

Scheme of Financial Delegation

Approved: xxxxxxxxx

Next Review: xxxxxxxxx

1. INTRODUCTION	4
2. DEFINITIONS	5
3. BUDGETARY MANAGEMENT SFIS: SECTION 3	7
4. PAY AND ESTABLISHMENT CONTROL SFIS: SECTION 10.....	8
5. NON PAY – REVENUE, CAPITAL AND CHARITABLE SFI’S SECTIONS 9,12.....	9
6. GOOD HOUSEKEEPING, GOVERNANCE & LEGAL ISSUES.....	12
7. INCOME, CASH AND INVESTMENTS SFI’S SECTIONS 5 & 6	12

AUTHORISATION FLOW DIAGRAM

Trust Board of Directors

As set out in the
Terms of Reference
Of each Committee

All powers except those
retained under
“Matters reserved
To the Board”

Trust Board Sub Committees:-

- Audit Committee in common
- Charitable Funds Committee in common
- Remuneration/Nomination Committee in common
- Quality Committee in common
- Finance and Performance Committee in common
- Workforce Committee in common

Chief Executive (as accounting Officer)

Authority and Decisions as set out in
the “Scheme of Delegation” within
control totals for the period or
scheme

Executive Directors, Site Leadership Team, Clinical Directors and Associate Directors (the budget holder)

Approved authorised signatories per
schedule lodged with the Finance
Department but budget holder retains
responsibility

Authorised Signatories

1. Introduction

This document sets out the responsibilities and powers of individuals within the Trusts and in certain cases those reserved for the Board. Delegation for the majority of decisions is to the Chief Executive and from the Chief Executive to Directors, senior managers department managers etc. The same responsibilities apply across all transactions including, revenue, capital, and charitable unless otherwise stated. A flow diagram is shown on the previous page which aims to clarify the decision making process. For example if the Scheme of Delegation shows approval is required from the Chief Finance Officer, it is implied that the Chief Executive is able to sign in their absence.

This document supports the Trusts Standing Orders and Standing Financial Instructions (SFIs). It contains decisions which have a direct financial consequence only. Other decisions are dealt with in Policies and Procedures elsewhere.

Any contractor or employee of a contractor who is empowered by the Trust to commit it to expenditure or who is authorised to obtain income shall be covered by the same rules. The authority levels shown are the minimum levels, Executives may choose to retain direct control of the matters identified.

A full set of financial documents, policies and procedures is available on intranet.

2. Definitions

Any expression used and defined in Standing Financial Instructions will have the same meaning in the Scheme of Delegation unless otherwise stated.

Authorised Signatory – a member of staff with express approval by the budget holder to carry out transactions on their behalf. A schedule of Authorised Signatories must be registered with the Finance Department.

Board – means the Board of Directors as constituted in accordance with the constitution of the Trust, comprising the Chair, executive directors and non-executive directors;

Budget – means a resource, expressed in financial terms, proposed by the Chief Executive for the purpose of carrying out, for a specific period, any or all of the functions of the Trust. A budget can be a revenue budget, a capital budget or a charitable fund

Budget Holder – means the director or employee with delegated authority to manage budgets (income and expenditure) for a specific area of the organisation. Budget holders may delegate responsibility to registered authorised signatories but the budget holder retains accountability

Capital budget – an approved allocation forming part of the capital programme

Capital Project or Scheme – a project or scheme other than a straight forward equipment purchase which is expected to result in a fixed asset

Charitable Fund – also means Funds held on trust

Chief Executive - means the chief officer of the Trust. The chief officer is also the accountable officer (with respect to an NHS Trust) and the accounting officer (with respect to NHS Foundation Trusts);

Chief Finance Officer - means the executive director with responsibility for financial management and performance. The Chief Finance Officer is a voting Board member;

Committee - means a committee created and appointed by the Board of Directors, to whom responsibilities are delegated;

Conflict of Interest – being in a position which risks, or appears to risk, conflict between the private interests and the NHS duties of a decision maker, budget holder, authorised signatory or any member of staff.

