and forecast income from SLA |
| | 9.3 | Receive reports from Finance Director on financial performance against budget and Local Delivery Plan |

SECTION C – DECISIONS / DUTIES DELEGATED BY THE BOARD TO COMMITTEES

1 Audit Committee

The Committee will:

- 1.1 Advise the Board on internal and external audit services.
- 1.2 Review establishment and maintenance of effective systems of integrated governance, internal control and risk management, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.
- 1.3 Monitor compliance with Standing Orders and Standing Financial Instructions.
- 1.4 Review schedules of losses and compensations and make recommendations to the Board.
- 1.5 Review the annual financial statements prior to submission to the Board.
- 1.6 Review schedules of debtor/creditor balances >£5k, > 3 months

2 Remuneration Committee

The Committee will:

- 2.1 Advise the Board about appropriate remuneration and terms of service for the Chief Executive, other executive directors and other senior employees including:
- 2.2 All aspects of salary (including any performance-related elements/bonuses);
- 2.3 Provisions for other benefits, including pensions and cars;
- 2.4 Arrangements for termination of employment and other contractual terms;
- 2.5 Make recommendations to the Board on the remuneration and terms of service of executive directors and senior employees to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff;
- 2.6 Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate advise on and oversee appropriate contractual arrangements for such staff ;
- 2.7 The Committee shall report in writing to the Board the basis for its recommendations.

3 Charitable Funds Committee

The Committee will:

- 3.1 Ensure that Charitable Funds are managed in accordance with Standing Financial Instructions, the requirements of the Charities Act and the Charities Commission.
- 3.2 Monitor the activity of individual funds ensuring appropriate turnover and reserves.
- 3.3 To agree an appropriate investment policy to ensure the future needs of the charity are best met.
- 3.4 To determine appropriate expenditure criteria based upon Charity

- Commission guidelines
- 3.5 To monitor fund raising activity and ensure all such activity complies with Charity Commission guidelines.
- 3.6 To consider and approve the Annual Accounts and Report on behalf of all Trustees before submission to the Charities Commission

4 Finance Committee

The Committee will:

- 4.1 Review the Local Delivery Plan and associated revenue and capital budgets before being passed to the Trust Board for approval
- 4.2 Monitor the Trust's performance against its planned out turn and cost improvement programmes on a monthly basis and request explanations for variances
- 4.3 Consider financial aspects of Business Cases for significant revenue or capital expenditure prior to submission to the Trust Board.
- 4.4 Monitor the financial performance of individual Divisions
- 4.5 Consider the financial impact of achieving national targets
- 4.6 Consider the impact of technical accounting changes to the Trust's financial standing
- 4.7 Consider detailed cash flow and working capital forecasts

5 Quality and Safety Committee

The Committee will:

- 5.1 Provide assurance to the Board on Quality & Safety, (including Clinical Effectiveness, Patient Safety and Patient Experience) utilising best practice metrics that provide robust clinical governance processes to deliver safe, high quality and patient centred care.
- 5.2 Drive an improvement culture to promote excellence in patient care across the domains of quality, safety and experience through the introduction, approval and implementation of a Quality & Safety Improvement Strategy

6 Hospital Executive Committee

The Committee will:

- 6.1 Interpret and apply local and national imperatives on health care and reflect such imperatives into the strategic and operational plans of the organisation.
- 6.2 Implement the strategic aims and objectives agreed by the Trust Board by establishing context and setting direction for the organisation,
- 6.3 Coordinate and monitor the significant programmes of work prioritised by the Trust Board and to provide progress reports to the Board on the status of the agreed programmes

7 Risk Committee

The Committee will:

- 7.1 Oversee the implementation and further development of the Trust's Risk Management Strategy ensuring it supports the achievement of the Trust's objectives and business plan
- 7.2 Develop and manage the risk management system (including clinical risk) in line with the Trust's strategy, prevailing policies, standards, and guidance, and the changing environment in which the Trust operates
- 7.3 Assess and review the composition and ongoing development of the Board Assurance Framework ensuring it provides a robust tool through which the Board can monitor management of the organisation's key strategic risks, ensuring effective control and assurance mechanisms in place and that effective actions are being taken to address gaps in controls and assurance.
- 7.4 Provide the Trust Board with assurance that a comprehensive Corporate Risk Register is maintained which will enable the Board to have a shared and clear understanding of the key risks in the Trust; what mitigations are in place to manage risks and which risks are being tolerated
- 7.5 Identify and validate new risks and consider whether they pose a principle risk to the Trust's strategic objectives and should be included on the Board Assurance Framework

8 Workforce Committee

The Committee will:

- 8.1 Seek assurance to the Board on the development, implementation and effectiveness of people related strategies including organisational development, staff wellbeing, staff engagement and communication in line with best practice to support the Trust's strategy
- 8.2 Receive and review proposals and recommendations from the Education Committee, Clinical Centres, Trust Negotiation Committee, Local Negotiation Committee and other forums such as Nursing and Midwifery Forum.
- 8.3 Routinely review progress on the Trust's Workforce Organisational Development Strategies, receive Workforce Development Plans, Staff Survey and action plans, review Staff Engagement reports, Organisational Development updates, Communication and Engagement Strategy in relation to internal / staff communication and NHS Foundation Trust staff membership.

SECTION D – DELEGATION OF POWERS

Delegation to Committees

The Board may determine that Standing Committees shall exercise certain of its powers. The composition and terms of reference of such committees shall be that determined by the Board from time to time taking into account where necessary the requirements of the Secretary of State and/or the Charity Commissioners (including the need to appoint an Audit Committee and a Remuneration Committee). The Board shall determine the reporting requirements in respect of these committees. In accordance with Standing Orders, committees may not delegate executive powers to sub-committees unless expressly authorised by the Board.

Scheme of Delegation to Officers

Standing Orders and model Standing Financial Instructions set out in some detail the financial responsibilities of the Chief Executive (CE), the Finance Director (FD) and other directors. These responsibilities are summarised below.

Certain matters needing to be covered in the scheme of delegation are not covered by Standing Financial Instructions or Standing Orders or they do not specify the responsible officer. These are:-

| Area of Responsibility | Overall Responsibility |
|----------------------------------|-------------------------------|
| Data Protection Act requirements | Finance Director |
| Health and Safety Arrangements | Chief Executive |

This scheme of delegation covers only matters delegated by the Board to directors and certain other specific matters referred to in Standing Financial Instructions. Each director is responsible for the delegation within his/her directorate. He/she should produce a scheme of delegation for matters within his/her directorate. In particular the scheme of delegation should include how the directorate budget and procedures for approval of expenditure are delegated.

SECTION E – SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM

| DELEGATED TO | DUTIES DELEGATED |
|------------------------------|---|
| CHIEF EXECUTIVE (CE) | Accountable through NHS Accounting Officer to Parliament for stewardship of Trust resources. |
| CE AND FINANCE DIRECTOR (FD) | Ensure the accounts of the Trust are prepared under principles and in a format directed by the Secretary of State. Accounts must disclose a true and fair view of the Trust's income and expenditure and its state of affairs. Sign the accounts on behalf of the Board. |
| CE | Sign a statement in the accounts outlining responsibilities as the Accountable Officer. Sign a statement in the accounts outlining responsibilities in respect of Internal Control |
| CE | Ensure effective management systems that safeguard public funds and assist Trust Chairman to implement requirements of corporate governance including ensuring managers: <ul style="list-style-type: none"> • "have a clear view of their objectives and the means to assess achievements in relation to those objectives • be assigned well defined responsibilities for making best use of resources • have the information, training and access to the expert advice they need to exercise their responsibilities effectively." |
| CHAIRMAN | Implement requirements of corporate governance. |
| CE | Achieve value for money from the resources available to the Trust and avoid waste and extravagance in the organisation's activities. Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO). |
| FD | Operational responsibility for effective and sound financial management and information. |
| CE | Primary duty to see that FD discharges this function. |
| CE | Ensuring that expenditure by the Trust complies with Parliamentary requirements. |
| CE | Accountable for clinical governance and the quality and safety of care delivered by the Trust. |
| CE and FD | Chief Executive supported by Finance Director, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness. |
| CE | If CE considers the Board or Chairman is doing something which might infringe probity or regularity, he should set this out in writing to the Chairman and the Board. If the matter is unresolved, he should ask the Audit Committee to inquire and if necessary the HA and Department of Health. |

| DELEGATED TO | DUTIES DELEGATED |
|---------------------|--|
| CE | <p>If the Board is contemplating a course of action which raises an issue not of formal propriety or regularity but affects the CE's responsibility for value for money, the CE should draw the relevant factors to the attention of the Board. If the outcome is that you are overruled it is normally sufficient to ensure that your advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the Strategic Health Authority and the DoH. In such cases, the CE should as a member of the Board vote against the course of action rather than merely abstain from voting.</p> |

SECTION F – SCHEME OF DELEGATION DERIVED FROM CODES OF CONDUCT AND ACCOUNTABILITY

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

| DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|-------------------------|--|
| BOARD | <p>It is the Board's duty to:</p> <ol style="list-style-type: none"> 1. Act within statutory financial and other constraints. 2. Be clear what decisions and information are appropriate to the board and draw up standing orders, a schedule of decisions reserved to the board and standing financial instructions to reflect these. 3. Ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account. 4. Establish performance and quality targets that maintain the effective use of resources and provide value for money. 5. Specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the board can fully undertake its responsibilities. 6. Establish audit and remuneration committees on the basis of formally agreed terms of reference which set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main board. |
| CHAIRMAN | <p>It is the Chairman's role to:</p> <ol style="list-style-type: none"> 1. Provide leadership to the Board. 2. Enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team. 3. Ensure that key and appropriate issues are discussed by the Board in a timely manner. 4. Ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions. 5. Lead non-executive Board members through a formally-appointed remuneration committee of the main Board on the appointment, appraisal and remuneration of the Chief Executive and (with the latter) other executive Board members. 6. Appoint non-executive Board members to an Audit Committee of the main Board. 7. Advise the Secretary of State on the performance of non-executive Board members. |
| CHIEF EXECUTIVE | <p>The Chief Executive is accountable to the Chairman and non-executive members of the Board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship.</p> <p>The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board.</p> <p>The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer Memorandum.</p> |
| NON EXECUTIVE DIRECTORS | <p>Non-executive Directors are appointed by the Appointments Commission to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health to Ministers and to the local community.</p> |
| CHAIR AND DIRECTORS | <p>Declaration of conflict of interests.</p> |

| DELEGATED TO | AUTHORITIES/DUTIES DELEGATED |
|---------------------|--|
| BOARD | NHS Boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money. |

SECTION G – SCHEME OF DELEGATION FROM STANDING ORDERS

| SO REF | Delegated to | AUTHORITIES/DUTIES DELEGATED |
|-----------|----------------------------|---|
| 1.1 | CHAIRMAN | Final authority in interpretation of Standing Orders (SO). |
| 2.9 | BOARD | Appointment of Vice Chairman |
| 3.5 | CHAIRMAN | Call meetings. |
| 3.14 | CHAIRMAN | Chair all Board meetings and associated responsibilities. |
| 3.21 | CHAIRMAN | Give final ruling in questions of order, relevancy and regularity of meetings. |
| 3.22 | CHAIRMAN | Having a second or casting vote. |
| 3.32 | BOARD | Suspension of Standing Orders. |
| 3.36 | AUDIT COMMITTEE | Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board). |
| 3.37 | BOARD | Variation or amendment of Standing Orders. |
| 4.3 | CHAIRMAN & CHIEF EXECUTIVE | The powers which the Board has retained to itself within these Standing Orders (Standing Order 2.4) may in emergency be exercised by the Chair and Chief Executive after having consulted at least two non-officer members. |
| 4.4 | BOARD | Formal delegation of powers to, sub committees or joint committees and approval of their constitution and terms of reference. (Constitution and terms of reference of sub committees may be approved by the Chief Executive.) |
| 4.7 | CE | The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals which shall be considered and <u>approved by the Board</u> , subject to any amendment agreed during the discussion. |
| 4.10 | ALL | Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible. |
| 6.1 | THE BOARD | Declare relevant and material interests. |
| 6.8 | CE | Maintain Register(s) of Interests. |
| 8.1 | ALL STAFF | Comply with national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff" (contained in appendix B). |
| 8.7 & 8.8 | ALL | Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.) |
| 9.1 | CE | Keep seal in safe place and maintain a register of sealing. |
| 10.1 | CE OR EXECUTIVE DIRECTOR | Approve and sign all documents which will be necessary in legal proceedings. |

SECTION H – SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

| SFI REF | Delegated to | AUTHORITIES/DUTIES DELEGATED |
|----------------|--|--|
| 1.1.3 | FD | Approval of all financial procedures. |
| 1.1.4 | FD | Advice on interpretation or application of SFI. |
| 1.1.6 | ALL MEMBERS OF THE BOARD AND ALL STAFF | Have duty to disclose any non-compliance with SFIs as soon as possible to the FD. |
| 1.3.5 | CE & FD | Accountable for financial control but will, as far as possible, delegate their detailed responsibilities. |
| 1.3.6 | CE | To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions. |
| 1.3.7 | FD | Responsible for: <ul style="list-style-type: none"> ➤ Implementing the Trust's financial policies and co-ordinating corrective action; ➤ Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; ➤ Ensuring that sufficient records are maintained to explain Trust's transactions and financial position; and ➤ Providing financial advice to members of Board and staff ➤ Maintaining such accounts, certificates etc as are required for the Trust to carry out its statutory duties. |
| 2.1.2 | CHAIR | Raise the matter at the Board meeting where Audit Committee considers there is evidence of ultra vires transactions or improper acts. |
| 2.2.1 | FD | Ensure an adequate internal audit service, for which he/she is accountable, is provided (and involve the Audit Committee in the selection process when/if an internal audit service provider is changed.) |
| 2.2.1 | FD | Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption. |
| 2.3.4 | HEAD OF INTERNAL AUDIT | Review, appraise and report in accordance with NHS Internal Audit Manual and best practice. |
| 2.4.1 | CE & FD | Monitor and ensure compliance with Secretary of State Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist. |
| 2.5.1 | AUDIT COMMITTEE | Ensure cost-effective external audit. |

| SFI REF | Delegated to | AUTHORITIES/DUTIES DELEGATED |
|----------------|----------------------------|---|
| 3.1.1 | CE | Compile and submit to the Board an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain: <ul style="list-style-type: none"> ➤ a statement of the significant assumptions on which the plan is based; ➤ details of major changes in workload, delivery of services or resources required to achieve the plan. |
| 3.1.2 & 3.1.3 | FD | Submit budgets to the Board for approval. Monitor performance against budget, submit to the Board financial estimates and forecasts. |
| 3.1.6 | FD | Ensure adequate training is delivered on an on going basis to budget holders. |
| 3.2.1 | CE | Delegate budget to budget holders. |
| 3.2.2 | CE & BUDGET HOLDERS | Must not exceed the budgetary total or virement limits set by the Board. |
| 3.3.1 | FD | Devise and maintain systems of budgetary control. |
| 3.3.2 | BUDGET HOLDERS | Ensure that <ul style="list-style-type: none"> a) No overspend or reduction of income that cannot be met from virement is incurred without prior consent of Board. b) Approved budget is not used for any other than specified purpose subject to rules of virement. c) No permanent employees are appointed without the approval of the CE other than those provided for within available resources and manpower establishment. |
| 3.3.3 | CE | Identify and implement cost improvements and income generation activities in line with the Business Plan. |
| 3.5.1 | CE | Submit monitoring returns. |
| 4.1 | FD | Preparation of annual accounts and reports. |
| 5.1.1 & 5.1.2 | FD | Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. (Board approves arrangements.) |
| 6 | FD | Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash. |
| 6.2.3 | ALL EMPLOYEES | Duty to inform FD of money due from transactions which they initiate/deal with. |
| 12 | CE | Tendering and contract procedure. |
| 12.7 | CE AND NOMINATED OFFICERS* | Waive formal tendering procedures. |
| 12.7 | CE | Report waivers of tendering procedures to the Board. |
| 12.9.1 | FD | Where a supplier is chosen that is not on the approved list the reason shall be recorded in writing to the CEO |
| 12.9.2 | CE | Responsible for the receipt, endorsement and safe custody of tenders received |

| SFI REF | Delegated to | AUTHORITIES/DUTIES DELEGATED |
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| 12.9.3 | CE | Shall maintain a register to show each set of competitive tender invitations dispatched |
| 12.9.4 | CE & FD | Where one tender is received will assess for value for money and fair price |
| 12.9.6 | CE | 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 CEO |
| 12.9.8 | CE | Will appoint a manger to maintain a list of approved firms |
| 12.9.8 | CE | Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote |
| 12.11 | CE | The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives best value for money |
| 12.13 | CE & FD | No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with these instructions except with the authorisation of the CEO. |
| 12.15 | CE | The CEO shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector |
| 12.15 | BOARD | All PFI proposals must be agreed by the Board |
| 12.16 | CE | The CEO shall nominate an officer who shall oversee and manage each contract on behalf of the Trust |
| 12.17 | CE | The CEO shall nominate officers with delegated authority to enter into contracts on behalf of the Trust |
| 14 | CE | The CEO shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis |
| 14.4 | CE | The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust |
| 7.1 | CE | Ensure the Trust enters into suitable Service Level Agreements (SLAs) with service commissioners for the provision of NHS services. |
| 7.4 | CE | As the Accountable Officer, ensure that regular reports are provided to the Board detailing actual and forecast income from the SLA. |
| 8.1.1 | BOARD | Establish a Remuneration & Terms of Service Committee. |
| 8.1.2 | REMUNERATION COMMITTEE | Advise the Board on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees to ensure they are fairly rewarded having proper regard to the Trust's circumstances and any national agreements; Monitor and evaluate the performance of individual senior employees; and Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments. |

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| 8.1.3 | REMUNERATION COMMITTEE | Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees. |
| 8.1.4 | BOARD | Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee. |
| 8.2.2 | CE | Approval of variation to funded establishment of any department. |
| 8.3.1 | CE | Staff, including agency staff, appointments and re-grading. |
| 8.4.1 & 8.4.2 | FD | Payroll: Specifying timetables for submission of properly authorised time records and other notifications; Final determination of pay and allowances; Making payments on agreed dates; Agreeing method of payment; and Issuing instructions (as listed in SFI 8.4.2). |
| 8.4.3 | NOMINATED MANAGERS* | Submit time records in line with timetable. Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time. |
| 8.4.4 | FD | Ensure that the chosen method for payroll processing is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies. |
| 8.6.1 | NOMINATED MANAGER* | Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and Deal with variations to, or termination of, contracts of employment. |
| 9.1.1 & 9.1.2 | CE | Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level. [It is good practice to append such lists to the Scheme of Delegation document] |
| 9.1.3 | CE | Set out procedures on the seeking of professional advice regarding the supply of goods and services. |
| 9.2.1 | REQUISITIONERS * | 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. |
| 9.2.2 | FD | Shall be responsible for the prompt payment of accounts and claims |

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| 9.2.3 | FD | <ul style="list-style-type: none"> ➤ Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed; ➤ Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds; ➤ Be responsible for the prompt payment of all properly authorised accounts and claims; ➤ Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. ➤ A timetable and system for submission to the Finance Director of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment. ➤ Instructions to employees regarding the handling and payment of accounts within the Finance Department. ➤ Be responsible for ensuring that payment for goods and services is only made once the goods and services are received |
| 9.2.4 | Appropriate Executive Director | Make a written case to support the need for a prepayment. |
| 9.2.4 | FD | Approve proposed prepayment arrangements. |
| 9.2.4 | BUDGET HOLDER | Ensure that all items due under a prepayment contract are received (and immediately inform FD if problems are encountered). |
| 9.2.5 | CE | Authorise who may use and be issued with official orders. |
| 9.2.6 | MANAGERS AND OFFICERS | Ensure that they comply fully with the guidance and limits specified by the Finance Director. |
| 9.2.7 | CE & FD | Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director. |
| 9.3 | FD | Lay down procedures for payments to local authorities and voluntary organisations made under the powers of s28A of the NHS Act |
| 24.1.1 | FD | The FD will advise the Board on the Trust's ability to pay dividend on PDC and report, periodically, concerning the PDC debt and all loans and overdrafts |
| 24.1.2 | BOARD | Approve a list of employees authorised to make short term borrowings on behalf of the Trust (This must include the CEO and FD) |
| 24.1.3 | FD | Prepare detailed procedural instructions concerning applications for loans and overdrafts |

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| 24.1.5 | CE or FD | Be on an authorising panel comprising one other member for short term borrowing approval |
| 20.1.2 | FD | Will advise the Board on investments and report, periodically on performance of same |
| 20.1.3 | FD | Prepare detailed procedural instructions on the operation of investments held |
| 10.1 | FD | Ensure that Board members are aware of the Financial Framework and ensure compliance. |
| 11.1.1 & 11.1.2 | CE | Capital investment programme: <ul style="list-style-type: none"> ➤ Ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on business plans; ➤ Responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; ➤ Ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; and ➤ Ensure that a business case is produced for each proposal. |
| 11.1.2 | FD | Certify professionally the costs and revenue consequences detailed in the business case for capital investment. |
| 11.1.3 | CE | Issue procedures for management of contracts involving stage payments. |
| 11.1.3 | FD | Assess the requirement for the operation of the construction industry taxation deduction scheme. |
| 11.1.3 | FD | Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure. |
| 11.1.4 | CE | Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender. Issue a scheme of delegation for capital investment management. |
| 11.1.5 | FD | Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes. |
| 11.2.1 | FD | Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector. |
| 11.2.1 | BOARD | Proposal to use PFI must be specifically agreed by the Board. |
| 11.3.1 | CE | Maintenance of asset registers (on advice from FD). |
| 11.3.5 | FD | Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers. |
| 11.3.8 | FD | Calculate and pay capital charges in accordance with Department of Health requirements. |
| 11.4.1 | CE | Overall responsibility for fixed assets. |
| 11.4.2 | FD | Approval of fixed asset control procedures. |

