STANDING ORDERS

RESERVATION AND

DELEGATION of POWERS

STANDING FINANCIAL INSTRUCTIONS

For
THE SOUTH YORKSHIRE AND BASSETLAW CLUSTER SINGLE BOARD (THE BOARD) comprising Barnsley PCT, Bassetlaw PCT, Doncaster PCT, Rotherham PCT and Sheffield PCT
1ST October 2011

CONTENTS PAGE

SECTION A

1. INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

1.1 Save as otherwise permitted by law, at any meeting the Chairman of the PCTs shall be the final authority on the interpretation of Standing Orders (on which they should be advised by the Chief Executive or Corporate Secretary).

1.2 Any expression to which a meaning is given in the National Health Service Act 2006, and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:

1.2.1 **"Accountable Officer"** means the NHS Officer responsible and accountable for funds entrusted to the PCT. The officer shall be responsible for ensuring the proper stewardship of public funds and assets. For the PCT this shall be the Chief Executive.

1.2.2 "**Associate Non-Executive Director**" means a lay representative who is in attendance at the single Trust board as approved by the Appointments Commission

1.2.3 **"Board"** means the Chairman, officer and non-officer members of the PCT Boards collectively as a body which are the boards of NHS Bassetlaw, NHS Barnsley, NHS Doncaster, NHS Rotherham and NHS Sheffield

1.2.4 **"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 PCTs.

1.2.5 **"Budget holder"** means the Director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.

1.2.6 **"Chairman of the Board (or PCT)"** is the person appointed to lead the Board and to ensure that it successfully discharges its overall responsibility for the PCTs as a whole. The expression "the Chairman of the PCTs" shall be deemed to include the Vice-Chairman of the PCT if the Chairman is absent from the meeting or is otherwise unavailable.

1.2.7 **"Chairman of the Clinical Commissioning Group "** means the person elected or appointed to be Chairman in accordance with relevant guidance.

1.2.8 **"Chief Executive"** means the PCT chief executive

1.2.9 **"Chief Finance Officer"** means the finance officer to whom certain functions are delegated from the Director of Finance in accordance with the scheme of delegation.

1.2.10 **"Chief Operating Officer"** means the officer to whom certain functions are delegated from the Chief Executive in accordance with the scheme of delegation.

1.2.11 **"Clinical Commissioning Group"** means a committee(s) of the board appointed/elected in accordance with relevant guidance.

1.2.12 "**Cluster / South Yorkshire and Bassetlaw Cluster"** means those PCT's comprising NHS Barnsley, NHS Bassetlaw, NHS Doncaster, NHS Rotherham and NHS Sheffield

1.2.13 **"Commissioning"** means the process for determining the need for and for obtaining the supply of healthcare and related services by the PCT within available resources.

1.2.14 **"Committee"** means a committee or sub-committee created and appointed by the Board

1.2.15 **"Committee members"** means persons formally appointed by the Board to sit on or to chair specific committees.

1.2.16 **"Corporate Secretary"** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chairman and monitor the PCTs' compliance with the law, Standing Orders, and Department of Health guidance.

1.2.17 "**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.

1.2.18 "**Director of Finance"** means the PCTs' accountable finance officer

1.2.19 "**Director of Public Health"** means a health care professional who is a specialist in Public Health or a consultant in Public Health medicine who may hold the post of Director of Public Health.

1.2.20 **"Financial Directions"** means any and all Directions made by the Secretary of State from time to time which relate to financial entitlements and or requirements.

1.2.21 **"Funds held on trust"** shall mean those funds which the PCT holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under powers derived under Schedule 3 paragraph 12 and Schedule 5 paragraph 8 of the NHS Act 2006. Such funds may or may not be charitable.

1.2.22 "**Lay member/representative**" means a non-officer of the Clinical Commissioning Group or one of the single trust board and clinical commissioning group committees/sub-groups as approved by the Trust Board

1.2.23 **"Member"** means officer or non officer member of the Board or the Clinical Commissioning Group as the context permits. Member in relation to the Board does not include its Chairman.

1.2.24 "**Membership, Procedure and Administration Arrangements Regulations"** means the Primary Care Trusts (Membership, procedure and Administration Arrangements) Regulations 2000, as amended.

1.2.25 **"NHS Act 2006"** means the National Health Service Act 2006.

1.2.26 **"Nominated officer"** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.

1.2.27 **"Non-officer member"** means a member of the PCTs who is not an officer of the PCT and is not to be treated as an officer by virtue of Regulation 1(3) of the Membership, Procedure and Administration Arrangements Regulations.

1.2.28 **"Officer"** means employee of the PCT or any other person holding a paid appointment or office with the PCT.

1.2.29 **"Officer member**" means a member of the PCT who is either an officer of the PCT or is to be treated as an officer by virtue of Regulation 1(3) (i.e. the Chairman of the PCTs, Clinical Commissioning Group or any person nominated by such a Committee for appointment as a PCTs member).

1.2.30 **"PCT"** means the statutory body of NHS Bassetlaw, NHS Barnsley, NHS Doncaster, NHS Rotherham and NHS Sheffield which collectively constitute the South Yorkshire and Bassetlaw Cluster.

1.2.31 **"PCTs"** means Primary Care Trusts of NHS Bassetlaw, NHS Barnsley, NHS Doncaster, NHS Rotherham and NHS Sheffield

1.2.32 **Single Board** – is the Trust Board for NHS Bassetlaw, NHS Barnsley, NHS Doncaster, NHS Rotherham and NHS Sheffield

1.2.33 **"SFIs"** means Standing Financial Instructions.

1.2.34 **"SOs"** means Standing Orders.

1.2.35 **"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.

SECTION B – STANDING ORDERS

1. INTRODUCTION

1.1 Statutory Framework

(1) The Primary Care Trust (the **PCT**) is a statutory body which came into existence under Primary Care Trust (Establishment) Order (the **Establishment Order**).

(2) The principal place of business of the PCT is per the attached document at Appendix 1

(3) PCTs are governed by Acts of Parliament, mainly the NHS Act 2006 and the Health and Social Care Act 2008.

(4) The Membership, Procedure and Administration Arrangements Regulations 2000 as amended, the National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administration Arrangements) (England) Regulations 2002 as amended and the Primary Care Trust (Executive Committees and Standing Financial Instructions) Directions 2007 set out in broad terms the functions exercisable by Strategic Health Authorities and PCTs. These Regulations set out the functions which a Strategic Health Authority must direct a PCT to perform, and those functions which they must not direct a PCT to perform. Other functions are left to the SHA's discretion. In addition the NHS Act 2006 (Schedule 3, paragraph 3) confers a general power directly on PCTs to do certain things ancillary to their main functions, such as the power to acquire land, make contracts and accept gifts.

(5) As a statutory body, the PCT 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 PCT also has statutory powers under Section 256 of the NHS Act 2006 including to fund projects jointly planned with local authorities, voluntary organisations and other bodies.

(6) The Membership, Procedure and Administration Arrangements Regulations 2000 as amended require the PCT to adopt Standing Orders for the Regulation of its proceedings and business. Such Standing Orders should take account of the NHS Act 2006. In accordance with the Corporate Governance Framework the PCT must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.

(7) The PCT will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

1.2 NHS Framework

(1) 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.

(2) The Code of Accountability 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 Clinical Commissioning Group and to senior executives (a scheme of delegation). The code also requires the establishment of Audit and Remuneration, Appointments and Terms of Service Committees with formally agreed terms of reference. The Codes of Conduct makes various requirements concerning possible conflicts of interest of Board members.

1.3 Delegation of Powers

(1) The National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administration Arrangements) (England) Regulations 2002 as amended confer on the PCT powers to delegate and make arrangements for delegation. The PCT Standing Orders set out the detail of these arrangements. Under Standing Order No. 5 relating to the 'Arrangements for the Exercise of Functions', the PCT is given powers to "make arrangements for the exercise, on behalf of the PCT of any of their functions by a committee, sub-committee or joint committee appointed by virtue of Standing Order No. 5 or by an officer of the PCT, in each case subject to such restrictions and conditions as the PCT thinks fit or as the Secretary of State may direct".

Delegated Powers are covered in a separate document entitled – 'Schedule of Matters Reserved to the Board and Scheme of Delegation'. This document has effect as if incorporated into the Standing Orders and Standing Financial Instructions.

1.4 Integrated Governance

PCT 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. Guidance from the Department of Health on the move toward and implementation of integrated governance has been issued and will be incorporated in the PCT's Governance Strategy (see Integrated Governance Handbook 2006). Integrated governance will better enable the Board to take a holistic view of the organisation and its capacity to meet its legal and statutory requirements and clinical, quality and financial objectives resulting in a more cost effective service and more efficient information processes.

2. THE PRIMARY CARE TRUST BOARD: COMPOSITION OF MEMBERSHIP, TENURE AND ROLE OF MEMBERS

2.1 **Composition of the Board:** The Primary Care Trusts (Membership, Procedure and Administration Arrangements) Regulations 2000, were amended by the Primary Care Trusts (Membership, Procedure and Administration Arrangements) Amendment (No.2) (England) Regulations 2002 (SI 2002 No. 557), so that the composition of the Board may be varied without the requirement for Parliament to amend individual Establishment Orders. In accordance with the Membership, Procedure and Administration Arrangements Regulations the composition of the Board shall be:

(1) The Chairman of the PCT (appointed by the NHS Appointments Commission);

(2) Up to 7 non-officer members (appointed by the NHS Appointments Commission);

(3) Up to 7 officer members (but not exceeding the number of non-officer members) including:

- the Chief Executive;
- the Director of Finance ;
- Director of Public Health
- Nurse Director
- Medical Director
- Director of Commissioning Development
- Director of HR and Governance

The PCT shall have not more than 14 members (excluding the Chair). The Trust board will also have two Associate Non-Executive Directors who will be non-voting members of the Board.

2.2 Appointment of Chairman and Members of the PCT

(1) Paragraph 3(a) of Schedule 3 to the NHS Act 2006, provides that the Chairman is appointed on behalf of the Secretary of State by the NHS Appointments Commission. Otherwise the appointment and tenure of office of the Chairman and Members are set out in the Membership, Procedure and Administration Arrangements Regulations. Disqualification from holding office is defined in Membership, Procedure and Administration Arrangements Regulations 2000.

2.3 Terms of Office of the Chairman and Members

(1) 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 Sections 2 to 4B of the Membership, Procedure and Administration Arrangements and Administration Regulations.

2.4 Appointment and Powers of Vice-Chairman

(1) Subject to Standing Order 2.4 (2) below, the Chairman and members of the PCT may appoint one of their number, who is not also an officer member, to be Vice-Chairman, for such period, not exceeding the remainder of his/her term as a member of the PCT, as they may specify on appointing him/her.

(2) 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 2.4 (1).

(3) Where the Chairman of the PCT has died or has ceased to hold office, or where they have been unable to perform their 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 their 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 those duties, be taken to include references to the Vice-Chairman.

2.5 Joint Members

(1) 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 2.1 as one person.

(2) 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 Standing Order 3.11 Quorum

2.6 Local Involvement Networks

Section 221 of the Local Government and Public Involvement in Health Act 2007 requires Local Authorities to make arrangements for public engagement in health and social services delivery. The Local Involvement Networks Regulations 2008 as amended, the Local Involvement Networks (Duty of Service Providers to Allow Entry) Regulations 2008 and the Directions about the Arrangements to be made by Relevant Bodies in respect of Local Involvement Networks 2008 set out the PCT's duties in respect of Local Involvement Networks.

2.7 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 PCT 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 PCT. He/she is the Accountable Officer for the PCT 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 PCT Chief Executives.

(3) Director of Finance

The Director of Finance shall be responsible for the provision of financial advice to the PCT and to its members and for the supervision of financial control and accounting systems. He/she shall be responsible along with 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 PCT. They may however, exercise collective authority when acting as members of or when chairing a committee of the PCT which 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 Appointments Commission 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.

2.8 Corporate Role of the Board

(1) All business shall be conducted in the name of the PCT.

(2) All funds received on trust shall either be held in the name of the PCT as corporate trustee or another assigned body

(3) The powers of the PCT 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 Strategic Health Authority and the Secretary of State.

2.9 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.

3. MEETINGS OF THE PCT

3.1 Calling meetings

(1) Ordinary meetings of the Board shall be held at regular intervals at such times and places as the Board may determine.

(2) The Chairman of the PCT may call a meeting of the Board at any time.

(3) One-third or more members of the Board may requisition a meeting in writing. If the Chairman refuses, or fails, to call a meeting within seven days of a requisition being presented, the members signing the requisition may forthwith call a meeting.

3.2 Notice of Meetings and the Business to be transacted

(1) When the Chairman 'calls' a meeting of the Board a written notice specifying the business proposed to be transacted shall be delivered to every member, or sent by post to the usual place of residence of each member, so as to be available to members at least three clear days before the meeting. The notice shall be signed by the Chairman or by an officer authorised by the Chairman to sign on their behalf. Want of service of such a notice on any member shall not affect the validity of a meeting.

(2) In the case of a meeting called by members in default of the Chairman calling the meeting, the notice shall be signed by those members.

(3) No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under Standing Order 3.6.

(4) A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chairman at least 10 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.

(5) Before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed at the PCT's principal offices at least three clear days before the meeting (required by the Public Bodies (Admission to Meetings) Act 1960 Section 1 (4) (a)).

3.3 Agenda and Supporting Papers for Ordinary Board meetings

The Agenda will be sent to members 5 days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be dispatched no later than 5 days before the meeting, save in emergency. 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. (Such matters may be identified within these Standing Orders or following subsequent resolution shall be listed in an Appendix to the Standing Orders.)

3.4 Petitions

Where a petition has been received by the PCT the Chairman shall include the petition as an item for the agenda of the next meeting.

3.5 Notice of Motion

(1) 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.

(2) The notice shall be delivered at least 10 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.

3.6 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 PCT 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.

3.7 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 PCT 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.

iv) **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 1(2) or Section 1(8) of the Public Bodies (Admissions to Meetings) Act l960 resolving to exclude the public, including the press (see Standing Order 3.17).

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.

3.8 Motion to Rescind a Resolution

(1) Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar months shall bear the signature of the member who gives it and also the signature of three other members, and before considering any such motion of which notice shall have been given, the PCT Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.

(2) When any such motion has been dealt with by the PCT 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.

3.9 Chairman of Meeting

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

(2) 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 member as the members present shall choose shall preside.

3.10 Chairman's Ruling

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

3.11 Quorum

(i) No business shall be transacted at a meeting unless at least one-third of the whole number of the Chairman and members (including at least one member who is also an Officer Member of the PCT and one member who is not) is present.

(ii) An Officer in attendance for an Executive Director (Officer Member) but without formal acting up status may not count towards the quorum.

(iii) 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 a declaration of a conflict of interest (see SO No.7) that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

3.12 Voting

(i) Save as provided in Standing Orders 3.13 - Suspension of Standing Orders and 3.14 - Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding (i.e.: the Chairman of the meeting) shall have a second, and casting vote.

(ii) At the discretion of the Chairman all questions put to the vote shall be determined by oral expression or by a show of hands, unless the Chairman directs otherwise, or it is proposed, seconded and carried that a vote be taken by paper ballot.

(iii) If at least one-third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).

(iv) If a member so requests, their vote shall be recorded by name.

(v) In no circumstances may an absent member vote by proxy. Absence is defined as being absent at the time of the vote.

(vi) A manager who has been formally appointed to act up for an Officer Member during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Officer Member.

(vii) A manager attending the PCT Board meeting to represent an Officer Member during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Officer Member. An Officer's status when attending a meeting shall be recorded in the minutes.

(viii) For the voting rules relating to joint members see Standing Order 2.5.

3.13 Suspension of Standing Orders

(i) Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the Quorum (SO 3.11), any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board are present (including at least one member who is an Officer Member of the PCT and one member who is not) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the PCT Board's minutes.

(ii) 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 PCT.

(iii) No formal business may be transacted while Standing Orders are suspended.

(iv) The Audit Committee shall review every decision to suspend Standing Orders.

3.14 Variation and amendment of Standing Orders

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

- Upon a notice of motion under Standing Order 3.5;
- Upon a recommendation of the Chairman or Chief Executive included on the agenda for the meeting;
- That two-thirds of the Board members are present at the meeting where the variation or amendment is being discussed, and that at least half of the PCT's Non-Officer Members vote in favour of the amendment;
- Providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

3.15 Record of Attendance

The names of the Chairman and Directors/Members present at the meeting shall be recorded.

3.16 Minutes

The minutes of the proceedings of a meeting shall be drawn up and submitted for agreement at the next ensuing meeting and they shall be signed by the person presiding at it.

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

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 the Freedom of Information Act.

3.17 Admission of Public and the Press

Admission and exclusion on grounds of confidentiality of business to be transacted

3.17.1 Subject to Standing Order 3.17.2 below, meetings of the PCT Board or any meeting of a committee of the PCT Board shall be open to the public.

3.17.2 The PCT may, by resolution, exclude the public from a meeting that is open to the public (whether during the whole or part of the proceedings) wherever publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted or for other special reasons stated in the resolution and arising from the nature of that business or of the proceedings or for any other reason permitted by the Public Bodies (Admission to Meetings) Act 1960 as amended or succeeded from time to time.

3.17.3 In the event the public could be excluded from a meeting of the PCT pursuant to Standing Order 3.17.2 above, the PCT shall consider whether the subject matter of the meeting would in any event be subject to disclosure under the Freedom of Information Act 2000, and if so, whether the public should be excluded in such circumstances.

General disturbances

3.17.4 The Chairman (or Vice-Chairman if one has been appointed) or the person presiding over the meeting shall give such directions as he/she 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 PCT's business shall be conducted without interruption and disruption.

3.17.5 Without prejudice to the power to exclude the public pursuant to Standing Order 3.17.2 above the PCT may resolve (as permitted by Section 1(8) Public Bodies (Admissions to Meetings) Act l960 as amended from time to time) to exclude the public from a meeting (whether during whole or part of the proceedings) to suppress or prevent disorderly conduct or behaviour.

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

3.17.7 Matters to be dealt with by the PCT Board following the exclusion of representatives of the press, and other members of the public, as provided in Standing Order 3.17.2 and SFI 3.17.5 respectively, shall be confidential to the members of the Board.

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

Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings

3.17.9 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 PCT or Committee thereof. Such permission shall be granted only upon resolution of the PCT.

3.18 Observers at PCT meetings

The PCT 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 PCT Board's meetings and may change, alter or vary these terms and conditions as it deems fit.

4. APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES

4.1 Appointment of Committees

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

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

4.2 Clinical Commissioning Group(s)

The Trust Board shall appoint committees to be known as Clinical Commissioning Groups in accordance with emerging guidance. CCGs will be responsible for delegated functions from the Trust Board.

4.3 Joint Committees

(i) Joint committees may be appointed by the PCT by joining together with one or more other health service bodies consisting of, wholly or partly of the Chairman and members of the PCT or other health service bodies, or wholly of persons who are not members of the PCT or other health service bodies in question.

(ii) Any committee or joint committee appointed under this Standing Order may, subject to such directions as may be given by the Secretary of State or the PCT or other health bodies in question, appoint sub-committees consisting wholly or partly of members of the committees or joint committee (whether or

not they are members of the PCT or health bodies in question) or wholly of persons who are not members of the PCT or health bodies in question or the committee of the PCT or health bodies in question.

4.4 Applicability of Standing Orders and Standing Financial Instructions to Committees

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

4.5 Terms of Reference

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

4.6 Delegation of powers by Committees to Sub-Committees

Where committees are authorised to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorised by the Board (or Clinical Commissioning Group in the case of sub-groups established by the Clinical Commissioning Group).

4.7 Approval of Appointments to Committees

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

4.8 Appointments for Statutory functions

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

4.9 Committees established by the PCT Board

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

4.9.1 Clinical Commissioning Group(s)

In line with the relevant guidance the Board will establish Clinical Commissioning Group(s) who will be responsible for the commissioning of healthcare services

across a range of clinical or service areas as delegated by the Single Trust Board and in accordance with the scheme of delegation.

4.9.2 Audit Committee

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, and more recently the Higgs report, an Audit Committee will be established and constituted to provide the Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and Regulations governing the NHS. The Terms of Reference will be approved by the Board and reviewed on a periodic basis.

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

The chair of the Audit Committee is appointed in line with current approved practice.

4.9.3 Quality and Patient Safety Committee

The Board will establish a committee to gain assurance that there is an effective and consistent process to commissioning for quality and safety across the cluster ensuring that concerns and underperformance is identified and high standards of care and treatment are delivered.

The remit of the Committee will be to gain assurance that each Clinical Commissioning Group has in pace relevant processes and systems to monitor and oversee patient safety and quality.

4.9.4 Remuneration, Appointments and Terms of Service Committee

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

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

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

(i) all aspects of salary (including any performance-related elements/bonuses);

(ii) provisions for other benefits, including pensions and cars;

(iii) arrangements for termination of employment and other contractual terms.

4.9.5 Charitable Funds Committee – if applicable

Funds held on trust for the NHS can, with a few exceptions, be managed by any NHS body provided the terms of the trust are adhered to. This includes separate bodies of trustees, created in certain circumstances by legislation or the Secretary of State. Where the PCT has responsibility for managing funds held on trust, either as charitable funds or non charitable funds, the Board will establish a Charitable Funds Committee to administer those funds in accordance with any statutory or other legal requirements and best practice required by the Charities Commission. In doing so, the Board will recognise that the establishment of a Charitable Funds

Committee does not alter the responsibilities of the Board, which remains the trustee as a corporate body.