Contractual Joint Venture - means the legally binding agreement between the three acute trusts in Mid and South Essex which took effect on 1st January 2017. This CJV provides a formal framework for the trusts to work collaboratively and to establish governance structures in common

Control Total – an agreed net financial sum which may consist of income and expenditure within which a budget holder is required to deliver an agreed set of service objectives

Cost Centre – a department, area or section which has its own budget

Council of Governors - means the Council of Governors established in accordance with the Constitution of each NHS Foundation Trust;

Department – a collection of Service Lines that which can be easily aligned to the organisation management structure

Disposal Officer - Senior Technical Services officer for Medical Equipment, Director of Facilities for electrical and mechanical equipment, Director of Pharmacy for Drugs, Director of IT for IT equipment and the Purchasing Manager for furniture

Divisional Clinical Director - means the individual appointed as the clinical leader of a particular clinical division within the Trust;

Duty Director – the Executive Director on call at the time of an incident

Duty Manager – the nominated senior manager at the time of an incident

Executive Director - means a Director of the Trust who is an officer and a member of the Trust Board. In this context, all executive directors are members of the Joint Executive Group. Directors who serve in the site leadership teams are not executive directors, except for the Managing Director.

Finance and Performance Committee in Common refers to the simultaneous meetings in common of the finance committees of each trust. The Finance Committees in Common meet quarterly, with a primary focus upon financial strategy and the delivery of financial sustainability across the three trusts

Fixed Asset – land, buildings or equipment costing over £5,000 per item, with an expected useful life of more than one year. Refer to Finance staff for a definition of collective assets.

Group Head of Corporate Finance refers to the senior manager who is responsible for the provision of group-wide financial services under a service level agreement to the individual trusts. This postholder directly reports to the Chief Financial Officer with “dotted line” accountability to the Directors of Finance for the delivery of financial services.

Hospitality – expenditure relating to refreshments, entertainment and accommodation (e.g. hotel accommodation) of staff or visitors

Executive Team is the collective term for those individuals who are executive directors, and the Executive Board members, of Basildon and Thurrock University Hospitals NHS Foundation Trust, Mid Essex Hospital Services NHS Trust and Southend University Hospital NHS Foundation Trust

Local Counter Fraud Specialist – LCFS means the specialist advisor appointed by each trust, in compliance with the Directions to NHS bodies on counter fraud measures (2004), to oversee and advise the Audit Committee and the Board on the proactive measures needed to mitigate the risk of fraud and to support the conduct of reactive investigations into cases of suspected fraud

Local Security Management Specialist – LSMS means the specialist advisor appointed by each trust to oversee and advise the trust on its approach to security management and the mitigation of security-related risks.

Non pay expenditure – all expenditure other than pay, including consultancy

NHS Counter Fraud Authority means the special health authority charged with identifying and preventing fraud and other economic crime within the NHS and the wider health group.

NHS Improvement or NHSI means the bodies corporate known as Monitor and the NHS Trust Development Authority who operate under the name of NHS Improvement/NHSI. These organisations are the statutory regulators of NHS Foundation Trusts and NHSI Trusts respectively

NHS Foundation Trust means a public benefit corporation established under the Health and Social Care (Community Health and Standards) Act 2003 to provide NHS services. NHS Foundation Trusts are directly accountable to Parliament and are regulated by NHS Improvement. In the context of these SFIs, the term refers to Basildon and Thurrock University Hospitals NHS Foundation Trust and Southend University Hospital NHS Foundation Trust.

NHS Trust means an NHS body established under the National Health Service and Community Care Act 1990 for the purposes of providing NHS services. NHS Trusts are directly accountable to the Secretary of State for Health and are regulated by NHS Improvement. In the context of these SFIs, the term refers to Mid Essex Hospital Services NHS Trust.

Non-Executive Director means a Director of the Trust who is not an employee of the Trust. In the case of the NHS Foundation Trusts, a Non-Executive Director (NED) must be a member of the public/patient constituency of the Foundation Trust or where the Trust includes a medical school, (s)he exercises functions for the purposes of that University. In the case of the NHS Trust, a NED is a Director who is not an officer of the Trust and who is not to be treated as an officer by virtue of the Membership and Procedure Regulations.

Pay expenditure – payments to employed or bank staff, payments to agency staff other than consultants

Service Line – are the units from which the Trust's services are delivered, each with their own focus on particular medical conditions or procedures and their own specialist clinicians. Each unit also has clearly identified resources, including support services, staffing and finances.

Site Director of Finance means a member of the site leadership team who is responsible for day-to-day management of the Trust's finances and for the implementation of the SFIs. The Site Director of Finance is not an executive director. He or she is professionally accountable to the Chief Finance Officer and managerially accountable to the Managing Director;

Site leadership team means the team of directors who are responsible for the day to day management of the Trust and the delivery of its objectives. The site leadership team is led by a Managing Director. Members of the site leadership team are not Trust Board members; nor do they hold executive responsibility.

Virement – an authorised transfer of budget from one budget heading to another, or from one cost centre to another.