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| 11.4.3 & 11.4.5 | BOARD/ EXECUTIVE MEMBERS & ALL SENIOR STAFF | Responsibility for security of Trust assets including notifying discrepancies to FD, and reporting losses in accordance with Trust procedure. |
| 15.2 | CE | Delegate overall responsibility for control of stores (subject to FD responsibility for systems of control). Further delegation for day to day responsibility subject to such delegation being recorded. |
| 15.4 | FD | Responsible for systems of control over stores and receipt of goods. |
| 15.2 | DESIGNATED PHARMACEUTICAL OFFICER | Responsible for controls of pharmaceutical stocks. |
| 15.2 | DESIGNATED ESTATES OFFICER | Responsible for control of stocks of fuel oil and coal. |
| 15.3 | NOMINATED OFFICERS* | Security arrangements and custody of keys. |
| 15.4 | FD | Set out procedures and systems to regulate the stores. |
| 15.5 | FD | Agree stocktaking arrangements. |
| 15.6 | FD | Approve alternative arrangements where a complete system of stores control is not justified. |
| 15.7 | FD | Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items. |
| 15.7 | NOMINATED OFFICERS* | Operate system for slow moving and obsolete stock, and report to FD evidence of significant overstocking. |
| 15.8 | CE | Identify persons authorised to requisition and accept goods from NHS Supplies stores. |
| 16.1.1 | FD | Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers. |
| 16.2.1 | FD | Prepare procedures for recording and accounting for losses and special payments and informing police in cases of suspected arson or theft. |
| 16.2.2 | ALL STAFF | Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the CE and FD. |
| 16.2.2 | FD | Where a criminal offence is suspected FD must inform the police if theft or arson is involved. In cases of fraud and corruption FD must inform the relevant LCFS and CFSMS Regional team in line with Secretary of State directions. |
| 16.2.3 | FD | Notify CFSMS and External Audit of all frauds. |
| 16.2.4 | FD | Notify Board and External Auditor of losses caused theft, arson, neglect of duty or gross carelessness (unless trivial). |
| 16.2.5 | BOARD | Approve write off of losses (within limits delegated by DoH). |
| 16.2.7 | FD | Consider whether any insurance claim can be made. |

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| 16.2.8 | FD | Maintain losses and special payments register. |
| 17.1 | FD | Responsible for accuracy and security of computerised financial data. |
| 17.2 | FD | Satisfy himself 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. |
| | RELEVANT DIRECTOR | Shall publish and maintain a Freedom of Information Scheme |
| 17.3 | RELEVANT OFFICERS | Send proposals for general computer systems to FD. |
| 17.4 & 17.5 | FD | Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review. Seek periodic assurances from the provider that adequate controls are in operation. |
| | FD | Ensure that risks to the Trust from use of IT are identified and considered and that disaster recovery plans are in place |
| 17.6 | FD | Where computer systems have in impact on corporate financial systems satisfy himself that: <ul style="list-style-type: none"> ➤ Systems acquisition, development and maintenance are in line with corporate policies; ➤ data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management tail exists; ➤ FD and staff have access to such data; Such computer audit reviews are being carried out as are considered necessary. |
| 18.2 | CE | Responsible for ensuring patients and guardians are informed about patients' money and property procedures on admission. |
| 18.3 | FD | 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. |
| 18.6 | DEPARTMENTAL MANAGERS | Inform staff of their responsibilities and duties for the administration of the property of patients. |
| | FD | Shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately |
| 21.1 | FD | Ensure all staff are made aware of the Trust policy on the acceptance of gifts and other benefits in kind by staff. |
| 22.1 | CE | Retention of document procedures in accordance with HSC 1999/053. |
| 23.2.1 | CE | Risk management programme. |

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| 23.2.1 | BOARD | Approve and monitor risk management programme. |
| 23.3.1 | BOARD | Decide whether the Trust will use the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks (where discretion is allowed). Decisions to self insure should be reviewed annually. |
| 23.3.3 & 23.3.4 | FD | <p>Where the Board decides to use the risk pooling schemes administered by the NHSLA, the Finance Director shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Finance Director shall ensure that documented procedures cover these arrangements.</p> <p>Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the Finance Director 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 Finance Director 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.</p> |
| 23.3.5 | FD | Ensure documented procedures cover management of claims and payments below the deductible. |

* Nominated officers and the areas for which they are responsible should be incorporated into the Trust's Scheme of Delegation document.

SECTION I – AUTHORISATION LEVELS

| PERSONNEL | CHEQUES/ BACS/ CHAPS | CAPITAL EXPENDITURE Note 1 | REVENUE EXPENDITURE Note 2 | ASSET DISPOSALS | CHARITABLE EXPENDITURE |
|--|----------------------------|----------------------------------|----------------------------------|--------------------|---------------------------|
| BOARD (AS GROUP) | See Bank Mandate | <£5,000,000 Note 3 | >£250,000 | <£1,000,000 | >£100,000 |
| CHAIRMAN | | <£100,000 | <£100,000 Note 4 | <£100,000 | Nil |
| CHIEF EXECUTIVE | | <£100,000 | <£100,000 Note 4 | <£100,000 | <£10,000 |
| FINANCE DIRECTOR | | <£100,000 | <£100,000 Note 4 | <£100,000 | <£10,000 |
| EXEC DIRECTORS | | Nil | <£50,000 | <£5,000 | Nil |
| ASSISTANT CHIEF OPERATING OFFICER/CARE GROUP MANAGER/DIRECTOR OF ESTATES | | Nil | <£25,000 | <£5,000 | Nil |
| CENTRE MANAGERS /CARE GROUP HEAD OF NURSING/HEADS OF SERVICE | | Nil | <£10,000 | <£5,000 | <£5,000 Note 5 |
| ASSISTANT CENTRE MANAGERS/MATRONS/ASST HEADS OF SERVICE | | Nil | <£5,000 | Nil | Nil |
| WARD MANAGER AND OPERATIONAL MANAGER | | Nil | <£1000 | Nil | Nil |
| FINANCE DIRECTOR AND ONE CFC MEMBER | | N/A | N/A | N/A | <£100,000 |

NOTES

- NHS Trusts reporting a year end deficit in its most recent audited accounts, forecasting an outturn deficit for the financial year or with an in-year deficit should note that at the discretion of the appropriate NHS TDA Director of Delivery and Development or the NHS TDA Director of Finance a NHS Trusts delegated limits can be lowered. Where this is the case all schemes over £500k in value will need agreement to proceed from the relevant Director of Delivery and Development. Where this applies NHS Trusts will be notified in writing by the NHS TDA.
- Any single transaction.
- Up to £5 million NHS Trust Board
Between £5 million, and £10 million NHS TDA Director of Finance
£10 million to £25 million NHS TDA Capital Investment Group
£25 million to £50 million NHS TDA Capital Investment Group and NHS TDA Board
Over £50 million NHS TDA Capital Investment Group and NHS TDA Board and the Department of Health
- Between £100,000 and £250,000 any two from Chairman, Chief Executive and Finance Director.
- Charitable Funds Approvals up to £5,000 can be approved by the Deputy Finance Director
- All values are inclusive of the current rate of Value Added Tax
- CFC is the Charitable Funds Committee

< **Up to** > **Greater than**

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST
STANDING FINANCIAL INSTRUCTIONS

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1 INTRODUCTION

1.1 GENERAL

1.1.1 The Code of Accountability requires that each NHS Trust shall give, and may vary or revoke, Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. These Standing Financial Instructions (SFIs) are issued in accordance with the Code. They shall have effect as if incorporated in the Standing Orders (SOs). There will be a training and communication programme administered by the Finance Director to affect these SFIs.

1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust.

1.1.3 These Standing Financial Instructions identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations, including, Trading Units and partner organisations providing shared services under service agreements. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes, to provide sound internal control. **All financial procedures must be approved by the Finance Director.**

1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Finance Director **MUST BE SOUGHT BEFORE ACTING**. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Trust's Standing Orders.

1.1.5 **FAILURE TO COMPLY WITH STANDING FINANCIAL INSTRUCTIONS AND STANDING ORDERS IS A DISCIPLINARY MATTER THAT COULD RESULT IN DISMISSAL.**

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

1.2 TERMINOLOGY

1.2.1 Any expression to which a meaning is given in Health Service Acts, or in Directions made under the Acts, shall have the same meaning in these instructions;

(a) "**Accountable Officer**" means the NHS Officer responsible and accountable for funds entrusted to the Trust. He shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.

(b) "**Board**" means the Board of The Shrewsbury and Telford Hospital NHS Trust;

(c) "**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;

- (d) "**Budget Holder**" means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation; and
- (e) "**Chief Executive**" means the chief officer of the Trust;
- (f) "**Finance Director**" means the chief financial officer of the Trust;
- (g) "**Executive Director**" means a member of the Trust who is an officer.
- (h) "**Funds held on trust**" shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable.
- (i) "**Legal Adviser**" means the properly qualified person appointed by the Trust to provide legal advice.
- (j) "**Officer**" means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- (k) "**Non-Executive Director**" means a member of the Trust who is not an officer of the Trust and is not to be treated as an officer by virtue of the Membership and Procedure Regulations.
- (l) "**Trust,**" means The Shrewsbury and Telford Hospital NHS Trust.

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

1.2.3 Wherever the term "employee" is used and where the context permits it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.

1.3 **RESPONSIBILITIES AND DELEGATION**

1.3.1 The Board exercises financial supervision and control by:

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

1.3.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Reservation of Powers to the Board document.

1.3.3 The Board will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the Trust.

- 1.3.4 Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Secretary of State for Health, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.
- 1.3.5 The Chief Executive and Finance Director will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.
- 1.3.6 It is a duty of the Chief Executive to ensure that existing members of the Board and employees and all new appointees are notified of, and understand, their responsibilities within these Instructions.
- 1.3.7 The Finance Director is responsible for:
- (a) implementing the Trust's financial policies and for co-ordinating any corrective action necessary to further these policies;
 - (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
 - (c) ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time.
- and, without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Finance Director include:
- (d) the provision of financial advice to other members of the Board and employees;
 - (e) the design, implementation and supervision of systems of internal financial control; and
 - (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties.
- 1.3.8 All members of the Board and employees, severally and collectively, are responsible for:
- (a) the security of the property of the Trust;
 - (b) avoiding loss;
 - (c) exercising economy and efficiency in the use of resources; and
 - (d) conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.
- 1.3.9 Any contractor or employee of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

1.3.10 For any and all members of the Board and 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 Finance Director.

2 **AUDIT**

2.1 **AUDIT COMMITTEE**

2.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (2005), which will provide an independent and objective view of internal control by:

- (a) overseeing Internal and External Audit services;
- (b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- (c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisations' activities both clinical and non-clinical), that supports the achievement of the organisations' objectives;
- (d) monitoring compliance with Standing Orders and Standing Financial Instructions;
- (e) reviewing schedules of losses and compensations and making recommendations to the Board;
- (f) reviewing schedules of debtors/creditors balances over 3 months old and £5,000 with 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.

2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the Chairman 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 Department of Health. (To the Finance Director in the first instance.)

2.1.3 It is the responsibility of the Finance Director 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.

2.2 **FINANCE DIRECTOR**

2.2.1 The Finance Director 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. The report must cover:
 - (i) a clear opinion on the effectiveness of internal control in accordance with current controls assurance guidance issued by the Department of Health including for example compliance with control criteria and standards,
 - (ii) major internal financial control weaknesses discovered,
 - (iii) progress on the implementation of internal audit recommendations,
 - (iv) progress against plan over the previous year,
 - (v) strategic audit plan covering the coming three years,
 - (vi) a detailed plan for the coming year.

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

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

2.3 **ROLE OF INTERNAL AUDIT**

2.3.1 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:
 - (i) fraud and other offences,
 - (ii) waste, extravagance, inefficient administration,
 - (iii) poor value for money or other causes.
- (e) Internal Audit shall also independently verify the controls assurance statements in accordance with guidance from the Department of Health.

2.3.2 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 Finance Director must be notified immediately.

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

2.3.4 The Head of Internal Audit shall be accountable to the Finance Director. The reporting system for internal audit shall be agreed between the Finance Director, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Manual. The reporting system shall be reviewed at least every 3 years.

2.4 **FRAUD AND CORRUPTION**

2.4.1 In line with their responsibilities, the Trust Chief Executive and Finance Director shall monitor and ensure compliance with Secretary of State (SofS) Directions on fraud and corruption.

2.4.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Department of Health Fraud and Corruption Manual and guidance.

2.4.3 The Local Counter Fraud Specialist shall report to the Trust Finance Director and shall work with staff in the Directorate of Counter Fraud Services and the Counter Fraud Operational Service in accordance with the Department of Health Fraud and Corruption Manual.

2.4.4 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the Trust.

2.5 **EXTERNAL AUDIT**

2.5.1 The external auditor is appointed by the Audit Commission and paid for by the Trust. The Audit Committee must ensure a cost-efficient service. Should there appear to be a problem then this should be raised with the external auditor and referred on to the Audit Commission if the issue cannot be resolved.

3 **ALLOCATIONS, BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL, AND MONITORING**

3.1 **PREPARATION AND APPROVAL OF BUSINESS PLANS AND BUDGETS**

3.1.1 The Chief Executive, will compile and submit to the Board an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain:

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

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

- (a) be in accordance with the aims and objectives set out in the Annual Business Plan, Service and Financial Framework and the Health Improvement Plan;
- (b) accord with workload and manpower plans;
- (c) be produced following discussion with appropriate budget holders;

(d) be prepared within the limits of available funds; and

(e) identify potential risks.

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

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

3.1.5 All budget holders will sign up to their allocated budgets at the commencement of each financial year.

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

3.2 BUDGETARY DELEGATION

3.2.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities, including pooled budget arrangements under Section 31 of the Health Act 1999. 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; and

(f) the provision of regular reports.

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

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

3.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive.

3.3 BUDGETARY CONTROL AND REPORTING

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

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

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

(ii) movements in working capital;

(iii) movements in cash and capital;

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

(v) explanations of any material variances from plan;

(vi) details of any corrective action where necessary and the Chief Executive's and/or Finance Director'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.

3.3.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income that 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 confirmation that funding to support the appointments has been established through the Finance Department and authorised as such by the Finance Director or delegated officer.
- (d) they comply with the Trust's Budgetary Control Policy as devised by the Finance Director;

3.3.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Business Plan, the Health Improvement Plan and a balanced budget.

3.4 **CAPITAL EXPENDITURE**

3.4.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI Section 11.)

3.5 **MONITORING RETURNS**

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

4 **ANNUAL ACCOUNTS AND REPORTS**

4.1 The Finance Director, on behalf of the Trust, will:

- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the Trust's accounting policies, and generally accepted accounting practice;
- (b) prepare and submit annual financial reports to the Secretary of State certified in accordance with current guidelines; and

(c) submit financial returns to the Secretary of State for each financial year in accordance with the timetable prescribed by the Department of Health.

4.2 The Trust's annual accounts must be audited by an auditor appointed by the Audit Commission. The Trust's audited annual accounts must be presented to a public meeting and made available to the public.

4.3 The Trust will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting, (see Code of Accountability – Section 1.3.2 of Corporate Governance Framework). The document will comply with the Department of Health's Manual for Accounts.

5 **BANK ACCOUNTS**

5.1 **GENERAL**

5.1.1 The Finance Director 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. The Government Banking Service (GBS) provides the Trust with a full range of banking services.

5.1.2 The Board shall approve the banking arrangements.

5.2 **BANK AND GBS ACCOUNTS**

5.2.1 The Finance Director is responsible for:

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

5.3 **BANKING PROCEDURES**

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

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

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

5.3.3 It is the responsibility of the Finance Director to monitor the banking arrangements to ensure best value for money is obtained.

5.3.4 The Finance Director should monitor authorisation levels and check signatories to ensure thresholds and individuals meet with the ongoing needs of the Trust.

5.4 **TENDERING AND REVIEW**

5.4.1 The Finance Director will ensure best value/service is obtained from the banking sector where permitted to do so. Any change of banker will only occur after the completion of a formal tendering exercise.

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

6.1 **INCOME SYSTEMS**

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

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

6.2 **FEES AND CHARGES**

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

6.2.2 The Finance Director 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.

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

6.3 **DEBT RECOVERY**

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

6.3.2 Income not received should be dealt with in accordance with losses procedures. (See section 13.)

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

6.4 **SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**

6.4.1 The Finance Director is responsible for:

- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- (b) ordering and securely controlling any such stationery;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and

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

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

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

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

6.4.5 Under no circumstances will the Trust accept cash payments in excess of 15,000 euros (approximately £10,000) in respect of any single transaction. Any attempts by an individual to effect payment above this amount should be notified immediately to the Finance Director.

7 NHS SERVICE AGREEMENTS FOR PROVISION OF SERVICES

7.1 Service Level Agreements (SLAs)

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

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

- the standards of service quality expected;
- the relevant national service or quality framework (if any);
- the provision of reliable information on cost and volume of services;
- Planning for Patients 2013/14
- that SLAs build where appropriate on existing Joint Investment Plans;
- that SLAs are based on integrated care pathways.

7.2 Involving Partners and jointly managing risk

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

7.3 Reports to Board on SLAs

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

8 TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE BOARD AND EXECUTIVE COMMITTEE AND EMPLOYEES

8.1 REMUNERATION AND TERMS OF SERVICE

8.1.1 In accordance with Standing Orders the Board shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (refer SO 5.8).

8.1.2 The Committee will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors employed by the Trust and other senior employees including:
 - (i) all aspects of salary (including any performance-related elements/bonuses);
 - (ii) provisions for other benefits, including pensions and cars;
 - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board members (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of executive directors (and other senior employees); and
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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

8.1.4 The Board will after due consideration and amendment if appropriate approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

8.1.5 The Trust will pay allowances to the Chairman, Non-Executive Directors of the Board in accordance with instructions issued by the Secretary of State for Health.

8.2 FUNDED ESTABLISHMENT

- 8.2.1 The manpower plans incorporated within the annual budget will form the funded establishment. Changes to the funded establishment require the authorisation of the Finance Director or delegated officer.
- 8.2.2 The funded establishment of any department may not be varied without the approval of the Finance Director or Delegated Officer.

8.3 STAFF APPOINTMENTS

- 8.3.1 No Executive Director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- (a) unless authorised to do so by the Chief Executive; and
 - (b) within the limit of his approved budget and funded establishment.
- 8.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees.

8.4 PROCESSING PAYROLL

- 8.4.1 The Finance Director is responsible for:
- (a) specifying timetables for submission of properly authorised time records and other notifications;
 - (b) the final determination of pay and allowances;
 - (c) making payment on agreed dates; and
 - (d) agreeing method of payment.
- 8.4.2 The Finance Director will issue instructions regarding:
- (a) verification and documentation of data;
 - (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
 - (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
 - (d) security and confidentiality of payroll information;
 - (e) checks to be applied to completed payroll before and after payment;
 - (f) authority to release payroll data under the provisions of the Data Protection Act;
 - (g) methods of payment available to various categories of employee and officers;
 - (h) procedures for payment by cheque or bank credit 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; and
- (m) a system to ensure the recovery from leavers of sums of money and property due by them to the Trust.

8.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables;
- (b) completing time records and other notifications in accordance with the Finance Director's instructions and in the form prescribed by the Finance Director;
- (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 Finance Director must be informed immediately.

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

8.5 **EMPLOYEE EXPENSES**

8.5.1 Amount Paid. The Finance Director shall be responsible for determining the correct payment of claims for travelling and other expenses, including deduction of amounts liable to the Inland Revenue under the appropriate regulations. The Finance Director will not be liable to pay such claims where, in his opinion, it has not been possible for the certifying manager to verify the accuracy of the data.

8.5.2 Certification of claims by, or on behalf of, the Budget Manager shall be taken to mean that the certification officer is satisfied that the journeys made were authorised, that expenses claimed were properly and necessarily incurred, and that allowances are properly payable by the Trust. The certifying manager will examine and retain all receipts before certification.

8.5.3 Form and Date of Claim. Eligible employee's authorised claims for reimbursement of expenses shall be on an appropriate document, which shall be in a form approved by the Finance Director. Where appropriate, completed and authorised claims shall be submitted to the Finance Director on a regular basis, in accordance with an agreed timetable and as soon as practical after the expense has been incurred. Claims for reimbursement of expenses, which relate to a period or date more than three months previous to the date of receipt of the claim form by the Finance Director, shall be accompanied by a letter detailing the reasons for such delay. Expense claims that are more than nine months previous to the date of receipt of the claim form by the Finance Director, shall, subject to the discretion of the Finance Director, not be paid.

8.6 **CONTRACTS OF EMPLOYMENT**

- 8.6.1 The Board shall delegate responsibility to a manager for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and
 - (b) dealing with variations to, or termination of, contracts of employment.

9 NON-PAY EXPENDITURE

9.1 DELEGATION OF AUTHORITY

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

9.1.2 The Finance Director will set out:

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

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

9.2 CHOICE, REQUISITIONING, ORDERING, RECEIPT AND PAYMENT FOR GOODS AND SERVICES

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

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

9.2.3 The Finance Director will:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed;
- (b) prepare procedural instructions, where not already provided in the Scheme of Delegation or procedure notes for budget holders, on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:

- (i) A list of Board members/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 Finance Director of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below).
- (f) The Finance Director is responsible for ensuring, as far as possible, payments are made in accordance with the Public Sector Payment policy.

9.2.4 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. cashflows must be discounted to 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 Finance Director will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); and

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

9.2.5 Official Orders must:

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

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

- (a) all contracts, other than for a simple purchase permitted within the Scheme of Delegation or delegated budget, leases, tenancy agreements and other commitments which may result in a liability are notified to the Finance Director in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU and GATT rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621);
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
 - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - (ii) conventional hospitality, such as lunches in the course of working visits;

(see the national guidance contained in HSG 1993/5 "Standards of Business Conduct for NHS Staff" (contained in Appendix B of the Standing Orders).
- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Finance Director on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract, purchases from petty cash or on purchase cards;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

- (i) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
- (j) changes to the list of directors/employees and officers authorised to certify invoices are notified to the Finance Director;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Finance Director; and
- (l) petty cash records are maintained in a form as determined by the Finance Director.