The provisions of this Standing Order must be read in conjunction with Standing Order 2.9 and Standing Financial Instructions No. 27.

4.9.6 Maintaining High Professional Standards Committee (Reference Committee)

The Board will establish a committee to oversee the management of concerns relating to independent contractors and to ensure that *Maintaining High Professional Standards* requirements are implemented across the cluster.

4.9.7 Other Committees

The Board has also established some joint committees as required to discharge the PCT's responsibilities.

(i) **Yorkshire and the Humber Specialised Commissioning Group (YHSCG)**
The YHSCG is a formal joint committee of the PCTs in Yorkshire and the Humber SHA

The YHSCG is established as a joint sub-committee of each of the Boards of Members in accordance with Regulations 9 and 10 of the National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administrative Arrangements) (England) Regulations 2002.

(ii) **East Midlands Specialised Commissioning Group (EMSCG**) – the EMSCG is a formal joint committee of the Bassetlaw and East Midlands PCTs as established in accordance with Regulations 9 and 10 of the National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administrative Arrangements) (England) Regulations 2002.

(iii) **Joint committee for Paediatric Cardiac Surgery Services in England – is a formal joint committee of the PCTs in England.**

4.9.8 The PCT Board may establish additional committees as required to discharge its responsibilities'

5. ARRANGEMENTS FOR THE EXERCISE OF PCT FUNCTIONS BY DELEGATION

5.1 Delegation of Functions to Committees, Officers or other bodies

5.1.1 Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a committee, sub-committee appointed by virtue of Standing Order No. 4, or by an officer of the PCT, or by another body as defined in Standing Order 5.1.2 below, in each case subject to such restrictions and conditions as the PCT thinks fit.

5.1.2 Section 19 of the NHS Act 2006 allows for Regulations to provide for the functions of PCTs to be carried out by third parties. In accordance with The National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administration Arrangements (England) Regulations 2002 the functions of the PCT may also be carried out in the following ways:

(i) by another PCT;

(ii) jointly with any one or more of the following: Strategic Health Authorities, Local Health Boards NHS trusts and other PCTs;

(iii) by a Special Health Authority (SpHA) or by a committee, sub-committee or officer of a SpHA;

(iv) by arrangement with the appropriate Strategic Health Authority or PCT, by a joint committee or joint sub-committee of the PCT and one or more other health service bodies;

(v) in relation to arrangements made under [S63(1) of the Health Services and Public Health Act 1968], jointly with one or more Strategic Health Authorities, SpHAs, NHS Trusts or other PCTs.

(vi) in the case of the functions of an assessment panel appointed under paragraph 31 or 35 of Schedule 6 of the National Health Service (General Medical Services Contracts) Regulations 2004, or paragraph 30 or 34 of Schedule 5 to the National Health Service (Personal Medical Services Agreements) Regulations 2004 by a committee or sub-committee of the PCT.

5.1.3 Where a function is delegated by any of these Regulations to another PCT or SpHA, then that PCT or SpHA exercises the function in its own right; the receiving PCT has responsibility to ensure that the proper delegation of the function is in place. In other situations, i.e. delegation to committees, sub committees or officers, the PCT delegating the function retains full responsibility.

5.2 Emergency Powers and urgent decisions

The powers which the Board has reserved to itself within these Standing Orders (see Standing Order 2.8) may in emergency or for an urgent decision 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 PCT Board in public session for formal ratification.

5.3 Delegation to Committees

5.3.1 The Board shall agree from time to time to the delegation of executive powers to be exercised by the Clinical Commissioning Group, other committees, or sub-committees, or joint-committees, which it has formally constituted in accordance with directions issued by the Secretary of State or the Strategic Health Authority. 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 or by the Clinical Commissioning Group in respect of its sub-committees.

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

5.4 Delegation to Officers

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

5.4.2 The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.

5.4.3 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Director of Finance to provide information and advise the Board in accordance with statutory or Department of Health requirements. Outside these statutory requirements the roles of the Director of Finance shall be accountable to the Chief Executive for operational matters.

5.5 Schedule of Matters Reserved to the PCT and Scheme of Delegation of powers

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

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

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

6. OVERLAP WITH OTHER PCT POLICY STATEMENTS/PROCEDURES, REGULATIONS AND THE STANDING FINANCIAL INSTRUCTIONS

6.1 Policy statements: general principles

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

6.2 Specific Policy statements

Notwithstanding the application of SO No. 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following Policy statements:

- The Standards of Business Conduct and Conflicts of Interest Policy for PCT staff;
- Code of Conduct for NHS Managers 2004;
- ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry;
- PCT staff Benefits and Expenses Policy;

6.3 Standing Financial Instructions

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

6.4 Specific guidance

Notwithstanding the application of SO No. 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following legislation and guidance issued by the Secretary of State for Health:

- Caldicott Guardian 1997;
- Confidentiality: NHS Code of Practice 2003;
- Human Rights Act 1998;
- Freedom of Information Act 2000; and
- Equality Act 2010.

7. DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND SENIOR MANAGERS UNDER THESE STANDING ORDERS

7.1 Declaration of Interests

7.1.1 Requirements for Declaring Interests and applicability to Board and Clinical Commissioning Group Members

i) The NHS Code of Accountability requires PCT Board members and Clinical Commissioning Group members to declare any personal or business interest which may influence or may be perceived to influence their judgement, including without limitation interests which are “relevant and material” as defined by Standing Order 7.1.2 below. All existing Board members should declare such interests. Any Board members appointed subsequently should do so on appointment. References here to Board members shall mean both PCT Board members, Clinical Commissioning Group members and Executive Management Team members.

7.1.2 Interests which are relevant and material

(i) Interests which should be regarded as "relevant and material" for the purposes of Standing Order 7.1.1 are:

a) Directorships, including non-executive directorships held in private companies or PLCs (with the exception of those of dormant companies);

b) Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS;

c) Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS;

d) A position of authority in another health or social care body or a charity or voluntary organisation in the field of health and social care;

e) Any connection with a voluntary or other organisation contracting for NHS services.

f) Research funding/grants that may be received by an individual or their department;

g) Interests in pooled funds that are under separate management (any relevant company included in this fund that has a potential relationship with the PCT must be declared);

h) Clinical Commissioning Group.

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

7.1.3 Advice on Interests

If Board or Clinical Commissioning Group members have any doubt about the relevance of an interest, this should be discussed with the Chairman of the PCT or the Chairman of the Clinical Commissioning Group as appropriate, or with the Corporate Secretary.

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

7.1.4 Recording of Interests in PCT Board and Clinical Commissioning Group(s) minutes

At the time Board members' interests are declared, they should be recorded in the PCT Board minutes or in the case of the Clinical Commissioning Group(s) in the Clinical Commissioning Group's minutes. Where interests are declared to the Clinical Commissioning Group these should be formally reported to the PCT Board at the earliest opportunity.

Any changes in interests should be declared at the next PCT Board meeting or Clinical Commissioning Group meeting following the change occurring and recorded in the minutes of that meeting.

7.1.5 Publication of declared interests in Annual Report

Board members' and Clinical Commissioning Group Members, Directorships of companies likely or possibly seeking to do business with the NHS should be published in the PCT's annual report. The information should be kept up to date for inclusion in succeeding annual reports.

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

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

7.2 Register of Interests

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

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

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

7.3 Exclusion of Chairman and Members in proceedings on account of pecuniary interest

7.3.1 Interpretation of 'Pecuniary' interest

For the sake of clarity 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) 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) 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/her (or any person connected with him/her) has a beneficial interest do not exceed **£5,000** in nominal value or one per cent of the total issued share capital of the company or of the relevant class of such capital, whichever is the less.

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

7.3.2 Exclusion in proceedings of the PCT Board or Clinical Commissioning Group

(i) Subject to the following provisions of this Standing Order, if the Chairman or a member of the PCT Board, or Chairman of the Clinical Commissioning Group or member of the Clinical Commissioning Group has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter

and is present at a meeting of the PCT Board or Clinical Commissioning Group at which the contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its commencement disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.

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

(iii) The 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/she has a pecuniary interest is under consideration. The Clinical Commissioning Group may take the same action in relation to the Clinical Commissioning Group Chairman or Clinical Commissioning Group Members.

(iv) Any remuneration, compensation or allowance payable to the Chairman or a member by virtue of paragraph 11 of Schedule 3 to the NHS Act 2006 shall not be treated as a pecuniary interest for the purpose of this Standing Order.

(v) This Standing Order applies to a committee (including the Clinical Commissioning Group) or sub-committee and to a joint committee or sub-committee as it applies to the PCT and applies to a member of any such committee or sub-committee (whether or not he is also a member of the PCT) as it applies to a Member of the PCT.

7.3.3 Waiver of Standing Orders made by the Secretary of State of Health

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

Under Regulation 11(2) (repeated in SO 7.2 above) of the Membership, Procedure and Administration Arrangements Regulations it appears to the Secretary of State in the interests of the health service that the disability in Regulation 11 (which prevents a chairman or a member from taking part in the consideration or discussion of, or voting on any question with respect to, a matter in which he has a pecuniary interest) is removed. A waiver has been agreed in line with sub-sections (2) to (4) below.

(2) Definition of 'Chairman' for the purpose of interpreting this waiver

For the purposes of paragraph 7.3.3. (3) (below), the "relevant chairman" is–

(a) at a meeting of the PCT, the Chairman of that PCT;

(b) at a meeting of the Clinical Commissioning Group–

(i) in a case where the member in question is the Chairman of that Committee, the Chairman of the PCT;

(ii) in the case of any other member, the Chairman of that Committee.

(3) Application of waiver

A waiver will apply in relation to the disability to participate in the proceedings of the PCT or its Clinical Commissioning Group on account of a pecuniary interest.

It will apply to:

(i) A member of the PCT or the Clinical Commissioning Group of the PCT, who is a healthcare professional, within the meaning of Regulation 5(5) of the Regulations, and who is providing or performing, or assisting in the provision or performance, of services under the NHS Act 2006 for the benefit of persons for whom the PCT is responsible.

(ii) Where the pecuniary interest of the member in the matter which is the subject of consideration at a meeting at which he is present:-

(a) arises by reason only of the member's role as such a professional providing or performing, or assisting in the provision or performance of, those services to those persons;

(b) has been declared by the relevant chairman as an interest which cannot reasonably be regarded as an interest more substantial than that of the majority of other persons who:–

(i) are members of the same profession as the member in question;

(ii) are providing or performing, or assisting in the provision or performance of, such of those services as he provides or performs, or assists in the provision or performance of, for the benefit of persons for whom the PCT is responsible.

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

The removal is subject to the following conditions:

(a) the member must disclose his interest as soon as practicable after the commencement of the meeting and this must be recorded in the minutes;

(b) the relevant chairman must consult the Chief Executive before making a declaration in relation to the member in question pursuant to paragraph 7.3.3 (2) (b) above, except where that member is the Chief Executive;

(c) in the case of a meeting of the PCT:

(i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded; but

(ii) may not vote on any question with respect to it.

(d) in the case of a meeting of the Clinical Commissioning Group**:**

(i) the member may take part in the consideration or discussion of the matter which must be subjected to a vote and the outcome recorded; and

(ii) may vote on any question with respect to it; but

(iii) the resolution which is subject to the vote must comprise a recommendation to, and be referred for approval by, the PCT Board.

7.4 Standards of Business Conduct

7.4.1 PCT Policy and National Guidance

All PCT staff and members of the Board must comply with the PCT's Business Integrity Policy and the national guidance contained in HSG (93) 5 on 'Standards of Business Conduct for NHS staff' (see SO 6.2), the Code of Conduct for NHS Managers 2004 and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry.

7.4.2 Interest of Officers in Contracts

i) Any officer or employee of the PCT who comes to know that the PCT has entered into or proposes to enter into a contract in which he/she or any person connected with him/her (as defined in SO 7.3) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive or Corporate Secretary as soon as practicable.

ii) An Officer should also declare to the Chief Executive any other employment or business or other relationship of his/her, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the PCT.

iii) The PCT will require interests, employment or relationships so declared to be entered in a register of interests of staff.

7.4.3 Canvassing of and Recommendations by Members in Relation to Appointments

i) Canvassing of members of the PCT or of any Committee of the PCT directly or indirectly for any appointment under the PCT shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.

ii) Members of the PCT or Clinical Commissioning Group shall not solicit for any person any appointment under the PCT 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 PCT.

iii) Informal discussions outside appointments panels or committees, whether solicited or unsolicited, should be declared to the panel or committee.

7.4.4 Relatives of Members or Officers

i) Candidates for any staff appointment under the PCT shall, when making an application, disclose in writing to the PCT whether they are related to any member or the holder of any office under the PCT. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render him/herself liable to instant dismissal.

ii) The Chairman and every member and officer of the PCT shall disclose to the PCT Board any relationship between himself and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the PCT Board any such disclosure made.

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

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

8. CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS

8.1 Custody of Seal

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

8.2 Sealing of Documents

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

8.3 Register of Sealing

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

8.4 Use of Seal – General guide

- All contracts for the purchase/lease of land and/or building;
- All contracts for capital works exceeding £100,000
- All lease agreements where the annual lease charge exceeds £50,000 per annum and the period of the lease exceeds beyond five years;
- Any other lease agreement where the total payable under the lease exceeds £100,000; and
- Any contract or agreement with organisations other than NHS or other government bodies including local authorities where the annual costs exceed or are expected to exceed £100,000.

8.5 Signature of documents

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

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

9. MISCELLANEOUS (see overlap with SFI No. 21.3)

9.1 Joint Finance Arrangements

The Board may confirm contracts to purchase from a voluntary organisation or a local authority using its powers under Section 256 of the NHS Act 2006. The Board may confirm contracts to transfer money from the NHS to the voluntary sector or the

health related functions of local authorities where such a transfer is to fund services to improve the health of the local population more effectively than equivalent expenditure on NHS services, using its powers under Section 256 of the NHS Act 2006.

SECTION C - SCHEME OF RESERVATION AND DELEGATION FOR THE TRUST BOARD

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
NA	**THE BOARD**	**General Enabling Provision** 1. The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.
NA	**THE BOARD**	**Regulations and Control** 1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions for the Regulation of its proceedings and business. 2. Suspend Standing Orders. 3. Vary or amend the Standing Orders. 4. Approve a scheme of delegation of powers from the Board to the Clinical Commissioning Group(s) and other committees**.** 5. Require and receive the declaration of Board and Clinical Commissioning Group(s) members' interests which may conflict with those of the PCT and, taking account of any waiver which the Secretary of State for Health may have made in any case, determining the extent to which that member may remain involved with the matter under consideration. 6. Require and receive the declaration of officers' interests that may conflict with those of the PCT. 7. Approve arrangements for dealing with complaints. 8. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the PCT and to agree modifications thereto. 9. Receive reports from committees including those that the PCT is required by the Secretary of State for Health or other Regulation to establish and to action appropriately. 10. Confirm the recommendations of the PCT's committees where the committees do not have executive powers. 11. Approve arrangements relating to the discharge of the PCT's responsibilities as a corporate trustee for funds held on trust. 12. Establish terms of reference and reporting arrangements of all committees and sub-committees that are established by the Board. 13. Approve arrangements relating to the discharge of the PCT's responsibilities as a bailee for patients'

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		property. 14. Ratify use of the seal. 15. Discipline members of the Board or Clinical Commissioning Group(s) or employees who are in breach of statutory requirements or SOs. 16. Approve any urgent decisions taken by the Chairman of the PCT and Chief Executive for ratification by the PCT in public session in accordance with SO 5.2.
NA	**THE BOARD**	**Appointments/ Dismissal** 1. Approve appointments and dismissals of members of the Clinical Commissioning Group. 2. Appoint the Vice Chairman of the Board. 3. Appoint and dismiss other committees (and individual members) that are directly accountable to the Board. 4. Appoint, appraise, discipline and dismiss officer members (subject to SO 2.2). 5. Confirm appointment of members of any committee of the PCT as representatives on outside bodies. 6. Approve proposals of the Remuneration, Appointments and Terms of Service Committee regarding directors and senior employees and those of the CE for staff not covered by the Remuneration, Appointments and Terms of Service Committee.
NA	**THE BOARD**	**Strategy, Annual Plan and Budgets** 1. Define the strategic aims and objectives of the PCT. 2. Identify the key strategic risks, evaluate them and ensure adequate responses are in place and are monitored. 3. Approve proposals for ensuring quality and developing clinical governance in services commissioned by the PCT, having regard to any guidance issued by the Secretary of State for Health. 4. Approve (with any necessary appropriate modification) the PCT annual plan and annual finance plan. 5. Approve the PCT's policies and procedures for the management of risk. 6. Approve budgets. 7. Approve Outline and Final Business Cases for Capital Investment if this represents a variation from the plan.

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		8. Approve annually PCT's proposed organisational development proposals. 9. Ratify proposals for acquisition, disposal or change of use of land and/or buildings. 10. Approve PFI proposals. 11. Approve the opening of bank accounts. 12. Approve individual contracts of a capital or revenue nature amounting to, or likely to amount to over £250,000 (or over) a 3 year period or the period of the contract if longer. 13. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance (for losses and special payments) previously approved by the Board. 14. Approve individual compensation payments. 15. Approve proposals for action on litigation against or on behalf of the PCT. 16. Approve proposals for PCT or practice incentive schemes, having regard to guidance by the Secretary of State for Health. 17. Decisions relating to service reconfiguration ie service changes requiring formal consultation and in relation to proposals from the Specialised Commissioning Group. 18. Decisions about the baseline budget for specialised services, including the inflation uplift 19. Formal adoption of a commissioning policy which has legal or budget implications eg restricted procedures policy.
NA	**THE BOARD**	**Policy Determination** Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff. These will be posted on the PCT's website.
NA	**THE BOARD**	**Audit** 1. Approve the appointment (and where necessary dismissal) of External Auditors and advise the Audit Commission on the appointment (and where necessary change/removal) of External Auditors including arrangements for the separate audit of funds held on trust, and to receive reports of the Audit Committee meetings and take appropriate action. 2. Receive the annual management letter received from the External Auditor and agreement of proposed action, taking account of the advice, where appropriate, of the Audit Committee. 3. Receive an annual report from the Internal Auditor and agree action on recommendations where

REF	THE BOARD	DECISIONS RESERVED TO THE BOARD
		appropriate of the Audit Committee. 4. To receive reports from the Audit Committee and take appropriate action. 5. Approve the appointment (and where necessary change or removal) of internal audit service providers
NA	**THE BOARD**	**Annual Reports and Accounts** 1. Receipt and approval of the PCT's Annual Report and Annual Accounts. 2. Receipt and approval of the Annual Report and Accounts for funds held on trust. 3. Receipt of the Annual Report of the Director of Public Health and other relevant committees.
NA	**THE BOARD**	**Monitoring** 1. Receipt of such reports as the Board sees fit from the Clinical Commissioning Group(s) and other committees in respect of its exercise of powers delegated.

DECISIONS DELEGATED BY THE BOARD TO, AND RESERVED BY, THE CHIEF EXECUTIVE

REF	CHIEF EXECUTIVE	DECISIONS DELEGATED BY THE BOARD TO, AND RESERVED BY, THE CHIEF EXECUTIVE
	CHIEF EXECUTIVE	**Regulation and Control** 1. Advise on risk, quality and governance, having regard to any guidance by the Secretary of State for Health, and including preparation of proposals to develop and monitor clinical standards in the PCT and its constituent practices. 2. Ratify or otherwise instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.6. Such failures to be reported to the PCT in formal session.
	CHIEF EXECUTIVE	**Operational Decisions** 1. Advise on acquisition, disposal or change of use of land and/or buildings. 2. The introduction or discontinuance of any activity or operation which has a gross annual income or expenditure (that is before any set off) in excess of £1 million over a 3 year period or the period of the contract if longer 3. Approval of individual contracts of a capital or revenue nature amounting to, or likely to amount to under £250,000 over a 3 year period or the period of the contract if longer 4. Advise on approval of individual compensation payments. 5. Consider and make recommendations to the Board on action on litigation against or on behalf of the PCT. 6. Advise on individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance (for losses and special payments) previously approved by the Board. 7. Approve Outline and Final Business Cases for capital investment where the case is within the objectives in the plan.
	CHIEF EXECUTIVE	**Financial and Performance Reporting Arrangements** 1. Continuous appraisal of the affairs of the PCT by means of the provision of information to the Board as the Board may require from directors, committees, and officers of the PCT 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.

REF	CHIEF EXECUTIVE	DECISIONS DELEGATED BY THE BOARD TO, AND RESERVED BY, THE CHIEF EXECUTIVE
		2. Approve the opening or closing of any bank account. 3. Prepare, consider and endorse the PCT's draft Annual Report (including the annual accounts) for approval by the Board.

DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
SO 4.9.1 Terms of Reference	CLINICAL COMMISSIONING GROUP	1. Commission health services for all the population in accordance with the requirements of the NHS Operating Framework and all other relevant national policy and guidance. 2. Ensure GPs and other clinicians are engaged in the development and implementation of the single integrated plan. 3. Implement the single integrated plan 4. Ensure contracts with all providers reflect the requirements of the NHS Operating Framework and single integrated plan. 5. Ensure required performance against all NHS Operating Framework requirements, all single integrated plan requirements and all contract requirements is achieved. 6. Ensure all financial duties are achieved. 7. Ensure all QIPP programme requirements are achieved. 8. Ensure effective performance against agreed contracts of all healthcare providers. 9. Prepare the single integrated plan (or its equivalent) 10. Develop plans for the establishment of the GP commissioning group.
Corporate Governance Manual section 1.4 S0 4.9.2 AIGC Terms of Reference	AUDIT COMMITTEE	The Committee will: 1. Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives; 2. Ensure that there is an effective internal audit function established by management that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. 3. Review the work and findings of the External Auditor and consider the implications and management's responses to their work. 4. Review the findings of other significant assurance functions, both internal and external to the organisation and consider the implications to the governance of the organisation. 5. Review the work of other committees within the organisation, including the quality and patient safety committee and groups providing assurance to clinical commissioning groups

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
		6. Ensure there are adequate arrangements in place for counter fraud 7. Review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control. 8. Monitor the integrity of the financial statements of the cluster PCTs. 9. Review the PCTs annual report and financial statements 10. Monitor compliance with Standing Orders and Standing Financial Instructions; 11. Review schedules of losses and compensations and make recommendations to the Board; 12. Review the annual financial statements prior to submission to the Board. 13. Undertake other any other duties as listed in the Terms of Reference.
SO 4.9.3	Quality and Patient Safety Committee	1. Receive reports from regulatory and other competent bodies and ensure actions plans are delivered 2. Receive quarterly thematic exception reports from the clinical commissioning groups and the cluster direct commissioned services regarding quality and safety legislative and contractual requirements. 3. Receive annual appraisal reports 4. Note clinical policies and clinical pathways for adoption across the clinical commissioning groups 5. Approve clinical policies and clinical pathways for adoption by the cluster directly commissioned and managed services 6. Receive assurance regarding quality patient safety issues with any directly managed provider services 7. Maintain an overview of the quality of services provided by care homes in the cluster area 8. Gain assurance that legacy documents in relation to quality and patient safety are in place 9. Ensure significant clinical risks are identified and reported on the risk register, escalating to the assurance framework.
Corporate Governance Manual section 1.5 SO 4.9.4 SFI 20.1.2	REMUNERATION, APPOINTMENTS AND TERMS OF SERVICE COMMITTEE	The Committee will: 1. Advise the Board on all aspects of salary (including performance related pay elements, bonuses and allowances), provision for other benefits including pensions and cars as well as arrangements for termination of employment and other contractual terms and conditions. 2. Advise the Board on the remuneration, allowances and terms of service of other senior managers and Executive Members as appropriate, to ensure they are fairly rewarded 3. Monitor and evaluate the performance of individual Executive members

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
		4. Advise and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking into account such national guidance as appropriate. 5. Advise the Board on the remuneration, allowances and terms of service for the chairs and members of clinical commissioning groups. 6. Report to the Board that it has met and performed its function, within recognised national guidelines.
SO 4.9.5 TOR	CHARITABLE FUNDS COMMITTEE (where applicable)	The Committee will advise the Board on*:* 1. The operation of the charitable funds. 2. The administrative arrangements for the investment and use of charitable donations. 3. Assurance that appropriate accounting records are maintained and present an Annual Report to the Board.
SO 4.9.6	Reference Committee (Maintaining High Professionals Standards committee)	1. Ensure that the cluster PCTs meet all the requirements in connection with primary care performers list management set out by statute and relevant NHS Regulations 2. Consider information and recommendations presented by local groups and make decisions on intentions to suspend, remove or contingently remove a contractor 3. Receive recommendations from local groups MHPS groups and agree conditional inclusion in or refusal of applicants to the list of contractors 4. Refer contractors to other bodies as appropriate including relevant professional regulatory bodies 5. Set up and refer to an oral hearing panel individual cases for decisions on suspension, removal and contingent removal of a contractor from a primary care list 6. Maintain oversight of the progress of all current and new cases considered by local groups 7. Maintain oversight of the GP appraisal arrangements and the introduction of revalidation 8. Refer cases back to the local groups for further consideration as appropriate.
4.9.7 Establishment Agreement ToR	**SPECIALISED COMMISSIONING GROUP**	SCG Is a collaborative of the Yorkshire & the Humber PCTs which has been formed to make collective decisions on planning, procurement and review of services for populations larger than an individual PCT. The Board delegates responsibility for this work as a committee of the board within the relevant SCG establishment agreements and scheme of delegation. (see Appendix 2) EMSCG is a collaborative of the East Midlands PCTs which has been formed to make collective decisions on planning, procurement and review of services for populations larger than an individual PCT. The Board

REF	COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
		delegates responsibility for this work as a committee of the board within the relevant SCG establishment agreements and scheme of delegation. (see Appendix 2)
4.9.7 JCPCT ToR	**JOINT COMMITTEE OF PCTS (JCPCT) ON PROVISION OF PAEDIATRIC SURGERY SERVICES IN ENGLAND**	The Committee will carry out the following functions as the formal consulting body in respect to the provision of pediatric cardiac services in England: 1. Approve the method and scope of the consultation. 2. Approve the text of and issue the consultation document. 3. Act as the formal body in relation to the Joint Overview and Scrutiny Committees established for this consultation by the relevant Local Authorities. 4. Take decision on issues which are the subject of the consultation.

SCHEME OF DELEGATION DERIVED FROM THE ACCOUNTABLE OFFICER MEMORANDUM

			DELEGATED TO	
REF	**RESPONSIBILITY OF**	**DUTIES DELEGATED**	**Non-CCG business**	**CCG Business**
10	**CHIEF EXECUTIVE (CE)**	Accountable through NHS Accountable Officer Memorandum to Parliament for stewardship of PCT resources.	Not Delegated	Not Delegated
12	**CE AND DIRECTOR OF FINANCE (DOF)**	Ensure the accounts of the PCT are prepared under principles and in a format directed by the Secretary of State for Health. Accounts must disclose a true and fair view of the PCT's income and expenditure and its state of affairs. Sign the accounts on behalf of the Board.	Not Delegated	Not Delegated
13	**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.	Not Delegated	Not Delegated
13.2	**CE**	**Strategy, Plans and Budgets** 1. Prepare Strategy and Plans and Budgets for approval by the Clinical Commissioning Group (where appropriate) and the Board. 2. Advise the Board and or the CCG on the strategic aims and objectives of the PCT. 3. Prepare and review annually draft plans in respect of the application of available financial resources to support the agreed annual plans and to further relevant and agreed elements of the SHA's annual plan for approval by the Board. 4. Agree arrangements for negotiating with SHA draft annual plan and proposed Commissioning Plan contributions. 5. Prepare and review annually the PCT draft plan for approval by the Board and or CCG 6. Prepare and review annually the draft PCT annual commissioning strategy or plan for approval by the Board and or the CCG. 7. Prepare proposals (having regard to any guidance by the Secretary of State for Health) for PCT or practice incentive schemes. Monitor and review any such schemes. 8. Approve Outline and Final Business Cases for Capital Investment if the case is within the	Not Delegated	CCG committee

			DELEGATED TO	
REF	**RESPONSIBILITY OF**	**DUTIES DELEGATED**	**Non-CCG business**	**CCG Business**
		annual plan. If the case is out with the plan preparation of advice to the Board and or the CCG.		
15 & 16	**CE**	Ensure effective management systems that safeguard public funds and assist PCT Chairman to implement requirements of integrated governance including ensuring managers: • 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.	Not Delegated	Not Delegated
15	**CHAIRMAN**	Implement requirements of corporate governance.	CE	COO
18	**CE**	Achieve value for money from the resources available to the PCT and avoid waste and extravagance in the organisation's activities. Follow through the implementation of any recommendations affecting good practice as set out in reports from such bodies as the Audit Commission and the National Audit Office (NAO). Use to best effect the funds available for commissioning healthcare, developing services and promoting health to meet the needs of the local population.	Not Delegated	COO
20	**DoF**	Operational responsibility for effective and sound financial management and information.	Not Delegated	Not Delegated
20	**CE**	Primary duty to see that the DoF discharges this function.	Not Delegated	Not Delegated
21	**CE**	Ensuring that expenditure by the PCT complies with Parliamentary requirements	DoF	Not Delegated
22	**CE**	The Codes of Conduct and Accountability incorporated in the Corporate Governance Framework issued to NHS Boards by the Secretary of State for Health are fundamental in exercising their responsibilities for regularity and probity. As a Board member or member of a committee they have explicitly subscribed to the Codes; and should promote observance by all staff.	Not Delegated	Not Delegated

			DELEGATED TO	
REF	**RESPONSIBILITY OF**	**DUTIES DELEGATED**	**Non-CCG business**	**CCG Business**
23	**CE and DoF**	Chief Executive, supported by Director of Finance, to ensure appropriate advice is given to the Board and Clinical Commissioning Group on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.	Not Delegated	Not Delegated
24	**CE**	If CE considers the Board, Chairman or Clinical Commissioning Group is doing something that might infringe probity or regularity, he/she should set this out in writing to the Chairman and the Board. If the matter is unresolved, he/she should ask the Audit Committee to inquire and if necessary the SHA and Department of Health.	Not Delegated	Not Delegated
26	**CE**	If the Board or Clinical Commissioning Group is contemplating a course of action that 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 and Clinical Commissioning Group. If the outcome is an over-ruling it is normally sufficient to ensure that the advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the Strategic Health Authority and the DH. In such cases, and in those described in reference 24, the CE should as a member of the Board vote against the course of action rather than merely abstain from voting.	Not Delegated	Not Delegated

SCHEME OF DELEGATION DERIVED FROM THE CODES OF CONDUCT AND ACCOUNTABILITY (which will also cover Clinical Commissioning Groups as well in their shadow format)

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED	DELEGATED TO
1.3.1.7	**BOARD**	Approve procedure for declaration of hospitality and sponsorship.	Not Delegated
1.3.1.8	**BOARD**	Ensure proper and widely publicised procedures for voicing complaints, concerns about maladministration, breaches of Code of Conduct, and other ethical concerns.	Not Delegated
1.31.9 & 1.3.2.2	**ALL BOARD MEMBERS AND CLINICAL COMMISSIONING GROUP MEMBERS**	Subscribe to Code of Conduct	Not Delegated
1.3.2.4	**BOARD**	Board members share corporate responsibility for all decisions of the Board.	Not Delegated
1.3.2.4	**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 for Health for the discharge of those responsibilities.	Not Delegated
1.3.2.4	**BOARD**	The Board has six key functions for which it is held accountable by the Department of Health on behalf of the Secretary of State for Health: 1. To ensure effective financial stewardship through value for money, financial control and financial planning and strategy; 2. To ensure that high standards of integrated 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. On the recommendation of the Executive Management Team 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	Not Delegated

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED	DELEGATED TO
		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 that the Clinical Commissioning Group leads an effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs.	
1.3.24	**BOARD**	It is the Board's duty to: 1. Act within statutory financial and other constraints; 2. Establish the Clinical Commissioning Group ; 3. Be clear what decisions and information are appropriate to the Board and draw up Standing Orders, a Schedule of Decisions Reserved to the Board or PCT Clinical Commissioning Group and Standing Financial Instructions to reflect these; 4. 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; 5. Establish performance and quality measures that maintain the effective use of resources and provide value for money; 6. Specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities; 7. Establish Audit & Integrated Governance and Remuneration, Appointments and Terms of Service 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.	Not Delegated
1.3.2.5	**CHAIRMAN**	It is the Chairman's role to: 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	Not Delegated

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED	DELEGATED TO
		data on which to base informed decisions; 5. Lead non-executive Board members through a formally-appointed Remuneration, Appointments and Terms of Service 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 for Health through the regional member of the Policy Board (Appointments Commission) on the performance of non-executive Board members.	
1.3.2.5	**CE**	The Chief Executive is accountable to the Chairman and non-executive members of the Board for ensuring that its decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship. The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board. The other duties of the Chief Executive as Accountable Officer are laid out in the Accountable Officer Memorandum.	Not Delegated
1.3.2.6	**NON OFFICER MEMBERS**	Non-officer Board members are appointed by or on behalf of the Secretary of State for Health 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.	Not Delegated
1.3.2.8	**CHAIR AND BOARD MEMBERS**	Declaration of conflict of interests.	Not Delegated
1.3.2.9	**BOARD**	NHS Boards must comply with legislation and guidance issued by the Department of Health on behalf of the Secretary of State for Health, respect agreements entered into by themselves or on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.	Not Delegated

SCHEME OF DELEGATION FROM STANDING ORDERS

			DELEGATED TO	
SO REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non-CCG business**	**CCG business**
1.1	**CHAIRMAN**	Final authority in interpretation of Standing Orders.	Not Delegated	Not applicable
2.4	**BOARD**	Appointment of Vice-Chairman.	Not Delegated	Not applicable
3.1	**CHAIRMAN**	Calling meetings.	Not Delegated	Not applicable
3.9	**CHAIRMAN**	Chair all Board meetings and associated responsibilities.	Not Delegated	Not applicable
3.10	**CHAIRMAN**	Give final ruling in questions of order, relevancy and regularity of meetings.	Not Delegated	Not applicable
3.12	**CHAIRMAN**	Having a second or casting vote.	Not Delegated	Not applicable
3.13	**BOARD**	Suspension of Standing Orders.	Not Delegated	Not applicable
3.13	**AUDIT COMMITTEE**	Audit Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board).	Not Delegated	Not applicable
3.14	**BOARD**	Variation or amendment of Standing Orders	Not Delegated	Not applicable
4.2	**CHAIRMAN**	Approve one of the members of the Clinical Commissioning Group as Chairman of the Clinical Commissioning Group, and another member as Vice-Chairman, following nomination by that committee.	Not Delegated	Not applicable
4.7	**THE BOARD**	The Board shall approve the appointments to each of the committees which it has formally constituted	Not Delegated	n/a
5.2	**CHAIRMAN & CE**	The powers which the Board has retained to itself within these Standing Orders may in emergency be exercised by the Chairman and Chief Executive after having consulted at least two non-officer members	Not Delegated	n/a
5.3	**BOARD**	Formal delegation of powers to the Clinical Commissioning Group, other committees, sub-committees or joint committees and approval of their constitution and terms of reference. (The Chief Executive may approve Constitution and terms of reference of sub-committees.)	Not Delegated	Not applicable

			DELEGATED TO	
SO REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non-CCG business**	**CCG business**
5.4	**CE**	The Chief Executive shall prepare a Scheme of Delegation, which shall be considered and approved by the Board, subject to any amendment agreed during the discussion.	Not Delegated	Not applicable
5.6	**ALL**	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.	All	All
7.1	**ALL BOARD AND BOARD COMMITTEE MEMBERS**	Declare relevant and material interests.	ALL COMMITTEE MEMBERS	ALL COMMITTEE MEMBERS
7.2	**CE**	Maintain Register(s) of Interests.	Corporate Secretary	Corporate Secretary
7.1	**CHAIRMAN OF A MEETING**	Making a ruling on a declared interest.	Not Delegated	Not Delegated
7.4	**ALL STAFF**	Comply with national guidance contained in "Standards of Business Conduct for NHS Staff" and the Code of Conduct for NHS Managers 2004.	**ALL STAFF**	**ALL STAFF**
7.4	**ALL**	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board/Clinical Commissioning Group).	**ALL**	**ALL**
8.1/8.3	**CE**	Keep seal in safe place and maintain a register of sealing.	Corporate Secretary	Corporate Secretary
8.5	**CE & AN EXECUTIVE DIRECTOR**	Approve and sign all documents which will be necessary in legal proceedings.	Not Delegated	Not Delegated

SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
10.1.3	**DoF**	Approval of all financial procedures.	Not Delegated	Not delegated
10.1.4	**DoF**	Advice on interpretation or application of SFIs.	Not Delegated	Not delegated
10.1.6	**ALL MEMBERS OF THE BOARD AND EMPLOYEES**	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.	**ALL COMMITTEE MEMBERS AND EMPLOYEES**	**ALL MEMBERS OF THE COMMITTEE AND EMPLOYEES**
10.2.4	**CE**	Responsible as the Accountable Officer to ensure financial targets and obligations are met and has overall responsibility for the System of Internal Control.	Not Delegated	Not Delegated
10.2.4	**CE & DoF**	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.	CFO	CFO
10.2.5	**DoF**	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.	Not Delegated	CFO
10.2.6	**DoF**	Responsible for: a) implementing the PCT's financial policies and co-coordinating corrective action; b) maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented; c) ensuring that sufficient records are maintained to explain PCT's transactions and financial position; d) providing financial advice to members of Board, staff and Clinical Commissioning Group; e) maintaining such accounts, certificates etc as are required for the PCT to carry out its statutory duties; f) the design, implementation and supervision of systems of internal control.	CFO	CFO

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
10.2.7	**ALL MEMBERS OF THE BOARD AND EMPLOYEES**	Responsible for security of the PCT's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions and financial procedures.	**ALL MEMBERS OF THE COMMITTEE AND EMPLOYEES**	**ALL MEMBERS OF THE COMMITTEE AND EMPLOYEES**
10.2.8	**CE**	Ensure that any contractor or employee of a contractor who is empowered by the PCT to commit the PCT to expenditure or who is authorised to obtain income are made aware of these instructions and their requirement to comply.	DoF	CFO
11.1.1	**AUDIT COMMITTEE**	Provide independent and objective view on internal control and probity.	Not Delegated	n/a
11.1.3	**CHAIRMAN**	Raise the matter at the Board meeting where Chair of Audit Committee considers there is evidence of ultra vires transactions or improper acts.	Not Delegated	n/a
11.2.1	**DOF**	a) 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.) b) Ensure the annual audit report is prepared for consideration by the Audit Committee.	Not Delegated	n/a
11.2.1	**DOF**	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.	Not Delegated	Not Delegated
11.3	**HEAD OF INTERNAL AUDIT**	Review, appraise and report in accordance with NHS Internal Audit Standards and best practice.	Not Delegated	n/a
11.4	**AUDIT COMMITTEE**	Ensure cost-effective External Audit.	Not Delegated	n/a
11.5	**CE & DOF**	Monitor and ensure compliance with Secretary of State for Health's Directions on fraud and corruption including the appointment of the Local Counter Fraud Specialist.	Not Delegated	Not Delegated
11.6	**CE**	Monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management including appointment of the Local Security Management	Nominated Director/officer	n/a

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
		Specialist.		
12.1.1	**CE**	Has overall responsibility for the PCT's activities and ensuring the PCT stays within its resource limit.	Not Delegated	Not Delegated
12.1.4	**DoF**	Will provide monthly reports to the Secretary of State for Health, ensure draw down is for approved expenditure and timely and follows best practice in cash management.	CFO	CFO
12.1.4	**DoF**	Ensure monitoring systems are in place to enable the PCT not to exceed its limits.	CFO	CFO
13.1.1	**DoF**	Periodically review assumptions, submit a report to the PCT annually showing total allocations received and their proposed distribution.	Not Delegated	Not Delegated
13.1.1	**DoF**	Regularly update the PCT on significant changes to the initial allocation and the uses of such funds.	Not Delegated	Not Delegated
13.2.1	**CE**	Compile and submit to the Board a strategic Plan which takes into account financial targets and forecast limits of available resources. The plan will contain: • 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.	DoF	Not Applicable
	CE	Complete and submit to the Board plans for the improvement of health and health services	Chief Executive	Not applicable
13.2.2 & 13.2.3	**DoF**	Submit budgets to the Board for approval (Commissioning) Monitor performance against budget; submit to the Board financial estimates and forecasts.	Not Delegated	Not Delegated
13.2.5	**DoF**	Ensure adequate training is delivered on an ongoing basis to budget holders.	Not Delegated	CFO
13.3.1	**CE**	Delegate budget to budget holders.	Not Delegated	COO / CFO
13.3.2	**CE & BUDGET HOLDERS**	Must not exceed the budgetary total or virement limits set by the Board.	CE & Budget Holders	COO / CFO

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
13.4.1	**DoF**	Devise and maintain systems of budgetary control.	Not delegated	COO / CFO
13.4.2	**BUDGET HOLDERS**	Ensure that: a) No overspend or reduction of income that cannot be met from virement is incurred without prior consent of the 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.	Not Delegated	Not Delegated
13.4.3	**CE**	Identify and implement cost improvements and income generation activities in line with the plan.	DoF & Delegated Budget Holders	CFO & Delegated Budget Holders
13.6.1	**CE**	Submit monitoring returns.	DoF	CFO
14.1	**DoF**	Preparation of annual accounts and reports.	Not Delegated	CFO
15.1	**DoF**	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories. (Board approves arrangements.)	Not Delegated	Not applicable
15.4	**DoF**	a) Review the banking arrangements of the PCT at regular intervals to ensure they reflect best practice and represent best value for money. b) Ensure competitive tenders are sought at least every 4 years.	Not Delegated	Not Delegated
16.	**DoF**	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.	CFO	CFO
16.2.3	**ALL EMPLOYEES**	Duty to inform DoF of money due from transactions which they initiate/deal with.	All	All
17.	**CE**	Tendering and contracting procedure.	DoF	DOF

