

Standing Financial Instructions

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Consultation / Acknowledgements with Stakeholders		
Name	Designation	Date Response Received
Tim Bennett	Executive Director of Finance	November 2020

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1 Introduction / Purpose

Introduction

- 1.1 The Blackpool Teaching Hospitals NHS Foundation Trust (the "Trust") became a Public Benefit Corporation on 1 December 2007 following authorisation by Monitor pursuant to s35 of the National Health Service Act 2006 (the "2006 Act") (1). These SFIs ("SFIs") together with the Standing Orders (SOs) of the Trust's Board of Directors are issued for the regulation of the conduct of the Trust's Members and officers in relation to all financial matters with which they are concerned. They shall have effect as if incorporated in the SOs of the Trust's Board of Directors.
- 1.2. These SFIs detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and 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 of Directors and the Reservation of Powers and Scheme of Delegation adopted by the Trust.
- 1.3 These SFIs identify the financial responsibilities which apply to everyone working for the Trust 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 Executive Director of Finance.
- 1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Executive Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the Trust's SOs.
- 1.5 All officers of the Trust must comply with the Trust's SFIs at all times failure to do so may result in disciplinary action which could result in dismissal.
- 1.6 Wherever the title Chief Executive, Executive Director of Finance, or other nominated officers is used in these Instructions, it shall be deemed to include such other director or employees who have been duly authorised to represent them.
- 1.7 Wherever the term "employee" or "officer" is used, it shall be deemed to include employees of third parties contracted to the Trust when acting on behalf of the Trust.
- 1.8 If for any reason these SFIs 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 of Directors and staff have a duty to disclose any non-compliance with these SFIs to the Executive Director of Finance as soon as possible.

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Interpretation

- 1.9. Save as otherwise permitted by law, at any meeting the Chairman of the Trust shall be the final authority on the interpretation of SFIs.
- 1.10 Any expression to which a meaning is given in the National Health Service Act 2006 (the “NHS Act 2006”) as amended by the Health and Social Care Act 2012 (the “HSCA 2013”) (2), and in any other Acts relating to the National Health Service or in any regulations made under such Acts shall have the same meaning in these SFIs.
- 1.11 Wherever the title “Executive Director of Finance” is used in this document this should be interpreted as the Executive Member of the Board charged with providing financial advice and leadership to the Board.

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2 General Principles / Target Audience

- 2.1 All employees of the Trust including contractors and persons on secondment to the Trust.
- 2.2 All staff that hold a senior management position especially those charged with budgetary responsibility and resource management.
- 2.3 All staff that have the ability to recruit staff, commission contractors and agency staff and are able to procure goods and services.
- 2.4 Staff that work for the Lancashire Procurement Cluster (LPC), the Trust's wholly owned subsidiary (Atlas) and staff that work for organisations that are hosted by the Trust.

3 Responsibilities (Ownership and Accountability)

Responsibilities and Delegation

The Board of Directors

- 3.1 Certain powers and decisions may only be exercised by the Board of Directors as set out in the Reservation of Powers and Scheme of Delegation to the Board document.
- 3.2 The Board of Directors shall delegate responsibility for the performance of its functions in accordance with the Reservation of Powers and Scheme of Delegation, the SOs and SFIs adopted by the Trust. The Board of Directors should keep the extent of delegation under review.
- 3.3 The Board of Directors shall delegate responsibility for the performance of its functions in accordance with its Constitution, the SOs and the Reservation of Powers and Scheme of Delegation adopted by the Trust. The extent of delegation shall be kept under review by the Board of Directors. The Board of Directors must approve the terms of reference of all Committees reporting directly to the Board.
- 3.4 The Board of Directors exercises financial supervision and control by:
 - a) ensuring the financial elements of the strategy is consistent with, and an integral part of the business plan;
 - b) requiring the submission and approval of expenditure Budgets within approved allocations/overall and forecast income;
 - c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
 - d) defining specific responsibilities placed on Members of the Board and employees as indicated in the Reservation of Powers and Scheme of Delegation document; and
 - e) ensuring independent monitoring of the financial viability of the Trust.