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

9.2.8 Should a tender be required the process adopted shall be stipulated in the Standing Orders.

9.3 **JOINT FINANCE ARRANGEMENTS WITH LOCAL AUTHORITIES AND VOLUNTARY BODIES**

9.3.1 **Payments** to local authorities and voluntary organisations made under the powers of section 28A of the NHS Act shall comply with procedures laid down by the Finance Director which shall be in accordance with these Acts.

10 **FINANCIAL FRAMEWORK**

10.1 The Finance Director should ensure that members of the Board and the Executive Committee are aware of the Financial Framework within the NHS Trust Development Authority's Accountability Framework for NHS Trust Boards. He should ensure that the direction and guidance in the framework is followed by the Trust.

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

11.1 **CAPITAL INVESTMENT**

11.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- (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.

- 11.1.2 For every capital expenditure proposal the Chief Executive shall ensure:
- (a) that a business case, in line with the guidance from the Business Development Team, is produced setting out:
 - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
 - (ii) appropriate project management and control arrangements;
 - (iii) the involvement of appropriate Trust personnel and external agencies; and
 - (b) that the Finance Director has certified professionally to the costs and revenue consequences detailed in the business case.

- 11.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "ESTATESCODE".

The Finance Director shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

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

- 11.1.4 The approval of a capital programme shall not constitute approval for the initiation of expenditure on any scheme.

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender;
- (c) approval to accept a successful tender.

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Estate code" guidance and the Trust's Standing Orders. The appropriate signatories shall be governed by the authorisation levels set out in Appendix A.

- 11.1.5 The Finance Director 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.

11.2 **PRIVATE FINANCE**

- 11.2.1 The Trust should normally test for PFI when considering a capital procurement. When the Trust proposes to use finance that is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Finance Director shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
- (b) The proposal must be specifically agreed by the Board.

- (c) Where the sum involved exceeds delegated limits, the business case must be referred to the appropriate DoH Directorate of Health and Social Care and/or treated as per current guidelines.

11.3 **ASSET REGISTERS**

- 11.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Finance Director concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 11.3.2 Each Trust shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the *NHS Finance Manual* as issued by the Department of Health.
- 11.3.3 Additions to the fixed asset register must be clearly identified to an appropriate department and be validated by reference to the following (where applicable):
 - (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
 - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads; and
 - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 11.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 11.3.5 The Finance Director shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 11.3.6 The value of each asset shall be valued in according with a modern equivalent assets valuation in accordance with methods specified by the Department of Health.
- 11.3.7 The value of each asset shall be depreciated using methods and rates in line with guidance specified by the Department of Health.
- 11.3.8 The Finance Director of the Trust shall calculate and pay capital charges as specified in the *NHS Finance Manual* issued by the Department of Health.
- 11.3.9 Information Asset Register - Information Assets are identifiable and definable assets owned or contracted by an organisation which are 'valuable' to the business of that organisation. The SIRO should oversee a review of the organisation's asset register to ensure it is complete and robust. In order to establish corporate coherence it should be possible for a single asset register to be created for the organisation.

11.4 **SECURITY OF ASSETS**

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

- 11.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Finance Director. This procedure shall make provision for:
- (a) recording managerial responsibility for each asset by reference to its location;
 - (b) identification of additions and disposals;
 - (c) physical security of assets;
 - (d) periodic verification of the existence of, condition of, and title to, assets recorded; and
 - (e) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 11.4.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Finance Director.
- 11.4.4 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS Property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with instructions.
- 11.4.5 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.
- 11.4.6 Where practical, assets should be marked as Trust property.
- 11.4.7 Information Asset Owners (IAOs) are directly accountable to the SIRO and will provide assurance that information risk is being managed effectively for their assigned information assets.

12 TENDERING AND CONTRACT PROCEDURE

- 12.1 **Duty to comply with Standing Financial Instructions** - The procedure for making a contract by or on behalf of the Trust shall comply with these Standing Financial Instructions
- 12.2 **EU Directives Governing Public Procurement** - European Union Directives on public sector purchasing promulgated by the Department of Health (under HSG(95)38) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Financial Instructions.
- 12.3 The Trust shall comply as far as is practicable with the requirements of the Department of Health "NHS Finance Manual" and "Estatecode" in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the Trust shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".
- 12.4 **Shropshire Healthcare Procurement Service (SHPS)** - The Trust hosts a procurement service for its purchasing needs. The service operates on behalf of the NHS throughout Shropshire in order to maximise the benefits of joint purchasing power. The roles and responsibilities of the service are defined by Service Level Agreement.

- 12.5 **Formal Competitive Tendering** - The Trust shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles and for the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DoH); for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and for disposals.

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

- 12.6 **Joint Purchasing** – A single approach to tender and quotation limits should apply to all contracts which are to be placed for goods and services that are required for more than one Trust. In such instances the limits are defined in Appendix B to these SFIs.

12.7 **Exceptions and instances where formal tendering need not be applied**

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

- (a) the estimated expenditure or income does not, or is not reasonably expected to exceed the level set in the financial limits
- (b) where the supply is proposed under special arrangements negotiated by the DH in which event the said special arrangements must be complied with;

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

- (c) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Trust record;
- (d) where the requirement is covered by an existing contract;
- (e) Where Government Procurement Services. agreements are in place and have been approved by the Board;
- (f) 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;
- (g) 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;
- (h) where specialist expertise is required and is available from only one source;
- (i) 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;
- (j) 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;
- (k) for the provision of legal advice (and services providing that any legal firm or partnership commissioned by the Trust is regulated by the Law Society for

England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

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

- (l) where allowed and provided for in the NHS Finance Manual.

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

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

- 12.8 The Trust shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than three firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

12.9 **Contracting/Tendering Procedure**

12.9.1 **Invitation to tender**

For Tenders Managed by Shropshire Healthcare Procurement Services

The Procurement department use a fully audited electronic sealed bid process, where quotations and tenders cannot be opened until the set date and time. There is a complete electronic audit trail of view/opening dates/times/responses and amendments, built into this process.

For tenders managed via the Estates Function

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All invitations to tender shall state that no tender will be accepted unless:
 - (a) submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Trust (or the word "tender" followed by the subject to which it relates) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
 - (b) that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.
- (iv) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the

current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

12.9.2 Receipt and safe custody of tenders

For Tenders Managed by Shropshire Healthcare Procurement Services

The Procurement department use a fully audited electronic sealed bid process, where quotations and tenders cannot be opened until the set date and time. There is a complete electronic audit trail of view/opening dates/times/responses and amendments, built into this process.

For tenders managed via the Estates Function

The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

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

12.9.3 Opening tenders and Register of tenders

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- (ii) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender.
- (iii) The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Finance Director or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (iv) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

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

- (v) Every tender received shall be marked with the date of opening and initialled by those present at the opening.
- (vi) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations despatched:
 - the name of all firms individuals invited;

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

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

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

- (vii) 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.

12.9.4 **Admissibility**

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

12.9.5 **Late tenders**

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

12.9.6 **Acceptance of formal tenders**

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- (ii) The lowest tender, if payment is to be made by the Trust, or the highest, if payment is to be received by the Trust, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

- (a) experience and qualifications of team members;
- (b) understanding of client's needs;
- (c) feasibility and credibility of proposed approach;
- (d) ability to complete the project on time.

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

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

12.9.7 **Tender reports to the Trust Board**

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

12.9.8 **List of approved firms**

(a) **Responsibility for maintaining list**

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

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

- (i) Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- ii) Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.

- iii) Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

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

The Finance Director 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.

12.9.9 Exceptions to using approved contractors

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

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

12.10 Quotations: Competitive and non-competitive

12.10.1 General Position on quotations

Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds the tendering limits set out in Appendix B.

12.11 Competitive Quotations

- (i) Quotations should be obtained from at least 3 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Trust.
- (ii) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Trust, or the highest if payment is to be received by the Trust, then the choice made and the reasons why should be recorded in a permanent record.

12.12 Non-Competitive Quotations

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

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

12.13 **Quotations to be within Financial Limits**

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

12.14 **Authorisation of Tenders and Competitive Quotations**

Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by officers of the Trust provided this is within their delegated limits

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

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

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

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

- (a) the Standing Orders;
- (b) the Trust's Standing Financial Instructions;
- (c) EU Directives and other statutory provisions;
- (d) any relevant directions including the NHS Finance Manual, Estatecode and guidance on the Procurement of Management Consultants;

(e) such of the NHS Standard Contract Conditions as are applicable.

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.

Every contract for building and engineering works which exceeds the sum of £ (see Appendix B) shall be executed under the Common Seal of the Trust and should be embodied in a formal contract document which shall conform to the Standing Orders and Concode. This formal contract document should reflect any change in the terms and conditions of contract agreed following receipt of tenders. An official order for every contract resulting from an invitation to tender shall be issued for all building and engineering works.

- 12.17 In all contracts made by the Trust, the Board shall endeavour to obtain best value for money. The Chief Executive shall nominate an Officer who shall oversee and manage each contract on behalf of the Trust.
- 12.18 **Personnel and Agency or Temporary Staff Contracts** - The Chief Executive shall nominate Officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.
- 12.19 **Healthcare Services Agreements** - Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the relevant NHS guidelines.. Service agreements are not contracts in law and therefore not enforceable by the courts. However, a contract with a Foundation Trust, being a PBC, is a legal document and is enforceable in law.

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

- 12.20 **Cancellation of Contracts** Except where specific provision is made in model Forms of Contracts or standard Schedules of Conditions approved for use within the NHS and in accordance with Standing Orders 9.2 and 9.3, there shall be inserted in every written contract a clause empowering the Trust to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered, or given or agreed to give, any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Trust, or for showing or forbearing to show favour or disfavour to any person in relation to the contracts or any other contract with the Trust, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if in relation to any contract with the Trust the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Prevention of Corruption Acts 1889 and 1916 and other appropriate legislation.
- 12.21 **Determination of Contracts for Failure to Deliver Goods or Material** – There shall be inserted in every written contract for the supply of goods or materials a clause to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the Trust may without prejudice determine the contract either wholly or to the extent of such default and purchase other goods, or material of similar description to make good (a) such default, or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered. The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials shall be recoverable from the contractor.

12.22 **Contracts involving Funds Held on Trust** – shall do so individually to a specific named fund. Such contracts involving charitable funds shall comply with the requirements of the Charities Act.

13 DISPOSALS

13.1 Competitive tendering or quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated Officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- (c) items to be disposed of with a collective estimated sale value of less than £100, this figure to be reviewed annually;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DoH guidance has been issued but subject to compliance with such guidance.

14. IN-HOUSE SERVICES

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

- (a) Specification group, comprising the Chief Executive or nominated Officer/s and specialist.
- (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) Evaluation team, comprising normally a Specialist Officer, a Supplies Officer and a Finance Director representative. For services having a likely annual expenditure exceeding that competitive tendering value stated in Standing Financial Instructions, a Non-Executive Director should be a member of the evaluation team.

14.2 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.

14.3 The evaluation team shall make recommendations to the Board.

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

15 STORES AND RECEIPT OF GOODS

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

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

15.2 Subject to the responsibility of the Finance Director for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Finance Director. 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.

15.3 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.

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

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

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

15.7 The designated Manager/Pharmaceutical Officer shall be responsible for a system approved by the Finance Director 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 Finance Director any evidence of significant overstocking and of any negligence or malpractice (see also section 13, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

15.8 For goods supplied via the NHS Purchasing and Supplies Agency central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Finance Director who shall satisfy himself that the goods have been received before accepting the recharge.

16 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

16.1 DISPOSALS AND CONDEMNATIONS

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

- 16.1.2 When it is decided to dispose of a Trust asset, the head of department or authorised deputy will determine and advise the Finance Director of the estimated market value of the item, taking account of professional advice where appropriate.
- 16.1.3 The appropriate signatories shall be governed by the authorisation levels set out in Appendix A.
- 16.1.4 If the Trust wishes to sell land it shall follow agreed Government procedures for the disposal of surplus public land.
- 16.1.5 The Trust shall inform the NHS Executive of planned disposals in excess of £1,000,000 in its annual business plan as the Secretary of State has a reserve power to prevent such disposals.
- 16.1.6 All unserviceable articles shall be:
- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Finance Director;
 - (b) recorded by the Condemning Officer in a form approved by the Finance Director that 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 Finance Director.
- 16.1.7 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 Finance Director who will take the appropriate action.
- 16.2 **LOSSES AND SPECIAL PAYMENTS**
- 16.2.1 The Finance Director must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments.
- 16.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and the Finance Director or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Finance Director and/or Chief Executive. Where a criminal offence is suspected, the Finance Director must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies that may indicate fraud or corruption, the Finance Director must inform the relevant CFOS regional team in accordance with SofS Directions.
- 16.2.3 The Finance Director must notify the Department of Health Directorate of Counter Fraud Services and the External Auditor of all frauds.
- 16.2.4 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Finance Director must immediately notify:
- (a) the Board, and
 - (b) the External Auditor.
- 16.2.5 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.

- 16.2.6 The Finance Director shall be authorised to take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 16.2.7 For any loss, the Finance Director should consider whether any insurance claim could be made.
- 16.2.8 The Finance Director shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 16.2.9 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health.
- 16.2.10 All losses and special payments must be reported to the Audit Committee at every meeting.

17 INFORMATION TECHNOLOGY

The Finance Director, as Senior Information Risk Owner(SIRO), will need to ensure that the organisation's approach to information risk is effective in terms of resources, commitment and execution and that the board is adequately briefed on information risk issues.

- 17.1 The Finance Director, 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 he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
 - (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
 - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
 - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.
- 17.2 The Finance Director shall satisfy him/herself 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.
- 17.3 The Director of Communications shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Trust that we make publicly available.

- 17.4 In the case of computer systems which are proposed General Applications (i.e. including those applications which the majority of NHS bodies in the locality/region wish to sponsor jointly) all responsible directors and employees will send to the Finance Director:
- (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.

17.5 The Finance Director 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.

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

17.7 **Risk Assessment**

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

17.8 Where computer systems have an impact on corporate financial systems the Finance Director shall satisfy him/herself that:

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

18 **PATIENTS' PROPERTY**

18.1 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.

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

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

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

- 18.3 The Finance Director 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.
- 18.4 Where Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Finance Director.
- 18.5 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.
- 18.6 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.
- 18.7 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.

19 FUNDS HELD ON TRUST

19.1 Corporate Trustee

- (1) The Trust is responsible as a corporate trustee for the management of funds it holds on trust. It must comply with Charities Commission latest guidance and best practice.
- (2) The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.

The Finance Director 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.

19.2 Accountability to Charity Commission and Secretary of State for Health

- (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.
- (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.

19.3 Applicability of Standing Financial Instructions to funds held on Trust

- (1) In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on trust.

- (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.

20 INVESTMENTS

- 20.1.1 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.
- 20.1.2 The Finance Director is responsible for advising the Board on investments and shall report periodically to the Board concerning the performance of investments held.
- 20.1.3 The Finance Director will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

21 ACCEPTANCE OF GIFTS BY STAFF

- 21.1 The Finance Director shall ensure that all staff are made aware of the Trust policy on acceptance of gifts and other benefits in kind by staff. All Trust staff and members should comply with the Trust's Standards of Business Conduct (HR Policy 52) (contained in Appendix A to Standing Orders)".

22 RETENTION OF DOCUMENTS

- 22.1 The Chief Executive shall be responsible for maintaining archives for all documents required to be retained in accordance with Department of Health guidelines.
- 22.1.1 The documents held in archives shall be capable of retrieval by authorised persons.
- 22.1.2 Documents held in accordance with latest guidelines shall only be destroyed at the express instigation of the Chief Executive, records shall be maintained of documents so destroyed.

23 RISK MANAGEMENT

- 23.1 The Chief Executive shall ensure that suitable internal controls exist for all aspects of the Trust's management. Such controls should ensure the accuracy, completeness and validity of data and that all of the Trust's assets are safeguarded from misuse, inefficient use, theft, fraud and any malpractice.
- 23.2.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with current Department of Health Controls Assurance requirements, which must be approved and monitored by the Board.
- 23.2.2 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) decision on which risks shall be insured.
- g) arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of Internal Control within the Annual Report and Accounts as required by current Department of Health guidance.

23.3.1 The Board shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Litigation Authority or self insure for some or all of the risks covered by the risk pooling schemes. If the Board decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reviewed annually.

23.3.2 With three exceptions Trusts may not enter into insurance arrangements with commercial insurers. The exceptions are:

- (1) Trusts may enter commercial arrangements for insuring motor vehicles owned by the Trust including insuring third party liability arising from their use;
- (2) where the Trust is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- (3) where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the Trust for a NHS purpose the activity may be covered in the risk pool. Confirmation of coverage in the risk pool must be obtained from the Litigation Authority.

In any case of doubt concerning a Trust's powers to enter into commercial insurance arrangements the Finance Director should consult the NHS Litigation Authority.

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

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

23.3.5 All the risk-pooling schemes require members to make some contribution to the settlement of claims (the 'deductible'). The Director Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

24 EXTERNAL BORROWING

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

- 24.1.2 The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Finance Director.
- 24.1.3 The Finance Director must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 24.1.4 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash-flow position, represent good value for money, and comply with the latest guidance from the Department of Health.
- 24.1.5 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Finance Director. The Board must be made aware of all short term borrowings at the next Board meeting.
- 24.1.6 All long-term borrowing must be consistent with the plans outlined in the current LDP and be approved by the Trust Board.

25 TAXATION & EXCISE DUTIES

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

AUTHORISATION LEVELS

APPENDIX A

| PERSONNEL | CHEQUES/ BACS/ CHAPS | CAPITAL EXPENDITURE Note 1 | REVENUE EXPENDITURE Note 2 | ASSET DISPOSALS | CHARITABLE EXPENDITURE |
|--|----------------------------|----------------------------------|----------------------------------|--------------------|---------------------------|
| BOARD (AS GROUP) | See Bank Mandate | <£5,000,000 Note 3 | >£250,000 | <£1,000,000 | >£100,000 |
| CHAIRMAN | | <£100,000 | <£100,000 Note 4 | <£100,000 | Nil |
| CHIEF EXECUTIVE | | <£100,000 | <£100,000 Note 4 | <£100,000 | <£10,000 |
| FINANCE DIRECTOR | | <£100,000 | <£100,000 Note 4 | <£100,000 | <£10,000 |
| EXEC DIRECTORS | | Nil | <£50,000 | <£5,000 | Nil |
| ASSISTANT CHIEF OPERATING OFFICER/CARE GROUP MANAGER/DIRECTOR OF ESTATES | | Nil | <£25,000 | <£5,000 | Nil |
| CENTRE MANAGERS /CARE GROUP HEAD OF NURSING/HEADS OF SERVICE | | Nil | <£10,000 | <£5,000 | <£5,000 Note 5 |
| ASSISTANT CENTRE MANAGERS/MATRONS/ASST HEADS OF SERVICE | | Nil | <£5,000 | Nil | Nil |
| WARD MANAGER AND OPERATIONAL MANAGER | | Nil | <£1000 | Nil | Nil |
| FINANCE DIRECTOR AND ONE CFC MEMBER | | N/A | N/A | N/A | <£100,000 |

NOTES

- NHS Trusts reporting a year end deficit in its most recent audited accounts, forecasting an outturn deficit for the financial year or with an in-year deficit should note that at the discretion of the appropriate NHS TDA Director of Delivery and Development or the NHS TDA Director of Finance a NHS Trusts delegated limits can be lowered. Where this is the case all schemes over £500k in value will need agreement to proceed from the relevant Director of Delivery and Development. Where this applies NHS Trusts will be notified in writing by the NHS TDA.
- Any single transaction.
- Up to £5 million NHS Trust Board
Between £5 million, and £10 million NHS TDA Director of Finance
£10 million to £25 million NHS TDA Capital Investment Group
£25 million to £50 million NHS TDA Capital Investment Group and NHS TDA Board
Over £50 million NHS TDA Capital Investment Group and NHS TDA Board and the Department of Health
- Between £100,000 and £250,000 any two from Chairman, Chief Executive and Finance Director.
- Charitable Funds Approvals up to £5,000 can be approved by the Deputy Finance Director
- All values are inclusive of the current rate of Value Added Tax
- CFC is the Charitable Funds Committee

< Up to > Greater than

TENDERING LIMITS FOR PURCHASING

| <u>Matter</u> | <u>Financial Limit (inclusive of the current rate of Value Added Tax)</u> |
|---|--|
| Competitive Tendering (at least 6 invitations) | £135,000 and above |
| 6 written quotations required for building and non-building contracts between | £50,000 and £134,999 |
| 3 written quotations required for building and non-building contracts between | £20,000 and £49,999 |
| Building and engineering contracts executed under Common Seal | £1,000,000 and above |
| Building & Engineering works where formal contract required | £135,001 and above |

DOCUMENTS REFERRED TO IN STANDING FINANCIAL INSTRUCTIONS

APPENDIX C

| Document | Holder of Document |
|---|----------------------------------|
| The Code of Accountability | Director of Corporate Governance |
| Scheme of Decisions Reserved to the Board | Finance Director |
| Scheme of Delegation | Finance Director |
| Reservation of Powers to the Board | Finance Director |
| Financial Procedures | Finance Director |
| Department of Health Fraud and Corruption Manual | Finance Director |
| Service and Financial Framework & Health Improvement Plan | Finance Director |
| Department of Health's Manual for Accounts | Finance Director |
| Department of Health's Costing Manual | Finance Director |
| Department of Health's Commercial Sponsorship – Ethical Standards | Finance Director |
| NHS National Performance Assessment Framework | Chief Executive |
| Trust's Terms and Conditions of Trade | Finance Director |
| White Paper on Standards, Quality and International Competitiveness (CMND 8621) | Finance Director |
| Standards of Business Conduct for NHS Staff | Workforce Director |
| CONCODE and ESTATECODE | Director of Estates & Facilities |
| NHS Finance Manual | Finance Director |
| NHS Internal Audit Manual | Head of Internal Audit |
| Budgetary Control Policy | Finance Director |
| Retention of Documents HSC 1999/053 | Finance Director |

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST
STANDING ORDERS

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Separate Standing Orders Appendices:

Standing Orders Appendix A – Standards of Business Conduct

Standing Orders Appendix B (i); (ii); (iii); (iv); (v) and (vi) – Terms of Reference of Committees, Sub-committees and Joint-committees

| | |
|----------------|---------------|
| Written: | November 2003 |
| Last Reviewed: | June 2013 |
| Review: | Annually |

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

STANDING ORDERS

INTRODUCTION

Statutory Framework

The Shrewsbury and Telford Hospital NHS Trust (the Trust) is a statutory body which came into existence on 1st October 2003.