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
17.5.4	**CE**	In-house services: Decision to tender for services.	DOF	Not Delegated
17.5.5	**CE**	Formal tendering procedures to be waived.	Not Delegated	COO
17.5.5	**CORPORATE SECRETARY**	Fees payable for the provision of legal advice / services.	Not Delegated	Corporate Secretary
17.5.7	**CE**	Review of contract opportunity reported to the CE required by SFI 17.5.7 and maintenance of record of such contract opportunity.	Not Delegated	Not Delegated
17.5.6(b)	**CE**	Report waivers of tendering procedures to the Audit Committee.	Nominated Director/officer	Not Delegated
17.7.6(a) & (b)	**CE**	Responsible for the receipt, endorsement and safe custody of tenders received.	DoF	COO
17.7.7(a)	**CE**	Designation of senior officers/managers to open tenders.	Not Delegated	Not Delegated
17.7.7(d)	**ALL EXECUTIVE DIRECTORS & MEMBERS**	Opening tenders.	Not Delegated	CFO
17.7.7(e)	**CORPORATE SECRETARY**	Opening tenders.	Not Delegated	Not Delegated
17.7.7(g)	**CE**	Shall maintain a register to show each set of competitive tender invitations dispatched.	DoF	COO / CFO
17.7.8(i)	**CE**	Admissibility of tenders.	DoF	COO / CFO
17.7.8(ii)	**CE & DOF**	Where one tender is received will assess for value for money and fair price.	Not Delegated	COO / CFO
17.7.9	**CE**	Responsible for treatment of 'late tenders'.	DoF	COO / CFO
17.7.10	**CE OR DOF**	Electronic Auctions and Dynamic Purchasing Systems.	Not Delegated	COO / CFO
17.7.11(a)	**CE & SPECIFICATION**	Draft specification.	Not Delegated	Not delegated

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
	GROUP			
17.7.11(a)	**CE & IN HOUSE TENDER GROUP**	Draft and submit in-house tender submission.	Not Delegated	Not Delegated
17.7.11(a)	**DOF & THE EVALUATION GROUP**	Shortlist expressions of interest and evaluate tenders received.	Not Delegated	Not Delegated
17.7.11(d)	**CE**	Nomination of officer to oversee and manage the contract awarded on behalf of the PCT.	Not Delegated	CCG COMM
17.8	**CE**	Quotations: Competitive and Non-Competitive (including 17.8.2 (ii) decision re requirement to obtain quotation in writing, 17.8.2 (iv) evaluation of quotations and 17.8.3 (b) source of goods from alternative sources).	Executive Director	CFO/COO
17.8.4	**CE or DOF**	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the PCT and/or which is not in accordance with these Standing Financial Instructions except with the authorisation of the Chief Executive.	Not Delegated	Not Delegated
17.9.1	**CE**	Overriding duty to achieve best value for money.	DoF	COO
17.9.2	**CE**	Shall ensure that appropriate evaluation criteria are adopted to assess the technical and financial capability of those firms that are invited to tender or quote.	DoF	DOF
17.10.1(d)	**DOF**	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the PCT and/or which is not in accordance with these Instructions except with the authorisation of the Chief Executive.	Not Delegated	Not Delegated
17.10.1(e)	**CE OR DOF**	Acceptability of tenders.	Not Delegated	Not Delegated
17.10.2	**DESIGNATED BUDGET HOLDER**	Award of contracts up to the amount specified in the budgetary scheme of delegation	Not Delegated	Not Delegated
17.10.2	**CHIEF OPERATING**	Award of contracts up to the amount specified in the budgetary scheme of delegation.	Not Delegated	Not Delegated

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
	OFFICER & DIRECTORS			
17.10.2	**CE**	Award of contracts up to the amount specified in the budgetary scheme of delegation.	Not Delegated	Not Delegated
17.10.2	**PCT BOARD**	Award of contracts over the amount specified in the budgetary scheme of delegation.	Not Delegated	Not Delegated
17.11	**DOF**	Use of correct form of contract as required by Instruction 17.11.	Not Delegated	Not Delegated
17.11.5	**CE**	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.	Not Delegated	Not Delegated
17.11.6(f)	**CE**	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the PCT.	COO	COO / CFO
17.12.1(a)	**CE**	Use of competitive tendering or quotation procedures.	COO	COO / CFO
18.1.1	**CE**	Must ensure the PCT enters into suitable contracts with service providers for the provision of NHS services and consider the extent to which any NHS standard contract conditions are mandatory.	DoF	COO / CFO
18.2	**CE**	Ensure that regular reports are provided to the Board detailing actual and forecast expenditure against the contract.	DoF	n/a
19.2.1	**CE**	As the Accountable Officer, ensure services are commissioned in line with the Plan and reach the required standards.	COO	COO / CFO
19.2.2	**CE**	The Chief Executive shall use NHS standard commissioning contracts (where applicable).	Not Delegated	COO
19.2.3	**CE**	Ensure regular reports are provided to the Board detailing actual and forecast expenditure for each contract.	DoF	n/a
19.2.3	**CE**	Ensure that all agreements for provision of services with non-NHS providers achieve quality and are cost effective.	DoF / COO	COO / CFO
19.2.3	**DoF**	Will maintain a system of control to ensure effective accounting of expenditure against each	DoF / COO	COO / CFO

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
		contract.		
19.2.3	**DoF**	Must account for Out of Area Treatments/Non Contract Activity in accordance with national guidelines.	DoF / COO	COO / CFO
20.1.1	**BOARD**	Establish a Remuneration, Appointments & Terms of Reference Committee.	Not Delegated	CCG
20.1.2	**REMUNERATION, APPOINTMENTS AND TERMS OF SERVICE COMMITTEE**	Advise the Board on and make recommendations on the remuneration and terms of service of the CE, other officer members and senior employees, excluding members of the Cluster Executive Team to ensure they are fairly rewarded having proper regard to the PCT's circumstances and any national agreements. Monitor and evaluate the performance of individual senior employees. Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.	Not Delegated	n/a
20.1.3	**REMUNERATION, APPOINTMENTS AND TERMS OF SERVICE COMMITTEE**	Report in writing to the Board its advice and its bases about remuneration and terms of service of directors and senior employees.	Not Delegated	n/a
20.1.4	**BOARD**	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration, Appointments and Terms of Service Committee.	Not Delegated	n/a
20.2.2	**CE**	Approval of variation to funded establishment of any department.	COO	COO
20.3	**CE**	Approval of appointment of staff, including agency staff, appointments and re-grading within approved budget and funded establishment.	COO	COO
20.4.1 and 20.4.2	**DoF**	Payroll: a) Specifying timetables for submission of properly authorised time records and other notifications; b) Final determination of pay and allowances;	Not Delegated	Not Delegated

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
		c) Making payments on agreed dates; d) Agreeing method of payment; e) Issuing instructions (as listed in SFI 10.4.2).		
20.4.3	**CE**	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.	COO	COO
20.4.4	**DoF**	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.	CFO	COO
20.5	**CE**	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; Deal with variations to, or termination of, contracts of employment.	COO	Not applicable
21.1	**BOARD**	The Board will approve the level of non-pay expenditure on an annual basis.	Not Delegated	Not applicable
21.1	**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.	Budgetary Scheme of Delegation	CCG
21.1.3	**CE**	Set out procedures on the seeking of professional advice regarding the supply of goods and services.	DoF	DOF
21.2.1	**REQUISITIONER**	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the PCT. In so doing, the advice of the PCT's adviser on supply shall be sought.	Not Delegated	Not Delegated
21.2.2	**DoF**	Shall be responsible for the prompt payment of accounts and claims.	Not Delegated	Not Delegated
21.2.3	**DoF**	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	Not Delegated	Not Delegated

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
		should be incorporated in standing orders and regularly reviewed; b) Prepare procedural instructions 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; e) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received.		
21.2.4	**APPROPRIATE EXECUTIVE DIRECTOR**	Make a written case to support the need for a pre-payment.	Not Delegated	Not Delegated
21.2.4	**DOF**	Approve proposed pre-payment arrangements.	Not Delegated	Not Delegated
21.2.4	**BUDGET HOLDER**	Ensure that all items due under a prepayment contract are received (and immediately inform Director of Finance if problems are encountered).	Budget holder	Budget holder
21.2.5	**CE**	Authorise who may use and be issued with official orders.	Budgetary Scheme of Delegation	Budgetary Scheme of Delegation
21.2.6	**MANAGERS AND OFFICERS**	Ensure that they comply fully with the guidance and limits specified by the Director of Finance	Managers and officers	Managers and officers
21.2.7	**CE & DOF**	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, ESTATECODE, Procure 21, NHS LIFT and PFI Guidance manual. The technical audit of these contracts shall be the responsibility of the relevant Director.	Not Delegated	Not Delegated
21.3	**DOF**	Lay down procedures for payments to local authorities and voluntary organisations made under the powers of section 256 of the NHS Act 2006.	Not Delegated	Not Delegated
22	**DOF**	Ensure that Board members are aware of the Financial Framework and ensure compliance	Not Delegated	Not Delegated

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
23.1.1 & 2	**CE**	Capital investment programme: a) Ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans; b) Responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost; c) Ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences; d) Ensure that a business case is produced for each proposal.	DoF	n/a
23.1.2	**DoF**	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.	Not Delegated	Not Delegated
23.1.3	**CE**	Issue procedures for management of contracts involving stage payments.	DoF	DOF
23.1.3	**DoF**	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.	Not Delegated	Not Delegated
23.1.4	**CE**	Shall issue to the manager responsible for any scheme specific authority to commit expenditure, proceed to tender and accept a successful tender.	DoF	DOF
23.1.4	**CE**	Issue a scheme of delegation for capital investment management in accordance with Estate code and Standing Orders.	DoF	DOF
23.1.5	**DoF**	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.	Not Delegated	Not Delegated
23.2.1	**DoF**	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.	Not Delegated	Not Delegated
23.2.1	**BOARD**	Proposal to use PFI must be specifically agreed by the Board.	Not Delegated	Not Delegated
23.3.1	**CE**	Maintenance of asset registers (on advice from DoF).	DoF	DOF
23.3.5	**DoF**	Approve procedures for reconciling balances on fixed assets accounts in ledgers against	CFO	CFO

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
		balances on fixed asset registers.		
23.3.8	**DoF**	Calculate and pay capital charges in accordance with Department of Health requirements.	CFO	CFO
23.4.1	**CE**	Overall responsibility for fixed assets.	Not Delegated	Not Delegated
23.4.2	**DoF**	Approval of fixed asset control procedures.	Not Delegated	Not Delegated
23.4.4	**Board, Executive Members and All senior staff**	Responsibility for security of PCT assets including notifying discrepancies to DoF, and reporting losses in accordance with PCT procedure.	Not Delegated	Not Delegated
24.2	**CE**	Delegate overall responsibility for control of stores (subject to DoF responsibility for systems of control). Further delegation for day-to-day responsibility subject to such delegation being recorded.	CFO	CFO
24.2	**DoF**	Responsible for systems of control over stores and receipt of goods.	CFO	CFO
24.2	**DoF**	Responsible for controls of pharmaceutical stocks.	Pharmaceutical Officer	Pharmaceutical Officer
24.2	**DoF**	Responsible for control of stocks of fuel oil and coal.	CFO	CFO
24.2	**DoF**	Security arrangements and custody of keys.	Local Security manager	Local Security manager
24.2	**DoF**	Set out procedures and systems to regulate the stores.	CFO	CFO
24.2	**DoF**	Agree stocktaking arrangements.	CFO	CFO
24.2	**DoF**	Approve alternative arrangements where a complete system of stores control is not justified.	CFO	CFO
24.2	**DoF**	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.	CFO	CFO

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
24.2	**DoF**	Operate system for slow moving and obsolete stock, and report to DoF evidence of significant overstocking.	CFO	CFO
24.3.1	**CE**	Identify persons authorised to requisition and accept goods from NHS Supplies stores.	Budgetary Scheme of Delegation	Budgetary Scheme of Delegation
25.1.1	**DoF**	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.	CFO	CFO
25.2.1	**DoF**	Prepare procedures for recording and accounting for losses, special payments.	Not Delegated	CFO
25.2.2	**ALL STAFF**	Discovery or suspicion of loss of any kind must be reported immediately to either head of department or nominated officer. The head of department / nominated officer should then inform the Chief Operating Officer and/ orChief Financial Officer.	All staff	All staff
25.2.2	**DoF**	Where a criminal offence is suspected the police must be informed if theft or arson is involved. In cases of fraud and corruption the relevant Local Counter Fraud Specialist (LCFS) and NHS Protect Operational Fraud Team must be informed in line with Secretary of State for Health Directions.	CFO	CFO
25.2.3	**DoF**	Notify NHS Protect, LCFS and External Audit of all frauds.	CFO	CFO
25.2.4	**DoF**	Notify Board and External Auditor of losses caused by theft, arson, neglect of duty or gross carelessness (unless trivial).	Not Delegated	Not Delegated
25.2.5	**BOARD**	Approve write off of losses (within limits delegated by DH).	Not Delegated	Not Delegated
25.2.6	**DoF**	Consider whether any insurance claim can be made.	Not Delegated	Not Delegated
25.2.8	**DoF**	Maintain losses and special payments register.	Not Delegated	Not Delegated
26.1	**DoF**	Responsible for accuracy and security of computerised financial data.	Not Delegated	Not Delegated
26.1	**DoF**	Satisfy him/her self that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this	Not Delegated	Not Delegated

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
		is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.		
26.1.3	**CE**	Shall publish and maintain a Freedom of Information Scheme.	Not Delegated	Not applicable
26.2.1	**RELEVANT OFFICERS**	Send proposals for general computer systems to Director of Finance.	Not Delegated	Not Delegated
26.3	**DOF**	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.	Not Delegated	Not Delegated
27.6	**DEPARTMENTAL MANAGERS**	Inform staff of their responsibilities and duties for the administration of the property of patients.	Not Delegated	Not Delegated
27.1	**DOF**	Shall ensure that each trust fund which the PCT is responsible for managing is managed appropriately.	Not Delegated	Not Delegated
28	**DOF**	Ensure all staff are made aware of the PCT policy on the acceptance of gifts and other benefits in kind by staff.	Corporate Secretary	Corporate Secretary
29.3	**DOF**	Ensure lists of all contractors are maintained up to date and systems are in place to deal with applications, resignations, inspection of premises etc. within contractors' terms of service.	CFO	CFO
29.3	**DOF**	Ensure only contractors included on the PCT lists receive payments; maintain a system of control to ensure prompt and accurate payments and validation of same.	CFO	CFO
30	**CE**	Retention of document procedures in accordance with Department of Health guidance.	Not Delegated	Not Delegated
31.1	**CE**	Risk management programme.	Not Delegated	CCO
31.1	**BOARD**	Approve and monitor risk management programme.	Not Delegated	Not applicable

			DELEGATED TO	
SFI REF	**RESPONSIBILITY OF**	**AUTHORITIES/DUTIES DELEGATED**	**Non CCG business**	**CCG business**
31.2	**BOARD**	Decide whether the PCT 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.	Not Delegated	Not applicable
31.4	**DoF**	Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements. Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for any one or other of the risks covered by the schemes, the & Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses that will not be reimbursed.	Not Delegated	Not Delegated

SECTION D - STANDING FINANCIAL INSTRUCTIONS

10. INTRODUCTION

10.1 General

10.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Primary Care Trust (Executive Committees and Standing Financial Instructions) Directions 2007 issued by the Secretary of State which require that each Primary Care Trust shall agree 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. They shall have effect as if incorporated in the Standing Orders (SOs).

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

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

10.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the PCT's Standing Orders.

10.1.5 The failure to comply with Standing Financial Instructions and standing orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

10.1.6 **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 Director of Finance as soon as possible.

10.2 Responsibilities and delegation

10.2.1 The PCT Board

The Board exercises financial supervision and control by:

(a) Formulating the financial strategy;

(b) Requiring the submission and approval of budgets within approved allocations/overall income;

(c) Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money); and

(d) Defining specific responsibilities placed on members of the Board and Clinical Commissioning Group(s) and employees as indicated in the Scheme of Delegation document.

10.2.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Schedule of Matters Reserved to the Board' document. All other powers have been delegated to the Clinical Commissioning Group(s) and such other committees as the PCT has established.

10.2.3 The Clinical Commissioning Group will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by the PCT.

10.2.4 The Chief Executive and Director of Finance

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

Within the 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 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 PCT'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 PCT's system of internal control.

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

10.2.6 The Director of Finance

The Director of Finance is responsible for:

(a) implementing the PCT's financial policies and for co-coordinating any corrective action necessary to further these policies;

(b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;

(c) ensuring that sufficient records are maintained to show and explain the PCT's transactions, in order to disclose, with reasonable accuracy, the financial position of the PCT at any time;

and, without prejudice to any other functions of the PCT, and employees of the PCT, the duties of the Director of Finance include:

(d) the provision of financial advice to other members of the Board and Clinical Commissioning Group 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 PCT may require for the purpose of carrying out its statutory duties.

10.2.7 Board Members, Clinical Commissioning Group Members and Employees

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

(a) The security of the property of the PCT;

(b) Avoiding loss;

(c) Exercising economy and efficiency in the use of resources; and

(d) Conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

10.2.8 Contractors and their employees

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

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

11. AUDIT

11.1 Audit Committee

11.1.1 An independent Audit Committee is a central means by which a Board ensures effective internal control arrangements are in place. In addition, the Audit Committee provides a form of independent check upon the executive arm of the Board. 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) to perform the following tasks:

(a) Ensuring there is an effective internal audit function established by management, that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board;

(b) Reviewing the work and findings of the external auditor appointed by the Audit Commission and considering the implications of and management's responses to their work;

(c) Reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organisation;

(d) Ensuring that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board;

(e) Reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements;

(f) Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;

(g) Monitoring compliance with Standing Orders and Standing Financial Instructions;

(h) Reviewing schedules of losses and compensations and making recommendations to the Board;

(i) Reviewing schedules of debtors/creditors balances £5,000and over six months old and explanations/action plans;

(j) Review the annual report and financial statements prior to submission to the Board focusing particularly on;

(i) the wording in the Statement of Internal Control and other disclosures relevant to the Terms of Reference of the Committee;
(ii) changes in, and compliance with, accounting policies and practices;
(iii) unadjusted mis-statements in the financial statements;
(iv) major judgmental areas;
(v) significant adjustments resulting from audit.

(k) Reviewing the annual financial statements and recommend their approval to the Board;

(l) Reviewing the external auditors report on the financial statements and the annual management letter;

(m) Conducting a review of the PCTs major accounting policies;

(n) Reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirements that could have a significant impact on the PCTs published financial accounts or reputation;

(o) Reviewing any objectives and effectiveness of the internal audit services including its working relationship with external auditors;

(p) Reviewing major findings from internal and external audit reports and ensure appropriate action is taken;

(q) Reviewing 'value for money' audits reporting on the effectiveness and efficiency of the selected departments or activities;

(r) Reviewing the mechanisms and levels of authority (e.g. Standing Orders, Standing Financial Instructions, Delegated limits) and make recommendations to the PCT Board;

(s) Reviewing the scope of both internal and external audit including the agreement on the number of audits per year for approval by the PCT Board;

(t) Investigating any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;

(u) Reviewing waivers to Standing Orders;

(v) Reviewing hospitality and sponsorship registers;

(w) Reviewing the information prepared to support the controls assurance statements prepared on behalf of the Board and advising the Board accordingly.

11.1.2 The minutes of the Audit Committee meetings shall be formally recorded and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action. The Committee will report to the Board annually on its work in support of the Statement of Internal Control, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements.

11.1.3 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 wishes 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.

11.2 Director of Finance

11.2.1 The Director of Finance 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 function meets the NHS mandatory audit standards and provides sufficient independent and objective assurance to the Audit Committee and the Accountable Officer;

(c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption.

(d) ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee. The report must cover:

(i) a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the Department of Health including for example compliance with control criteria and standards;

(ii) major internal financial control weaknesses discovered;

(iii) progress on the implementation of Internal Audit recommendations;

(iv) progress against plan over the previous year;

(iv) a strategic audit plan covering the coming three years;

(vi) a detailed plan for the coming year.

11.2.2 The Director of Finance or designated internal or external auditor is entitled without necessarily giving prior notice to require and receive:

(a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;

(b) access at all reasonable times to any land, premises or members of the Board and Clinical Commissioning Group or employees of the PCT;

(c) the production of any cash, stores or other property of the PCT under a member of the Board and Clinical Commissioning Group's or an employee's control; and

(d) explanations concerning any matter under investigation.

11.3 Role of Internal Audit

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

(1) an independent and objective opinion to the Accountable Officer, the Board, and the Audit Committee on the degree to which risk management, control and governance, support the achievement of the organisation's agreed objectives;

(2) an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

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

(a) establish and monitor the achievement of the organisation's objectives;

(b) identify, assess and manage the risks to achieving the organisation's objectives;

(c) ensure the economical, effective and efficient use of resources;

(d) ensure compliance with established policies (including behavioral and ethical expectations), procedures, laws and Regulations;

(e) safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;

(f) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

11.3.3 The Head of Internal Audit will provide to the Audit Committee;

(a) A risk-based plan of internal audit work, agreed with management and approved by the Audit Committee, based upon the management's Assurance Framework that will enable the auditors to collect sufficient evidence to give an opinion on the adequacy and effective operation of the organisation;

(b) Regular updates on the progress against plan;

(c) Reports of management's progress on the implementation of action agreed as a result of Internal audit findings;

(d) An annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This opinion is used by the Board to inform the SIC and by Strategic Health Authority as part of its performance management role;

e) Additional reports as requested by the Audit Committee.