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Chief Executive and Executive Director of Finance

- 3.5 Within these SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board of Directors, and as Accounting Officer, to the Secretary of State, for ensuring that the Board of Directors meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Trust's activities; is responsible to the Chairman and the Board of Directors for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control.
- 3.6 It is a duty of the Chief Executive to ensure that Members of the Board, employees and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.
- 3.7 The Chief Executive and Executive Director of Finance shall, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control. It is a duty of the Chief Executive and Executive Director of Finance to ensure that existing directors and officers and all new appointees are notified of and understand their responsibilities within these instructions.
- 3.8 All directors and officers, severally and collectively, are responsible for:
- security of the property of the Trust;
 - avoiding loss;
 - exercising economy and efficiency in the use of resources; and
 - conforming to the requirements of SOs, SFIs, financial procedures and the Reservation of Powers and Scheme of delegation.
- 3.9 Any contractor or officer of a contractor who is empowered by the Trust to commit the Trust to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive and Executive Director of Finance to ensure that such persons are made aware of this.
- 3.10 For any and all directors and officers who carry out a financial function, the form in which financial records are kept and the manner in which directors and officers discharge their duties must be to the satisfaction of the Executive Director of Finance.
- 3.11 The Executive Director of Finance is responsible for:
- ensuring that these SFIs are appropriate and up to date;
 - implementing the Trust's financial policies and for coordinating any corrective action necessary to further these policies;
 - 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 SFIs;
 - ensuring that sufficient records are maintained to show and explain the Trust's transactions, in order to disclose, with reasonable accuracy, the financial position of the Trust at any time; and

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- e) without prejudice to any other functions of the Trust, and employees of the Trust, the duties of the Executive Director of Finance include:
- i. the provision of financial advice to other Members of the Board of Directors and employees;
 - ii. the design, implementation and supervision of systems of internal financial control;
 - iii. the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Trust may require for the purpose of carrying out its statutory duties; and
 - iv. regardless of the arrangements for providing financial services, the Executive 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 arrangements are made for the collection of income and payment to appropriate bodies.

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

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4 Audit

Audit Committee

- 4.1 In accordance with the Constitution (3) and the SOs, the Board of Directors shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the Audit Code for NHS Foundation Trusts (the “Audit Code”) (4), NHS Foundation Trust Accounting Officer Memorandum (April 2008) (the “Accounting Officer Memorandum”) (5) NHS Improvement and NHS England’s (NHSI&E) Foundation Trust Code of Governance (the “Code of Governance”) (6) which shall provide an independent and objective view of internal control.
- 4.2 In accordance with SOs (and as set out in the Audit Code for NHS Foundation Trusts, issued by NHSI&E (4)) the Board of Directors shall establish a Committee of Non-Executive Directors as an Audit Committee with formal terms of reference to perform such independent regulating, reviewing and other functions as are appropriate to provide an independent and objective view of internal control. This shall be achieved by monitoring the degree to which organisational risk management, control and governance processes support the achievement of the Trust’s agreed objectives.
- 4.3 The Audit Committee shall:
- a) oversee Internal and External Audit services and Counter Fraud services;
 - b) review financial and information systems and monitor the integrity of the financial statements and review significant financial reporting judgments;
 - c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation’s activities (both clinical and non-clinical), that supports the achievement of the organisation’s objectives;
 - d) monitor compliance with SOs and these SFIs and ensure appropriate action is taken;
 - e) review schedules of losses and compensations and making recommendations to the Board of Directors, when appropriate;
 - f) review schedules of debtors / creditors balances over 3 months old and explanations / action plans;
 - g) reviewing the arrangements in place to support any assurance framework process prepared on behalf of the Board of Directors and advise the Board of Directors accordingly; and
 - h) observe and implement best practice guidelines.
- 4.4 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 of Directors. Exceptionally, the matter may need to be referred to either NHSI&E or the Department of Health and Social Care (DHSC) (as appropriate). Matters should be referred to the Executive Director of Finance in the first instance.