The Trust's business is in two principal places – Mytton Oak Road, Shrewsbury, Shropshire and Apley Castle, Telford, Shropshire.

NHS Trusts are governed by Act of Parliament, mainly the National Health Service Act 2006, as amended by the Health and Social Care 2012 Act
The functions of the Trust are conferred by this legislation.

As a statutory body, the Trust has specified 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.

The Trust also has statutory powers under the NHS Act 1977, as amended by the Health Act 1999, to fund projects jointly planned with local authorities, voluntary organisations and other bodies.

The Code of Accountability requires the Trust to adopt Standing Orders for the regulation of its proceedings and business. The Trust must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.

Standing Orders provide a formal framework for the conduct of the Trust's business. They include:

- conduct of debate;
- custody of the common seal;
- interests of officers and members in contracts and other matters;
- suspension of Standing Orders;
- conduct of officers and members;
- operation of tendering and contracting procedures; and

- structure of the Trust and its (formal) sub committees.

Directors and Senior Managers of the Trust should familiarise themselves with their responsibilities under Standing Orders, and comply with them. Trust management has an additional responsibility to ensure that their staff see, understand and comply with appropriate parts of Standing Orders.

NHS Framework

In addition to the statutory requirements the Secretary of State through the Department of Health issues further directions and guidance. These are normally issued under cover of a circular or letter.

The Code of Accountability – (see Section 1.3.2 of the Corporate Governance Framework Manual) - requires that, inter alia, 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 the Executive Committee and to senior executives (a scheme of delegation). The code also requires the establishment of Audit and Remuneration Committees with formally agreed terms of reference. The Code of Conduct - (see document Standing Orders Appendix A) - makes various requirements concerning possible conflicts of interest of Board members.

The Freedom of Information Act 2000 sets out the requirements for public access to information on the NHS.

Delegation of Powers

The Trust has powers to delegate and make arrangements for delegation. The Standing Orders set out the detail of these arrangements. Under the Standing Order relating to the Arrangements for the Exercise of Functions (SO 4) the Trust is given powers to "make arrangements for the exercise, on behalf of the Trust of any of their functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order 5 or by an Officer of the Trust, in each case subject to such restrictions and conditions as the Trust thinks fit or as the Secretary of State may direct". Delegated Powers are covered in a separate document (Reservation of Powers to the Board and Delegation of Powers). This document has effect as if incorporated into the Standing Orders.

1. INTERPRETATION

- 1.1 Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of Standing Orders (on which he/she should be advised by the Chief Executive).
- 1.2 Any expression to which a meaning is given in the National Health Service Act 2006, as amended by the Health and Social Care 2012 Act and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in this interpretation and in addition:
- 1.2.1 "**Accountable Officer**" means the NHS Officer responsible and accountable for funds entrusted to the Trust. He/she shall be responsible for ensuring the proper stewardship of public funds and assets. For this Trust it shall be the Chief Executive.
- 1.2.2 "**Board**" means the Chairman, Executive and Non-Executive Directors of the Trust collectively as a body.
- 1.2.3 "**Budget**" means a resource, expressed in financial terms, proposed by the Trust for the purpose of carrying out, for a specific period, any or all of the functions of the Trust.
- 1.2.4 "**Chairman of the Board (or Trust)**" is the person appointed by the Secretary of State for Health as advised by the Independent Appointments Commission to lead the Board and to ensure that it successfully discharges its overall responsibility for the Trust as a whole. The expression "the Chairman of the Trust" shall be deemed to include the Vice-Chairman of the Trust if the Chairman is absent from the meeting or is otherwise unavailable.
- 1.2.5 "**Chief Executive**" means the Chief Officer of the Trust.
- 1.2.6 "**Clinical Quality and Safety Committee**" means a committee whose functions are concerned with the arrangements for the purpose of monitoring and improving the quality of health care for which the Trust has responsibility.
- 1.2.7 "**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.
- 1.2.8 "**Committee**" means a committee appointed by the Trust.
- 1.2.9 "**Committee members**" means persons formally appointed by the Board to sit on or to chair specific committees.
- 1.2.10 "**Concode**" means the code of procedure and practice for letting of building and engineering contracts for the NHS.
- 1.2.11 "**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.
- 1.2.12 "**Finance Director**" means the Chief Financial Officer of the Trust.
- 1.2.13 "**Executive Director**" means a member of the Trust who is an Officer of the Trust.
- 1.2.14 "**Funds Held on Trust**" shall mean those funds which the Trust holds at its date of incorporation, receives on distribution by statutory instrument, or chooses subsequently to accept. Such funds may or may not be charitable.
- 1.2.15 "**Member**" means Executive or Non-Executive Director of the Board. (Member in relation to the Board does not include its Chairman.)
- 1.2.16 "**Membership and Procedure Regulations**" means NHS Membership and Procedure Regulations (SI 1990/2024) and subsequent amendments.
- 1.2.17 "**Motion**" means a formal proposition to be discussed and voted on during the course of a meeting.
- 1.2.18 "**Nominated Officer**" means an Officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 1.2.19 "**Non-Executive Director**" means a member of the Trust who is not an Officer of the Trust and is not to be treated as an Officer by virtue of regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.
- 1.2.20 "**Officer**" means employee of the Trust or any other person holding a paid appointment or office with the Trust.
- 1.2.21 "**Secretary**" means a person who may be appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the Trust's compliance with the law, Standing Orders, and Department of Health guidance.
- 1.2.22 "**SFIs**" means Standing Financial Instructions.
- 1.2.23 "**SOs**" means Standing Orders.
- 1.2.24 "**Trust**" means The Shrewsbury and Telford Hospital NHS Trust.
- 1.2.25 "**Vice-Chairman**" means the non-Officer member appointed by the Board to take on the Chairman's duties if the Chairman is absent for any reason.
- 1.3 In these Standing Orders, where any value or price is referred to, it shall be calculated inclusive of current rate of Value Added Tax.

1.4 Integrated Governance

Trust Boards are now encouraged to move away from silo governance and develop integrated governance that will lead to good governance and to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, clinical, information and research governance. Decision-making by the Board is informed by intelligent information covering all aspects of governance taking a holistic view of the organisation.

2. THE TRUST BOARD

- 2.1 All business shall be conducted in the name of the Trust.
- 2.2 All funds received in trust shall be held in the name of the Trust as corporate trustee.
- 2.3 The powers of the Trust established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in Standing Order 4.
- 2.4 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in Reservation of Powers to the Board and have effect as if incorporated into the Standing Orders.
- 2.5 Directors acting on behalf of the Trust as corporate trustees 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. Accountability for non-charitable funds held on trust is only to the Secretary of State for Health.
- 2.6 **Composition of the Board** - In accordance with the Membership and Procedure Regulations the composition of the Board shall be:
- The Chairman of the Trust
 - Up to 7 non Executive Directors excluding the Chairman
 - Up to 5 Executive Directors including:
 - The Chief Executive
 - The Finance Director
 - A medical or dental practitioner; and
 - A nurse or midwife
- 2.7 **Appointment of the Chairman and Members** - The Chairman and Non-Executive Directors are appointed by the NHS Trust Development Authority under delegated authority from the Secretary of State. The other Members are appointed by the relevant committees as set out in paragraphs 2.14 and 2.15 of these Standing Orders. All appointments are subject to the relevant provisions of the Membership and Procedure Regulations.
- 2.8 **Terms of Office of the Chairman and Members** - The regulations setting out the period of tenure of office of the Chairman and members and for the termination or suspension of office of the Chairman and members are contained in the Membership and Procedure Regulations.

- 2.9 **Appointment and Powers of Vice-Chairman** - Subject to SO 2.10 below, the Chairman and members of the Trust may appoint one of their number, who is not also an executive Director, to be Vice-Chairman, for such period, not exceeding the remainder of his term as a member of the Trust, as they may specify on appointing him.
- 2.10 Any member so appointed may at any time resign from the office of Vice-Chairman by giving notice in writing to the Chairman. The Chairman and members may thereupon appoint another member as Vice-Chairman in accordance with the provisions of Standing Order 2.9.
- 2.11 Where the Chairman of the Trust has died or has ceased to hold office, or where he has been unable to perform his duties as Chairman owing to illness or any other cause, the Vice-Chairman shall act as Chairman until a new Chairman is appointed or the existing Chairman resumes his duties, as the case may be; and references to the Chairman in these Standing Orders shall, so long as there is no Chairman able to perform his duties, be taken to include references to the Vice-Chairman.
- 2.12 **Joint Members** - Where more than one person is appointed jointly to a post mentioned in regulation 2(4)(a) of the Membership, Procedure and Administration Arrangements Regulations those persons shall count for the purpose of Standing Order 2.7 as one person.
- 2.13 **Local Healthwatch and Community health Councils** Local Healthwatch in England and Community Health Councils in Wales are statutory bodies responsible for representing the public interest in health services. Healthwatch Shropshire, Healthwatch Telford and Wrekin and Montgomery Community Health Council have formal observer status at meeting of the Trust Board in accordance with Standing Order 3.43
- 2.14 **Committee for Appointing Chief Executive as Director** - The Trust shall appoint a committee whose members shall be the Chairman and Non-Executive Directors of the Trust whose function will be to appoint a Chief Executive.
- 2.15 **Committee for Appointing Executive Directors other than Chief Executive** - The Trust shall appoint a committee whose members shall be the Chairman, the Non-Executive Directors and the Chief Executive whose function will be to appoint the Executive Directors of the Trust other than the Chief Executive.
- 2.16 **Role of Members**

The Board will function as a corporate decision-making body, Officer and Non-Officer Members will be full and equal members. Their role as members of the Board of Directors will be to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions.

(1) **Executive Members**

Executive Members shall exercise their authority within the terms of these Standing Orders and Standing Financial Instructions and the Scheme of Delegation.

(2) Chief Executive

The Chief Executive shall be responsible for the overall performance of the executive functions of the Trust. He/she is the **Accountable Officer** for the Trust and shall be responsible for ensuring the discharge of obligations under Financial Directions and in line with the requirements of the Accountable Officer Memorandum for Trust Chief Executives.

(3) Finance Director

The Finance Director shall be responsible for the provision of financial advice to the Trust and to its members and for the supervision of financial control and accounting systems. He/she shall be responsible along with the Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

(4) Non-Executive Members

The Non-Executive Members shall not be granted nor shall they seek to exercise any individual executive powers on behalf of the Trust. They may however, exercise collective authority when acting as members of or when chairing a committee of the Trust that has delegated powers.

(5) Chairman

The Chairman shall be responsible for the operation of the Board and chair all Board meetings when present. The Chairman has certain delegated executive powers. The Chairman must comply with the terms of appointment and with these Standing Orders.

The Chairman shall liaise with the NHS Trust Development Authority over the appointment of Non-Executive Directors and once appointed shall take responsibility either directly or indirectly for their induction, their portfolios of interests and assignments, and their performance.

The Chairman shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.

2.17 Corporate role of the Board

- (1) All business shall be conducted in the name of the Trust.
- (2) All funds received in trust shall be held in the name of the Trust as corporate trustee.

- (3) The powers of the Trust established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in Standing Order No. 3.
- (4) The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.

2.18 **Schedule of Matters reserved to the Board and Scheme of Delegation**

- (1) The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to officers and other bodies are contained in the Scheme of Delegation.

2.19 **Lead Roles for Board Members**

The Chairman will ensure that the designation of Lead roles or appointments of Board members as required by the Department of Health or as set out in any statutory or other guidance will be made in accordance with that guidance or statutory requirement (e.g. appointing a Lead Board Member with responsibilities for Infection Control or Child Protection Services etc.).

3. MEETINGS OF THE BOARD

- 3.1 **Admission of the Public and the Press** - The public and representatives of the press shall be afforded facilities to attend all formal meetings of the Trust (Board) but shall be required to withdraw upon the Trust (Board) resolving as follows:

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

- 3.2 The Chairman (or Vice Chairman) 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 such as to ensure that the Trust's business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public will be required to withdraw upon the 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" (Section 1(8) Public Bodies (Admission to Meetings) Act 1960).

- 3.3 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 Board.

- 3.4 **Calling Meetings** - Ordinary meetings of the Board shall be held at such times and places as the Board may determine.
- 3.5 The Chairman of the Trust may call a meeting of the Trust (Board) at any time. If the Chairman refuses to call a meeting after a requisition for that purpose, signed by at least one-third of the whole number of members, has been presented to him/her, or if, without so refusing, the Chairman does not call a meeting within seven days after such requisition has been presented to him at the Trust's Headquarters, such one third or more members may forthwith call a meeting.
- 3.6 **Notice of Meetings** - Before each meeting of the Board, a notice of the meeting, specifying the business proposed to be transacted at it, and signed by the Chairman or by an Officer authorised by the Chairman to sign on his behalf shall be delivered to every member, or sent by post to the usual place of residence of such member, so as to be available to him at least three clear days before the meeting.
- 3.7 Want of service of the notice on any member shall not affect the validity of a meeting.
- 3.8 In the case of a meeting called by members in default of the Chairman, the notice shall be signed by those members and no business shall be transacted at the meeting other than that specified in the notice.
- 3.9 Agendas will be sent to members 6 days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be despatched no later than three clear days before the meeting, save in emergency. Failure to serve such a notice on more than three members will invalidate the meeting. A notice shall be presumed to have been served one day after posting.
- 3.10.1 Before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the Trust's office at least three clear days before the meeting. (Required by the Public Bodies (Admission to Meetings) Act 1960 S.I. (4) (a).)
- 3.10.2 A public meeting shall be held each year after the completion of the annual accounts to lay the accounts before the public. In such cases, a public notice specifying the meeting date, time and location shall be posted at the Trust's Headquarters at least three calendar days prior to the meeting.
- 3.11 **Setting the Agenda** - The Board may determine that certain matters shall appear on every agenda for a meeting and shall be addressed prior to any other business being conducted.
- 3.12 A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chairman at least 10 clear days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information.

Requests made less than 10 days before a meeting may be included on the agenda at the discretion of the Chairman.

3.13 **Petitions** - Where a petition has been received by the Trust the Chairman of the Board shall include the petition as an item for the agenda of the next Board meeting.

3.14 **Chairman of Meeting** - At any meeting of the Board, the Chairman of the Board, if present, shall preside. If the Chairman is absent from the meeting the Vice-Chairman, if there is one and he/she is present, shall preside. If the Chairman and Vice-Chairman are absent such member (who is not also an Officer of the Trust) as the members present shall choose shall preside.

3.15 If the Chairman is absent temporarily on the grounds of a declared conflict of interest the Vice-Chairman, if present, shall preside. If the Chairman and Vice-Chairman are absent, or are disqualified from participating, such Non-Executive Director as the members present shall choose shall preside.

3.16 **Notice of Motion**

i) Subject to the provision of Standing Orders 3.7 'Motions: Procedure at and during a meeting' and 3.8 'Motions to rescind a resolution', a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chairman.

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

3.17 **Emergency Motions**

Subject to the agreement of the Chairman, and subject also to the provision of Standing Order 3.7 'Motions: Procedure at and during a meeting', a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, it shall be declared to the Trust Board at the commencement of the business of the meeting as an additional item included in the agenda. The Chairman's decision to include the item shall be final.

3.18 **Motions: Procedure at and during a meeting**

i) **Who may propose**

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

ii) **Contents of motions**

The Chairman 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 Board proceed to next business;
- that the Board adjourn;
- that the question be now put.

iii) **Amendments to motions**

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

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

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.

3.19 **Rights of reply to motions**

a) Amendments

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

b) Substantive/original motion

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

v) **Withdrawing a motion**

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

vi) **Motions once under debate**

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 proceed 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

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.

If a motion to proceed to the next business or that the question be now put, is carried, the Chairman 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.

3.20 **Motion to Rescind a Resolution**

- i) 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.
- ii) When any such motion has been dealt with by the Trust Board it shall not be competent for any director/member other than the Chairman to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

3.21 **Chairman's Ruling** - Statements of members made at meetings of the Board shall be relevant to the matter under discussion at the material time and the decision of the Chairman of the meeting on questions of order, relevancy, regularity and any other matters shall be final.

3.22 **Voting** - Every question at a meeting shall be determined by a majority of the votes of the Chairman of the meeting and members present and voting on the question and, in the case of the number of votes for and against a motion being equal, the Chairman of the meeting shall have a second or casting vote.

3.23 All questions put to the vote shall, at the discretion of the Chairman of the meeting, be determined by oral expression or by a show of hands. A paper ballot may also be used if a majority of the members present so request.

3.24 If at least one-third of the members present so request, the voting (other than by paper ballot) on any question may be recorded to show how each member present voted or abstained.

- 3.25 If a member so requests, his/her vote shall be recorded by name upon any vote (other than by paper ballot).
- 3.26 In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.
- 3.27 An Officer who has been appointed formally by the Board to act up for an executive member during a period of incapacity or temporarily to fill an executive member vacancy, shall be entitled to exercise the voting rights of the executive member. An Officer attending the Board to represent an executive member during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the executive member. An Officer's status when attending a meeting shall be recorded in the minutes.
- 3.28 **Minutes** - The Minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting where they will be signed by the person presiding at it.
- 3.29 No discussion shall take place upon the minutes except upon their accuracy or where the Chairman considers discussion appropriate. Any amendment to the minutes shall be agreed and recorded at the next meeting.
- 3.30 Minutes shall be circulated in accordance with members' wishes. Where providing a record of a public meeting the minutes shall be made available to the public as required by Code of Practice on Openness in the NHS.
- 3.31 **Joint Members** - Where the office of a member of the Board is shared jointly by more than 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 SO 3.39 (Quorum).
- 3.32 **Suspension of Standing Orders** - Except where this would contravene any statutory provision or any direction made by the Secretary of State, any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the Board are present, including one Officer and one non-Officer member, and that a majority of those present vote in favour of suspension.
- 3.33 A decision to suspend Standing Orders shall be recorded in the minutes of the meeting.

- 3.34 A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the Chairman and members of the Board.
- 3.35 No formal business may be transacted while Standing Orders are suspended.
- 3.36 The Audit Committee shall review every decision to suspend Standing Orders.
- 3.37 **Variation and Amendment of Standing Orders** - These Standing Orders shall be amended only if:
- a notice of motion under Standing Order 3.16 has been given; and
 - no fewer than half the total of the Trust's Non Executive Directors vote in favour of amendment; and
 - at least two-thirds of the Board members are present; and
 - the variation proposed does not contravene a statutory provision or direction made by the Secretary of State.
- 3.38 **Record of Attendance** - The names of the Chairman and members present at the meeting shall be recorded in the minutes.
- 3.39 **Quorum** - No business shall be transacted at a meeting unless at least one-third of the whole number of the Chairman and members appointed, (including at least one Non-Executive and one Executive member) are present.
- 3.40 An Officer in attendance for an Executive member but without formal acting up status may not count towards the quorum.
- 3.41 If the Chairman or member has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of the declaration of a conflict of interest (see Standing Order 6 or 7) he shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business. The above requirement for at least one Executive Director to form part of the quorum shall not apply where the Executive Directors are excluded from a meeting (for example when the Board considers the recommendations of the Remuneration and Terms of Service Committee).

3.42 Admission of public and the press

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

(ii) **General disturbances**

The Chairman (or Vice-Chairman if one has been appointed) or the person presiding over the meeting shall give such directions as he thinks fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the Trust's business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public will be required to withdraw upon the Trust Board resolving as follows:

- 'That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Trust Board to complete its business without the presence of the public'. Section 1(8) Public Bodies (Admissions to Meetings) Act 1960.

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

Matters to be dealt with by the Trust Board following the exclusion of representatives of the press, and other members of the public, as provided in (i) and (ii) above, shall be confidential to the members of the Board.

Members and Officers or any employee of the Trust in attendance shall not reveal or disclose the contents of papers marked 'In Confidence' or minutes headed 'Items Taken in Private' outside of the Trust, without the express permission of the Trust. This prohibition shall apply equally to the content of any discussion during the Board meeting which may take place on such reports or papers.

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

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

3.43 **Observers at Trust meetings**

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

4. ARRANGEMENTS FOR THE EXERCISE OF FUNCTIONS BY DELEGATION

4.1 Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions:

- by a committee, sub-committee or,
- appointed by virtue of Standing Order 5.1 or 5.2 below or by an Officer of the Trust,
- or by another body as defined in Standing Order 4.2 below,

in each case subject to such restrictions and conditions as the Trust thinks fit.

4.2 The Trust cannot delegate its functions to another body except where expressly permitted by law or under arrangements made by the Secretary of State. However the Trust may enter into arrangements for the carrying out, on such terms as the Trust considers appropriate, of any of its functions jointly with another body under its powers under Para 8, Part 2, Schedule 2 of the NHS Act 2006

4.3 **Emergency Powers** - The powers which the Board has retained to itself within these Standing Orders (Standing Order 2.6) may in emergency be exercised by the Chief Executive and the Chairman after having consulted at least two non-Officer members. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Executive Committee and the Board in public session for ratification.