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

11.3.5 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 PCT.

11.3.6 The Head of Internal Audit reports to the Audit Committee and is managed by the Director of Finance. The reporting system for Internal Audit shall be agreed between the Director of Finance, the Audit Committee and the Head of Internal Audit. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

11.3.7 The appointment and termination of the Head of Internal Audit and/or the Internal Audit Service must be approved by the Audit Committee.

11.4 External Audit

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

11.5 Fraud and Corruption

11.5.1 In line with their responsibilities, the Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption.

11.5.2 The PCT shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by the NHS Counter Fraud and Corruption Manual, and guidance.

11.5.3 The LCFS shall report to the Director of Finance and shall work with staff in the NHS Protect and the Regional NHS Protect team in accordance with the NHS Counter Fraud and Corruption Manual, or with any successor body with which the LCFS or equivalent is required to report to pursuant to any subsequent guidance in future.

11.5.4 The LCFS will provide a written report, at least annually, on counter fraud work within the PCT.

11.6 Security Management

11.6.1 In line with their responsibilities, the Chief Executive will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.

11.6.2 The PCT shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) or equivalent as specified by the Secretary of State for Health guidance on NHS Protect.

11.6.3 The PCT shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.

11.6.4 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to a named Director (and the appointed LSMS).

12. RESOURCE LIMIT CONTROL

12.1.1 The PCT is required by statutory provisions not to exceed its Resource Limit. The Chief Executive has overall executive responsibility for the PCT's activities and is responsible to the PCT for ensuring that it stays within its Resource Limit.

12.1.2 The definition of use of resources is set out in RAB Directions on use of resources (available on the Departmental Finance Manual web-site).

12.1.3 Any sums received on behalf of the Secretary of State excluding charges arising under Parts 4, 5, 6 and 7 of the NHS Act 2006 is treated as sums received by the PCT.

12.1.4 The Director of Finance will:

(a) provide monthly reports in the form required by the Secretary of State;

(b) ensure money drawn from the Department of Health against the financing requirement arising from the Resource Limit is required for approved expenditure only, and is drawn down only at the time of need, follows best practice as set out in 'Cash Management in the NHS';

(c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the PCT to fulfill its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits.

13. ALLOCATIONS, ANNUAL PLAN, BUDGETS, BUDGETARY CONTROL AND MONITORING

13.1 Allocations

13.1.1 The Director of Finance of the PCT will:

(a) periodically review the basis and assumptions used by the Strategic Health Authority for distributing allocations and ensure that these are reasonable and realistic and secure the PCT's entitlement to funds;

(b) prior to the start of each financial year submit to the PCT Board for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve; and

(c) regularly update the PCT Board on significant changes to the initial allocation and the uses of such funds.

13.2 Preparation and Approval of Annual Plan and Budgets

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

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

(b) details of major changes in workload, delivery of services or resources required to achieve the plan.

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

(a) be in accordance with the aims and objectives set out in the plan;

(b) accord with workload and manpower plans;

(c) be produced following discussion with appropriate budget holders;

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

(e) identify potential risks.

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

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

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

13.3 Budgetary Delegation

13.3.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

(a) the amount of the budget;

(b) the purpose(s) of each budget heading;

(c) individual and group responsibilities;

(d) authority to exercise virement;

(e) achievement of planned levels of service;

(f) the provision of regular reports.

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

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

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

13.4 Budgetary Control and Reporting

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

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

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

(ii) movements in working capital;

(iii) movements in cash and capital;

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

(v) explanations of any material variances from plan;

(vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;

(b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;

(c) investigation and reporting of variances from financial, workload and manpower budgets;

(d) monitoring of management action to correct variances;

(e) arrangements for the authorisation of budget transfers.

13.4.2 Each Budget Holder is responsible for ensuring that:

(a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;

(b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorized, subject to the rules of virement;

(c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board .

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

13.5 Capital Expenditure

13.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 23).

13.6 Monitoring Returns

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

14. ANNUAL ACCOUNTS AND REPORTS

14.1 The Director of Finance, on behalf of the PCT, will:

(a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the PCT's accounting policies, and generally accepted accounting practice;

(b) prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines;

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

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

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

15. BANK ACCOUNTS

15.1 General

15.1.1 The Director of Finance is responsible for managing the PCT's banking arrangements and for advising the PCT Board on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health. In line with 'Cash Management in the NHS' PCTs should minimize the use of commercial bank accounts and use Government Banking Service (GBS) accounts for all banking services.

15.1.2 The Board shall approve the banking arrangements.

15.2 Bank and GBS Accounts

15.2.1 The Director of Finance is responsible for:

(a) bank accounts and Government Banking Service (GBS) accounts;

(b) establishing separate bank accounts for the PCT'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 PCT's bankers for accounts to be overdrawn;

(e) monitoring compliance with DH guidance on the level of cleared funds.

15.3 Banking Procedures

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

(a) the conditions under which each bank and GBS account is to be operated;

(b) those authorised to sign cheques or other orders drawn on the PCT's accounts.

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

15.4 Tendering and Review

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

15.4.2 Competitive tenders should be sought at least every 5 years. This review is not necessary for OPG accounts. The results of the tendering exercise should be reported to the Board.

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

16.1 Income Systems

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

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

16.2 Fees and Charges

16.2.1 The PCT shall follow the Department of Health's guidance in setting prices for NHS service agreements.

16.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

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

16.3 Debt Recovery

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

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

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

16.4 Security of Cash, Cheques and other Negotiable Instruments

16.4.1 The Director of Finance is responsible for:

(a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;

(b) ordering and securely controlling any such stationery;

(c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;

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

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

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

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

17. TENDERING AND CONTRACTING PROCEDURE

17.1 Duty to comply with Standing Orders and Standing Financial Instructions

The procedures to be followed by the PCT in relation to all contract opportunities with the PCT and for awarding all contracts with the PCT shall comply with the Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

This section of SFIs is structured in the following sections:

- This section: Legislation and Policy Framework, referring to the main requirements of law and policy. This section is not definitive and other guidance may also be applicable to any decision or procurement (SFIs 17.1 to 17.4 inclusive).
- The decision to tender and exceptions to the requirements to tender (SFI 17.5 to 17.6).
- Tendering Procedure, where a decision is made to tender pursuant to SFI 17.5 and SFI 17.6 (SFI 17.7).
- Quotations where no tender process (SFI 17.8).
- Evaluation of tenders and quotations (SFI 17.9).
- Award of contracts (SFI 17.10).
- Form of Contract (SFI 17.11).
- Specific Requirements (SFI 17.12)

17.2 Legislation Governing Public Procurement

(a) The PCT shall comply with the Public Contracts Regulations 2006 (the "Regulations") and any EU Directives relating to EU procurement law having direct effect in England (the "Directives") and any other duties derived from the EU Treaty ("Treaty Obligations") and any duties derived from the UK common law ("Common Law Duties") (the Regulations, Directives, Treaty Obligations and Common Law Duties together are referred to elsewhere in these SFIs as "Procurement Legislation"). The Procurement Legislation as from time to time amended shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

(b) The PCT should consider obtaining support from the any suitably qualified professional advisor (including where appropriate legal advisors to ensure compliance with Procurement Legislation when engaging in tendering procedures.

(c) The PCT shall consider the application of any applicable duty to consult or engage the public or any relevant Overview and Scrutiny Committee of a Local Authority prior to commencing any procurement process for a contract opportunity.

17.3 Guidance on Public Procurement and Commissioning

The PCT should have regard to all relevant guidance issued by the Department of Health in relation to the conduct of procurement practice and the commissioning of health care services, including but not limited to:

(a) the PCT Procurement Guide for Health Services (Department of Health May 2008) or any successor guide issued by the Department of Health;

(b) the Principles and Rules for Cooperation and Competition

(c) the Department of Health's "Capital Investment Manual" and "Estatecode" in respect of capital investment and estate and property transactions, save where either has been superseded by later published guidance; and

(d) in the case of management consultancy contracts the Department of Health guidance "The Procurement and Management of Consultants within the NHS".

or any successor to such guidance issued from time to time.

17.4 OGC Gateway Review and Guidance

(a) The PCT should consider the applicability of the Office of Government Commerce (OGC) Gateway review process (see: www.dh.gov.uk/gatewayreviews) to each procurement process undertaken to provide assurance that the procurement is conducted in accordance with best practice.

(b) The PCT should assess each procurement against the OGC Risk Potential Assessment

(c) The PCT will utilise the OGC Gateway review process for all procurements assessed as high risk under the OGC Risk Potential Assessment.

17.5 Decision to Seek Tenders, and Exceptions

17.5.1 Presumption to Tender

Where:

(a) a contract opportunity that is required to be advertised under the Regulations (i.e. the contract opportunity is governed by the Regulations and the value of the contract opportunity as calculated pursuant to the Regulations exceeds the relevant financial threshold for the requirement to run a formal tender process); or

(b) the contract opportunity would pass the Cross Border Test. The Cross Border Test is passed (subject to any subsequent judicial precedent in the UK Courts or the European Court of Justice) if the contract opportunity under

consideration would be (whatever the value of the contract and whether or not the contract opportunity is a Part B service under the Regulations, or falls outside the requirement to tender under the Regulations) of certain interest to any body located in a member state of a European Union other than the United Kingdom;

then subject to SFI 17.5.5 the PCT shall ensure that contract opportunities with the PCT are advertised in accordance with SFI 17.7.3 and where more than one response is received that competitive tenders are invited in accordance with SFI 17.7.4 for:

- the supply of goods, materials and manufactured articles;
- the rendering of services including all forms of management consultancy services;
- for the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and
- subject to SFI 17.12.1 for disposals.

17.5.2 Commissioning Health Care Services: Decision to Advertise

Health care services are classed as Part B Services under the Regulations. As such, no requirement to advertise arises by virtue of SFI 17.5.1(a) above, but may do under SFI 17.5.1(b) and each contract opportunity should be assessed against the Cross Border Test.

17.5.3 In-House Services: Decision to Procure Services

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

17.5.4 Exceptions and instances where formal tendering procedures need not be applied

Where a contract opportunity is required to be tendered under SFI 17.5.1, such contract opportunities need not be advertised and formal tendering procedures **need not be** applied where:

(a) the estimated expenditure or income:
(i) for a contract opportunity (for goods and non healthcare services) does not, or is not reasonably expected to, exceed £25,000; or
(ii) for any contract opportunity (for healthcare services) does not, or is not reasonably expected to, OJEU limits.

(b) any disposal falls within SFI 17.12.1 and/or within SFI 25.1.3;

(c) the requirement can be met under an existing contract without infringing Procurement Legislation;

(d) the PCT is entitled to call off from a Framework Agreement and the requirements of SFI 17.6 (Use of Framework Agreements) have been followed;

(e) a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the PCT; or

(f) an exception permitting the use of the negotiated procedure without notice validly applies under Regulation 14 of the Regulations.

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

(g) 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 PCT record;

(h) where the timescale genuinely precludes competitive tendering for reasons of extreme urgency brought about by events unforeseeable by the PCT and not attributable to the PCT. Failure to plan work properly is not a justification for waiving the requirement to tender;

(i) where the works, services or supply required are available from only one source for technical or artistic reasons or for reasons connected with the protection of exclusive rights;

(j) when the goods required by the PCT are a partial replacement for, or in addition to, existing goods and to obtain the goods from a supplier other than the supplier who supplied the existing goods would oblige the PCT to acquire goods with different technical characteristics and this would result in:

- incompatibility with the existing goods; or
- disproportionate technical difficulty in the operation and maintenance of the existing goods;

but no such contract may be entered in for a duration of more than three years;

(k) when works or services required by the PCT are additional to works or services already contracted for but for unforeseen circumstances such additional works or services have become necessary and that such additional works or services:

- cannot for technical or economic reasons be carried out separately from the works or services under the original contract without major inconvenience to the PCT; or
- can be carried out or provided separately from the works or services under the original contract but are strictly necessary to the latest stages of performance of the original contract; provided that the value of such additional works or services does not exceed 50% of the value of the original contract.

(l) for the provision of legal advice and/or services provided that any provider of legal advice and/or services commissioned by the PCT is regulated by the Solicitors Regulation Authority for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

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

17.5.5 Monitoring and Audit of Decision not to seek Tenders

(a) The waiving of competitive tendering procedures should not be used with the object of avoiding competition or solely for administrative

convenience or subject to SFIs 17.5.4 (j) to (k) to award further work to a provider originally appointed through a competitive procedure.

(b) Where it is decided that competitive tendering need not be applied or should be waived, the fact of the non application or waiver and the reasons for it should be documented and recorded in an appropriate PCT record and reported to the Audit Committee at each meeting.

(c) Where the PCT proposes not to conduct a tender process in relation to a contract opportunity for a new health care service or a significantly changed health care service then the PCT shall consider such proposal at a meeting of the Board as recommended by the PCT Procurement Guide

17.5.6 Contracts which subsequently breach thresholds after original approval not to seek tenders

Contract opportunities estimated to be below the financial limits set in this SFI 17 or below the threshold for the application of the requirement to tender under the Regulations, for which formal tendering procedures are not used, but which subsequently prove to have a value above such limits, shall be reported to the Chief Executive, and be recorded in an appropriate PCT record.

17.5.7 Building and Engineering Construction Works

Competitive Tendering procedures cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Departmental of Health approval. The Department of Health have given approval for an exclusivity clause with regard to Local Improvement Finance Trust (LIFT) for the PCT (if applicable) as detailed in section 23.2.2 below.

17.6 Use of Framework Agreements

The PCT may utilise any available framework agreement to satisfy its requirements for works, services or goods but only if it complies with the requirements of Procurement Legislation in doing so, which include (but are not limited to) ensuring that:

(a) the framework agreement was procured on its behalf. The PCT should satisfy itself that the original procurement process included the PCT within its scope;

(b) the framework agreement includes the PCT's requirement within its scope. The PCT should satisfy itself that this is the case;

(c) where the framework agreement is a multi-operator framework agreement, the process for the selection of providers to be awarded call-off contracts under the framework agreement is followed; and

(d) the call-off contract entered into with the provider contains the contractual terms set out by the framework agreement.

17.7 Tendering Procedure

17.7.1 Equality of Treatment

The PCT shall ensure that no sector of any market (public, private, third sector/social enterprise) is given an unfair advantage in the design or conduct of any tender process.

17.7.2 Non-Discrimination

(a) The subject matter and the scope of the contract opportunity should be described in a non-discriminatory manner. The PCT should utilise generic and/or descriptive terms, rather than the trade names of particular products or processes or their manufacturers or their suppliers.

(b) All participants in a tender process should be treated equally and all rules governing a tender process must apply equally to all participants.

17.7.3 Advertisement of Contract Opportunities

Where a formal tender process is required under SFI 17.5.1 then:

(a) where a contract opportunity falls within the Regulations and a process compliant with the Regulations is required, an OJEU Notice should be utilised; or

(b) without prejudice to SFI 17.7.3(c) below where a contract opportunity does not fall within the Regulations the PCT shall utilise a form of advertising for such contract opportunity that is sufficient to enable potential providers (including providers in member states of the EU other than the UK) to access appropriate information about the contract opportunity so as to be in a position to express an interest; and

(c) in relation to any contract opportunity for health care services the PCT shall as a minimum advertise on www.supply2health.nhs.uk, the procurement portal operated by the Department of Health.

17.7.4 Choice of Procedure

(a) Where a contract opportunity falls within the Regulations and a process compliant with the Regulations is required then the PCT shall utilise an available tender procedure under the Regulations.

(b) In all other cases the PCT shall utilise a tender procedure proportionate to the value, complexity and risk of the contract opportunity and shall ensure that invitations to tender are sent to a sufficient number of providers to provide fair and adequate competition (in any event no less than two).

17.7.5 Invitation to tender

(a) All invitations to tender shall state the date and time that is the latest time for the receipt of tenders.

(b) All invitations to tender shall state that no tender will be accepted unless:

- submitted electronically through the appropriate process using the Bravosolution etendering service, as instructed within the tender documentation;

- or where requested submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the PCT (or the word "tender" followed by the subject to which it related and the latest date and time for the receipt of such tender) addressed to the Chief Executive or notified nominated Manager;
- tender envelopes/ packages bear no names or marks indicating the sender. Where courier or postal services are used to deliver tender documents such services must not identify the sender on the envelope or on any receipt required by such services.

(c) Every invitation to tender must require each bidder to give a written undertaking not to engage in collusive tendering or other restrictive practice and not to engage in canvassing the PCT, its employees or officers concerning the contract opportunity tendered.

17.7.6 Receipt and safe custody of tenders

(a) The Chief Executive or his/her nominated representative (who may not be from the department that sponsored or commissioned the relevant invitation to tender; referred to as the "Originating Department" for the remainder of this SFI 17.7) will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

(b) The date and time of receipt of each tender shall be endorsed on the tender envelope/package by the Chief Executive or his/her nominated representative.

(c) In the case of electronic tenders, an auditable date/time stamp of all actions is automatically created through the Bravosolution entendering service. This audit trail is available for review in real time by all officers with appropriate access rights and cannot be edited.

17.7.7 Opening tenders and Register of tenders

(a) 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 (who may not be from the Originating Department). Where electronic, the nominated registered electronic tendering user will be able to access the electronic tenders and release them once the time and date for opening has passed.

(b) A member of the PCT Board will be required to be one of the two approved persons present for the opening of paper based tenders estimated to be of a value of above £50,000. The rules relating to the opening of paper based tenders will need to be read in conjunction with any delegated authority set out in the PCT's Scheme of Delegation.

(c) Subject to SFI 17.7.11 the involvement of Finance Directorate staff in the Originating Department's preparation of an invitation to tender will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.

(d) All Executive Directors/members will be authorised to open paper based 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.

(e) The PCT's Corporate Secretary will count as a Director for the purposes of opening paper based tenders.

(f) An auditable electronic log of actions, which may not be edited, is created including procurement and supplier time/date stamped actions. Every paper based tender received shall be marked with the date of opening and initialled by those present at the opening.

(g) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each competitive paper based invitation to tender despatched:

- the names of all organisations/individuals invited to tender;
- the names of all organisations/individuals from which tenders have been received;
- the date the tenders were received and opened;
- the persons present at the opening;
- the price shown on each tender; and
- a note where price alterations have been made on the tender and suitably initialled.

Each entry to this register shall be signed by those present at the opening of the relevant tenders.

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.

17.7.8 Admissibility of Tenders

(i) If for any reason the designated officers are of the opinion that the tenders received are not sufficient to demonstrate competition (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.

(ii) Where only one tender is sought and/or received, the Chief Executive and Director of Finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure best value for the PCT.

17.7.9 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/her 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/her 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/her nominated officer.

(iv) Accepted late tenders will be reported to the Board.

17.7.10 Electronic Auctions and Dynamic Purchasing Systems

(a) The PCT shall have policies and procedures in place for the control of all tendering activity carried out through dynamic purchasing systems and electronic auctions if such mechanisms are to be utilised by the PCT for tendering any contract opportunity. For further guidance on dynamic purchasing systems or electronic auctions refer to www.ogc.gov.uk

17.7.11 **Accountability where in-house bid**

(a) In all cases where the Board or the Clinical Executive determine that in-house services (should be subject to competitive tendering the following groups shall be set up:

- Specification group, comprising the Chief Executive or nominated officer/s and specialist officer whose function shall be to draw up the specification of the service to be tendered.
- In-house tender group, comprising a nominee of the Chief Executive and technical support to draw up and submit the in-house tender submission.
- Evaluation group, comprising normally a specialist officer, a supplies or commissioning officer and a Director of Finance representative whose function is to shortlist expressions of interest received and evaluate tenders received. For services having a likely annual expenditure exceeding £100,000, a non-officer member should be a member of the evaluation team.

(b) No officer or employee of the PCT directly engaged or responsible for the provision of the in-house service subject to competitive tendering may be a member of any of the specification or evaluation group established under SFI 17.7.11(a) but the specification group may consult with and take into account information received from such officers or employees in drawing up the PCT's specification subject at all times to observing the duty of non-discrimination at SFI 17.7.2. No member of the in-house tender group may participate in the evaluation of tenders.

(c) The evaluation group shall make recommendations to the Board.

(d) The Chief Executive shall nominate an officer to oversee and manage the contract awarded on behalf of the PCT.

17.8 Quotations: Competitive and Non-Competitive

17.8.1 Requirement to obtain competitive quotations

(a) Subject to 17.8.1(b) and 17.8.1(c) competitive quotations are required for all contract opportunities where formal tendering procedures are not adopted and where the intended expenditure of income exceeds, or is reasonably expected to exceed £5,000.

(b) Competitive quotations are not required where a contract opportunity need not be advertised and tendered under SFI 17.5.5(b) to (f) inclusive.

(c) Competitive quotations are not required where the requirement to advertise and tender a contract opportunity has been waived under SFI 17.5.5(g) to (l) inclusive.