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- 4.5 It is the responsibility of the Executive Director of Finance to ensure an adequate Internal Audit service is provided and the Audit Committee shall be involved in the selection process when/if an Internal Audit service provider is changed.
- 4.6 The Board of Directors shall satisfy itself that at least one Member of the Audit Committee has recent and relevant financial experience.
- 4.7 The Audit Committee must assess the work and fees of Internal and External Auditors on an annual basis to ensure that the work is of a sufficiently high standard and that the fees are fair and reasonable and comprehensive evidence is provided as assurance.
- 4.8 The Audit Committee shall make a recommendation to the Council of Governors with respect to the re-appointment of the External Auditors. The Council of Governors will make the decision regarding the appointment of the External Auditors. If the work has been satisfactory and the charges reasonable, the Council of Governors may re-appoint the Auditor for the following year without the need for a formal selection process. However, the Trust shall undertake a market-testing exercise for the appointment of the External Auditor at least once every five years.
- 4.9 The Audit Committee shall be involved in the selection process when an Internal or External Audit service provider is changed.
- 4.10 The Executive Director of Finance shall:
- a) ensure there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function as required by the Accounting Officer Memorandum and the Audit Code;
 - b) ensure that the Internal Audit is adequate and meets the NHS mandatory audit standards and those of other appropriate regulatory bodies (including, but not limited to, the requirements of the Audit Code, and Accounting Officer Memorandum;
 - c) decide at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
 - d) ensure that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board of Directors. The report must cover:
 - i. a clear opinion on the effectiveness of internal financial control, risk management and organisational controls in accordance with current assurance framework guidance issued by NHSI&E including for example compliance with control criteria and standards. This opinion provides assurance to the Accounting Officer, especially when preparing statements of internal control and also provides assurance for the Audit Committee;
 - ii. major internal financial control weaknesses discovered;
 - iii. progress on the implementation of Internal Audit recommendations;
 - iv. progress against plan over the previous year;
 - v. strategic audit plan covering the coming three years;

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- vi. a detailed plan for the coming year; and
- vii. an annual audit opinion of the system of internal control.

4.11 The Executive Director of Finance or designated auditors 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 (within the confines of the Data Protection Act 2018 (7));
- b) access at all reasonable times to any land, premises or employee, of the Trust;
- c) the production of any cash, stores or other property of the Trust under a Member of the Board and an employee's control; and
- d) explanations concerning any matter under investigation.

Role of Internal Audit

4.13 The NHS foundation trust accounting officer memorandum requires the foundation trust to have an Internal Audit function.

4.13 The role of Internal Audit embraces two key areas:

- a) The provision of an independent and objective opinion to the accountable officer, the Board of Directors and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives; and
- b) The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

4.14 Internal Audit shall at all times in accordance with regulatory and recognised professional best practice, review, appraise and report upon:

- a) the extent to which the achievement of the Trust's objectives are monitored;
- b) the extent of compliance with, and the financial effect of, or risk associated with relevant established policies, plans and procedures;
- c) the adequacy and application of financial and other related management controls;
- d) the suitability and effective usage of financial and other related management information and data;
- e) the extent to which the Trust's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - i. fraud and other offences;
 - ii. waste, extravagance, inefficient administration;
 - iii. poor value for money or other causes; and
 - iv. any form of risk, including but not limited to business, governance and financial risk.