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

- 4.5 When the Board is not meeting as the Trust in public session it shall operate as a committee and may only exercise such powers as may have been delegated to it by the Trust in public session.
- 4.6 **Delegation to Officers** - Those functions of the Trust which have not been retained as reserved by the Board or delegated to a committee or sub-committee or joint-committee shall be exercised on behalf of the Trust by the Chief Executive. The Chief Executive shall determine which functions he/she will perform personally and shall nominate Officers to undertake the remaining functions for which he/she will still retain an accountability to the Trust.
- 4.7 The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals, which shall be considered and approved by the Board, subject to any amendment, agreed during the discussion. The Chief Executive may periodically propose amendment to the Scheme of Delegation that shall be considered and approved by the Board as indicated above.
- 4.8 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Finance Director to provide information and advise the Board in accordance with statutory or Department of Health requirements. Outside these statutory requirements the roles of the Finance Director shall be accountable to the Chief Executive for operational matters.
- 4.9 The arrangements made by the Board as set out in the Reservation of Powers to the Board and Delegation of Powers document shall have effect as if incorporated in these Standing Orders.
- 4.10 **Overriding Standing Orders** – If for any reason these Standing Orders are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board for action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Orders to the Chief Executive as soon as possible.

5. COMMITTEES

- 5.1 Subject to such directions (and to guidance issued by the Department of Health) as may be given by the Secretary of State, the Trust may and, if directed by him, shall appoint committees of the Trust, or together with one or more Strategic Health Authorities or other Trusts, appoint joint committees, consisting wholly or partly of the Chairman and members of the Trust or other health service bodies or wholly of persons who are not members of the Trust or other health service bodies in question.
- 5.2 A committee or joint committee appointed under this regulation may, subject to such directions as may be given by the Secretary of State or the Trust or other health service bodies in question, appoint sub-committees consisting wholly or partly of members of the committee or joint committee (whether or not they are members of the Trust or other health service bodies in question); or wholly of

persons who are not members of the Trust or other health service bodies or the committee of the Trust or other health service bodies in question.

- 5.3 The Standing Orders of the Trust, as far as they are applicable, shall apply with appropriate alteration to meetings of any committees established by the Trust. In which case the term “Chairman” is to be read as a reference to the Chairman of the committee as the context permits, and the term “member” is to be read as a reference to a member of the committee also as the context permits. There is no requirement to hold meetings of committees, established by the Trust in public.)
- 5.4 Each such committee shall have such terms of reference and powers and be subject to such conditions (as to reporting back to the Board), as the Board shall decide and shall be in accordance with any legislation and regulation or direction issued by the Secretary of State. Such terms of reference shall have effect as if incorporated into the Standing Orders.
- 5.5 Where committees are authorised to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorised by the Board.
- 5.6 The Board shall approve the appointments to each of the committees that 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.
- 5.7 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.
- 5.8 The committees, sub-committees, and joint-committees established by the Board are:
Audit Committee
Charitable Funds Committee
Quality and Safety Committee
Finance Committee
Hospital Executive Committee
Workforce Committee
Remuneration Committee
Risk Committee

The Terms of Reference of each of these are contained within separately produced attachments ‘Standing Orders Appendix B(i)’ though to ‘Standing Order Appendix B(viii)’ to these Standing Orders.

6. DECLARATIONS OF INTERESTS AND REGISTER OF INTERESTS

- 6.1 **Declaration of Interests** - The Code of Accountability requires Board members to declare interests which are relevant and material to the NHS board of which they are a member. All existing Board members should declare such interests. Any board members appointed subsequently should do so on appointment.
- 6.2 Interests which should be regarded as "relevant and material" are:
- a) Directorships, including Non-Executive Directorships held in private companies or public limited companies (with the exception of those of dormant companies).
 - b) Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS.
 - c) Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS.
 - d) A position of trust in a charity or voluntary organisation in the field of health and social care.
 - e) Any connection with a voluntary or other organisation contracting for NHS services.
 - f) Any other commercial interest in the decision before the meeting.
- 6.3 At the time Board members' interests are declared; they should be recorded in the Board minutes. Any changes in interests should be declared at the next Board meeting following the change occurring.
- 6.4 Board members' Directorships of companies likely or possibly seeking to do business with the NHS should be published in the Board's Annual Report. The information should be kept up to date for inclusion in succeeding annual reports.
- 6.5 During the course of a Board meeting, if a conflict of interest is established, the member concerned should withdraw from the meeting and play no part in the relevant discussion or decision.
- 6.6 There is no requirement in the Code of Accountability for the interests of Board members' spouses or partners to be declared. However Standing Order 7, which is based on the regulations, requires that the interest of members' spouses, if living together, in contracts should be declared. Therefore the interests of Board members' spouses and cohabiting partners should also be regarded as relevant.
- 6.7 If Board members have any doubt about the relevance of an interest, this should be discussed with the Chairman. Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an

interest. The interests of partners in professional partnerships including general practitioners should also be considered.

- 6.8 **Register of Interests** - The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board members. In particular the Register will include details of all Directorships and other relevant and material interests which have been declared by both Executive and Non-Executive Board members, as defined in Standing Order 6.2.
- 6.9 These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated.
- 6.10 The Register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of the local population and to publicise arrangements for viewing it.

7. **EXCLUSION OF CHAIRMAN AND MEMBERS IN PROCEEDINGS ON ACCOUNT OF PECUNIARY INTEREST**

7.1 **Definition of terms used in interpreting 'Pecuniary' interest**

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

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

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

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

- (iv) Exception to Pecuniary interests

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

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

Provided however, that where paragraph (c) above applies the person shall nevertheless be obliged to disclose/declare their interest.

- 7.2 Subject to the following provisions of this Standing Order (which is taken from the Membership Procedure and Administration Regulations), if the Chairman or a member 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, he 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.
- 7.3 The Secretary of State may, subject to such conditions as he may think fit to impose, remove any disability imposed by this Standing Order in any case in which it appears to him in the interests of the National Health Service that the disability shall be removed
- 7.4 The Board may exclude the Chairman or a member of the Board from a meeting of the Board while any contract, proposed contract or other matter in which he has a pecuniary interest, is under consideration.
- 7.5 Any remuneration, compensation or allowances payable to the Chairman or a member by virtue of paragraph 9 of Schedule 2 to the NHS and Community Care Act 1990 (pay and allowances) shall not be treated as a pecuniary interest for the purpose of this Standing Order.
- 7.6 For the purpose of this Standing Order the Chairman or a member shall be treated as having indirectly a pecuniary interest in a contract, proposed contract or other matter, if:
 - (a) he, or a nominee of his, 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

- (b) he is 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 married persons living together the interest of one spouse shall, if known to the other, be deemed for the purposes of this Standing Order to be also an interest of the other.

- 7.7 Where the Chairman or a member has an indirect pecuniary interest in a contract, proposed contract or other matter by reason only of a beneficial interest in securities of a company or other body, and 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 body, whichever is the less, and if the share capital is of more than one class, the total nominal value of shares of any one class in which he has a beneficial interest does not exceed one-hundredth of the total issued share capital of that class, this Standing Order shall not prohibit him/her from taking part in the consideration or discussion of the contract or other matter or from voting on any question with respect to it, without prejudice however to his/her duty to disclose his/her interest.
- 7.8 The Standing Order applies to a committee or sub-committee and to a joint committee as it applies to the Trust and applies to a member of any such committee or sub-committee (whether or not he is also a member of the Trust) as it applies to a member of the Trust.

8. STANDARDS OF BUSINESS CONDUCT POLICY

- 8.1 All Trust staff and members should comply with the Trust's Standard of Business Conduct (HR Policy 52) and the national guidance contained in HSG (93) 5 "Standards of Business Conduct for NHS Staff" (contained in document Standing Orders Appendix A). This section of Standing Orders should be read in conjunction with these documents.
- 8.2 **Interest of Officers in Contracts** - If it comes to the knowledge of an Officer of the Trust that a contract in which he has any pecuniary interest not being a contract to which he is himself a party, has been, or is proposed to be, entered into by the Trust he shall, at once, give notice in writing to the Chief Executive of the fact that he is interested therein. In the case of persons living together as partners, the interest of one partner shall, if known to the other, be deemed to be also the interest of that partner.
- 8.3 An Officer should also declare to the Chief Executive any other employment or business or other relationship of his, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Trust.

The Trust requires interests, employment or relationships declared, to be entered in a register of interests of staff.

- 8.4 **Canvassing of, and Recommendations by, Members in Relation to Appointments** - Canvassing of members of the Trust or of any Committee of the Trust directly or indirectly for any appointment under the Trust shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.
- 8.5 A member of the Board shall not solicit for any person any appointment under the Trust or recommend any person for such appointment: but this paragraph of this Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Trust.
- 8.6 Informal discussions outside appointments panels or committees, whether solicited or unsolicited, should be declared to the panel or committee.
- 8.7 **Relatives of Members or Officers** - Candidates for any staff appointment under the Trust shall, when making application, disclose in writing to the Trust whether they are related to any member or the holder of any office under the Trust. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him liable to instant dismissal.
- 8.8 The Chairman and every member and Officer of the Trust shall disclose to the Chief Executive any relationship between himself and a candidate of whose candidature that member or Officer is aware. It shall be the duty of the Chief Executive to report to the Board any such disclosure made.
- 8.9 On appointment, members (and prior to acceptance of an appointment in the case of Officer members) should disclose to the Board whether they are related to any other member or holder of any office in the Trust.
- 8.10 Where the relationship to a member of the Trust is disclosed, the Standing Order headed 'Disability of Chairman and members in proceedings on account of pecuniary interest' (SO 7) shall apply.

9 CUSTODY OF SEAL AND SEALING OF DOCUMENTS

- 9.1 **Custody of Seal** - The Common Seal of the Trust shall be kept by the Committee Secretary to the Trust in a secure place.
- 9.2 **Sealing of Documents** - The Seal of the Trust shall not be fixed to any documents unless the sealing has been authorised by a resolution of the Board or of a committee, thereof or where the Board has delegated its powers.
- 9.3 Before any building, engineering, property or capital document is sealed it must be approved and signed by the Finance Director (or an Officer nominated by him/her) and authorised and countersigned by the Chief Executive (or an Officer nominated by him/her who shall not be within the originating Directorate).

- 9.4 **Register of Sealing** - An entry of every sealing shall be made and numbered consecutively in a book provided for that purpose, and shall be signed by the persons who shall have approved and authorised the document and those who attested the seal. A report of all sealings shall be made to the Board at least quarterly. (The report shall contain details of the seal number, the description of the document and date of sealing).

10 SIGNATURE OF DOCUMENTS

- 10.1 Where the signature of any document will be a necessary step in legal proceedings involving the Trust, it shall be signed by the Chief Executive, unless any enactment otherwise requires or authorises, or the Board shall have given the necessary authority to some other person for the purpose of such proceedings.
- 10.2 The Chief Executive or nominated Officers shall be authorised, by resolution of the Board, to sign on behalf of the Trust any agreement or other document not requested to be executed as a deed, the subject matter of which has been approved by the Board or any committee, sub-committee or standing committee with delegated authority.

11 MISCELLANEOUS

- 11.1 **Standing Orders to be given to Members and Officers** - It is the duty of the Chief Executive to ensure that existing members and Officers and all new appointees are notified of and understand their responsibilities within Standing Orders and Standing Financial Instructions. Updated copies shall be issued to staff designated by the Chief Executive. New designated Officers shall be informed in writing and shall receive copies where appropriate in Standing Orders.
- 11.2 **Documents having the standing of Standing Orders** - Standing Financial Instructions and Reservation of Powers to the Board and Delegation of Powers shall have effect as if incorporated into Standing Orders.
- 11.3 **Review of Standing Orders** - Standing Orders shall be reviewed annually by the Board. The requirement for review extends to all documents having the effect as if incorporated in Standing Orders.
- 11.4 **Statements to the media and other external organisations/bodies** - Any statements, comments, or expressions of opinion, made to the media or any other external person, body or organisation, on behalf of the Trust, either in writing, verbally, or electronically, shall be made only by the following persons:
- (a) The Chairman or, in his absence, the Vice-Chairman of the Trust, or other persons authorised by them.
 - (b) The Chief Executive, or other Officer authorised by him.

The above shall be in accordance with the Trust's policy, regarding statements made externally, on Trust matters.

11.5 Joint Finance Arrangements -

- 11.6 The Chief Executive or in his absence the deputising Executive Director, is empowered to take urgent action on behalf of the Trust in matters which would normally have been considered by the Trust itself, but where no meeting of the Trust is available for that purpose. On all such occasions he shall consult first with the Chairman of the Trust, or in his absence, the Vice Chair, before taking action and shall seek endorsement of his action at the first available Trust meeting after the action has been taken.

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| Reporting to: | Trust Board – September 26th 2013 |
| Title | Board Assurance and Compliance update |
| Sponsoring Director | Chief Executive |
| Author(s) | Head of Assurance |
| Previously considered by | Risk Committee (Aug 13), Operational Risk Group (Aug 13), Audit Committee (Sept 13), Trust Board (May 13) |
| Executive Summary | <p>The Board needs to be able to provide evidence that it has systematically identified the Trust's objectives and managed the principal risks to achieving them. Typically, this is achieved via the Board Assurance Framework (BAF) document and an embedded risk management approach. At SaTH an outcome-based CQC compliance framework has also been introduced to further assure the Board.</p> <p>(i) BOARD ASSURANCE FRAMEWORK Attachment 1 - Board Assurance Framework Summary This summary shows each risk is categorised by colour according to the current risk matrix</p> <p>Attachment 2 - Board Assurance Framework The BAF has been updated in line with the revised corporate objectives. Changes to since the last presentation are indicated in highlighted text. These reflect changes since May and the latest work on strategic objectives and challenges, along with comments received at Risk Committee in August. Some additional assurances have also been added. It is recommended that the staff engagement risk improves from a red to an amber risk in recognition of the progress made. Since the last presentation, a new risk has been added to the framework (risk 96) which relates to patient falls. This was previously a subset of the safe care risk (415) but has been included separately in recognition of the seriousness of this risk. The full 2013/14 Board Assurance Framework lists the controls in place and sources of assurance, with the lead Director for each risk.</p> <p>Attachment 3 - BAF Associated Action Plans A BAF is required to have an action plan. However, there are individual plans for most of the risks on the BAF. Rather than list every item, a schedule of related action plans has been compiled.</p> <p>(ii) TRUST RISK REGISTER Attachment 4 - Risk Register Summary This is a high level summary of ALL the risks on the Centre's registers clustered into themes and by Centre mapped to the BAF risks. These are presented in detail at the Organisational Risk Group</p> <p>Attachment 5 – Trust Risk Register This gives additional details on the risks which are currently scoring 16 or above. There is one risk scoring 25 (patient falls). (Table 1).</p> <p>(iii) CQC COMPLIANCE Attachment 6 - Self Assessment against CQC standards- This report provides an up-to-date status position and comparison with the CQC Quality and Risk Profile (QRP), which the CQC use to assess Trust risk profiles (and is drawn from hundreds of sources of information) highlighting changes month-on-month and showing the direction of travel. Since the last presentation Corporate Outcome leads have trained and dashboards for each outcome set up to assist oversight. This attachment shows the current CQC QRP rating for the Trust against each of the outcomes. The latest CQC QRP was issued in August 13. This shows that overall the Trust's self assessment is mainly consistent with the CQC's QRP.</p> |

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| | <p>Attachment 7 - Assessment by corporate leads The overall assessment by the Corporate Leads was ratified by Risk Committee in August.</p> |
| <p>Strategic Priorities</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Quality and Safety <input checked="" type="checkbox"/> Healthcare Standards <input checked="" type="checkbox"/> People and Innovation <input checked="" type="checkbox"/> Community and Partnership <input checked="" type="checkbox"/> Financial Strength | <p>Operational Objectives</p> |
| <p>Board Assurance Framework (BAF) Risks</p> | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Deliver Safe Care or patients may suffer avoidable harm and poor clinical outcomes and experience <input checked="" type="checkbox"/> Achieve safe and efficient Patient Flow or we will fail the national quality and performance standards <input checked="" type="checkbox"/> Clear Clinical Service Vision or we may not deliver the best services to patients <input checked="" type="checkbox"/> Good levels of Staff Engagement to get a culture of continuous improvement or staff morale and patient outcomes may not improve <input checked="" type="checkbox"/> Appoint Board members in a timely way or may impact on the governance of the Trust <input checked="" type="checkbox"/> Achieve a Financial Risk Rating of 3 to be authorised as an FT |
| <p>Care Quality Commission (CQC) Domains</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Safe <input checked="" type="checkbox"/> Effective <input checked="" type="checkbox"/> Caring <input checked="" type="checkbox"/> Responsive <input checked="" type="checkbox"/> Well led | <p>Outcomes</p> <p>SAFE - 7: Safeguarding people who use services from abuse - People should be protected from abuse and staff should respect their human rights.</p> <p>8: Cleanliness and infection control - People should be cared for in a clean environment and protected from the risk of infection.</p> <p>10: Safety and suitability of premises - People should be cared for in safe and accessible surroundings that support their health and welfare.</p> <p>11: Safety, availability and suitability of equipment - People should be safe from harm from unsafe or unsuitable equipment.</p> <p>13: Staffing - There should be enough members of staff to keep people safe and meet their health and welfare needs.</p> <p>EFFECTIVE - 6: Cooperating with other providers - People should get safe and coordinated care when they move between different services.</p> <p>9: Management of medicines – People should be given the medicines they need when they need them, and in a safe way.</p> <p>12: Requirements relating to workers - People should be cared for by staff who are properly qualified and able to do their job.</p> <p>21: Records</p> <p>People’s personal records, including medical records, should be accurate and kept safe and confidential.</p> <p>CARING - 1: Respecting and involving people who use services - People should be treated with respect, involved in discussions about their care and treatment and able to influence how the service is run.</p> <p>4: Care and welfare of people who use services - People should get safe and appropriate care that meets their needs and supports their rights.</p> <p>RESPONSIVE - 2: Consent to care and treatment - Before people are given any examination, care, treatment or support, they should be asked if they agree to it.</p> <p>5: Meeting nutritional needs - Food and drink should meet people’s individual</p> |

| | |
|--|---|
| | <p>dietary needs.</p> <p>17: Complaints</p> <p>People should have their complaints listened to and acted on properly.</p> <p>WELL- LED - 16: Assessing and monitoring the quality of service provision - The service should have quality checking systems to manage risks and assure the health, welfare and safety of people who receive care.</p> <p>14: Supporting workers - Staff should be properly trained and supervised, and have the chance to develop and improve their skills.</p> |
| <input type="checkbox"/> Receive <input checked="" type="checkbox"/> Review <input type="checkbox"/> Note <input checked="" type="checkbox"/> Approve | <p>Recommendation</p> <ul style="list-style-type: none"> To review and approve and to consider if any additional assurances are necessary to assure the Board that the risks to the strategic objectives are being properly managed. |

Board Assurance Framework – Summary – August 2013

Key : ↑ Improvement ↓ Deterioration = No change

| | Trend | | | Trend | |
|--|------------|-------|--|-------|-------|
| QUALITY AND SAFETY – providing the best clinical outcomes, patient safety & experience | = | AMBER | PEOPLE AND INNOVATION – striving for excellence through people and innovation | = | AMBER |
| <ul style="list-style-type: none"> If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience (RR 415) | = | AMBER | <ul style="list-style-type: none"> If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve (RR 423) | ↑ | AMBER |
| <ul style="list-style-type: none"> If we do not implement our falls prevention strategy then patients may suffer serious injury (RR 96) | NEW | RED | | | |
| HEALTHCARE STANDARDS - delivering consistently high performance standards | = | RED | FINANCIAL STRENGTH – building a sustainable future | ↓ | RED |
| <ul style="list-style-type: none"> If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards (RR 561) | ↑ | RED | <ul style="list-style-type: none"> If Board members are not appointed in a timely fashion then this may impact on the governance of the Trust. (RR 669) | = | AMBER |
| COMMUNITY AND PARTNERSHIP – improving health & well-being of our community through partnership | ↑ | AMBER | <ul style="list-style-type: none"> If we do not achieve a financial risk rating of 3 then we will not be authorised as a FT. (RR 670) | ↓ | RED |
| <ul style="list-style-type: none"> If we do not have a clear clinical service vision then we may not deliver the best services to patients (RR 668) | ↑ | AMBER | | | |

Risk Matrix

| Likelihood | Consequence | | | | |
|--------------------|--------------------|------------|---------------|-------------|---------------|
| | 1 Insignificant | 2 Minor | 3 Moderate | 4 Severe | 5 Critical |
| 5 - Almost Certain | Yellow | Orange | Red | Red | Red |
| 4 - Likely | Yellow | Orange | Orange | Red | Red |
| 3 - Possible | Green | Yellow | Orange | Orange | Red |
| 2 - Unlikely | Green | Yellow | Yellow | Orange | Orange |
| 1 - Rare | Green | Green | Yellow | Yellow | Yellow |

