



## Trust Board – 30th July 2024

### Annual update of Standing Financial Instructions (SFIs) and Scheme of Delegation (SORD)

#### Purpose of the report

The purpose of this report is to make Trust Board aware of the proposed changes to the Trust’s Standing Financial Instructions and Scheme of Delegation (SORD), in order to approve them. To provide assurance to the Board, these have already been reviewed by the Audit & Risk Committee at its meeting on the 14<sup>th</sup> of June 2024.

#### Analysis of the issue

The SFIs and SORD are reviewed annually to make sure they are still fit for purpose and facilitate the changing needs of the Trust, whilst still ensuring robust governance procedures are embedded to support the Trust’s strategic plan/objectives.

#### Proposal

Appendix 1 shows the required changes. It includes the current requirement, the proposed requirement and also the rationale for change. If these recommendations are not approved, there is a risk that required working practices are not aligned with the most appropriate governance processes.

#### Decision required

Briefing – no decision required	
Discussion – no decision required	
Decision required – detail below	X

Trust Board is asked to approve the proposed SFI/SORD updates.

SFI Changes –2024

		SFI Description	Current	Proposal	Rationale for change
1.	SFI/SORD	4.3 Budgetary Control & Reporting  11.2 Funded Establishment	4.3.2.3. no permanent employees are appointed without the approval of the Chief Executive, or delegated officer, other than those provided for within the available resources and workforce establishment as approved by the Board.  11.2.1. The workforce plans incorporated within the annual budget will form the funded establishment.  11.2.2. The funded establishment of any department may not be varied without the approval of the relevant Head of Service.	4.3.2.3. no permanent employees are appointed without the approval of the Chief Executive, or delegated officer, other than those provided for within the available resources and workforce establishment as approved by the Board, <b>and in line with the Trust vacancy control process.</b>  11.2.1. The workforce plans incorporated within the annual budget will form the funded establishment.  11.2.2. The funded establishment of any department may not be varied without the approval of the relevant Head of Service.  <b>11.2.3 Recruitment to posts must adhere to Trust vacancy control processes including the completion of vacancy control forms for review by Directorate panels. Where posts fall into specified criteria, as defined in the vacancy control panel SOP, further authorisation is required via the Executive vacancy control panel. The vacancy control forms must specify whether budget/funding is available for the post(s) being submitted for consideration.</b>  <b>11.2.4 All staffing budget changes that cause a change to a directorate’s total budget allocation must be agreed and reconciled via the Trust budget allocation system. This ensures that all net directorate changes are either supported by an agreed external contract variation, or via a reciprocal intra-Trust budget transfer.</b>	The change was as a result of a System-wide review of 2023/24 Financial Performance, Controls and Governance audit (March 2024). 360 Assurance provided the following action:  The Trust SFIs and the document for the process for changing budgeted establishment to be reviewed to ensure that the SFIs and the controls in place are aligned.
2.	SFI/SORD	12.3 System of Payment and Payment Verification	12.3.1.3. be responsible for ensuring that payment for goods and services is only made once the goods and services are received, except as in SFI No.12.4.  12.4.1. Prepayments are only permitted where exceptional circumstances apply.  12.4.2. Authorisation of sales invoice credit notes to align with current delegated approval limits.	12.3.1.3. be responsible for ensuring that payment for goods and services is only made once the goods and services are received, except as in SFI No.12.4.  12.4.1. Prepayments are only permitted where exceptional circumstances apply.  12.4.2. Authorisation of sales invoice credit notes to align with current delegated approval limits.  <b>12.4.3 Vesting arrangements are agreed on an exception basis, and can only be approved by both the Director of Finance and relevant Service Director in line with SFI delegated limits.</b>  <b>A vesting certificate or agreement is required, to confirm that ownership of the goods, plant or materials will transfer from the supplier to the Trust on payment, regardless of the location of the goods, i.e., goods may not have been received and still with the supplier.</b>	To provide flexibility when ordering materials and equipment for appropriate revenue and capital purchases. This type of arrangement should only be used in exceptional circumstances.