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- 4.15 Internal Audit shall independently verify the Assurance Statements in accordance with guidance from NHSI&E, or where appropriate, the DHSC.
- 4.16 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 Executive Director of Finance and local counter fraud officer must be notified immediately. (See Section 16 – disposals and condemnations, losses and special payments).
- 4.17 The Head of Internal Audit shall normally attend Audit Committee meetings and has a right of access to all Audit Committee Members, the Chairman and Chief Executive of the Trust.
- 4.18 The Head of Internal Audit shall be accountable to the Executive Director of Finance and shall refer audit reports to the appropriate officers designated by the Chief Executive. Failure to take the necessary remedial action within a reasonable period shall be reported to the Executive Director of Finance. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation on the objectivity of the audit, the Head of Internal Audit shall have access to report direct to the Chief Executive, Chair or any Non-Executive Director of the Trust.
- 4.19 The reporting system for Internal Audit shall be agreed between the Executive 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 Audit Code, the NHS Foundation Trust Annual Reporting Manual published for the relevant financial year by NHSI&E (the “Annual Reporting Manual”) and the Accounting Officer Memorandum. The reporting system shall be reviewed at least every three years.
- 4.20 The Head of Internal Audit shall co-ordinate internal audit plans and activities with line managers, External Audit and other review agencies to ensure the most effective audit coverage is achieved and duplication of effort is minimised.
- 4.21 A final report shall be issued to the appropriate manager(s) and directors and to the Executive Director of Finance. All final reports shall be available to the Chief Executive and the Audit Committee Members. The Audit Committee shall also receive a report from the Head of Internal Audit at each of its meetings, summarising the final reports issued and the adequacy of the management response.
- 4.22 The Trust shall provide the Head of Internal Audit with every facility and all information which he may reasonably require for the purposes of their functions under the terms of reference.

External Audit

- 4.23 It is for the Council of Governors to appoint or remove the External Auditors at a meeting of the Council of Governors.
- 4.24 The Trust must ensure that the External Auditor appointed by the Council of Governors meets the criteria included by NHSI&E Monitor within the audit code for NHS FTs, at the date of appointment and on an on-going basis throughout the term of their appointment.

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- 4.25 External Audit responsibilities (in compliance with the requirements of NHSI&E) are:
- a) to be satisfied that the accounts comply with the directions provided, i.e. that the accounts comply with the annual reporting manual for NHS Foundation Trusts (FTs);
 - b) to be satisfied that the accounts comply with the requirements of all other provisions contained in, or having effect under, any enactment which is applicable to the accounts;
 - c) to be satisfied that proper practices have been observed in compiling the accounts;
 - d) to be satisfied that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources;
 - e) to comply with any directions given by NHSI&E Monitor as to the standards, procedures and techniques to be adopted, i.e. to comply with the audit code for foundation trusts;
 - f) to consider the issue of a public interest report;
 - g) to certify the completion of the audit;
 - h) to express an opinion on the accounts; and
 - i) to refer the matter to NHSI&E if the Trust, or an officer or director of the Trust, makes or are about to make decisions involving potentially unlawful action likely to cause a loss or deficiency.
- 4.26 External Auditors shall ensure that there is a minimum of duplication of effort between themselves and NHSI&E. The auditors shall discharge this responsibility by:
- a) reviewing the statement made by the Chief Executive as part of the annual governance statement and making a negative statement within the audit opinion if the annual governance statement is not consistent with their knowledge of the Trust;
 - b) reviewing the results of the work of relevant assurers, for example, the Care Quality Commission, to determine if the results of the work have an impact on their responsibilities; and
 - c) undertaking any other work that they feel necessary to discharge their responsibilities.
- 4.27 The Trust shall provide the External Auditor with every facility and all information which he may reasonably require for the purposes of their functions under Schedule 10 of the National Health Service Act 2006 (1).
- 4.28 The Trust shall forward a report to NHSI&E within 30 days (or such shorter period as NHSI&E may specify) of the External Auditor issuing a public interest report in terms of Schedule 10 (Reports) of the National Health Service Act 2006 (1). The report shall include details of the Trust's response to the issues raised within the public interest report.

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5 Fraud, Bribery and Corruption

General

- 5.1 In line with their responsibilities, the Trust's Executive Director of Finance shall monitor and ensure compliance with the NHS Standard Contract Service Conditions (Clause 24) on fraud, bribery and corruption.
- 5.2 The Trust shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by NHS Counter Fraud Authority's (NHS CFA) Fraud and Corruption Manual.
- 5.3 The LCFS shall report to the Executive Director of Finance and the Audit Committee and shall work with NHS CFA staff in accordance with the Fraud and Corruption Manual.
- 5.4 The LCFS shall provide a written report, at least annually, on counter fraud work within the Trust and on a regular basis at Audit Committee meetings.