Key : ↑ Improvement ↓ Deterioration = No change

| Trust Risk Ref | Lead Director + Category of risk + Lead Cmtee | Principal Risk and Potential Impacts | Inherent Risk | Key Controls | Planned Sources of Assurance + date received/expected | Residual Risk rating and direction of travel | Gaps in Control + assurance | Action Lead |
|---|---|--|---------------|--|---|--|---|--|
| Principal Objective QS: Quality and Safety : Providing the best clinical outcomes, patient safety and patient experience | | | | | | | | |
| 415 | Director of Quality and Safety Safety and Patient Experience Q&S Com. | If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience Potential Impacts: • Avoidable harm to patients • Poor experience for patients • High level of complaints and litigation • Failure to comply with CQC standards • Loss of CQUIN income • Loss of patients to our competitors • Loss of reputation | RED | CQC Compliance Framework (Health Assure) Quality Improvement Strategy and centre's action plans Quality Governance Assurance Framework (QGAF) Incident reporting with RCA and monitoring of actions Consultant revalidation Patient Safety visits to ward Patient Engagement and Improvement Programme (PEIP) work programme Safety Thermometer <i>Interactive ward rounds</i> | Quality component of Integrated Performance Report (monthly) Serious Incident Board Report (monthly) Clinical Quality and Safety Committee which reports to TB (monthly) CQC Patient Survey (Jan TB) Net Promoter (TB monthly) Acute Trust Quality Dashboard Quarterly (TB Jan 13) QIAs on CIPs reported to Board (TB Jun 13) Infection Control Annual Report (TB Jun 13) Quality Account (TB Jun 13) VTE CQUIN (July 13) <i>Mortality - average (Aug 13)</i> <i>CCG visit to wards (Aug 13)</i> | AMBER = = | <u>Gaps in Controls</u> • No QGAF action plan • Clinical structure leads to inconsistent application of quality improvements / systems <u>Gaps in Assurance/ Negative Assurance</u> • <i>Consultant revalidation report (negative assurance) (TB Jul 13)</i> • No of Grade 3 pressure sores • RAID service not embedded • <i>DNAR procedure updated but not yet implemented</i> • National Inpatient survey (April 13) • CQC review of Compliance - PRH - two moderate concerns (Jun 13) | Director of Quality and Safety Medical Director Director of Quality & Safety |
| 96 | Director of Quality and Safety Safety and Patient Experience Q&S Com. | If we do not implement our falls prevention strategy then patients may suffer serious injury Potential Impacts: • Avoidable harm to patients • Poor experience for patients • Failure to comply with CQC standards • Risk of prosecution • Loss of reputation | RED | Falls Task Force Risk assessment and implementation Fall prevention Strategy and centre's action plans Incident reporting with RCA and monitoring of actions Safety Thermometer | Quality component of Integrated Performance Report (monthly) Serious Incident Board Report (monthly) Clinical Quality and Safety Committee which reports to TB (monthly) Acute Trust Quality Dashboard Quarterly (TB) Falls Action Plan (TB monthly) <i>Prospective / Retrospective audit of falls (Sept 13)</i> | RED NEW | <u>Gaps in Controls</u> • <i>Fallsafe not yet fully rolled out</i> <u>Gaps in Assurance/ Negative Assurance</u> • <i>No of RIDDOR reportable falls</i> | Director of Quality and Safety |

| Trust Risk Ref | Lead Director + Category of risk + Lead Cmttee | Principal Risk and Potential Impacts | Inherent Risk | Key Controls | Planned Sources of Assurance + date received/expected | Residual Risk rating and direction of travel | Gaps in Control + assurance | Action Lead |
|---|--|--|---------------|---|--|--|--|-------------------------|
| Principal Objective HS: Healthcare Standards : Delivering consistently high performance healthcare standards | | | | | | | | |
| 561 | Chief Operating Officer Patient Flow HEC | <p>If we do not improve processes and match demand with capacity to improve patient flow, then we will fail national quality and performance standards.</p> <p>Potential Impacts</p> <ul style="list-style-type: none"> • Poor /unsafe patient care & experience • Financial penalties • Performance notices • TDA intervention • Failure to achieve FT status • Patients not seen in timely way if outlying • Elective patients not being admitted | RED | <p>Close working with partners in local health economy to redesign uncheduled care e.g. high impact projects.</p> <p>Delivery monitored at the Urgent Care Network Board, RTT Board, the Operational Performance Group and Trust Board. Whole health economy plan in place.</p> | <ol style="list-style-type: none"> 1. Cancer Action plan in place 2. Booking & scheduling action plan in place 3. RAP's in place for RTT 4. Whole health economy recovery plan for emergency access in place 5. 2 x high impact ATOS projects in place. | RED ↑ | <p><u>Gaps in Control</u></p> <ul style="list-style-type: none"> • Capacity does not meet demand • FCHS and loss of capacity at PRH • 7 day working not consistently in place • Progress on admission avoidance schemes and early discharge in LHE are slower than needed and not yet delivering • Poor clinical operational and administrative system for RTT processes • No surge capacity • No whole economy winter plan <p><u>Gaps in Assurance/ Negative Assurance</u></p> <ul style="list-style-type: none"> • Not achieving RTT targets (TB Jul 13) • Inconsistent achievement of cancer targets | Chief Operating Officer |

| Trust Risk Ref | Lead Director + Category of risk + Lead Cmttee | Principal Risk and Potential Impacts | Inherent Risk | Key Controls | Planned Sources of Assurance + date received/expected | Residual Risk rating and direction of travel | Gaps in Control + assurance | Action Lead |
|---|---|---|---------------|--|---|--|--|--------------------|
| Principal Objective PI: People and Innovation: Striving for excellence through people and innovation | | | | | | | | |
| 423 | Workforce Director Workforce Workforce Com. | <p>If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve</p> <p>Potential impacts:</p> <ul style="list-style-type: none"> • Loss of key staff • Poor experience for patients • Adverse ratings in CQC Quality Risk Profile • High sickness absence | RED | <p>Management Development Programme Leadership / Development Academy Appraisals and Personal Development Plan Staff induction linked to Trust values Review Sickness policy Stress risk assessments process for staff Wellbeing Programme Values-based recruitment for HCAs Coaching programme</p> | <p>Annual staff survey (Mar/Apr 13) Monthly Workforce Reports Cultural Survey (Mar/Apr 13) Positive Deanery visits FY1 and FY2 PRH (Jan 13) Positive report from Keele Deanery visits FY1 and FY2 RSH (Mar 13) Sickness rate decreased by 0.65% from June 12 to June 13 (TB Jul 13) Emergency Medicine Deanery Visit (May 13) Cultural Transformation Programme (TB July 13) Security Annual Report (TB Jun 13) Staff developing organisation values (Oct 13) Leadership Conference (Oct 13) High nomination rate for staff awards (Aug 13)</p> | AMBER ↑ | <p><u>Gaps in Controls</u></p> <ul style="list-style-type: none"> • No overarching Trust Code of Conduct • Poor information relating to medical education / training • Gaps in medical staffing and insufficiently embedded leadership • Nursing education programme needs review <p><u>Gaps in Assurance/ Negative Assurance</u></p> <ul style="list-style-type: none"> • IA review Statutory Training (Dec 12) - limited • Lack of evidence of outputs from Leadership Academy • Poor staff engagement - Staff Survey (2012) • Poor attendance at stat training • Staff Survey (April 13) • Values based recruitment for all staff being rolled out but yet not fully in place | Workforce Director |

| Trust Risk Ref | Lead Director + Category of risk + Lead Cmttee | Principal Risk and Potential Impacts | Inherent Risk | Key Controls | Planned Sources of Assurance + date received/expected | Residual Risk rating and direction of travel | Gaps in Control + assurance | Action Lead |
|---|--|--|---------------|--|---|--|---|-------------------------------------|
| Principal Objective CP: Community and Partnership: Improving the health and wellbeing of our community through partnership | | | | | | | | |
| 668 | Chief Executive Officer Strategy Trust Board | If we do not have a clear clinical service vision then we may not deliver the best services to patients Potential impacts: • unsustainable unscheduled care services • Suboptimal use of scarce workforce resource • Avoidable duplication of cost | RED | Structured programme of work to arrive at service delivery models Clinical Service Strategy Group FCHS Group & Project Plan Health Economy Leaders Group Urgent Care Network Board | Scope and objectives agreed with Trust and partner organisations for strategic review of hospital and associated community services Support received from JHOSC to progress with programme Shadow Programme Board meeting planned for September | AMBER ↑ | <u>Gaps in Control</u> • No agreed long term clinical strategy - progress being made. • Work underway to develop clinical strategy for purpose of public consultation <u>Gaps in Assurance</u> | Director of Business and Enterprise |
| Principal Objective FS: Financial Strength: Building a sustainable future | | | | | | | | |
| 669 | Chief Executive Officer Governance Trust Board | If Board members are not appointed in a timely fashion then this may impact on the governance of the Trust. Potential Impacts • Failure to comply with Board Governance Assurance Framework and Board Governance requirements | AMBER | Appointment Process for Chair + NEDS | Chairman's update to Board (monthly) <i>Appointment panels for Chair and NEDS (Sept 13)</i> Potential extension of existing Chair's tenure if necessary | AMBER ↑ | <u>Gaps in Controls</u> • Until appointments made by TDA, there are still gaps at Board level <u>Gaps in Assurance/ Negative Assurance</u> | Chairman Chief Exec |

| Trust Risk Ref | Lead Director + Category of risk + Lead Cmttee | Principal Risk and Potential Impacts | Inherent Risk | Key Controls | Planned Sources of Assurance + date received/expected | Residual Risk rating and direction of travel | Gaps in Control + assurance | Action Lead |
|----------------|---|--|---------------|---|---|--|---|------------------|
| 670 | Finance Director Financial Finance Com. | If we do not achieve a financial risk rating of 3 then we will not be authorised as a FT Potential impacts: <ul style="list-style-type: none"> • Inability to invest in services and infrastructure • Impacts on cash flow • Failure to deliver HDD action plan | RED | Operational Performance Group - monthly with Care Groups CIP Board monthly including QIA process | Financial component of integrated performance report (monthly TB) Reports from Finance Committee which reports to TB Reports from Internal and External Audit QIA to TB (June, July 13) Financial recovery plan | RED ↓ | Gaps in Controls <ul style="list-style-type: none"> • No investment strategy to modernise estate, equipment and IT <u>Gaps in Assurance/ Negative Assurance</u> <ul style="list-style-type: none"> • No agreed QIPP schemes • Historic and ongoing liquidity problem • No 2 year rolling CIP programme • CIP (IA Limited Assurance May 13) • Data Quality (IA May 13) | Finance Director |

Attachment 3

| Risk Ref | Risk Title | Action plans | Committee | latest update | Lead |
|----------|---|--|-------------------------------|----------------|-------|
| 415 | If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience | ▪ Quality Improvement Strategy | Trust Board | Jun-12 | DQS |
| | | ▪ Quality Governance Framework Action Plan | Trust Board | | DQS |
| | | ▪ Quality Governance Framework IA Review Action plan | Audit Committee | Jun 13 | DQS |
| | | ▪ Action plan on recommendations from national inquiries | Trust Board | Jan-13 | DQS |
| 96 | If we do not implement our falls prevention strategy then patients may suffer serious injury | ▪ Falls Action plan | Trust Board | July 13 | DQS |
| 561 | If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards | ▪ Emergency Access Improvement Plan | Trust Board | Jan-13 | COO |
| | | ▪ Revised bed plan for 2012/13 and plans to improve patient flow | Trust Board | Nov-12 | COO |
| | | ▪ Transforming our Booking and Scheduling Systems | Trust Board | July-13 | COO |
| | | ▪ Patient flow sustainable action plan | Trust Board | April-13 | COO |
| | | ▪ Winter Plan | Trust Board | July & Sep 13 | COO |
| | | ▪ Cancer Action Plan | Operational Performance Group | Monthly | COO |
| | | ▪ Performance Management Framework and Strategy | Trust Board | July 13 | COO |
| 423 | If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve | ▪ Staff survey action plan | Trust Board | | WD |
| | | ▪ Staff training IA Review action plan | Workforce Comttee | Feb-13 | WD |
| 668 | If we do not have a clear clinical service vision then we may not deliver the best services to patients | ▪ Future Configuration of Hospital Services | Trust Board | April-13 | DBE |
| | | ▪ Future Configuration of Hospital Services | Finance Committee | April-13 | DBE |
| | | ▪ Clinical Services Strategy Update/ Call to Action | Trust Board | June & Sep -13 | DBE |
| | | ▪ Reconfiguration of stroke services plan | Trust Board | Feb & Sep13 | DBE |
| 669 | If Board members are not appointed in a timely fashion then this may impact on the governance of the Trust. | ▪ Chairman's update | Trust Board | July & Sep 13 | Chair |
| | | ▪ BGAF action plan | Trust Board | Feb-13 | DCG |

| | | | | | |
|-----|---|---|-----------------|---------|----|
| 670 | If we do not achieve a financial risk rating of 3 then we will not be authorised as a FT | ▪ HDD 1 Action Plan | Finance Comttee | July 13 | FD |
| | | ▪ Cash & Treasury Management IA Review Action Plan | Finance Comttee | July 13 | FD |
| | | ▪ Creditors & Payments IA Review action plan | Finance Comttee | July 13 | FD |
| | | ▪ Financial Recovery Plan | Finance Comttee | July 13 | FD |
| | | ▪ Losses and Special Payments IA Review action plan | Finance Comttee | July 13 | FD |

Trust-wide Summary Risk Register

Attachme

By THEME

Risk rating (31.1.13)
 Risk rating (15.5.13)
 Current ratings (02.09.13)

Risk rating (31.1.13)
 Risk rating (15.5.13)
 Current ratings (02.09.13)

| | | | | | |
|---|-------------------------|-----|----|----|----|
| P A T I E N T F L O W | Patient Flow | Red | 4 | 4 | 6 |
| | Amber | 11 | 12 | 9 | |
| | Green | 0 | 0 | 0 | |
| Total current risks | | 15 | | | |
| B O O K I N G A N D A C C E S S | Booking and Access | Red | 4 | 1 | 2 |
| | Amber | 4 | 8 | 6 | |
| | Green | 1 | 0 | 0 | |
| Total current risks | | 8 | | | |
| R T T | RTT | Red | 6 | 3 | 4 |
| | Amber | 3 | 3 | 1 | |
| | Green | 0 | 0 | 0 | |
| Total current risks | | 5 | | | |
| S A F E C A R E | Clinical | Red | 6 | 6 | 13 |
| | Amber | 21 | 29 | 33 | |
| | Green | 1 | 1 | 2 | |
| Total current risks | | 48 | | | |
| L E A R N I N G A N D G R O W T H | Workforce including T&D | Red | 21 | 16 | 18 |
| | Amber | 41 | 33 | 33 | |
| | Green | 1 | 1 | 1 | |
| Total current risks | | 52 | | | |
| Business continuity | | Red | 0 | 2 | 0 |
| Amber | | 10 | 7 | 11 | |
| Green | | 0 | 0 | 0 | |
| Total current risks | | 11 | | | |

| | | | | | |
|---|---------------------------|-----|-----|-----|----|
| E Q U I P M E N T | Equipment | Red | 18 | 14 | 15 |
| | Amber | 24 | 38 | 35 | |
| | Green | 2 | 2 | 3 | |
| Total current risks | | 53 | | | |
| E S T A T E S A N D A C C O M M O D A T I O N | Estates and Accommodation | Red | 13 | 8 | 13 |
| | Amber | 86 | 77 | 66 | |
| | Green | 4 | 3 | 2 | |
| Total current risks | | 81 | | | |
| F I N A N C I A L | Financial | Red | 2 | 0 | 2 |
| | Amber | 6 | 2 | 5 | |
| | Green | 0 | 1 | 1 | |
| Total current risks | | 8 | | | |
| I N F O R M A T I C S | Informatics | Red | 8 | 8 | 5 |
| | Amber | 12 | 14 | 13 | |
| | Green | 1 | 0 | 0 | |
| Total current risks | | 18 | | | |
| M I S C | Misc | Red | 2 | 1 | 1 |
| | Amber | 12 | 13 | 15 | |
| | Green | 1 | 0 | 1 | |
| Total current risks | | 17 | | | |
| Total | | Red | 84 | 63 | 79 |
| Amber | | 207 | 236 | 227 | |
| Green | | 27 | 8 | 10 | |
| Total current risks | | 316 | | | |

Total Risks Closed between 16/5/13 - 02/09/13 = 35

Key : ↑ Improvement ↓ Deterioration = No change

Trust-wide Summary Risk Register

BY CENTRE

Unscheduled Care

| | | | | |
|--------------------|-------|---|----|----|
| Medicine Centre | Red | 6 | 2 | 2 |
| | Amber | 9 | 10 | 10 |
| | Green | 0 | 0 | 0 |
| Total risks | | | | |
| 12 | | | | |

| | | | | |
|---------------------------|-------|----|----|----|
| Women and Children Centre | Red | 9 | 7 | 11 |
| | Amber | 16 | 19 | 14 |
| | Green | 2 | 2 | 2 |
| Total risks | | | | |
| 27 | | | | |

| | | | | |
|--------------------|-------|---|---|---|
| Emergency Centre | Red | 7 | 6 | 5 |
| | Amber | 6 | 4 | 3 |
| | Green | 1 | 0 | 0 |
| Total risks | | | | |
| 8 | | | | |

| | | | | |
|--------------------|-------|----|----|----|
| Diagnostics | Red | 9 | 10 | 10 |
| | Amber | 28 | 37 | 34 |
| | Green | 1 | 1 | 1 |
| Total risks | | | | |
| 45 | | | | |

Scheduled Care

| | | | | |
|-----------------------------|-------|----|----|----|
| Head & Neck & Ophthalmology | Red | 5 | 0 | 6 |
| | Amber | 13 | 14 | 15 |
| | Green | 0 | 0 | 2 |
| Total risks | | | | |
| 23 | | | | |

| | | | | |
|--------------------|-------|---|---|---|
| Pharmacy | Red | 2 | 2 | 2 |
| | Amber | 4 | 3 | 3 |
| | Green | 0 | 0 | 0 |
| Total risks | | | | |
| 5 | | | | |

| | | | | |
|------------------------|-------|---|---|---|
| Musculoskeletal Centre | Red | 2 | 1 | 4 |
| | Amber | 2 | 4 | 8 |
| | Green | 0 | 0 | 0 |
| Total risks | | | | |
| 12 | | | | |

| | | | | |
|--------------------|-------|---|---|---|
| Therapies Centre | Red | 6 | 6 | 5 |
| | Amber | 4 | 3 | 4 |
| | Green | 0 | 0 | 0 |
| Total risks | | | | |
| 9 | | | | |

| | | | | |
|------------------------------|-------|----|----|----|
| Surgical Centre inc oncology | Red | 14 | 8 | 9 |
| | Amber | 13 | 14 | 21 |
| | Green | 1 | 1 | 2 |
| Total risks | | | | |
| 32 | | | | |

| | | | | |
|------------------------|-------|----|----|----|
| Estates and Facilities | Red | 2 | 2 | 2 |
| | Amber | 70 | 65 | 62 |
| | Green | 5 | 3 | 4 |
| Total risks | | | | |
| 68 | | | | |

| | | | | |
|------------------------|-------|----|----|----|
| Booking and Scheduling | Red | 10 | 9 | 3 |
| | Amber | 12 | 14 | 14 |
| | Green | 3 | 0 | 0 |
| Total risks | | | | |
| 17 | | | | |

| | | | | |
|------------------------------|-------|----|----|----|
| Trust wide & Corporate Depts | Red | 9 | 12 | 12 |
| | Amber | 46 | 36 | 34 |
| | Green | 0 | 0 | 0 |
| Total risks | | | | |
| 46 | | | | |

| | | | | |
|------------------------------|-------|--|--|---|
| Anaesthetics & Critical Care | Red | | | 7 |
| | Amber | | | 5 |
| | Green | | | 0 |
| Total risks | | | | |
| 12 | | | | |

| | | | | |
|--------------------|-------|-----|-----|-----|
| Total | Red | 81 | 65 | 78 |
| | Amber | 223 | 223 | 227 |
| | Green | 13 | 7 | 11 |
| Total risks | | | | |
| 316 | | | | |

Risk rating (31.1.13)
 Risk rating (15.5.13)
 Current ratings (02.09.13)

Risk rating (31.1.13)
 Risk rating (15.5.13)
 Current ratings (02.09.13)

Key : ↑ Improvement ↓ Deterioration = No change

Table 1: Trust Risk Register Summary Risks scoring 16 or above – September 2013 (only includes risks approved by ORG)