17.8.2 Competitive Quotations

Where competitive quotations are required under SFI 17.8.1:

(i) quotations should be obtained from at least 3 organisations/individuals based on specifications or terms of reference prepared by, or on behalf of, the PCT or the Clinical Commissioning Group.

(ii) quotations should be obtained 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 an appropriate PCT record.

(iii) all quotations should subject to compliance with the provisions of the Freedom of Information Act 2000 be kept as confidential and should be retained for six months from the date of receipt for inspection.

(iv) the Chief Executive or his nominated officer should evaluate each quotation received applying evaluation criteria in accordance with SFI 17.9 and select the quote which gives the best value.

17.8.3 Non-Competitive Quotations

(a) Subject to SFI 17.8.3(b) below non-competitive quotations in writing must be obtained for any contract opportunity where formal tendering procedures are not adopted and where competitive quotations are not required under SFI 17.8.1.

(b) Where competitive tendering or a competitive quotation is not required, the PCT shall use the NHS Logistics Authority for procurement of all goods unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented in an appropriate PCT record.

17.8.4 Quotations to be within Financial Limits

No quotation shall be accepted by the PCT which will commit expenditure in excess of that which has been allocated by the PCT except with the authorisation of either the Chief Executive or Director of Finance.

17.9 Evaluation of Tenders and Quotations

17.9.1 Overriding duty to achieve best value

The PCT shall ensure that it seeks to obtain best value for each contract opportunity.

17.9.2 Choice of Evaluation Methodology

The PCT must for each contract opportunity which is subject to a tender or a competitive quotation choose to adopt evaluation criteria based on either:

(a) the lowest price; or

(b) the most economically advantageous tender, based on criteria linked to the subject matter of the contract opportunity including but not limited to some or all of:

- quality;
- price;
- technical merit;
- aesthetic and functional characteristics;
- environmental characteristics;
- running costs;
- cost effectiveness;
- after sales service;

- technical assistance;
- delivery date;
- delivery period; and/or
- period of completion

17.9.3 Each invitation to tender or invitation to supply a competitive quotation must state the evaluation criteria to be used to evaluate the tender or quotation and the relative weightings of each such criteria.

17.10 Award of Contracts

17.10.1 Acceptance of formal tenders

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

(b) 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) should be dealt with in the same way as late tenders (see SFI 17.7.9 above).

(c) Where examination of tenders reveals errors which would affect the tender figure, the tenderer may be given details of such errors and afforded the opportunity of confirming or withdrawing his offer.

(d) No tender shall be accepted by the PCT which will commit expenditure in excess of that which has been allocated by the PCT except with the authorisation of the Chief Executive.

(e) No tender shall be accepted by the PCT which is obtained contrary to these SFIs except with the authorisation of the Chief Executive or Director of Finance.

(f) All tenders should, subject to compliance with the provisions of the Freedom of Information Act 2000, be kept confidential and should be retained for 12 months from the date set for the receipt of tenders for inspection.

17.10.2 Authorisation of Tenders and Competitive Quotations

(a) Providing all the requirements set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by appropriate staff in line with the budgetary Scheme of Delegation

(b) These levels of authorisation may be varied or changed by the PCT and need to be read in conjunction with the PCT Board's Scheme of Delegation.

(c) Formal authorisation must be put in writing. In the case of authorisation by the PCT Board this shall be recorded in their minutes.

17.10.3 Tender reports to the PCT Board

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

17.11 Form of Contract

17.11.1 Form of contract: General

Subject to the remainder of SFI 17.11 below the PCT shall consider the most applicable form of contract for each contract opportunity (including to the extent appropriate any NHS Standard Contract Conditions available) and should consider obtaining support from a suitably qualified professional advisor (including where appropriate legal advisors).

17.11.2 Statutory Requirements

The PCT must ensure that all contracts that are governed by mandatory statutory requirements (whether contained in Statute, Regulations or directions) comply with such requirements. Such contracts include, but may not be limited to:

(a) GMS contracts;

(b) PMS agreements;

(c) SPMS contracts;

(d) APMS contracts;

(e) PCTMS contracts;

(f) PDS agreements;

(g) PCTDS contracts;

(h) GDS contracts;

(i) GOS contracts (mandatory and/or additional services contract)

17.11.3 Contracts for Health Care Services

Where a mandatory requirement of the Department of Health, the PCT shall utilise the most relevant NHS commissioning contract for the commissioning of health care services, or where a mandatory requirement of the Department of Health include standard provisions.

17.11.4 Contracts for Building or Engineering Works

(a) Subject to SFIs 17.11.4(b) inclusive, every contract for building or engineering works 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.

(b) When the content of the work is primarily engineering every contract shall embody or be in the terms of:

- the General Conditions of Contract recommended by the Institution of Mechanical Engineers; and/or
- the Association for Consultancy and Engineering (Form A);

(c) In the case of civil engineering work every contract shall embody or be in the terms of the General Conditions of Contract recommended by:
- the Institution of Civil Engineers; and/or
- the Association for Consultancy and Engineering; and/or
- the Civil Engineering Contractors Association.

(d) Each of the documents referred to in SFI 17.11.4(a) to (c) inclusive may be modified and/or amplified to accord with Department of Health guidance and, with appropriate professional advice (including legal advice if necessary), to cover special features of individual projects.

17.11.5 Employment, Agency and Consultants Contracts

The Chief Executive shall nominate officers with delegated authority to enter into permanent and temporary contracts of employment and other contracts for agency staff or persons engaged on a consultancy basis.

17.11.6 Compliance Requirements for all Contracts

The PCT may only enter into contracts within the statutory powers delegated to it by the Secretary of State or otherwise derived from Statute and each such contract shall:

(a) comply with the PCT's Standing Orders and Standing Financial Instructions;

(b) comply with the requirements of all EU Directives directly enforceable in the UK and all other statutory provisions;

(c) require (where applicable) the standards set out in the Standards for Better Health (as issued by the Department of Health from time to time) to be followed;

(d) embody substantially the same terms and conditions of contract as were the basis on which tenders or quotations were invited;

(e) be entered into and managed to obtain best value;

(f) have an officer nominated by the Chief Executive to oversee and manage each contract on behalf of the PCT.

17.12 Specific Requirements

17.12.1 Disposals (See overlap with SFI No.25)

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 PCT;

(c) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and/or

(d) land or buildings concerning, subject to compliance with all applicable Department of Health guidance.

17.12.2 Applicability of SFIs on Tendering and Contracting to funds held in trust (see overlap with SFI No. 27.3).

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

18. CONTRACTS FOR PROVISION OF SERVICES (see overlap with SFI No. 17)

18.1 Contracts

18.1.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring the PCT enters into suitable contracts and for considering the extent to which any NHS Standard Contract Conditions are mandatory for contracts for the commissioning of NHS services.

All contracts will be entered into pursuant to the guidance, templates and tools contained in the Commissioning Packs issued by the Department of Health Strategic Commissioning Development Unit.

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

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

18.2 Reports to Board on contracts

The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast expenditure against the contract.

19. COMMISSIONING

19.1 Role of the PCT in Commissioning Services

19.1. The PCT has responsibilities for commissioning services on behalf of the resident population. This will require the PCT to work in partnership with the Strategic Health Authority, local NHS Trusts, PCTs, and FTs, local authority, users, carers, the voluntary sector and social enterprise to develop an Annual Plan.

19.2 Role of the Chief Executive

19.2.1 The Chief Executive as the Accountable Officer has responsibility for ensuring services are commissioned in accordance with the priorities agreed in the Annual Plan. This will involve ensuring contracts are put in place with the relevant providers, based upon integrated care pathways.

19.2.2 The Chief Executive, as the Accountable Officer, will need to ensure that regular reports are provided to the Board detailing actual and forecast expenditure and activity for each contract.

19.2.3 Where the PCT makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, as the Accountable Officer, who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided.

19.3 Role of Director of Finance

19.3.1 A system of financial monitoring must be maintained by the Director of Finance to ensure the effective accounting of expenditure under the contract. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.

19.3.2 The Director of Finance must account for Out of Area Treatments/Non Contract Activity financial adjustments in accordance with national guidelines.

20. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE PCT BOARD AND CLINICAL COMMISSIONING GROUP(S) AND EMPLOYEES

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

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

, The Committee will:

(a) advise the Board about appropriate remuneration and terms of service for officer members employed by the PCT and other senior employees, excluding members of the Cluster Executive Team, covering:

(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 and Clinical Commissioning Group members (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the PCT - having proper regard to the PCT'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 individual officer members of the Clinical Commissioning Group (and other senior employees);

(d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

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

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

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

20.2 Funded Establishment

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

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

20.3 Staff Appointments

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

(a) unless authorised to do so by the Chief Executive; and

(b) within the limit of their approved budget and funded establishment.

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

20.4 Processing Payroll

20.4.1 The Director of Finance is responsible for:

(a) specifying timetables for submission of properly authorised time records and other notifications;

(b) the final determination of pay and allowances;

(c) making payment on agreed dates;

(d) agreeing method of payment.

20.4.2 The Director of Finance will issue instructions regarding:

(a) verification and documentation of data;

(b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;

(c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;

(d) security and confidentiality of payroll information;

(e) checks to be applied to completed payroll before and after payment;

(f) authority to release payroll data under the provisions of the Data Protection Act;

(g) methods of payment available to various categories of employee and officers;

(h) procedures for payment by cheque, bank credit, or cash to employees and officers;

(I) procedures for the recall of cheques and bank credits;

(j) pay advances and their recovery;

(k) maintenance of regular and independent reconciliation of pay control accounts;

(l) separation of duties of preparing records and handling cash;

(m) a system to ensure the recovery from those leaving the employment of the PCT of sums of money and property due by them to the PCT.

20.4.3 Appropriately nominated managers and Clinical Commissioning Group members have delegated responsibility for:

(a) submitting time records, and other notifications in accordance with agreed timetables;

(b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance;

(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 Clinical Commissioning Group obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.

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

20.5 Contracts of Employment

20.5.1 The Board shall delegate responsibility to an officer 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.

21. NON-PAY EXPENDITURE

21.1 Delegation of Authority

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

21.1.2 The Chief Executive will set out:

(a) the list of managers who are authorised to place requisitions for the supply of goods and services;

(b) the maximum level of each requisition and the system for authorisation above that level.

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

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

21.2.1 Requisitioning

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

21.2.2 System of Payment and Payment Verification

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

21.2.3 The Director of Finance will:

(a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;

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

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

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

(i) A list of Board and Clinical Commissioning Group 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 Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.

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

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

21.2.4 Prepayments

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

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

(b) The appropriate officer member of the Clinical Commissioning Group 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 PCT if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;

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

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

21.2.5 Official orders

Official Orders must:

(a) be consecutively numbered;

(b) be in a form approved by the Director of Finance;

(c) state the PCT's terms and conditions of trade;

(d) only be issued to, and used by, those duly authorised by the Chief Executive.

21.2.6 Duties of Managers and Officers

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

(a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;

(b) contracts are advertised where required by these SFIs;

(c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health;

(d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:

(i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;

(ii) conventional hospitality, such as lunches in the course of working visits;

(This provision needs to be read in conjunction with Standing Order No. 6 and the principles outlined in the national guidance contained in HSG 93(5) “Standards of Business Conduct for NHS Staff”; the Code of Conduct for NHS Managers (2004); and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry).

(e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;

(f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;

(g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";

(h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

(i) goods are not taken on trial or loan in circumstances that could commit the PCT to a future uncompetitive purchase;

(j) changes to the list of members/employees and officers authorised to certify invoices are notified to the Director of Finance;

(k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;

(l) petty cash records are maintained in a form as determined by the Director of Finance.

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

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

21.3.1 Payments to local authorities and voluntary organisations made under the powers of section 256 of the NHS Act 2006 shall comply with procedures laid down by the Director of Finance which shall be in accordance with that Act. (See overlap with Standing Order No. 9.1)

22. FINANCIAL FRAMEWORK

22.3.1 The Director of Finance should ensure that members of the Board and the Clinical Commissioning Group are aware of the Financial Framework. This document contains directions which the PCT must follow. It also contains directions to Strategic Health Authorities regarding resource and capital allocation and funding to PCTs. The Director of Finance should also ensure that the direction and guidance in the framework is followed by the PCT.

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

23.1 Capital Investment

23.1.1 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 plans;

(b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;

(c) shall ensure that the capital investment is not undertaken without confirmation of purchaser(s) support and the availability of resources to finance all revenue consequences, including capital charges.

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

(a) that a business case (in line with the guidance contained within the Capital Investment Manual is produced setting out:

(i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;

(ii) appropriate project management and control arrangements;

(b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate PCT personnel and external agencies in the process.

23.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of Estatecode.

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

23.1.4 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

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

(a) specific authority to commit expenditure;

(b) authority to proceed to tender (see overlap with SFI No. 17.5);

(c) approval to accept a successful tender (see overlap with SFI No. 17.5).

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

23.1.5 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes as most recently issued by DoH

23.2 Private Finance (see overlap with SFI No. 17.10)

23.2.1 The PCT should normally test for PFI when considering capital procurement. When the PCT proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

(a) The Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.

(b) Where the sum involved exceeds delegated limits, the business case must be referred to the Department of Health or in line with any current guidelines.

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

23.2.2 LIFT Exclusivity (see Appendix 3)

The PCT may be a shareholder and participant in a Local Improvement Finance Trust (LIFT). . It may enter into a long-term contractual arrangement with a private sector partner for the provision of facilities from which the PCT may deliver health services. The facilities may be provided by a company formed to deliver the LIFT programme. Under the terms of the agreement the company has exclusive right of first refusal for capital developments in accordance with the Appendix. All developments in excess of the value in the Schedule will be offered to the company in accordance with the terms of the legal agreement. This provision does not preclude the company from the general requirement of having to deliver a development that demonstrates value for money.

23.3 Asset Registers

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

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

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

(a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;

(b) stores, requisitions and wages records for own materials and labour including appropriate overheads;

(c) lease agreements in respect of assets held under a finance lease and capitalised.

23.3.4 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).

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

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

23.3.7 The value of each asset shall be depreciated using methods as specified in the *Manual* for Accounts issued by the Department of Health.

23.3.8 The Director of Finance of the PCT shall calculate and pay capital charges as specified in the *Manual* for Accounts issued by the Department of Health.

23.4 Security of Assets

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

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

(a) recording managerial responsibility for each asset;

(b) identification of additions and disposals;

(c) identification of all repairs and maintenance expenses;

(d) physical security of assets;

(e) periodic verification of the existence of, condition of, and title to, assets recorded;

(f) identification and reporting of all costs associated with the retention of an asset;

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

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

23.4.4 Whilst each employee and officer has a responsibility for the security of property of the PCT, it is the responsibility of Board and Clinical Commissioning Group members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

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

23.4.6 Where practical, assets should be marked as PCT property.

23.5 NHS LIFT

23.5 A Primary Care Trust planning involvement with LIFT projects should access guidance from the joint DH and Partnerships UK website at www.partnershipsforhealth.co.uk.

24. STORES AND RECEIPT OF GOODS

24.1 General position

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

(a) kept to a minimum;

(b) subjected to annual stock take;

(c) valued at the lower of cost and net realisable value.

24.2 Control of Stores, Stocktaking, condemnations and disposal

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

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

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

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

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

24.2.6 The designated Manager shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 25 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

24.3 Goods supplied by NHS Logistics

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

25. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

25.1 Disposals and Condemnations

25.1.1 Procedures

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

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

25.1.3 All unserviceable articles shall be:

(a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;

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

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

25.2 Losses and Special Payments

25.2.1 Procedures

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

25.2.2 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 Operating Officer and / or Chief Financial Officer or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or Chief Executive. Where a criminal offence is suspected, the Chief Operating Officer and / or Chief Financial

Officer must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the relevant LCFS and Operational Fraud Team (OFT) in accordance with Secretary of State for Health's Directions.

25.2.3 Suspected fraud

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

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

(a) the Board, and

(b) the External Auditor.

25.2.5 Within limits delegated to it by the Department of Health, the Board shall approve the writing-off of losses.

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

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

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

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

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

26. INFORMATION TECHNOLOGY

26.1 Responsibilities and duties of the Director of Finance

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

(a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the PCT's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;

(b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;

(c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;

(d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

26.1.2 The Director of Finance shall need to ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

26.1.3 A named Director 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 PCT that we make publicly available.

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

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

(a) details of the outline design of the system;

(b) in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.

26.3 Contracts for computer services with other health bodies or outside agencies

The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

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

26.3 Requirements for computer systems which have an impact on corporate financial systems

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

(a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;

(b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;

(c) Director of Finance staff have access to such data;

(d) such computer audit reviews as are considered necessary are being carried out.

27. FUNDS HELD ON TRUST

27.1 Corporate Trustee

(1) Standing Order No. 2.9 outlines the PCT's responsibilities for the management of funds it holds on trust, along with SO 4.9.4 that defines the need for compliance with Charity Commission latest guidance and best practice.

(2) The discharge of the PCT's 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.

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

27.2 Accountability to Charity Commission and Secretary of State for Health

(1) The trustee responsibilities must be discharged separately and full recognition given to the PCT'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 PCT Board and Clinical Commissioning Group members and PCT officers must take account of that guidance before taking action.

27.3 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. (See overlap with SFI No. 17.12.2).

(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.

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

The Director of Finance shall ensure that all staff are made aware of the PCT policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health circular HSG (93) 5 'Standards of Business Conduct for NHS Staff'; the Code of Conduct for NHS Managers 2004; and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 6).

29. PAYMENTS TO INDEPENDENT CONTRACTORS

29.1 Role of the PCT

The PCT will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received shall be dealt with equitably, within any time limits laid down in the contractors NHS terms and conditions of service.

29.2 Duties of the Chief Executive

The Chief Executive shall:

(a) ensure that lists of all contractors, for which the PCT is responsible, are maintained in an up to date condition;

(b) ensure that systems are in place to deal with applications, resignations, inspection of premises, etc, within the appropriate contractor's terms and conditions of service.

29.3 Duties of the Director of Finance

The Director of Finance shall:

(a) ensure that contractors who are included on a Primary Care Trust's approved lists receives payments;

(b) maintain a system of payments such that all valid contractors' claims are paid promptly and correctly, and are supported by the appropriate documentation and signatures;

(c) ensure that regular independent verification of claims is undertaken, to confirm that:

(i) rules have been correctly and consistently applied;

(ii) overpayments are detected (or preferably prevented) and recovery initiated;

(iii) suspicions of possible fraud are identified and subsequently dealt with in line with the Secretary of State for Health's Directions on the management of fraud and corruption.

(d) ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and

(e) ensure that a prompt response is made to any query raised by either the Prescription Pricing Division or the Dental Practice Division of the NHS Business Services Authority, regarding claims from contractors submitted directly to them.

30. RETENTION OF RECORDS

30.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with NHS Code of Practice - Records Management Part 2 (2nd Edition) 2009.

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

30.3 Records held in accordance with NHS Code of Practice - Records Management 2006, shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

31. RISK MANAGEMENT AND INSURANCE

31.1 Programme of Risk Management

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

The programme of risk management shall include:

a) a process for identifying and quantifying risks and potential liabilities;

b) engendering among all levels of staff a positive attitude towards the control of risk;

c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;

d) contingency plans to offset the impact of adverse events;

e) audit arrangements including; internal audit, clinical audit, health and safety review;

f) a clear indication of which risks shall be insured;

g) arrangements to review the risk management programme.

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

31.2 Insurance: Risk Pooling Schemes administered by NHSLA

The Board shall decide if the PCT 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.

31.3 Insurance arrangements with commercial insurers

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

(1) for insuring motor vehicles owned by the PCT including insuring third party liability arising from their use;

(2) where the PCT is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into;

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

4) where a premises landlord requires the organisation to take out insurance as condition of occupancy

31.4 Arrangements to be followed by the Board in agreeing Insurance cover

(1) Where the Board decides to use the risk pooling schemes administered by the NHS Litigation Authority the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.
(2) Where the Board decides not to use the risk pooling schemes administered by the NHS Litigation Authority for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self insured as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.
(3) All the risk pooling schemes require Scheme 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

Appendix 1

Addresses of PCTs

The principal place of business of the PCT is given below

NHS Barnsley
Longfields Court
Middlewoods Way
Wharncliffe Business Park
Carlton
Barnsley
S71 3GN

NHS Bassetlaw
Retford Hospital
North Road
Retford
Nottinghamshire
DN22 7XF

NHS Doncaster
White Rose House
Ten Pound Walk
Doncaster
DN4 5DJ

NHS Rotherham
Oak House
Moorhead Way
Rotherham
S66 1YY

NHS Sheffield
722 Prince of Wales Road
Darnall
Sheffield
S9 4EU

Appendix 2

YORKSHIRE AND THE HUMBER SPECIALISED COMMISSIONING GROUP

Establishment Agreement (Local) – (March 2011)

1 Introduction

1.1 The Yorkshire and the Humber Specialised Commissioning Group (YHSCG) is a formal joint sub-committee of the following Primary Care Trusts (PCT's) hereafter referred to as "Members"

Barnsley
Bradford and Airedale
Calderdale
Doncaster
East Riding of Yorkshire
Hull
Kirklees
Leeds
North East Lincolnshire
North Lincolnshire
North Yorkshire and York
Rotherham
Sheffield
Wakefield District

1.2 The SCG is established as a joint sub-committee of each of the Boards of Members in accordance with Regulations 9 and 10 of the National Health Service (functions of Strategic Health Authorities and Primary Care Trusts and administrative arrangements) (England) Regulations 2002.