Procedures

- 5.5 The LCFS and the Executive Director of Finance is responsible for providing detailed procedures to enable the Trust to minimise and where possible to eliminate fraud, bribery and corruption. These procedures set out action to be taken by persons detecting a suspected fraud and persons responsible for investigating it.
- 5.6 The measures that are put in place shall be sufficient to satisfy all external bodies to whom the Trust is accountable to, through:
- a) encouraging prevention;
 - b) promoting detection; and
 - c) ensuring investigation and remedial actions are undertaken promptly, thoroughly and effectively.
- 5.7 Proven instances of fraud, bribery and corruption should be considered as gross misconduct and dealt with in accordance with the Trust's disciplinary procedure.
- 5.8 It is expected that all Trust staff will act with the utmost integrity, ensuring adherence to all relevant regulations and procedures. It is the responsibility of the LCFS and the Executive Director of Finance to produce and issue such documents to the appropriate directors and managers who should ensure that all staff has access to these.

Prevention

- 5.9 The Director of Workforce and Organisation Development is responsible for ensuring that steps are taken at recruitment stage to establish, as far as possible, the previous record, employment history and qualifications of potential staff members in terms of their propriety and integrity.
- 5.10 Staff are expected to act in accordance with the Standards of Business Conduct policy.

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- 5.11 Non-Executive Directors are subject to the same high standards of accountability and are required to declare and register any interests which might potentially conflict with those of the Trust.
- 5.13 The LCFS shall be informed of all suspected or detected fraud, so that they can consider the adequacy of the relevant controls and evaluate the implication of fraud in regard to the system of risk management, control and governance.

Detection and resulting action

- 5.13 Staff are encouraged to raise any concerns they may have regarding suspected fraud, bribery and/or corruption. They can do this through:
- a) their line manager (staff must consider the Trust's Freedom to speak up: raising concerns (whistleblowing) policy (8));
 - b) Internal Audit;
 - c) the Executive Director of Finance;
 - d) the Local Counter Fraud Specialist;
 - e) the NHS national fraud hotline, telephone 0800 028 4060 or;
 - f) the NHS CFA online reporting page:- <https://cfa.nhs.uk/reportfraud>
- 5.14 The Executive Director of Finance is responsible for ensuring that action is taken to investigate any allegations of fraud, bribery or corruption through the LCFS. The steps to be taken are incorporated in the Trust's Fraud, Bribery and Corruption Policy (9) and response plan.
- 5.15 Senior managers are expected to deal firmly and promptly and in accordance with the Trust's disciplinary procedure with anyone who attempts to defraud the Trust or who acts in a corrupt manner.
- 5.16 Any abuse of the procedures, such as unfounded or malicious allegations, is itself subject to full investigation and appropriate disciplinary action.

Acceptance of Gifts by Staff and Link to Standards of Business Conduct

- 5.17 The Chief Executive shall ensure that all staff are made aware of the Trust policy entitled Standards of Business Conduct (10) related to acceptance of gifts and other benefits in kind by staff.
- 5.18 The acceptance, of gifts, hospitality or consideration of any kind from contractors and other suppliers of goods or services as an inducement or reward is not permitted under the Bribery Act 2010 (11). The Trust's code of Standards of Business Conduct must be followed.
- 5.19 The Trust operates a zero tolerance approach to any form of bribery, fraud or corruption. Any such concerns in these areas should be reported to the Local Counter Fraud Specialist in the first instance.

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Private transactions

- 5.20 Officers having official dealings with contractors or other suppliers of goods or services should avoid transacting any kind of private business with them by means other than normal commercial channels. No favour or preference as regards price or otherwise which is not generally available should be sought or accepted.

Donations

- 5.21 The NHS has benefited substantially from donations and the Trust would not wish to discourage donations that improve the service that it provides to its patients. The Trust's code of conduct for directors, governors and employees must be followed.