		SFI Description	Current	Proposal	Rationale for change
3.	SORD	13.1 Capital Investment (Financial value of the capital investment)	<p>Capital investment programme:</p> <p>1) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on business plans</p> <ul style="list-style-type: none"> <li>£5k to £100k - Capital Management Committee Head of Estates &amp; Head of Informatics to approve scheme variations +/- £30k, within their own capital allocations.</li> <li>&gt;£100k to £400k – Executive Operations Team Authorised by 1 x Executive Director up to £250k or Director of Finance up to £400k</li> <li>&gt;£400k to £500k – Strategic Executive Board Authorised by 2 x Executive Directors, Inc. CEO up to £500k</li> <li>&gt;£500k up to £5 million - Trust Board</li> </ul>	<p>Capital investment programme:</p> <p>1) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on business plans</p> <ul style="list-style-type: none"> <li>£5k to £100k - Capital Management Committee Head of Estates &amp; Head of Informatics to approve scheme variations +/- £30k, within their own capital allocations.</li> <li>&gt;£100k to £400k – Executive Operations Team Authorised by 1 x Executive Director up to £250k or Director of Finance up to £400k</li> <li>&gt;£400k to £500k – Strategic Executive Board Authorised by 2 x Executive Directors, Inc. CEO up to £500k</li> <li>&gt;£500k but less than £25m - Trust Board (see 13.1.8)</li> <li>&gt;£25m but less than £50m – NHS England &amp; DHSC Joint Investment Sub-Committee (JISC)</li> <li>&gt;£50m or greater – NHS England, DHSC Joint Investment Committee (JIC) &amp; HMT</li> </ul> <p>For more guidance on exceptions to the £25m threshold and whole-life costs limit of £30m for Digital capital investment refer to: <a href="https://www.england.nhs.uk/publication/capital-investment-and-property-business-case-approval-guidance-for-nhs-trusts-and-foundation-trusts/">https://www.england.nhs.uk/publication/capital-investment-and-property-business-case-approval-guidance-for-nhs-trusts-and-foundation-trusts/</a></p>	Align capital investment approval thresholds with latest NHSE guidance.
	SORD	13.1.8 Capital investment in accordance with NHSE guidance (Business Case approvals)	<p>13.1.8. The Chief Executive will issue a Scheme of Reservation and Delegation for capital investment management in accordance with Estatecode and NHS England guidance.</p> <p>For all NHS England (NHSE) national capital programmes (e.g., centrally funded schemes), guidance specified in ‘Capital investment and property business case approval guidance for NHS trusts and foundation trusts – 13 February 2023’ must be followed <a href="https://www.england.nhs.uk/publication/capital-investment-and-property-business-case-approval-guidance-for-nhs-trusts-and-foundation-trusts/">https://www.england.nhs.uk/publication/capital-investment-and-property-business-case-approval-guidance-for-nhs-trusts-and-foundation-trusts/</a></p>	<p>13.1.8. The Chief Executive will issue a Scheme of Reservation and Delegation for capital investment management in accordance with Estatecode and NHS England guidance.</p> <p>For all NHS England (NHSE) national capital programmes (e.g., centrally funded schemes), guidance specified in ‘Capital investment and property business case approval guidance for NHS trusts and foundation trusts – 13 February 2023’ must be followed <a href="https://www.england.nhs.uk/publication/capital-investment-and-property-business-case-approval-guidance-for-nhs-trusts-and-foundation-trusts/">https://www.england.nhs.uk/publication/capital-investment-and-property-business-case-approval-guidance-for-nhs-trusts-and-foundation-trusts/</a></p> <p>NHS England and DHSC are responsible for approving business cases with capital values equal to or over agreed delegated limits:</p> <p>i. Capital investment and property transactions – Non-digital: £25m including irrecoverable VAT.</p>	Expand guidance to include key NHSE limits so that the reader of the document can instantly see the limits and key points.

		SFI Description	Current	Proposal	Rationale for change
				<p>ii. Capital investment – Digital – self-funded capital investment: £25m including irrecoverable VAT.</p> <p>iii. Capital investment – Electronic patient records (EPRs) partly or fully funded by the Frontline Digitisation Programme: All business cases require approval regardless of cost.</p> <p>Irrespective of delegated limits, all capital investment schemes or property transactions that are deemed novel, contentious or repercussive, or to have novel, contentious or repercussive financing arrangements, will require NHS England, DHSC and HMT approval.</p> <p>All capital business cases with investment or transaction values above delegated limits should be subject to appropriate governance processes, including approval from the trust board, before being submitted to NHS England.</p>	
4.	SFI/SORD	12.1 & 13.1 Capital & revenue expenditure approval limits	N/A	12.1.2 & 13.1.8 All capital and revenue expenditure approval limits include the cost of irrecoverable VAT.	Other than contract tender limits, which exclude VAT, the current SFIs do not stipulate if expenditure approval limits include or exclude VAT. There is the risk that additional costs could arise.
5.	SFI/SORD	15.2.8 Approval limits for losses & special payments	<p>Authority to write off losses and make special payments will be as follows:</p> <ul style="list-style-type: none"> <li>– Financial Controller up to £1,000</li> <li>– Deputy Director of Finance up to £5,000</li> <li>– Director of Finance up to £10,000</li> <li>– Chief Executive and Director of Finance up to £100,000</li> <li>– Board over £100,000</li> </ul>	<p>Authority to write off losses and make special payments will be as follows:</p> <ul style="list-style-type: none"> <li>– Assistant Finance Manager up to £250</li> <li>– Financial Controller up to £1,000</li> <li>– Deputy Director of Finance up to £5,000</li> <li>– Director of Finance up to £10,000</li> <li>– Chief Executive and Director of Finance up to £100,000</li> <li>– Board over £100,000</li> </ul>	It is a more efficient use of resource for the Assistant Finance Manager to approve low value losses and special payments. The majority relate to damaged/lost patients clothing, lost teeth, mobile phone damage and replacement of staff glasses due to patient behaviour.

## Governance table

For Board and Board Committees: Paper sponsored by:	Trust Board – 30 <sup>th</sup> July 2024	
	Sharon Murphy, Director of Finance & Procurement	
Paper authored by: Date submitted: State which Board Committee or other forum within the Trust’s governance structure, if any, have previously considered the report/this issue and the date of the relevant meeting(s): If considered elsewhere, state the level of assurance gained by the Board Committee or other forum i.e., assured/ partially assured / not assured: State whether this is a ‘one off’ report or, if not, when an update report will be provided for the purposes of corporate Agenda planning	Jackie Moore, Financial Controller	
	15/07/2024	
	ARC	
	Assured	
LPT strategic alignment:	Annual report required	
	Great Health Outcomes	
	Great Care	
	Great Place to Work	
CRR/BAF considerations:  Is the decision required consistent with LPT’s risk appetite: False and misleading information (FOMI) considerations: Positive confirmation that the content does not risk the safety of patients or the public	Part of the Community	
	List risk number and title of risk	All finance risks.
	Yes	
Equality considerations:	N/A	
	Yes	
	No equality impact	