1.3 The Members therefore acknowledge that the SCG is subject to any directions which may be made by the Yorkshire and the Humber Strategic Health Authority or by the Secretary of State.

2 Functions of the Specialised Commissioning Group

2.1 The SCG has been established in accordance with the above regulations to enable the Members to make collective decisions on the review, planning, procurement and performance monitoring of Specialised Services as set out in the National Specialised Services Definitions Set (Third Edition, 2010) (Annex 1) or any revision thereto, and any other service where integrated commissioning across the PCT's or a number of its PCT's is required and has been agreed by the members (Annex 2). The services concerned specifically exclude those commissioned nationally by the National Commissioning Group (NCG) (Annex 3).

2.2 The functions of the SCG are undertaken in the context where NHS commissioning is increasingly focused on developing care standards and the quality assurance of provider services.

2.3 The SCG will undertake the following functions

- to plan, including needs assessment, procure and performance monitor Specialised Services, and other services, as defined and agreed by Members, to meet the health needs of the members populations

- to undertake reviews of Specialised Services and other agreed services, manage the introduction of new services, drugs and technologies and oversee the implementation of NICE and/or other national guidance or standards relating to Specialised Services and other agreed services

- to designate providers to ensure that Specialised Services and other agreed services are provided to the highest clinical standard, represent value for money and are accessible to everyone that needs them and to avoid unplanned, unsafe proliferation of specialised services provision

- to coordinate a common approach to the commissioning of Specialised Services and other agreed services from providers in the SCG area and elsewhere

- to manage any budget delegated to it from the Members for commissioning Specialised Services and other agreed services to be held accountable and develop financial risk sharing arrangements

- to develop, negotiate, agree and monitor service level agreements/contracts for Specialised Services and other agreed services from providers in the SCG area and elsewhere as required by the Members

- to monitor and where agreed to fund the cost of non-contractual activity (NCA) for those services agreed by the Members

- to provide a coordinated Specialised Services commissioning input to clinical networks, local commissioning groups/fora and partnerships

- to maintain close links with PCTs and providers, and other statutory authorities, including local authorities and criminal justice system agencies, in the SCG area

- to work in partnership with other SCGs and act as lead commissioner on behalf of other SCG's where agreed by those SCGs and their PCTs.

- to be a member of the National Specialised Commissioning Group (NSCG) and take account of its decisions.

3 Principles upon which the SCG is based

3.1 The SCG will support member PCT's in striving to reduce the inequalities in access to and the quality of services for the populations they serve.

3.2 The SCG will seek to share skills, knowledge and/or appropriate resources for the benefit of the total population served.

3.3 The SCG will utilise the funds made available to it by Members to commission agreed services and support its management costs in a transparent and cost effective way, ensuring that the financial risks to individual Members of unforeseen/unplanned activity are minimised

3.4 Decisions made by the SCG and by SCG members acting on behalf of the SCG under agreed terms of reference, will be binding on all members until the SCG agrees otherwise

3.5 The SCG will review, plan, develop and monitor the agreed services in partnership with clinicians; providers and service users.

3.6 The SCG will maintain close working links with service providers, clinical networks and other commissioners or commissioning groups, fora and partnerships

3.7 A standard conciliation/arbitration procedure will apply when disputes between Members arise

4 Membership of the SCG

4.1 Each PCT will be a member of the SCG. The new PCT 'Clusters' will determine who their constituent representatives with delegated powers at the SCG Board meetings will be.

4.2 The full SCG will be quorate with either the Chair OR Vice Chair AND seven voting representatives in attendance.

4.3 The full SCG will meet at least quarterly (unless otherwise determined by the SCG)

4.4 In attendance on a non-voting capacity at the meetings of the SCG will be a representative of the Strategic Health Authority

Representatives of other organisations may attend with the agreement of the chair

4.5 When the meeting is considering a confidential matter, non-members may be asked to leave the meeting at the discretion of the SCG Chair

4.6 The meetings will be chaired by a designated Chief Executive with a nominated Vice Chair.

5 Conduct of the Meetings and Delegations of Business

5.1 Notice of SCG meetings (which will be accompanied by an Agenda and supporting papers) shall be sent to member representatives no later than 7 days before the meeting. When the Chair deems it necessary in the light of urgent circumstances to call a meeting at short notice the notice period shall be such as he/she shall specify

5.2 Decisions of meetings shall be taken by a simple majority of the SCG members in attendance (with the exception of the Chair who will not have a vote) save that any change to this Agreement shall require a unanimous decision of the Membership

5.3 Decisions made by the SCG and by SCG members acting on behalf of the SCG under agreed terms of reference, will be binding on all members until the SCG agrees otherwise

5.4 The SCG may delegate tasks to such individuals, sub-groups or individual members as it shall see fit provided that any such delegations are recorded in a Scheme of Delegation and are governed by terms of reference

5.5 The SCG may also delegate commissioning responsibility including procurement to another SCG and/or commissioner as it shall see fit provided that any such delegation is recorded in a Scheme of Delegation.

5.6 Minutes of each meeting of the SCG or any sub-committees shall be circulated with the Agenda for the next meeting and their approval shall be considered as an Agenda item

6 Accountability of the SCG

6.1 A) At SCG Level

Each Primary Care Trust is accountable through its statutory responsibilities to use its resources to improve the health of its population. For a number of services, this can only be achieved by working with other PCTs. The SCG is established on the basis of a shared approach to commissioning.

6.1.1 The SCG is a joint sub-committee of each of the Boards of the Members and the designated member representatives can:-

- Commit resources within delegated responsibilities and agreed resource limits;
- Decide commissioning policy
- Commission research / reviews to inform decisions
- Agree, review and update action plans
- Act as an agent for the SCG
- Commission and monitor service level agreements /contracts between Members and between the SCG and other service providers.

6.1.2 As a member of SCG, each designated representative on behalf of the Member will be able to commit resources within the limits set out in their own Standing Financial Instructions. By signing this Agreement each of the Members confirms that its Standing Financial Instructions and Standing Orders are consistent with this Agreement and empower their representative to commit resources accordingly.

6.1.3 For the avoidance of doubt, in the event of any conflict between the terms of this Agreement and the Standing Orders or Standing Financial Instructions of any of the Members, the latter will prevail.

6.1.4 In order to ensure that time is allowed for consultation with the constituent PCT's and with other key stakeholders wherever possible, adequate notice will be given of proposals to change commissioning policies, commit resources and/or enter into service agreements and contracts.

6.2B) At Pan-SCG Level

In order to discharge its duties on behalf of Members, the SCG will be responsible for representing Members' interests in commissioning Specialised Services, or other services as agreed by the SCG, that span a number of SCG areas. Such responsibility will be discharged through service specific groups/networks agreed by SCG in conjunction with other SCGs and their PCT's and/or through the National Specialised Commissioning Group (NSCG)

6.2.1 A nominated Member representative or officer of the SCG will be delegated to represent the SCG and ensure that the SCG's views are properly taken into account in reaching a decision at pan SCG or NSCG level.

6.2.2 SCGs will take into account decisions taken at pan-SCG or NSCG level

6.2.3 SCGs will be given adequate notice regarding any issues which entail decision-making at pan-SCG or NSCG level meetings

7 Funding Arrangements

7.1 Each Member will contribute an annual subscription (according to an agreed formula) to the SCG, based on the SCG's commissioning portfolio of services and the management costs of supporting such commissioning.

8 Procurement of Agreed Services

8.1 The SCG will determine which commissioned services/products should be procured ("agreed" commissioned services/products) and from which provider(s) ("agreed" commissioning contracts) and advise the Specialised Commissioning Team accordingly.

8.2 The providers of commissioned services/products may be any designated provider of agreed services which may not be restricted to the United Kingdom

8.3 Each Member remains responsible for performing and exercising its statutory duties and functions for delivery of the commissioned services/products to its population and its patients, including:

- Assessing individual patient cases;
- Referrals;
- Complaints and complaints procedures;
- Individual contract exclusions;
- Emergencies;
- Managing waiting lists;
- Obtaining legal advice if necessary (e.g. on the legality of a specific treatment policy);
- Patient and public involvement as appropriate for Specialised Services (in conjunction with SCG where appropriate);
- Each PCT is responsible for managing appeals (supported by the SCG).

8.4 In 8.3 above it maybe appropriate for the SCG to support and act on behalf of the Members if the Members so agree. This will not negate each Members statutory responsibility to ensure the delivery of appropriate Health Care Services to its population

9 Host Primary Care Trust

9.1 One or more PCT's will be designated by agreement as the Host PCT(s).

9.2 The responsibilities of the Host PCT(s) are:

- To appoint and employ such officers as may be required to carry out the duties of the SCG and provide all necessary corporate services and management support as maybe required

- To have in place Standing Orders, Standing Financial Instructions and other appropriate governance arrangements and Schemes of Delegation necessary for the delivery of the SCG Agenda

- To provide full financial support to the specialised commissioning functions, including the collection of any subscriptions from Members and the making of payments to providers of commissioned services/products where appropriate

- To hold the management budget for the Specialised Commissioning Team and make payments and receive income as necessary on behalf of the Team.

9.3 The SCG or any delegated sub-groups shall adopt the Standing Orders, Standing Financial Instructions and relevant Schemes of Delegation of the Host Primary Care Trust.

9.4 A management charge, as agreed with the SCG, will be payable to the Host PCT(s) from the management budget for the costs incurred in acting as the Host PCT(s)

10 Support Arrangements

10.1 The SCG will, through the nominated Host PCT(s) appoint and employ such officers as may be required to exercise its duties

11 Involvement of service providers and clinicians

11.1 Each service review group, clinical network and informal network that plays a major role in the SCG's strategy development will need to demonstrate how they are involving the relevant service provider(s) including clinical representation.

11.2 The SCG will be responsible for ensuring public health input into such groups and/or networks.

12 User Involvement

12.1 The SCG, each service review group and/or clinical network will need to be able to demonstrate how they are involving service users in the planning and commissioning process.

13 Facilitation and Arbitration

13.1 In the event of disputes between the SCG and any Foundation Trust the procedure set out in the contract will be followed

13.2 In the event of disputes with non-Foundation Trusts the process to be used will be based on the agreement within individual SLA's

13.3 In the event of a dispute between two or more SCGs, the NSCG will be invited to facilitate and/or arbitrate according to its own facilitation/arbitration process

14 Communication

14.1 Chief Operating Officers (or their representatives) of each Member will act as the overall communication link to their health communities and shall present the approved minutes for each SCG meeting to the next following meeting of the Board of their PCT. These minutes will not include minutes of any SCG meeting or part of any SCG meeting which is a closed Member only session. Minutes of a Member only session will go to the private part of PCT Board meetings.

14.2 An SCG Annual Report will be produced for Member Boards within six months of the end of the financial year.

SCG Establishment Agreement
31st March 2011

Annex 1

Specialised Services National Definitions Set 3rd Edition

Number	Description
1	Specialised cancer services (adult)
2	Specialised services for blood and marrow transplantation (all ages)
3	Specialised services for haemophilia and other related bleeding disorders (all ages)
4	Specialised services for women's health (adult)
5	Assessment and provision of equipment for people with complex physical disability (all ages)
6	Specialised spinal services (all ages)
7	Specialised rehabilitation services for brain injury and complex disability (adult)
8	Specialised neurosciences services (adult)
9	Specialised burn care services (all ages)
10	Cystic fibrosis services (all ages)
11	Specialised renal services (adult)
12	Specialised intestinal failure and home parenteral nutrition services (adult)
13	Specialised cardiology and cardiac surgery services (adult)
14	no 3rd edition definition [Was HIV/ AIDs treatment and care (all ages)]
15	Cleft lip and palate services (all ages)
16	Specialised immunology services (all ages)
17	Specialised allergy services (all ages)
18	Specialised services for infectious diseases (all ages)
19	Specialised services for liver, biliary and pancreatic medicine and surgery (adult)
20	Medical genetic services (all ages)
21	no 3rd edition definition [Was Specialised Learning Disabilities Services (Adult)]
22	Specialised mental health services (all ages)
23	Specialised services for children
24	Specialised dermatology services (all ages)
25	no 3rd edition definition [Was Specialised Pathology Services]
26	Specialised rheumatology services (all ages)
27	Specialised endocrinology services (adult)
28	no 3rd edition definition [Was Hyperbaric Oxygen Therapy Services (adult)]
29	Specialised respiratory services (adult)
30	Specialised vascular services (adult)
31	Specialised pain management services (adult)
32	Specialised ear services (all ages)
33	Specialised colorectal services (adult)
34	Specialised orthopaedic services (adult)
35	Specialised morbid obesity services (all ages)
36	Specialised services for metabolic disorders (all ages)
37	Specialised ophthalmology services (adult)
38	Specialised haemoglobinopathy services (all ages)

Annex 2

List of Services for Integrated Commissioning

- Specialist infertility services e.g. IVF
- Specialised HIV/AIDS treatment and services provided by the Principal Treatment Centres
- Non Specialised Vascular Services

---------- oOo ----------

- Commissioning policies for drugs and treatments which are produced via:
  - SCG Regional Policy Gateway Sub Group
  - Evidence Based Commissioning (regionwide QIPP Workstream)
  - Interim Cancer Drugs Fund arrangements

---------- oOo ----------

Annex 3

Services commissioned by the National Commissioning Group as at July 2010

Alstrom syndrome
Amyloidosis
Ataxia telangiectasia (children)
Autoimmune paediatric gut syndromes
Barth Syndrome
Biedl Bardets Syndrome
Bladder exstrophy
Bridge to heart transplant (adults)
Bridge to heart transplant (children)
Choriocarcinoma
Chronic pulmonary aspergillosis
Complex Ehlers Danlos syndrome
Complex neurofibromatosis type 2
Complex neurofibromatosis type I
Complex tracheal disease
Congenital hyperinsulinism
Craniofacial surgery for congenital conditions
Cryopyrin Associated Periodic Syndrome
Encapsulating sclerosing peritonitis surgery
Epidermolysis bullosa
Extra corporeal membrane oxygenation for reversible respiratory failure (adults)
Extra corporeal membrane oxygenation for reversible respiratory failure (children, infants & neonates)
Gender identity development service (children and adolescents)
Heart and lung transplantation (adults)
Heart and lung transplantation (children)
Islet transplantation (cell separation and implantation)
Islet transplantation (implantation only)
Live liver donation
Liver transplantation (adults)
Liver transplantation (children)
Lysosomal storage disorders (adults)
Lysosomal storage disorders (children)

McArdle's Disease
Mental health service for Deaf children and adolescents (inpatient)
Mental health service for Deaf children and adolescents (outpatient)
Neuromyelitis Optica
Ocular oncology
Ophthalmic pathology
Osteo odonto kerato prosthesis
Pancreas transplantation
Paroxysmal nocturnal haemoglobinuria
Primary ciliary dyskinesia
Primary Malignant Bone Tumours
Proton beam therapy
Pseudomyxoma peritonei
Pulmonary hypertension (children)
Pulmonary thromboendarterectomy (Pte)
Rare mitochondrial disorders
Rare neuromuscular disease
Reconstructive surgery for adolescents with congenital malformation of the female genital tract
Retinoblastoma
Secure forensic mental health service (children) Learning Disabilities
Secure forensic mental health service (children)
Severe combined immunodeficiency and related disorders
Severe intestinal failure (adults)
Severe obsessive compulsive disorder and body dysmorphic disorder
Small bowel transplantation (adults)
Small bowel transplantation (children)
Specialist paediatric liver disease
Stem cell transplantation for juvenile idiopathic arthritis and related connective tissue disorders
Vein of Galen malformation
Xeroderma Pigmentosum

March 2011

EAST MIDLANDS SPECIALISED COMMISSIONING GROUP (SCG)

ESTABLISHMENT AGREEMENT

Version: 22.07.2011

EAST MIDLANDS SPECIALISED COMMISSIONING GROUP (SCG)

ESTABLISHMENT AGREEMENT

1. Introduction

1.1 The East Midlands Specialised Commissioning Group (SCG) is a committee comprising representatives of the following Primary Care Trusts (PCTs), hereafter referred to as 'Members':

- Bassetlaw PCT
- Derbyshire County PCT
- Derby City PCT
- Nottinghamshire County Teaching PCT
- Nottingham City PCT
- Lincolnshire Teaching PCT
- Leicestershire County & Rutland PCT
- Leicester City Teaching PCT
- Northamptonshire Teaching PCT

1.2 The SCG is established as a joint sub-committee of each of the Boards of Members in accordance with Regulations 9 and 10 of the National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administrative Arrangements) (England) Regulations 2002.

The members therefore acknowledge that the SCG is subject to any directions, which may be made by the East Midlands Strategic Health Authority or by the Secretary of State.

2. Functions of the Specialised Commissioning Group

2.1 The SCG has been established in accordance with the above regulations to enable the Members to make collective decisions on the review, planning, procurement and performance monitoring of agreed services, these include Specialised Services as set out in the Specialised Services National Definitions Set (2002) or any revision thereto as well as any other service as agreed by the SCG, commissioned on behalf of the relevant populations of the Members and set out in Appendix 1 to this Agreement. Services commissioned nationally by the National Commissioning Group are excluded from this Agreement. See Appendix 2.

2.2 The functions of the SCG are undertaken in the context where NHS commissioning is increasingly focused on developing care standards and the quality assurance of provider services.

2.3 The SCG will undertake the following functions:

- to plan, including needs assessment, procure and performance monitor Specialised Services, and other services as defined and agreed by Members, to meet the health needs of Members' populations;

- to undertake reviews of Specialised Services and other agreed services, manage the introduction of new services, drugs and technologies and oversee the implementation of NICE and/or other National guidance or standards relating to Specialised Services and other agreed services;

- to designate providers to ensure that Specialised Services and other agreed services are provided to the highest clinical standard, represent value for money and are accessible to everyone that needs them and to avoid unplanned, unsafe proliferation of specialised services provision;

- to coordinate a common approach to the commissioning of Specialised Services and other agreed services from providers in the SCG area and elsewhere;

- to manage the budget (pooled from PCT allocations) for commissioning Specialised Services and other agreed services, be held accountable for its use, and develop financial risk sharing arrangements;

- to develop, negotiate, agree, maintain and monitor service level agreements/ contracts for Specialised Services and other agreed services from providers in the SCG area and elsewhere;

- to monitor and fund the costs of non-contractual activity (NCA) for those services agreed by Members;

- to provide a coordinated Specialised Services Commissioning input to clinical networks, local commissioning groups/fora and partnerships, and coordinate service development plans with PCTs and their practice-based commissioners in the SCG area;

- to maintain close links with PCTs and providers, and other statutory authorities, including those within the criminal justice system, in the SCG area;

- to work in partnership with other SCGs and act as lead commissioner on behalf of other SCGs where agreed by those SCGs and their PCTs;

- to be a member of the National Specialised Services Commissioning Group (NSSCG) and take account of its decisions.

3. Principles upon which the SCG is based:

3.1 The SCG will support Member PCTs in striving to reduce the inequalities in access to and delivery of services for the populations the Member PCTs serve.

3.2 The SCG will seek to share skills, knowledge and/or appropriate resources for the benefit of the total population served.

3.3 The SCG will utilise the funds made available to it by Members to commission agreed services and support its management costs in a transparent and cost effective way, ensuring that the financial risks to individual Members of unforeseen/unplanned activity are minimised.

3.4 Commitments made by the SCG, and by SCG representatives acting on behalf of the SCG under agreed terms of reference, will be binding on all Members until the SCG agrees otherwise.

3.5 The SCG will review, plan, develop and monitor the agreed services in partnership with clinicians, providers and service users.

3.6 The SCG will maintain close working links with service providers, clinical networks and other commissioners or commissioning groups, fora and partnerships.

3.7 A standard facilitation/arbitration procedure will apply when disputes between Members arise.

4. Membership of the SCG

4.1 Each Member will have one place on the SCG (and one vote) and will nominate a designated representative. Whilst it will be for each Member to nominate its own representative, the preferred representation will be either Chief Executive or other Director who is a member of the Executive Team. In the absence of the designated representative, a named deputy may attend the meeting with the agreement of the SCG Chair.

4.2 The SCG will meet bi-monthly and it is expected that all PCTs will be appropriately represented at each meeting.

4.3 In attendance at the meetings of the SCG in a non-voting capacity, will be a representative of the Strategic Health Authority. Representatives of other organisations may attend with the agreement of the Chair.

4.4 When the meeting is considering a confidential matter, non-Members may be asked to leave the meeting at the discretion of the SCG Chair.

4.5 The meetings will be chaired by a designated PCT Chief Executive, and in the absence of the Chair by a deputy agreed at the meeting. The Chief Officer of the SCG's Specialised Services Commissioning Team (henceforth known as the SCG Director) will act as Secretary to the meeting.

5. Conduct of the Meetings and Delegations of Business

5.1 The SCG Director as Secretary to the SCG will be responsible for giving notice of the SCG meetings, such notice (which will be accompanied by an agenda and supporting papers) shall be sent to Member representatives no

later than 7 days before the date of the meeting. When the Chairman shall deem it necessary in the light of urgent circumstances to call a meeting at short notice, the notice period shall be such as he/she shall specify.