Commercial sponsorship

- 5.22 The Trust would not wish to decline appropriate offers of commercial sponsorship and the Trust's code of conduct for directors, governors and employees must be followed.

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6 Business Planning, Budgets, Budgetary Control, And Independent Regulation

Preparation and approval of business plans and budgets

- 6.1 The Chief Executive shall delegate the preparation of the Trust's statement of strategic direction to be produced in accordance with the requirements and timeframes set out by NHSI&E, for approval by the Board of Directors. This shall have regards to the views of the Council of Governors.
- 6.2 The delegated officer shall, on behalf of the Chief Executive, compile and submit to the Board of Directors a Strategic plan in accordance with the requirements and timeframes set out by NHSI&E.
- 6.3 The Chief Executive shall delegate the preparation of the Trust's Annual Plan to be produced in accordance with the requirements and timeframes set out by NHSI&E, for approval by the Board of Directors. This shall have regard to the views of the Council of Governors.
- 6.4 The delegated officer shall, on behalf of the Chief Executive, compile and submit to the Board of Directors and Annual Plan in accordance with the requirements of NHSI&E.
- 6.5 Irrespective of the requirements set out by NHSI&E, the Executive Director of Finance, shall, on behalf of the Chief Executive, compile and submit to the Board of Directors an Annual Plan which takes into account financial targets and forecast limits of available resources. The Annual Plan shall:
- a) contain a statement of the significant assumptions on which the Annual Action Plan is based;
 - b) contain details of the anticipated demand for services and the resources that will be required to meet this demand (clinical, operational and financial); and
 - c) comply fully with mandatory requirements as detailed in the Trust's Terms of Authorisation.
- 6.6 Prior to the start of the financial year the Executive Director of Finance shall, on behalf of the Chief Executive, prepare and submit annual Budgets for approval by the Board of Directors. Such Budgets shall:
- a) be in accordance with the aims, objectives and anticipated demand for services set out in the Annual Plan;
 - b) be in accordance with the resources that will be required to meet this demand (clinical, operational and financial);
 - c) be produced following discussion with appropriate Budget holders;
 - d) be prepared within the limits of available funds; and
 - e) identify potential risks.
- 6.7 The Executive Director of Finance shall monitor financial performance against financial targets, Budget and plan, periodically review them, and report to the Board of Directors. Performance reports shall be presented to the Board of Directors by the relevant directors not less frequently than quarterly.

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- 6.8 All budget holders must provide information as required by the Executive Director of Finance to enable Budgets to be compiled.
- 6.9 All Budget holders shall sign up to their allocated Budgets before the commencement of each financial year.
- 6.10 The Executive 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 their Budgets successfully.
- 6.11 Employees / officers shall provide the relevant directors with all financial, statistical and other relevant information as necessary, for the compilation of such Budgets, plans, estimates and forecasts.
- 6.13 The Executive Director of Finance shall keep the Board of Directors informed of the financial consequences of changes in policy, pay awards, inflation and other events and trends affecting the financial position of the Trust.

Budgetary Delegation

- 6.13 The Chief Executive and delegated Budget holders must not exceed the budgetary total or virement limits set by the Board of Directors.
- 6.14 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; and
 - f) the provision of regular reports.
- 6.15 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.
- 6.16 Non-recurring Budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Executive Director of Finance.

Budgetary Control and Reporting

- 6.17 The Executive Director of Finance shall devise and maintain systems of budgetary control.
- 6.18 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 written consent of the Executive Director of Finance;

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- b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
 - c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and staffing manpower establishment as approved by the Board of Directors; and
 - d) the systems of budgetary control established by the Executive Director of Finance are complied with fully.
- 6.19 The Executive Director of Finance, shall, on behalf of the Chief Executive be responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Trust Business Plan and a balanced Budget.

Capital Expenditure

- 6.20 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in Section 15).
- 6.21 The Board of Directors shall approve the capital programme for the Trust, consistent with the approved Annual Plan.
- 6.22 The Chief Executive shall ensure that regular reports to the Board of Directors are prepared containing:
- a) progress reports on the Capital programme; and
 - b) explanations of any changes to the Capital programme.