3. Business Planning, Budgets, Budgetary Control & Monitoring

SFIs: Section 7

Budgetary responsibility is delegated by the Chief Executive to designated budget holders consistent with department's individual service lines or cost centres. A budget holder may be responsible for more than one service line, cost centre. If any budget holder is unavailable to approve transactions authority reverts to the budget holder at the next higher level. If the Chief Executive is unavailable the Deputy Chief Executive takes responsibility. The same principle applies if the relevant transaction presents a conflict of interest for the budget holder. All conflicting interests of staff must be reported to the Chief Finance Officer for inclusion in the Trust Register of Interests.

Budget holders may authorise their managers to control certain parts of the budgets on their behalf however, overall responsibility and accountability lies with the budget holder. The budget holder will provide to the finance department;

- details of any changes in delegated authority prior to that authority being exercised
- and, annually, a complete list of all current authorised signatories.

No expenditure should be incurred without appropriate budget. Where no budget exists approval must be sought from the Chief Finance Officer. Any budget not required for the designated purpose(s) reverts to the immediate control of the Chief Executive and should not be used for other purposes unless authorised to do so by the Chief Executive or the Chief Finance Officer.

For delegated approvals see Appendix A.

4. Income, Cash and Investments

SFI's Sections 9 & 10

This section covers opening and running bank accounts, setting of fees and charges and the investment of funds.

Arrangements for the Opening, Maintenance and Operation of Bank Accounts will be determined by the Chief Finance Officer and agreed with the Trust Board. Any member of staff who is requested to hold a bank account for example by acting as Treasurer for a regional NHS group is required to agree the arrangements as set out in the Treasury Management Policy with the Chief Financial Officer. Failure to do so will mean the member of staff is personally responsible for the funds in that account.

The Chief Finance Officer is responsible for the setting of fees and charges (even if the goods or service provided is to be at cost). All staff must inform the Chief Finance Officer promptly of money due arising from transactions which they deal with.

For delegated approvals see Appendix A.

5. Pay and Establishment Control

SFIs: Section 12

The Chief People & Organisational Development Officer has overall responsibility for the Trust's pay structure, terms and conditions, recruitment of staff and establishment control. External consultancy staff are included within Non-Pay (section 6). No changes to terms and conditions of employment should be made without the express agreement of the Chief People & Organisational Development Officer.

A business case is required for changes in service delivery (including changes in recurrent expenditure) particularly if that change lasts beyond the current financial year.

No director or employee shall make or authorise any payment to a director or employee in a way which avoids proper accounting for tax, national insurance or other statutory deductions.

In all cases of uncertainty the Chief People & Organisational Development Officer should be consulted in the first instance, but where no budget exists, approval must be sought from the Chief Finance Officer.

For delegated approvals see Appendix A.

6. Non Pay – Revenue, Capital and Charitable

SFI's Section 13

The limits shown in the attached appendix are for the total whole life cost of the contract (whether goods and/or services) including VAT where applicable.

Requisitions must take into account **ALL** elements of the contract / purchase including, but this list is not exhaustive;

- Item i.e. description of good(s) and or service
- Quantity
- Length of contract /Frequency of delivery i.e. one off, weekly, monthly, quarterly, annually, if a standing order or single purchase
- For equipment any associated consumables, maintenance,
- Any associated fees if applicable and payable
- Volume Discounts

These guidelines are designed to support the Trusts' SFIs & meet all legal requirements (including EU directives) and ensure best value for money is obtained, evidence of a completed quotation or tender process must be available if applicable before a requisition is placed unless a waiver has been approved. All orders placed with suppliers on behalf of the Trust should have a valid purchase order, and the Trusts purchasing of goods and supplies process should be followed at all times.

Capital budgets will not be allocated until a service development proposal or business case has been approved. The inclusion of a scheme in the capital programme approved by the Board may be subject to business case approval and does not automatically mean the scheme can commence.

Agreement does not negate the need to complete a procurement exercise i.e. Tendering

The Finance Department will maintain a list of authorised signatories and ensure this is available to the Purchasing Department to update access to the ordering system, where applicable and HR / payroll teams, where applicable.

For delegated approvals see Appendix A.

6. Disposals and condemnations, losses and special payments

This section deals with disposals, write offs, special payments, insurance and risk management.

Items obsolete, redundant, damaged beyond cost effective repair will be assessed by the Trust's appropriate Disposal Officer.

Where the disposal of obsolete or out of date stock is to be carried out over a period of time (e.g. as part of a stock management improvement exercise) the total disposed of must be added together when determining the level of authority required.

Where a decision is being made on whether to write off the implication of suspected fraud the Chief Finance Officer must be consulted on whether to involve the Local Counter Fraud Specialist.

For delegated approvals see Appendix A.