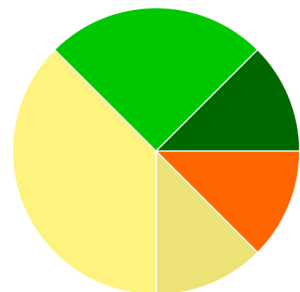
| Area | Risk Title (ref) | Date added | Last updated | Controlled risk score C x L | Target Date |
|---|---|------------------|--------------|-----------------------------|-------------------|
| Nursing | If we do not implement our falls prevention strategy then patients may suffer serious injury (96) | Increased Jul 13 | Aug 13 | 5 x 5 | Q2 2013/14 |
| Unscheduled Care - Emergency Assessment | Poor patient flow leading to sustained failure to meet A&E target (105) | Mar 09 | Jul 13 | 5 x 4 | Q3 2013/14 |
| Scheduled Care - MSK | Failure to achieve the Best Practice Tariff for # NOF due to non-compliant clinical practice(738) | Jul 13 | Jul 13 | 4 x 5 | Q3 2013/14 |
| Radiology Centre | Lack of Breast Consultant Radiologists (748) | Jul 13 | Sept 13 | 4 x 5 | Q4 2013/14 |
| Care Group Med Directors | Inability to attract doctors to vacant Deanery or Trust medical posts so making the delivery of the service dependant on agency doctors (537) | Apr 12 | Jan 13 | 5 x 4 | Q2 2013/14 |
| Scheduled Care – Anaes | Lack of an acute pain service (711) | Jun 13 | Jun 13 | 4 x 4 | Q2 2013/14 |
| Scheduled Care – Booking | Poor referral management on SEMA leading to problems with pathway management (342) | Dec 10 | Sept 13 | 4 x 4 | under review |
| Scheduled Care – Anaesthetics & Crit Care | Risk to staff wellbeing & patient safety as a result of reconfiguration of surgical services and re-basing of the Theatre budget (732) | Jul 13 | Aug 13 | 4 x 4 | Q3 2013/14 |
| Scheduled Care - Surgery, Onc and Haem | Obsolete cystoscopes being used in urology at the PRH (376) | Feb 11 | Jun 13 | 4 x 4 | Q3 2013/14 |
| Scheduled Care - Surgery, Onc and Haem | Scopes commissioned over 10 years ago (466) | Jul 13 | Jul 13 | 4 x 4 | Q3 2013/14 |
| Scheduled Care - Surgery, Onc and Haem | Limited flexi cystoscopy capacity in urology (505) | Mar 12 | Jun 13 | 4 x 4 | Q3 2012/13 |
| Scheduled Care – MSK | Ability to achieve 18 weeks RTT Target in MSK (742) | Jul 13 | Sept 13 | 4 x 4 | Q3 2013/14 |
| Scheduled Care – H&N&O | Sustainability – Ophthalmology delivery (439) | Nov 11 | Jun 13 | 4 x 4 | under review |
| Scheduled Care – H&N&O | Ageing Ophthalmic equipment (473) | Jan 12 | Jun 13 | 4 x 4 | under review |
| Scheduled Care – H&N&O | Insufficient Ophthalmology capacity in some sub-specialties leading to treatment delays (232) | Mar 10 | Jun 13 | 4 x 4 | under review |
| Scheduled Care – H&N&O | Ophthalmology accommodation is substandard impacting on patient safety and experience (450) | Dec 11 | Jun 13 | 4 x 4 | under review |
| Scheduled Care – Theatres | Replacement of Theatre operating tables (325) | Oct 10 | Jun 13 | 4 x 4 | Q4 2013/14 |
| Scheduled Care – Theatres | Replacement of Theatre operating lights (714) | Mar 13 | Jun 13 | 4 x 4 | Q3 2013/14 |
| Unscheduled Care - Emergency Assessment | Inability to recruit permanent middle grade medical staff leading to reliance on medical locums after 10pm in A&E (57) | Nov 08 | Aug 13 | 4 x 4 | Q2 2013/14 |
| Unscheduled Care - Emergency Assessment | Patients of all specialities being diverted to Emergency Department due to inefficient patient flow. (130) | Jul 09 | Jun 13 | 4 x 4 | Q2 2013/14 |
| Unscheduled Care Emergency Assessment | Patients not seen in a timely way due to high activity levels in AMU (312) | Sept 10 | Aug 13 | 4 x 4 | Q2 2013/14 |
| Unscheduled Care–Medicine | Ageing 24 hour tape analyser may fail leading to delays in investigation and diagnosis (309) | Sept 10 | Jun 13 | 4 x 4 | Q3 2013/14 |
| W&C Care Group | Insufficient paediatric nurse staffing levels, PRH (333) | Nov 10 | June 13 | 4 x 4 | Q1 2014/15 |
| W&C Care Group | Medical staffing cover for Obstetric services below the requirements of RCOG / NHSLA standards (353) | Dec 11 | June 13 | 4 x 4 | Q2 2013/14 |
| W&C Care Group | Trust systems don't allow serology and blood bank details to be available in REVIEW leading to potential delays in treatment (606) | Jun 12 | May 13 | 4 x 4 | Q2 2013/14 |
| W&C Care Group | No surgical Cover at PRH, necessitating the transfer of children to RSH for surgery (723) | May 13 | May 13 | 4 x 4 | Q1 2013/14 |

| | | | | | |
|---|--|---------|---------|-------|-------------------|
| Pathology | The current service for warfarin monitoring and dosing service is becoming unsafe due increase in caseload. (346) | Dec 10 | Aug 13 | 4 x 4 | |
| Pathology | Maintaining Service Delivery during Pathology Reconfiguration (631) | Aug 12 | Aug 13 | 4 x 4 | Q2 2013/14 |
| Radiology | RSH/PRH Ultrasound equipment is in need of review as some machines are not offering optimum quality which may affect quality of examinations (471) | Jan 10 | Sep 13 | 4 x 4 | Q1 2014/15 |
| Radiology | Insufficient CT capacity to cope with demand impacting on patient flow (595) | Jun 12 | Jun 13 | 4 x 4 | Q1 2014/15 |
| Therapies | Compromise of Therapy for cancer patients following Head and Neck relocation (547) | May 12 | Aug 13 | 4 x 4 | Q2 2013/14 |
| Estates & Facilities | Body Fridges at PRH and RSH Need Replacement (406) | Jul 11 | Sept 13 | 4 x 4 | Q4 2013/14 |
| Estates & Facilities | Ward Block Lifts at RSH (446) | Dec 11 | Sept 13 | 4 x 4 | Q4 2014/15 |
| Corp Nursing | Ineffective automated surveillance system for Infection Control causing possible delays in identifying patterns of infections (45) | Nov 08 | May 13 | 4 x 4 | Q1 2013/14 |
| Mitigation agreed: either in progress or awaiting release of capital | | | | | |
| W&C Care Group | Limited space on NNU causing risk to patients and staff (390) | June 11 | Jul 13 | 4 x 5 | Q1 2014/15 |
| W&C Care Group | Maternity building not up to standard to deliver safe and efficient modern service (389) | Jun 11 | May 13 | 4 x 4 | Q3 2014/15 |
| W&C Care Group | Inadequate number of CTG machines with an Fetal Scalp Electrode appliance on Labour Ward (680) | Jan 13 | May 13 | 4 x 4 | Q2 2013/14 |
| Pharmacy | Delay in implementation of Chemotherapy IT system due to external software error (71) | Nov 08 | Aug 13 | 4 x 4 | Q3 2014/15 |

2. CQC Essential Standards (Corporate)

Corporate CQC Position - Executive Judgement

Overall Corporate Position



| | |
|-------------------|---|
| No Data | 0 |
| Insufficient Data | 0 |
| High Red | 0 |
| Low Red | 0 |
| High Amber | 2 |
| Low Amber | 0 |
| High Yellow | 2 |
| Low Yellow | 6 |
| High Green | 4 |
| Low Green | 2 |

Total 16



| | | | | | | | | | | |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| CQC Corporate (QRP Style) | 0 | 0 | 0 | 0 | 2 | 0 | 2 | 6 | 4 | 2 |
| Total | 0 | 0 | 0 | 0 | 2 | 0 | 2 | 6 | 4 | 2 |

QRP Overview

Overall QRP Rating

High Red



| | |
|--|-----------|
| Total Number of Outcomes Assessed | 16 |
| High Red | 1 |
| Low Amber | 1 |
| High Yellow | 3 |
| Low Yellow | 6 |
| High Green | 3 |
| Low Green | 2 |

Section 1: Involvement & Information

| Outcome | Self Assessment | Outcome Risk Estimate | | |
|--|-----------------|-----------------------|-------------|---|
| | | July 2013 | August 2013 | |
| Outcome 01: Respecting and involving people who use services | Green | | | ↕ |
| Outcome 02: Consent to care and treatment | Green | | | → |

Section 2: Personalised Care, Treatment & Support

| Outcome | Self Assessment | Outcome Risk Estimate | | |
|---|-----------------|-----------------------|-------------|---|
| | | July 2013 | August 2013 | |
| Outcome 04: Care and welfare of people who use services | Yellow | | | ↕ |
| Outcome 05: Meeting nutritional needs | Green | | | → |
| Outcome 06: Cooperating with other providers | Green | | | → |

2. CQC Essential Standards (Corporate)

Trust Detail

Accountability Title

1. Involvement and Information

- A G Y Outcome 01: Respecting and involving people who use services *
- G G G Outcome 02: Consent to care and treatment *

2. Personalised Care, Treatment and Support

- A Y Y Outcome 04: Care and welfare of people who use services *
- G G Y Outcome 05: Meeting nutritional needs *
- G G Y Outcome 06: Cooperating with other providers *

3. Safeguarding and Safety

- G Y R Outcome 07: Safeguarding people who use services from abuse *
- G G Y Outcome 08: Cleanliness and infection control *
- A G A Outcome 09: Management of medicines *
- A Y G Outcome 10: Safety and suitability of premises *
- A G Y Outcome 11: Safety, availability and suitability of equipment *

4. Suitability of Staffing

- G G G Outcome 12: Requirements relating to workers *
- A Y Y Outcome 13: Staffing *
- G A Y Outcome 14: Supporting workers *

5. Quality and Management

- A G G Outcome 16: Assessing and monitoring the quality of service provision *
- A G Y Outcome 17: Complaints *
- G G G Outcome 21: Records *

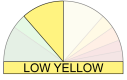
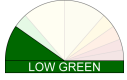
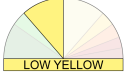
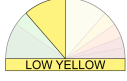
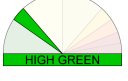
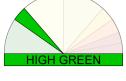
Section 3: Safeguarding & Safety

| Outcome | Self Assessment | Outcome Risk Estimate | | |
|---|-----------------|-----------------------|-------------|-----|
| | | July 2013 | August 2013 | |
| Outcome 07: Safeguarding people who use services from abuse | Yellow | | | ↕ → |
| Outcome 08: Cleanliness and infection control | Green | | | → |
| Outcome 09: Management of medicines | Green | | | → |
| Outcome 10: Safety and suitability of premises | Yellow | | | → |
| Outcome 11: Safety, availability and suitability of equipment | Green | | | ↕ ↑ |

Section 4: Suitability of Staffing

| Outcome | Self Assessment | Outcome Risk Estimate | | |
|--|-----------------|-----------------------|-------------|-----|
| | | July 2013 | August 2013 | |
| Outcome 12: Requirements relating to workers | Green | | | → |
| Outcome 13: Staffing | Yellow | | | → |
| Outcome 14: Supporting workers | Amber | | | ↕ ↑ |

Section 5: Quality & Management

| Outcome | Self Assessment | Outcome Risk Estimate | | ↕ |
|---|-----------------|---|---|---|
| | | July 2013 | August 2013 | |
| Outcome 16: Assessing and monitoring the quality of service provision | Green |  |  | ↑ |
| Outcome 17: Complaints | Green |  |  | → |
| Outcome 21: Records | Green |  |  | → |

CQC Essential Standards Highlight Report

| CQC Essential Standards of Quality and Safety | | | | |
|---|---|----------------------------|--------------------------------------|-------------------------------|
| Outcome 01: Respecting and involving people who use services * | | RAG: Status - Amber | Self Assessment Rating: Green | QRP Rating: Low Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 12/08/2013 | Submitted By: Jo Banks | | |
| Accountability Owner | Graeme Mitchell | | | |
| Accountability Sponsor | Graeme Mitchell | | | |
| Achievements | | | | |
| Concerns | Further work needed regarding consistency and breadth of information. | | | |
| Variations and Actions Taken | Further work undertaken to update and improve FFT. All wards have a box and individual card completion so patients can be anonymous. Patient Engagement & Involvement Panel - The group access the wards and speak to patients regarding their experience. Patient Information Panel - Panel reviews patient information leaflets | | | |

| | | | | |
|--|---|----------------------------|--------------------------------------|-------------------------------|
| Outcome 02: Consent to care and treatment * | | RAG: Status - Green | Self Assessment Rating: Green | QRP Rating: High Green |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 02/08/2013 | Submitted By: Jo Banks | | |
| Accountability Owner | Jo Banks | | | |
| Accountability Sponsor | Jo Banks | | | |
| Achievements | Revised DOLs and MCA training for 13/14 planned. Information to support outcome can be found via SaTH safeguarding group TOR/Minutes and Reports. This group reports to Trust Q&S Committee, Telford and Shropshire Children & Adult Safeguarding Boards. MCA/DOLS training - increasing training dates for 13/14. Safeguarding resources increased within the Trust for 13/14. | | | |
| Concerns | | | | |
| Variations and Actions Taken | | | | |

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| Outcome 04: Care and welfare of people who use services * | | RAG: Status - Amber | Self Assessment Rating: Yellow | QRP Rating: High Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 12/08/2013 | Submitted By: Sarah Bloomfield | | |
| Accountability Owner | Sarah Bloomfield | | | |
| Accountability Sponsor | Sarah Bloomfield | | | |
| Achievements | The nursing assessment and care planning documentation has been under review over the last year. The final version was agreed with | | | |

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| | the printers on 9th August 2013 which will be implemented following review of a proof copy. This will then be audited monthly across wards from September for compliance and results reported back through the nursing and operational structures. Care plans and risk assessments within the revised documents are evidence based. |
| Concerns | Never events in ophthalmology |
| Variations and Actions Taken | Action plan in place and being monitored by DQS |

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| Outcome 05: Meeting nutritional needs * | RAG: Status - Green | Self Assessment Rating: Green | QRP Rating: Low Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 12/08/2013 | Submitted By: Jo Banks | |
| Accountability Owner | Graeme Mitchell | | |
| Accountability Sponsor | Graeme Mitchell | | |
| Achievements | | | |
| Concerns | Protected meal times occurring on wards. Red tray symbols for patients requiring help. | | |
| Variations and Actions Taken | Meal time buddies will soon be in place | | |

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| Outcome 06: Cooperating with other providers * | RAG: Status - Green | Self Assessment Rating: Green | QRP Rating: Low Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 08/08/2013 | Submitted By: Administration Team | |
| Accountability Owner | Elaine Hodson | | |
| Accountability Sponsor | Ian Donnelly | | |
| Achievements | During Qtr 1 the trust in partnership with the Health Social Economy, employed ATOS a private organisation to develop plans to change the way patients' are supported through pathways. The 5 ATOS identified projects have a AO/CEO sponsor and each group has members of the trust, community, commissioners LAs and other co-opted members from organisation that can benefit the projects. This cooperation should prove beneficial in establishing new ways of working and pathways' in supporting speed of discharge. Additionally a winter planning meeting that includes all areas of the community will take place and ensure that we develop complete plans together. Other areas of joined up work include specific pathways, for example primary care streaming in ED and working with MIUs, WICs providing medical governance and medical leadership | | |
| Concerns | ATOS does not deliver expectations | | |
| Variations and Actions Taken | Winter planning | | |

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| Outcome 07: Safeguarding people who use services from abuse * | RAG: Status - Green | Self Assessment Rating: Yellow | QRP Rating: High Red |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 02/08/2013 | Submitted By: Jo Banks | |
| Accountability Owner | Jo Banks | | |
| Accountability | Jo Banks | | |

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| Sponsor | |
| Achievements | Routinely the Trust provides the CQC with a quarterly report relating specifically to safeguarding referral information for that Quarter. This has been standard practice for at least the last 18 months. The Trust also provides monthly safeguarding information to both CCG's through the Quality and Safety report shared in the CQR meeting. The Trust reviews all safeguarding referrals to ensure that safety can be improved through learning and development. Internally, the Trust has a robust governance framework and assurance against this outcome can be found via the Trust safeguarding group, reporting to the Quality and Safety Committee and Board. Also to the Telford & Shropshire safeguarding boards. |
| Concerns | Number of pressure ulcers |
| Variations and Actions Taken | Action plans in place |

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| Outcome 08: Cleanliness and infection control * | RAG: Status - Green | Self Assessment Rating: Green | QRP Rating: Low Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 08/08/2013 | Submitted By: Administration Team | |
| Accountability Owner | Janette Pritchard | | |
| Accountability Sponsor | Patricia O'Neill | | |
| Achievements | The latest QRP Rating from the CQC has been added. 491 days since last MRSA bacteraemia. Improvement with elective MRSA screening, emergency screening 95.8% which is best screening result since Sept 2012 | | |
| Concerns | Recent commode audits in March & June 13 has shown that there are still issues with the cleanliness of commodes PII Clostridium Difficile on two wards, PII VRE in one department | | |
| Variations and Actions Taken | <ul style="list-style-type: none"> Actions to be put in place by ward managers/matrons, IPC Team to re audit in August RCA taken place & action plans completed to address issues | | |

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| Outcome 09: Management of medicines * | RAG: Status - Amber | Self Assessment Rating: Green | QRP Rating: Low Amber |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 17/07/2013 | Submitted By: Vicky Jefferson | |
| Accountability Owner | Vicky Jefferson | | |
| Accountability Sponsor | Bruce McElroy | | |
| Achievements | <p>The latest QRP Rating from the CQC has been added. Pharmacy report-</p> <ul style="list-style-type: none"> Following inconsistency between areas on what they are considering when rag rating against each criteria pharmacy have produced guidance for all managers responsible for health assure to assist in assessing their areas compliance with outcome 9 and providing evidence. For each criteria within outcome 9 it identifies the points that will demonstrate compliance and highlights the gaps to assist in them achieving these. The document was emailed to all band 7 nurses on 1/7/13 and will be discussed at the band 7 meeting 30/7/13. Pharmacy continue to undertake 3 monthly 'Safe and Secure handling of medicine' ward storage audits and controlled drug storage audits on all wards and departments within the Trust. Following each individual audit a report is sent to the ward/department manager outlining the results of the audit, points for commendation and action points required by the area. From Q3 2012 to Q3 2013 the Trust has demonstrated an improvement in compliance in 24 out of 28 of the criteria. 2 criteria saw no change and 2 criteria had a reduction in compliance- see current concerns. The Trust now has in place the 'Policy for the Management of Staff Involved in Medication Errors'. The aims of this policy are to strengthen the Trust's just and fair blame culture in response to adverse healthcare events, facilitate organisational learning through the findings of thorough and careful investigation at local level, provide a framework for practitioners to improve practice and to ensure appropriate actions are taken by managers and applied consistently across the Trust. BNF on Formulary Complete is now in use. All Trust staff now have access to the SATH formulary enabling them to view the formulary status of individual drugs in addition to accessing detailed prescribing guidance. It demonstrates and enables Trust adherence to NICE good practice guidance and the national performance target to publish the Trust formulary. | | |

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| | <ul style="list-style-type: none"> • Launch of the prescribing and administration e-learning programme accessible to all Trust staff. Roll out programme in place for pharmacy staff, nursing staff and new doctors. See concerns re-roll out to substantive prescribers. • Antibiotic stewardship including more detailed quarterly audits and the development of reporting of adherence to Trust antibiotic guidelines to individual consultant level. • Development by the Clinical Practice Educators of the 'Fundamentals of Care' study day to be attended by all trained nurses annually. |
| Concerns | <ul style="list-style-type: none"> • In the Q3 2013 'Safe and Secure handling of medicine' audits there was shown to be a concern around the wards ability to demonstrate that all medication is stored securely. As a result a brief audit has been conducted into the security and number of keys available to ward staff to ensure that wards have the appropriate amount of keys to enable timely access to medication whilst being able to maintain the appropriate level of security required. An electronic locking system is also being investigated. • Uptake of the prescribing and administration e-learning programme is slow. Barriers to increased uptake are a lack of resources to release nursing staff from the shift to undertake it and a lack of awareness and time among prescribers. • With the use of agency nursing staff on the wards there becomes a lack of IV trained nurses available to administer IV drugs |
| Variations and Actions Taken | No variance as this is the first report. |

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| Outcome 10: Safety and suitability of premises * | | RAG: Status - Amber | Self Assessment Rating: Yellow | QRP Rating: High Green |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 12/08/2013 | Submitted By: Chris Needham | | |
| Accountability Owner | Chris Needham | | | |
| Accountability Sponsor | Chris Needham | | | |
| Achievements | | | | |
| Concerns | There are a number of key areas across the estate that have been identified as requiring significant investment to resolve. These include but are not restricted to inadequate space standards in A&E, outdated standards in Critical Care areas, lack of capacity on OPD and Theatres. There are many examples of areas that will require investment to support clinical care in suitable premises into the future. There is also a legacy of under investment in backlog maintenance which continues to grow and therefore the infrastructure that will support future investment is also likely to become unfit for purpose over time. | | | |
| Variations and Actions Taken | | | | |

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| Outcome 11: Safety, availability and suitability of equipment * | | RAG: Status - Amber | Self Assessment Rating: Green | QRP Rating: Low Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 12/08/2013 | Submitted By: Administration Team | | |
| Accountability Owner | Chris Needham | | | |
| Accountability Sponsor | Chris Needham | | | |
| Achievements | The latest QRP Rating from the CQC has been added. | | | |
| Concerns | The current asset base of equipment and particularly medical equipment contains many assets that are beyond the expected life as recommended by the manufacturer. The scarcity of capital to support a planned replacement programme has resulted in a number of risks. The text which follows provides an overview of this scenario. | | | |
| Variations and Actions Taken | The above shows the number of assets and the age profile of equipment across the two sites. At PRH there is approximately 18% of equipment which is outside of its anticipated 8 year lifespan. At RSH this figure rises to almost 30%. This equipment totals a value of approximately £7,000,000 when it was originally purchased exclusive of VAT. With a capital budget which is considerably less than this figure, a process of risk management and removal of the worst effected equipment currently exists. This raises the risk profile to the organisation above a green risk. | | | |

As the value above has been taken from Asset register value rather than actual value due to the age of much of the equipment and the lack of replacement value costs £2,900,000 of this equipment is obsolete. Of the equipment being looked at and agreed by capital planning group prior to the freeze on Capital being agreed. This value was reduced to £2,200,000, as the £700,000 was being addressed by capital funds.

| | Total Value from Asset Register | Value Addressed (from asset register not actual spend) | Remaining Value on asset register |
|----------------------|--|---|--|
| Level 1 Risks | £979,489.26 | £541,659.19 | £437,830.07 |
| Level 2 Risks | £1,665,564.23 | £109,567.05 | £1,555,997.18 |
| Level 3 Risks | £436,934.77 | £39,758.81 | £397,175.96 |
| | | | |
| Totals | £2,921,134.37 | £690,985.05 | £2,230,149.32 |

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| Outcome 12: Requirements relating to workers * | RAG: Status - Green | Self Assessment Rating: Green | QRP Rating: Low Green |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 02/08/2013 | Submitted By: Keith Hudson | |
| Accountability Owner | Keith Hudson | | |
| Accountability Sponsor | Keith Hudson | | |
| Achievements | The latest QRP Rating from the CQC has been added. | | |
| Concerns | | | |
| Variations and Actions Taken | Issues in regard to supporting the recruitment process at a local are of long standing across the Trust. This has been recognised at an Executive level, and part of the proposed re-structure of the Workforce Directorate, (which has now been approved by Executives), is to appoint a centralised recruitment team. When in place, this team will be responsible for supporting all recruitment activity across the Trust. | | |