Financial Performance Monitoring

- 6.23 The Chief Executive is responsible for ensuring that:
- a) financial performance measures have been defined and are monitored;
 - b) reasonable targets have been identified for these measures;
 - c) a robust system is in place for managing performance against the targets;
 - d) reporting lines are in place to ensure overall performance is managed; and
 - e) arrangements are in place to manage/respond to adverse performance.
- 6.24 The appropriate monitoring forms are submitted to the requisite regulatory bodies within the required timescale.

Significant Transactions

- 6.25 The Trust may enter into a significant transaction only if more than half of the Members of the council of governors present and eligible to vote approve entering into the transaction and the transaction has received approval from regulatory bodies where required.

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- 6.26 'Significant transaction' means, as defined in the Constitution of the Trust, equal to or greater than 25% of:
- a) in relation to assets, the gross assets (being the sum of fixed assets and current assets) subject to the transaction, divided by the gross assets of the Trust;
 - b) in relation to income, the income attributable to the assets or the contract associated with the transaction, divided by the income of the Trust; and
 - c) in relation to acquisitions or divestments, the gross capital (being the market value of the target's shares and debt securities plus the excess of current liabilities over current assets) of the company being acquired or invested, divided by the total capital (being the total taxpayers' equity) of the Trust following completion, or the effects on the total capital to the Trust resulting from a transaction.

Annual Accounts and Reports

- 6.27 The Executive Director of Finance, on behalf of the Trust, shall:
- a) keep accounts, and in respect of each financial year must prepare annual accounts, in such form as NHSI&E with the approval of the Secretary of State may direct;
 - b) ensure that, in preparing annual accounts, the Trust complies with any directions given by NHSI&E with the approval of the Treasury as to:
 - i. the methods and principles according to which the accounts are to be prepared; and
 - ii. the information to be given in the accounts;
 - c) ensure that a copy of the annual accounts and any report of the External Auditor on them, are laid before Parliament and that copies of these documents are sent to NHSI&E, within the prescribed timetable.
- 6.28 The Trust shall prepare annual reports as required, in accordance with the Constitution (3) and paragraph 26 of Schedule 7 of the 2006 Act (1). These shall be presented to the Board of Directors for approval and received by the Council of Governors at a public meeting. A copy shall be forwarded to NHSI&E. The reports shall give:
- a) information on any steps taken by the Trust to secure that (taken as a whole) the actual Membership of its public constituency and the patients' constituency is representative of those eligible for such membership, and
 - b) any other information NHSI&E requires.
 - c) The Trust's annual accounts must be audited by an auditor appointed by the Audit Committee.
 - d) The Trust's annual accounts and its auditor's conclusions shall be reviewed by the Audit Committee. The Audit Committee shall make a formal recommendation to the Board of Directors for the annual accounts to be approved.

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7 Banking

General

- 7.1 The Executive Director of Finance is responsible for managing the Trust's banking arrangements and for advising the Trust on the provision of banking services and operation of accounts. This advice shall take into account guidance/ directions issued from time to time by NHSI&E or (if appropriate) the Department of Health and Social Care.
- 7.2 The Board of Directors shall approve the banking arrangements.

Bank Accounts

- 7.3 The Executive Director of Finance is responsible for:
- bank accounts;
 - establishing separate bank accounts for the Trust's charitable funds or any other wholly entity.
 - ensuring payments made from bank do not exceed the amount credited to the account except where arrangements have been made;
 - reporting to the Board of Directors all arrangements made with the Trust's bankers for accounts to be overdrawn;
 - monitoring compliance with guidance from DHSC and NHSI&E and (to the extent appropriate) the Department of Health and Social Care on the level of cleared funds;
 - no employee/officer other than the Executive Director of Finance, or in his/her absence his/her authorised deputy, shall open a bank account in the name of the Trust; and
 - all funds shall be held in accounts in the name of the Trust.