5.2 Decisions at meetings will be binding on all PCTs where 6 out of 9 Members are in agreement, save that any change to this Agreement will require a unanimous decision of the Membership (paragraph 13 will apply in cases of disputes between Members). Members may formally authorise (in writing) other Members to vote on their behalf where a decision is required at a SCG Board meeting and they (or their named deputy) are unable to attend. Alternatively any Member may communicate in writing whether or not they support a particular recommendation, provided such communication is received by the Chair at least 3 days in advance of the Board meeting at which the decision is to be made. Subject to any formal delegation of Member voting rights to another Member and/or the receipt of any written communication, any absent Member(s) will be deemed to be in agreement with the majority of those Members voting for the purposes of reaching decisions at meetings.

5.3 The SCG may delegate tasks to such individuals, sub-committees or individual Members, as it shall see fit provided that any such delegations are recorded in a Scheme of Delegation and are governed by terms of reference.

5.4 The SCG may also delegate commissioning responsibility, including procurement, to another SCG and/or commissioner, as it shall see fit provided that any such delegation is recorded in a Scheme of Delegation.

5.5 Minutes of each meeting of the SCG or any sub-committees shall be circulated with the agenda for the next meeting and their approval shall be considered as an agenda item.

6. Accountability of the SCG

6.1 A) At SCG Level

Each Primary Care Trust is accountable through its statutory responsibilities to use its resources to improve the health of its population. For a number of services, this can only be achieved by working with other PCTs. This SCG is established on this basis of a shared approach to commissioning.

6.1.1 The SCG is a joint sub-committee of each of the Boards of the Members and the Member representatives can: -

- commit resources within delegated responsibilities and agreed resource limits;
- decide commissioning policy;
- commission research / reviews to inform decisions;
- agree, review and update action plans;
- act as an agent for the SCG;

- commission and monitor service level agreements /contracts between Members and between the SCG and other service providers.

6.1.2 Each Member's representative on the SCG will be able to commit resources on behalf of their Member within the limits set out in their own Standing Financial Instructions. By signing this Agreement each of the Members confirms that its Standing Financial Instructions and Standing Orders are consistent with this Agreement and empowers their representative to commit resources.

6.1.3 For the avoidance of doubt, in the event of any conflict between the terms of this Agreement and the Standing Orders or Standing Financial Instructions of any of the Members, the latter will prevail.

6.1.4 In order to ensure that time is allowed for a Member's representative to consult within their own PCT and with other key stakeholders, wherever possible, adequate notice will be given of proposals to change commissioning policies, commit resources and/or enter into service agreements and contracts.

6.2 B) At Pan-SCG Level

In order to discharge its duties on behalf of Members, the SCG will be responsible for representing Members' interests in commissioning specialised services, or other services as agreed by the SCG, that span a number of SHA areas and/or require a national commissioning approach. Such responsibility will be discharged through service specific groups/networks agreed by the SCG in conjunction with other SCGs and/or through the National Specialised Services Commissioning Group (NSSCG).

6.2.1 A nominated Member representative of the SCG or officer from the Specialised Services Commissioning Team will be delegated to represent the SCG and ensure that the SCG's views are properly taken into account in reaching a decision at pan-SCG or NSSCG level.

6.2.2 SCGs will take into account decisions taken at pan-SCG or NSSCG level.

6.2.3 To work in partnership with other SCGs and act as Co-ordinating Commissioner on behalf of other SCGs, where agreed by those SCGs and their PCTs.

6.2.4 SCGs will be given adequate notice regarding any issues, which entail decision-making at pan-SCG or NSSCG level meetings.

7. Funding Arrangements

7.1 Each Member will contribute an annual subscription to the SCG, based on the SCG's commissioning portfolio of services and the management costs of supporting such commissioning.

7.2 The baseline subscription value will be agreed at the beginning of each financial year. The subscriptions include both the cost of the services commissioned by the SCG and the management costs of the SCG.

7.3 Adjustments to the subscriptions may be required for the following reasons:

- to reflect annual inflationary and other generic and service specific cost pressures (e.g. NICE guidance, Working Time Directives, etc);
- in-year over or under performance against provider service agreements/contracts;
- agreed changes to the SCG commissioning portfolio or the portfolio of service providers covered by the subscription arrangements and agreed investments to support service improvements, developments or other changes reflected in the Local Delivery Plans of each PCT;
- changes in PCT cash limited allocations that affect the services covered by these subscription arrangements;
- national or local initiatives which impact upon the services covered by the subscription arrangements;
- other technical changes.

7.4 It is recognised that the SCG operates these services within a risk-sharing, Host PCT arrangement to ensure that the budget is in financial balance at the year-end and that no financial liability, risk or benefit resides with the Host PCT. Therefore, any net under-spend against the SCG budget will need to be returned to members and any net over-spend will need to be funded by Members on the basis of agreed shares.

7.5 Notwithstanding the provisions within 7.4, the SCG will endeavour to manage the totality of the subscription, the "pooled budget", within an agreed financial plan, any changes to the plan, and therefore the subscription, which may be required during the financial year, will be submitted to the SCG for consultation prior to agreement at the SCG. Changes will be made using agreed methodologies that support the principles of appropriate risk sharing and equity between Members.

7.6 All services included in the subscription arrangements, will be operated as a pool resource (i.e. with over performances on one contract/service level agreement offset by under performances on others) and adjustments for over and or under performance will be made only on the total budget. Any alternative methodology will only be used following approval by the SCG.

7.7 The commissioning portfolio of the SCG, which will be set out in an appendix to this Agreement, will only be changed following a revision to the Specialised Services National Definitions Set (2002) or by the agreement of SCG and any such changes will be applied to all Members.

7.8 To hold the Interim Cancer Drugs Fund (ICDF) and make payments and receive income as necessary on behalf of SCT (EM).

7.9 In the event of an appeal of a decision made by the Clinical Advisory Panel for Cancer Drugs Medicine in relation to the management of the Interim Cancer Drugs Fund, the matter shall be resolved in accordance with the provisions as set out in the Interim Cancer Drugs Fund Policy which provisions are deemed to be incorporated into this agreement.

7.10 Each Member hereby recognises and agrees the role and responsibility of the SHA with regard to dispute resolution both as part of any initial Facilitation process and, further, as part of any Arbitration process. In resolving any such

disputes the SHA shall have regard to ensuring each Member is fulfilling its statutory responsibilities and ensuring the highest clinical standards and patient safety issues are upheld.

8. Procurement of Agreed Services

8.1 The SCG will determine which services/products should be procured, (these will be known as the agreed services and will be included in the list of services set out in Appendix 1) and from which provider(s) and advise the Specialised Services Commissioning Team accordingly.

8.2 The providers of agreed services may be:

- NHS Foundation Trusts (NHSFT);
- NHS Trusts;
- Other NHS Bodies;
- Local Government Authorities and agencies;
- Independent sector providers or suppliers;
- Charities and voluntary sector providers

8.3 The providers of agreed services may not be restricted to the United Kingdom.

8.4 Each Member agrees with each of the others that the principles underpinning, and the functions of, the SCG are to support collaborative procurement of the agreed services including:

- approving the range of agreed services;
- maintaining close working and contractual relationship between the PCTs;
- operating with transparency, openness and maximum good faith;
- obtaining best value for the agreed services by assessing clinical effectiveness, cost effectiveness and patients' and carers' views;
- ensuring that the requirements of Patient Choice are met;
- agreeing and managing risk sharing arrangements;
- negotiating and agreeing service level agreement/contracts and from time to time negotiating and agreeing variations of specifications and service level agreement/contract terms;
- coordinating and planning for changes in demand and in the financial and investment requirements of Member PCTs and reflecting these changes in service level agreements/contracts and any variations to;
- setting the initial annual budget for each service level agreement/contract;
- agreeing any in-year variations with the provider and consequential adjustments between the Members if the total SCG budget over or under performs;
- monitoring the provider's performance under each service level agreement/contract, including activity and patient outcomes, specification requirements and standards, waiting times and other targets;
- carrying out annual or other reviews with the provider, as required under each service level agreement/contract;
- agreeing referral, discharge and other protocols with the provider for each service level agreement/contract;
- establishing any links and/or reporting networks with other PCT consortia, SCGs, pan-SCG bodies or the NSSCG.

8.5 The Members jointly delegate their respective functions for the procurement of agreed services to the SCG and the Specialised Services Commissioning Team acts on behalf of the SCG to negotiate, agree and manage all aspects of service level agreements/contracts for the agreed services on such terms and for such purposes as agreed by the SCG.

8.6 Agreed service level agreements/contracts will be signed on behalf of the Host PCT and for all other Members, in accordance with the delegated financial limits set by the Host PCT's Standing Financial Instructions.

8.7 The Host PCT will collect from all other Members their subscriptions (frequency to be determined) and pay the aggregate amounts to the providers of agreed services on behalf of all Members.

8.8 The SCG will provide each Member with a statement for each service level agreement/contract on an X monthly basis (frequency to be determined) showing:

- actual SCG activity and cost against agreed planned SCG activity and cost;
- forecast SCG annual activity against agreed planned SCG annual activity;
- allocation of actual and forecast activity and of actual and forecast cost by individual Member PCT.

8.9 The SCG will provide each Member with an annual statement summarising for each service level agreement/contract:

- actual SCG activity and cost against agreed planned SCG activity and cost for the previous year;
- allocation of actual activity and of actual cost by individual Member PCT for the previous year;
- progress on annual contract reviews;
- effect of risk sharing arrangements.

8.10 Whilst the SCG will endeavour to act on behalf of all the PCTs working collaboratively, each Member remains responsible for performing and exercising its statutory duties and functions for delivery of the agreed services to its population and its patients, including:

- assessing individual patient cases;
- referrals;
- patient complaints and complaints procedures;
- individual contract exclusions (where appropriate);
- emergencies;
- managing waiting lists;
- obtaining legal advice if necessary (e.g. on the legality of a specific treatment policy) in conjunction with the SCG where appropriate;
- PPI involvement as appropriate for the agreed services (in conjunction with the SCG where appropriate);
- each PCT is responsible for managing independent patient appeals (supported by the SCG).

8.11 In 8.9 above, it may be appropriate for the SCG to support and act on behalf of the Members if the Members so agree, this will not negate each Member's

statutory responsibility to ensure the delivery of appropriate healthcare services to its population.

8.12 In order to discharge its duties on behalf of Members, the Committee will be responsible for representing Members' interests in commissioning Specialised Services, or other Agreed Services as agreed by the Committee, that span a number of SHA areas and/or require a national commissioning approach. Such responsibility will be discharged through service specific groups/networks agreed by the Committee in conjunction with other SCGs and/or through the National Specialised Services Commissioning Group (NSCG).

8.13 SCGs will take into account decisions taken at pan-SCG or NSCG level (in line with terms of reference of NSCG group when developed).

9. Host Primary Care Trust

9.1 One of the Members will be designated, by agreement, as the Host PCT (ie. Leicestershire County and Rutland PCT).

9.2 The responsibilities of the Host PCT are:

- to appoint and employ such officers as may be required to form the East Midlands Specialised Services Commissioning Team and provide all necessary corporate services and management support as may be required;

- to have in place Standing Orders, Standing Financial Instructions and other appropriate governance arrangements and Schemes of Delegation necessary to enable the SCG's functions to be carried out by the East Midlands Specialised Services Commissioning Team;

- to provide full financial support to the Specialised Services commissioning functions, including the collection of subscriptions from Members and the making of payments to providers of the agreed services;

- to hold the management budget for the Specialised Services Commissioning Team and make payments and receive income as necessary on behalf of the Specialised Services Commissioning Team;

9.3 The SCG shall adopt the Standing Orders, Standing Financial Orders and relevant Schemes of Delegation of the Host PCT.

9.4 A management charge, as agreed with the SCG, would be payable to the Host PCT from the management budget for the costs incurred in acting as the Host PCT.

9.5 The Host PCT on behalf of Members is prepared to sign as Co-ordinating Commissioner or an Associate Commissioner to any Standard Contract as the Committee sees fit, and in accordance with DH guidance.

9.6 The Host PCT will also accept delegated authority from other PCTs and SCGs, to enter into contracts on their behalf. This delegation shall, for the

contracts and services identified by separate notice, include the delegation of commissioning functions, contracting, performance management, consultation under sections 242 and 244 NHS Act 2006, and all ancillary functions.

10. The Specialised Services Commissioning Team

10.1 The SCG will, through the nominated Host PCT, appoint and employ such officers as may be required to form the Specialised Services Commissioning Team.

10.2 The SCG Director shall be the Lead Officer of the Specialised Services Commissioning Team and will act as Secretary to the SCG. The SCG Director will be accountable to the Chief Executive of the Host PCT, who may also be the Chair of the SCG.

10.3 The Specialised Services Commissioning Team, through the SCG Director, will be empowered by the SCG to undertake its functions and specifically to negotiate, agree and manage all aspects of service level agreements/contracts for agreed services on such terms and for such purposes as the SCG thinks fit.

10.4.1 As part of the SCG's membership of the NSSCG and in its working in partnership with other SCGs, the Specialised Services Commissioning Team will be required to undertake and/or lead work and/or act as Lead Commissioner on behalf of some or all SCGs with the agreement of those SCGs and their PCTs.

10.5 The Committee may also delegate commissioning responsibility, including procurement, to another SCG and/or commissioner, as it shall see fit provided that any such delegation is recorded in a Scheme of Delegation.

10.6 As part of the EMSCG's membership of the NSCG and in working in partnership with other SCGs, and in accordance with Clause 11, the SCT(EM) Director on behalf of the Host PCT, shall be required to undertake and/or lead work and/or act as Coordinating Commissioner on behalf of some or all SCGs with the agreement of those SCGs and their PCTs.

10.7 As part of the EMSCG's membership of the NSCG and in working in partnership with other SCGs, and in accordance with Clause 11, Members resolve to use their authority under the Regulations to delegate authority directly to the relevant host PCT and relevant lead SCGs to act and enter into the contracts on their behalf which will be subject to separate notice to Members. This delegation shall, for the contracts and services identified by separate notice, include the delegation of commissioning functions, contracting, performance management, consultation under sections 242 and 244 NHS Act 2006, and all ancillary functions. The SCT(EM) Director on behalf of the Host PCT, may become an Associate to another Coordinating Commissioner with the agreement of that Coordinating Commissioner, and enter into its Consortium Agreement and Constitution.

11. Involvement of Service Providers and Clinicians

11.1 Each SCG service review group, clinical network and informal network that plays a major role in the SCG's strategy development will need to demonstrate how they are involving the relevant service provider(s) including clinical representation.

11.2 The Specialised Services Commissioning Team should be responsible for ensuring public health input into such groups and/or networks.

12. User Involvement

12.1 The SCG and each SCG service review group and, local clinical network will need to be able to demonstrate how they are involving service users in the planning and commissioning process.

13. Facilitation and Arbitration

13.1 Under normal circumstances the SCG Director will seek to resolve any dispute between the SCG and its Member(s) and/or provider(s) of service in conjunction with the relevant Chief Executive.

13.2 Subject to paragraph 13.1 facilitation and/or arbitration may be required in the following circumstances:

13.2.1 the Chair of the SCG requests facilitation because an impasse has been reached between the SCG (or the Specialised Services Commissioning Team representing the SCG) and one or more providers of the service if the provider is not a Foundation Trust;

13.2.2 the Chair of the SCG requests facilitation because an impasse has been reached between the SCG and one or more of its Members.

13.3 Where facilitation or arbitration is required, the following process will be followed:

Stage 1 – Facilitation

A meeting is held which includes the following:

- 2 commissioners
- Up to 2 provider representatives (for 13.2.1 above) OR 2 PCT representatives (for 13.2.2 above)
- An appropriate Director from the SHA
- Director of the SCG Specialised Services Commissioning Team

The meeting will be chaired by the relevant SHA Director and involve expert clinical advice where appropriate.

If resolution is reached, the process will conclude here.

Stage 2 – Arbitration

Both the commissioners and/or providers involved in the dispute will produce a joint statement of facts as well as a separate report setting out their positions and submit them to the SHA.

The SHA may invite the commissioners and/or the providers to present their positions or they may choose to decide on the basis of the information submitted. The decision of the SHA will be binding.

13.4 In the event of a dispute between two or more SCGs, the NSSCG will be invited to facilitate and/or arbitrate according to its own facilitation/arbitration process.

13.5 In the event of disputes between the SCG and any Foundation Trust, the procedures set out in the contract should be followed.

14. Communication

14.1 Chief Executives (or their representatives) of each Member PCT will act as the overall communication link to their health communities and shall present the approved minutes for each SCG meeting to the next following public meeting of the Board of their PCT. These minutes will not include minutes of any SCG meeting, or part of any SCG meeting, which is a closed Member-only session.

14.2 An SCG Annual Report will be produced for Member's Boards within six months of the end of the financial year.

14.3 The Specialised Services Commissioning Team will provide a common link between appropriate clinical networks and/or commissioner and provider service review groups who will each develop a communication process as part of the work.

Appendix 1
LIST OF SPECIALISED SERVICES COMMISSIONED BY THE NHS

as set out in the Specialised Services National Definitions Set 3rd Edition (2009/10)

1	Specialised cancer services (adult)
2	Specialised services for blood and marrow transplantation (all ages)
3	Specialised services for haemophilia and other related bleeding disorders (all ages)
4	Specialised services for women's health (adult)
5	Assessment and provision of equipment for people with complex physical disability
6	Specialised spinal services (all ages)
7	Specialised rehabilitation services for brain injury and complex disability (adult)
8	Specialised neurosciences services (adult)
9	Specialised burn care services (all ages)
10	Cystic fibrosis services (all ages)
11	Specialised renal services (adult)
12	Specialised intestinal failure and home parenteral nutrition services (adult)
13	Specialised cardiology and cardiac surgery services (adult)
15	Cleft lip and palate services (all ages)
16	Specialised immunology services (all ages)
17	Specialised allergy services (all ages)
18	Specialised services for infectious diseases (all adults)
19	Specialised services for liver, biliary and pancreatic medicine and surgery (adult)
20	Medical genetic services (all ages)
22	Specialised mental health services (all ages)
23	Specialised services for children
24	Specialised dermatology services (all ages)
26	Specialised rheumatology services (all ages)
27	Specialised endocrinology services (adult)
29	Specialised respiratory services (adult)
30	Specialised vascular services (adult)
31	Specialised pain management services (adult)
32	Specialised ear surgery (all ages)
33	Specialised colorectal services (adult)
34	Specialised orthopaedic services (adult)
35	Specialised morbid obesity services (all ages)
36	Specialised services for metabolic disorders (all ages)
37	Specialised ophthalmology services (adult)
38	Specialised haemoglobinopathy services (all ages)

Appendix 2

LIST OF NATIONALLY COMMISSIONED SERVICES
Services designated and funded by NSCAG as of 1 April 2006

1 Alstrom syndrome service for adults and children
2 Amyloidosis service (diagnostic service)
3 Bladder exstrophy service for children
4 Choriocarcinoma service
5 Complex tracheal disease service for children
6 Craniofacial surgery service
7 Epidermolysis bullosa service for children
8 Epidermolysis bullosa service for adults
9 Extra corporeal membrane oxygenation service for adults
10 Extra corporeal membrane oxygenation (ECMO) service for neonates, infants and children
11 Extra corporeal membrane oxygenation (EMCO) /Ventricular assist devices (VAD) (bridge to heart transplant) service for children
12 Heart and lung transplantation service for adults and children
13 Liver transplantation service for adults and children
14 Lysosomal storage disorders service
15 Mental health service for Deaf children and adolescents - Inpatient service
16 Ocular oncology service for adults
17 Ophthalmic pathology service
18 Osteo odonto keratoprosthesis service
19 Pancreas transplantation service
20 Persistent hyperinsulinaemic hypoglycaemia service for infants
21 Primary ciliary dyskinesia service (diagnostic service)
22 Primary malignant bone tumours service
23 Pseudomyxoma peritonei service
24 Pulmonary thromboendarterectomy service
25 Rare neuromuscular diseases service
26 Reconstructive surgery in adolescents for congenital malformation of the female genital tract
27 Retinoblastoma service
28 Secure forensic mental health service for young people
29 Severe combine immunodeficiency and related disorders service
30 Severe intestinal failure service
31 Small bowel transplantation service for adults
32 Small bowel transplantation service for children
33 Specialist paediatric liver service
34 Stem cell transplantation service for juvenile idiopathic arthritis and related connective tissue disorders
35 Telemental health service for Deaf children and adolescents
36 Vein of Galen malformation service for children
37 Ventricular assist devices (bridge to heart transplant) for adults

Services designated by NSCAG but not funded by NSCAG:

1 Deep brain stimulation for Parkinson’s disease service
2 Pulmonary hypertension service

Appendix 3

LIFT Exclusivity (re SFI 23.2.2)

PCT	LIFT Company	Exclusivity threshold(£)
NHS Barnsley	Barnsley Community Solutions Limited	25,000
NHS Bassetlaw	North Nottinghamshire LiFTCo	n/a
NHS Doncaster	Doncaster Community Solutions	100,000
NHS Rotherham	None (as at April 2011)	n/a
NHS Sheffield	Community 1st Sheffield Limited	20,000