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| Outcome 13: Staffing * | RAG: Status - Amber | Self Assessment Rating: Yellow | QRP Rating: High Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 09/08/2013 | Submitted By: Sarah Bloomfield | |
| Accountability Owner | Sarah Bloomfield | | |

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| Accountability Sponsor | Sara Biffen |
| Achievements | A review of ward based nursing staffing levels and skill mix is being conducted throughout August using a nationally recognised acuity and dependency tool. This combined with Nurse Sensitive Indicators will be subject to professional scrutiny and recommendations presented to trust board in September 2013. |
| Concerns | Current debate regarding staffing levels and uplift to reconfigured wards ongoing and will be concluded in the recommendations to trust board in Sept 2013 |
| Variations and Actions Taken | |

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| Outcome 14: Supporting workers * | RAG: Status - Green | Self Assessment Rating: Amber | QRP Rating: High Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 09/08/2013 | Submitted By: Keith Hudson | |
| Accountability Owner | Keith Hudson | | |
| Accountability Sponsor | Keith Hudson | | |
| Achievements | The latest QRP Rating from the CQC has been added. | | |
| Concerns | | | |
| Variations and Actions Taken | Completion of annual appraisals and attendance at statutory sessions and achievement of Trust KPI's are a constant challenge across the organisation. The Education & Training Department publish monthly detailed analysis via email highlighting areas where performance is below that required and encourages both managers and staff to a) make arrangements to have their appraisal and b) to get themselves booked onto statutory training events, the dates of which are accessible via the intranet. | | |

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| Outcome 16: Assessing and monitoring the quality of service provision * | RAG: Status - Amber | Self Assessment Rating: Green | QRP Rating: Low Green |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 09/08/2013 | Submitted By: Jo Banks | |
| Accountability Owner | Graeme Mitchell | | |
| Accountability Sponsor | Graeme Mitchell | | |
| Achievements | | | |
| Concerns | | | |
| Variations and Actions Taken | Robust governance arrangements however, current re-configuration of wards and centres need to develop new groups and reporting | | |

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|---------------------------------|----------------------------|--------------------------------------|-------------------------------|
| Outcome 17: Complaints * | RAG: Status - Amber | Self Assessment Rating: Green | QRP Rating: Low Yellow |
| Reporting Period: Qtr 1 13/14 | Date Submitted: 09/08/2013 | Submitted By: Jo Banks | |
| Accountability Owner | Graeme Mitchell | | |
| Accountability Sponsor | Graeme Mitchell | | |

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| Achievements | |
| Concerns | |
| Variations and Actions Taken | Recruitment to new complaints manager. More work needed to improve complains handling and response process. |

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| Outcome 21: Records * | RAG: Status - Green | Self Assessment Rating: Green | QRP Rating: High Green |
| Reporting Period: Qtr 2 13/14 | Date Submitted: 31/07/2013 | Submitted By: Jill Stretton | |
| Accountability Owner | Jill Stretton | | |
| Accountability Sponsor | Jill Stretton | | |
| Achievements | The latest QRP Rating from the CQC has been added. Clinical Audit manage a 'clinical records audit' on an annual basis | | |
| Concerns | The Trust must ensure key staff have access to the on-line IG training module in respect of 'Records management' IG Manager is willing to facilitate the training on a as and when required basis. | | |
| Variations and Actions Taken | IG Manager is willing to facilitate the training on a as and when required basis. | | |

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| Reporting to: | Trust Board - 26th September 2013 |
| Title | Annual Audit Letter 2012/13 |
| Sponsoring Director | Neil Nisbet, Finance Director |
| Author(s) | As above |
| Previously considered by | Audit Committee - 19 th September 2013 |
| Executive Summary | <p>The purpose of the Annual Audit letter is to summarise the key issues arising from the work that the Trust's external auditors KPMG carried out during 2012/13 at the Trust. Although this letter is addressed to the Directors, it is also intended to communicate these issues to key external stakeholders, including members of the public. The letter will be published on the Audit Commission's website. It is the responsibility of the Trust to publish the letter on the Trust's website.</p> <p>The letter highlights areas of good performance and also provides recommendations to help the Trust improve performance. A summary of key recommendations is highlighted in Appendix A. A list of all reports issued is provided in Appendix B.</p> <p>The Annual Audit letter was presented to the Audit Committee on the 19th September 2013 by KPMG.</p> |
| Strategic Priorities <input type="checkbox"/> Quality and Safety <input type="checkbox"/> Healthcare Standards <input type="checkbox"/> People and Innovation <input type="checkbox"/> Community and Partnership <input checked="" type="checkbox"/> Financial Strength | Operational Objectives FS1 Deliver our milestones to achieve NHS Foundation Trust status |
| Board Assurance Framework (BAF) Risks | <input type="checkbox"/> Deliver Safe Care or patients may suffer avoidable harm and poor clinical outcomes and experience <input type="checkbox"/> Achieve safe and efficient Patient Flow or we will fail the national quality and performance standards <input type="checkbox"/> Clear Clinical Service Vision or we may not deliver the best services to patients <input type="checkbox"/> Good levels of Staff Engagement to get a culture of continuous improvement or staff morale and patient outcomes may not improve <input type="checkbox"/> Appoint Board members in a timely way or may impact on the governance of the Trust <input checked="" type="checkbox"/> Achieve a Financial Risk Rating of 3 to be authorised as an FT |
| Care Quality Commission (CQC) Domains <input type="checkbox"/> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input type="checkbox"/> Responsive <input checked="" type="checkbox"/> Well led | Outcomes |

- | | |
|---|--|
| <input type="checkbox"/> Receive | <input type="checkbox"/> Review |
| <input checked="" type="checkbox"/> Note | <input checked="" type="checkbox"/> Approve |

Recommendation

Trust Board is asked to NOTE the content of the Annual Audit Letter 2012/13 and to APPROVE its publication on the Trust website



cutting through complexity™

The Shrewsbury And Telford Hospital NHS Trust

Annual Audit Letter 2012-13

23 July 2013



Contents

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This report is addressed to The Shrewsbury and Telford Hospital NHS Trust (the Trust) and has been prepared for the sole use of the Trust. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Bostock who is the engagement lead to the Trust or Trevor Rees, the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. You can contact the Complaints Unit by phone (0844 798 3131), by email (complaints@audit-commission.gov.uk), through the audit commission website (www.audit-commission.gov.uk/aboutus/contactus), by textphone/minicom (020 7630 0421), or via post to Complaints Unit Manager, Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR.

Background

This Annual Audit Letter (the letter) summarises the key issues arising from our 2012-13 audit at The Shrewsbury and Telford Hospital NHS Trust (the Trust). Although this letter is addressed to the directors of the Trust, it is also intended to communicate these issues to external stakeholders, such as members of the public. It is the responsibility of the Trust to publish the letter on the Trust’s website at www.sath.nhs.uk.

In the letter we highlight areas of good performance and also provide recommendations to help the Trust improve performance. We have included a summary of our key recommendations in Appendix A. We have reported all the issues in this letter to the Trust during the year and we have provided a list of our reports in Appendix B.

Scope of our audit

The statutory responsibilities and powers of appointed auditors are set out in the Audit Commission Act 1998. Our main responsibility is to carry out an audit that meets the requirements of the Audit Commission’s Code of Audit Practice (the Code) which requires us to report on:

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| Use of Resources (UoR) | We conclude on the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources. |
| Financial Statements including the Annual Governance Statement | We provide an opinion on the Trust’s accounts. That is whether we believe the accounts give a true and fair view of the financial affairs of the Trust and of the income and expenditure recorded during the year. We also confirm that the Trust has complied with the Department of Health (DoH) requirements in the preparation of its Annual Governance Statement. We provide a certification to the National Audit Office (NAO) to provide assurance on inputs to the DoH’s Resource Accounts. We also confirm that the balances you have prepared for consolidation into the Whole of Government Accounts (WGA) are not inconsistent with our other work. |

The Audit Commission also mandated its appointed auditors to carry out assurance work on the 2012-13 quality accounts , as part of their duties under section 5(1) of the Audit Commission Act 1998. We provide a limited assurance opinion on the Trust’s report against the guidance, their consistency with other specified documentation and over detailed testing on two performance indicators. The ‘limited’ reference relates to the limited procedures we were required to complete rather than any limitations on the assurance opinion given.

Adding value from the External Audit service

We have added value to the Trust from our service throughout the year through our:

- Attendance at meetings with members of the Executive Team and Audit Committee to present our audit findings, broaden our knowledge of the Trust and to provide insight from sector developments and examples of best practice;
- A proactive and pragmatic approach to issues arising in the production of the financial statements to ensure that our opinion is delivered on time;

- A review of general IT controls in place at the Trust highlighting any control weaknesses and areas for improvement; and
- Building a strong and effective working relationship with Internal Audit to maximise assurance to the Audit Committee, avoid duplication and provide value for money.

Fees

Our fee for 2012-13 was £112,600 (including £10,000 for our review for the Quality Account) excluding VAT (2011/12: £171,000 plus £12,500 for the Quality Account review). This was in line with the fee agreed at the start of the year with the Trust's board.

We have not completed any additional non audit work at the Trust during the year.

Acknowledgement

We would like to take this opportunity to thank the officers of the Trust for their continued support throughout the year.

This section summarises the key messages from our work during 2012-13.

Overall financial results and other key messages

Financially, 2012/13 was another challenging year for the Trust. The Trust made a surplus of £0.081m but this was achieved through non-recurrent income of £4.9m, which cannot be relied upon in the future. However, the Trust delivered a significantly increased CIP programme of £13m which was a major improvement from the CIP of £6.4m delivered in 2011/12.

The Trust did not meet a number of performance targets in 2012/13 and this was reflected in our opinion on the Use of Resources as outlined below. The Trust produces an Integrated Performance Report (IPR) which is submitted to each Trust Board meeting. This highlights the operation performance against a suite of metrics.

The Trust agreed at its Board meeting in March 2013, a budgeted surplus of £1.2m for 2013/14, predicated on the delivery of an £11.8m CIP (4% of turnover). However, the key risk in achieving the surplus was the agreement of contracts with the main commissioners and the risk presented by the contractual uncertainty resulted in a movement to a forecast deficit of £2.4m for 2013/14. However, an agreement has been reached with the NTDA to now achieve a breakeven position for 2013/14.

Use of Resources

- We concluded that the Trust has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. However, due to the conditions outlined below we considered a qualified conclusion paragraph to be necessary.
- **Financial resilience:** The Trust has delivered its CIP of £13m (4.4% of turnover) in full in 2012/13. This is a significant improvement from the CIP delivered in 2011/12 of £6.4m. The Trust continues to develop its CIP governance, with improvements to the CIP process leading to the significant improvement in the level of CIPs delivered during 2012/13.
- **Securing economy, efficiency and effectiveness:** The Trust has reported significant failure to achieve its Accident and Emergency target with a performance of 90.62% against the 95% target and a deterioration on the performance achieved in 2011/12 (94.52%). This Trust is also significantly failing to achieve the 18 week referral to treatment target with annual performance of 78% against a 95% target and again a significant deterioration on the performance delivered in 2011/12 (94.48%).
- As a result of the failure to deliver these key operational performance targets, we considered a qualified conclusion paragraph necessary due to the deterioration in the delivery of operational performance within the financial resources available.

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| Financial Statements including the Annual Governance Statement | <ul style="list-style-type: none"> ■ We issued an unqualified opinion on the Trust's accounts on 7 June 2013. This means that we believe the accounts give a true and fair view of the financial affairs of the Trust and of the income and expenditure recorded during the year. ■ We have also confirmed that the Trust have complied with the Department of Health requirements in the preparation of the Trust's Annual Governance Statement (AGS). We suggested minor changes to the Trust's AGS as part of our audit work. These changes were accepted by the Trust. ■ There were no adjustment required to the accounts other than presentational items which were adjusted by management. ■ The Trust's working papers to support the financial statements were of high quality and our prepared by client list had been followed. ■ There were no significant matters which we were required to report to 'those charged with governance'. |
| Whole of Government Accounts | <ul style="list-style-type: none"> ■ We issued an unqualified Group Audit Assurance Certificate to the National Audit Office regarding the Whole of Government accounts submission with no exceptions. |
| Recommendations | <ul style="list-style-type: none"> ■ We have made 4 recommendations as a result of our 2012/13 audit work. The key recommendation related to: <ul style="list-style-type: none"> ■ Delivery of operational performance : The Trust must ensure that measures are taken to ensure operational targets are met during 2013/14 within the resources available. Where CIPs are budgeted, QIA must be undertaken to establish if a scheme will have a detrimental effect on quality or operational performance and if this is the case, alternative schemes considered. ■ Asset verification :The Trust undertakes an asset verification exercise on an annual basis, however, this covers the plant and machinery category of assets only. Whilst we have performed additional procedures to confirm the existence of IT assets, the annual verification exercise should be extended to cover all Trust assets including IT and fixtures and fittings ■ These are summarised in Appendix A. ■ The Trust has been good at implementing agreed audit recommendations from prior years. We have identified one prior year recommendation that still requires further action by management. |

Quality Accounts

From our mandated work on the Trust's Quality Account:

- The Trust achieved a limited assurance opinion on compliance with the Quality Accounts Regulations.
- The Trust achieved a limited assurance opinion on consistency with other specified information.
- The Trust achieved a limited assurance opinion on the indicators in the quality account.

The 'limited' reference relates to the limited procedures we were required to complete rather than any limitations on the assurance opinion given. Achieving a limited assurance opinion is the highest possible level of assurance available.

Detailed testing was undertaken on two of the performance indicators included in the quality account. The two indicators tested were:

- Mandated indicator: Percentage of patient safety incidents resulting in severe harm or death.
- Local indicator: VTE risk assessments

We reported a completeness risk at every Trust relating to the data collected for patient safety incidents as it relies on every incident being reported (as the denominator). The nature of the indicator means it is not possible to obtain sufficient audit assurance that the data used to calculate the indicator is complete. We also noted that the indicator relies heavily on clinical judgements in the classification of an incident as "severe harm". Within the scope of this engagement we have not deployed clinical expertise to challenge and assess these judgements there is therefore an inherent uncertainty in the presentation of the indicator.

We made two recommendations from our work relating to the following:

- **Quality accounts timetable** – the Trust should consider aligning its timetable for the completion of the Quality Account alongside the financial statements compilation; and
- **VTE risk assessments** – the Trust must continue to monitor the performance of VTE risk assessments in the Day Unit where a paper based system is in operation as the main area of adverse performance appears to be where the paper based an not electronic risk assessment is in operation.

Public Interest Reporting

We have a responsibility to consider whether there is a need to issue a public interest report or whether there are any issues which require referral to the Secretary of State. We did not issue a report in the public interest or refer any matters to the Secretary of State in 2012/13.

Recommendations Raised in 2012-13

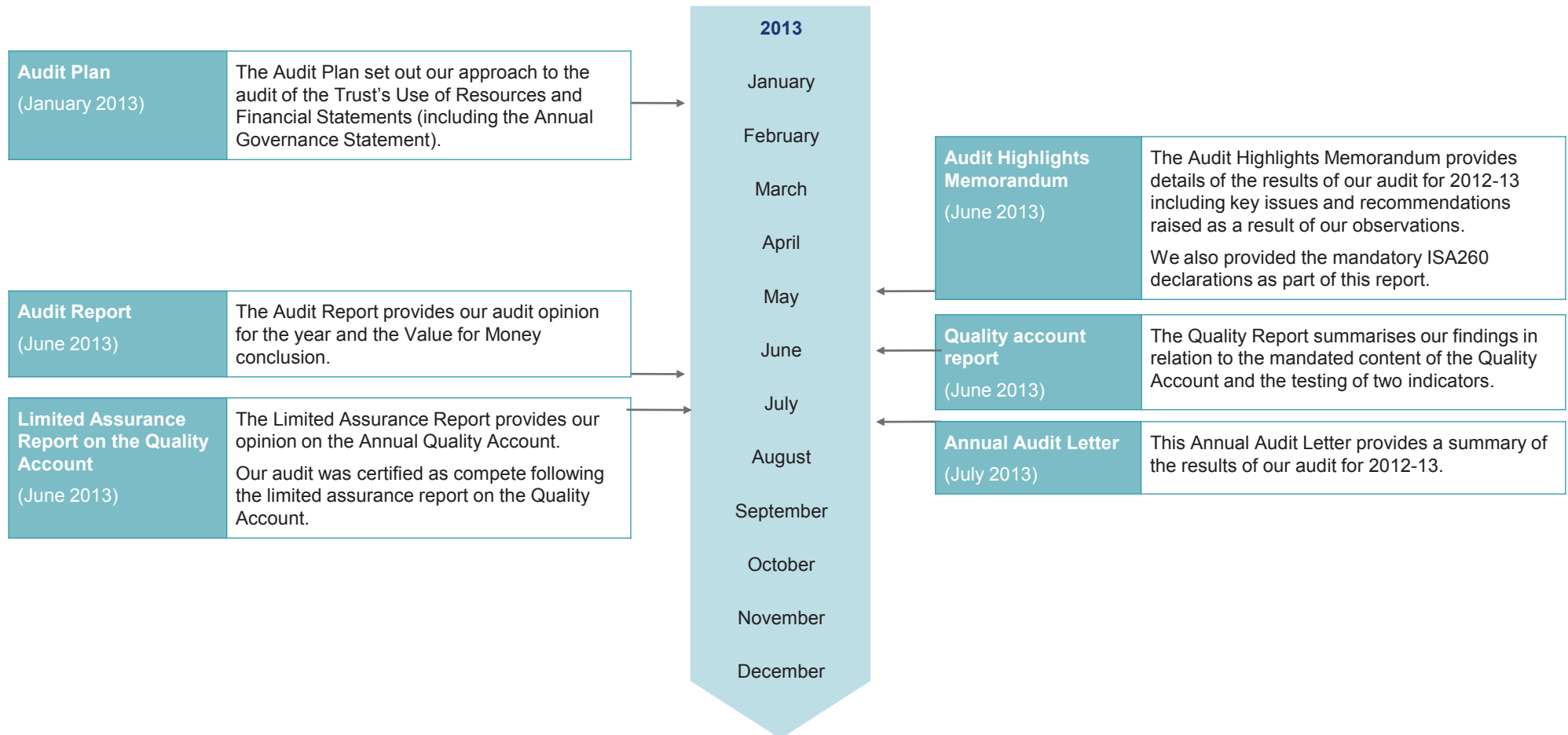
| No. | Risk | Issue, impact and recommendation | Management response/responsible officer/due date |
|-----|-------------|---|--|
| 1 | ● High | <p>Delivery of operational performance</p> <p>The Trust has reported significant failure to achieve a number of operational targets throughout 2012/13 particularly the Accident and Emergency target and the 18 week Referral to Treatment target. In both of these areas, reported performance has deteriorated significantly from 2011/12 to this year.</p> <p>The Trust must ensure that measures are taken to ensure operational targets are met during 2013/14 within the resources available. Where CIPs are budgeted, QIA must be undertaken to establish if a scheme will have a detrimental effect on quality or operational performance and if this is the case, alternative schemes considered.</p> | Agreed – Deputy Director of Finance |
| 2 | ● Medium | <p>Asset verification</p> <p>The Trust undertakes an asset verification exercise on an annual basis, however, this covers the plant and machinery category of assets only. Whilst we have performed additional procedures to confirm the existence of IT assets, the annual verification exercise should be extended to cover all Trust assets including IT and fixtures and fittings</p> <p>The Trust must follow up any Trust areas where verifications are not completed going forward.</p> | Agreed – Deputy Director of Finance |
| 3 | ● Medium | <p>Capitalisation of salaries</p> <p>The Trust has capitalised £0.747m of salaries as part of its fixed asset spend in year. The capitalisation of salaries should only occur where the Trust maintains timesheets to demonstrate the work of members of Trust staff on individual capital schemes.</p> <p>The Trust must ensure that all staff salaries capitalised can be attributed to individual capital schemes through timesheets. This is of particular importance given the significant level of capital spend going forward.</p> | Agreed – Deputy Director of Finance |
| 4 | ● Medium | <p>Nominal roles</p> <p>We reported two years ago that the Trust was continuing to pay a number of employees for a considerable amount of time after the individual had left employment at the Trust. We recommended that a monthly nominal role should be sent out and positively confirm by Trust management to ensure that only bona fide employees were paid by the Trust. However, we have found in 2012/13 the level of return of these nominal roles is low increasing the risk once again of employees being paid once they have left the Trust.</p> <p>The Trust must ensure that a positive nominal role return is received by the Finance Department on a monthly basis to confirm only bona fide employees are being paid.</p> | Agreed – Deputy Director of Finance |

Recommendations from previous years

| No. | Risk | Issue, impact and recommendation | Management response/responsible officer/due date |
|-----|---|---|--|
| 3 | <p style="text-align: center;">●</p> <p>Low</p> | <p>Segmental Reporting</p> <p>Accounting guidance relating to IFRS 8 Operating Segments requires the Trust to disclose an analysis of their performance split into the same operating segments that are considered by the 'chief operating decision maker', which is the Trust Board in this case.</p> <p>The Trust have implemented service line reporting during 2011/12. This is reported to Board as part of the Finance Update and shows income and expenditure relating to nine clinical service centres and includes an apportionment of central costs.</p> <p>The Trust should consider the internally reported service line reporting figures as a basis for the Segmental Reporting disclosure in 2012/13 since service line reporting will have been in effect for the entire financial year.</p> | <p>2011/12</p> <p>Agreed to be implemented in 2012/13 accounts</p> <p>Status at 31.3.13</p> <p>The Trust has not adopted IFRS 8 for 2012/13. The Trust should ensure that it formalises its approach to segmental reporting each year</p> |



Appendix B Summary of our reports issued





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