Banking Procedures

- 7.4 The Executive Director of Finance shall prepare detailed instructions on the operation of bank accounts which must include:
- the conditions under which each bank account is to be operated;
 - the limit to be applied to any overdraft; and
 - those authorised to sign cheques or other orders drawn on the Trust's accounts.
- 7.5 The Executive Director of Finance must advise the Trust's bankers in writing of the conditions under which each account shall be operated.

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Tendering and Review

- 7.6 The Executive Director of Finance shall review the commercial banking arrangements of the Trust, any non-exchequer funds and wholly owned subsidiaries at regular intervals not exceeding three years, to ensure they reflect best practice and represent best value for money. Following such reviews, the Executive Director of Finance shall determine whether or not to seek competitive tenders for the Trust's banking business.
- 7.7 The results of such reviews shall be reported to the Audit Committee and the Board of Directors.

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8 Income, Fees and Charges and Security of Cash, Cheques and Other Negotiable Instruments

Income Procedures and Systems

- 8.1 The Executive Director of Finance is responsible for designing, maintaining and ensuring compliance with procedures and systems for the proper recording, invoicing, collection and coding of all monies due.
- 8.2 The Executive Director of Finance is responsible for the facilities to affect prompt banking of all monies received.
- 8.3 The Executive Director of Finance shall ensure that any restrictions on income imposed by NHSI&E shall be complied with.

Fees and Charges

- 8.4 The Executive Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by NHSI&E and/or the Department of Health and Social Care and/or by statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the Department of Health and Social Care's Commercial Sponsorship - Ethical standards in the NHS or any successor guidance shall be followed.
- 8.5 All employees must inform the Executive 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.
- 8.6 Employees must at all times obtain the written approval of the Executive Director of Finance to all income generation schemes prior to implementation.

Debt Recovery

- 8.7 The Executive Director of Finance is responsible for the appropriate recovery action on all outstanding debts.
- 8.8 Income not received should be dealt with in accordance with losses procedures (see section 16).
- 8.9 Overpayments should be detected (or preferably prevented) and recovery initiated.

Security of Cash, Cheques and other Negotiable Instruments

- 8.10 The Executive 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

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lockable cash boxes, the procedures for keys and for coin operated machines; and

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

- 8.11 Official money shall not under any circumstances be used for the encashment of private cheques or 'I owe You' s' (IOUs).
- 8.13 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received except under arrangements approved by the Executive Director of Finance.
- 8.13 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Trust is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Trust from responsibility for any loss.
- 8.14 Where cash collection is undertaken by an external organisation, this shall be subject to such security and other conditions as required by the Executive Director of Finance.
- 8.15 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned shall be reported immediately in accordance with the agreed procedure for reporting losses (see also Section 16). Any loss or surplus of cash should be immediately reported to the Executive Director of Finance.
- 8.16 All payments made on behalf of the Trust to third parties should normally be made using the bankers automated clearing system (BACS) or by crossed cheque and drawn in accordance with these instructions, except with the agreement of the Executive Director of Finance, as appropriate, who shall be satisfied about security arrangements. Uncrossed cheques shall be regarded as cash.

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9 Contracts with Commissioners

Duties

- 9.1 The Executive Director of Finance shall as delegated by the Chief Executive be responsible for negotiating contracts with commissioners for the provision of services to patients.
- 9.2 Contracts with commissioners are legally binding and shall be so devised as to minimise risk whilst maximising the Trust's opportunity to generate income.
- 9.3 In carrying out these functions, the Executive Director of Finance should take into account the advice of the Board of Directors regarding:
- a) costing and pricing of services;
 - b) payment terms and conditions;
 - c) billing systems and cash flow management;
 - d) the contract negotiating process and timetable;
 - e) the provision of contract data;
 - f) the national tariff;
 - g) contract monitoring arrangements;
 - h) amendments to contracts; and
 - i) any other matters relating to contracts of a legal or non-financial nature.
- 9.4 The Executive Director of Finance shall produce regular reports detailing actual and forecast service activity income with a detailed assessment of the impact of the variable elements of income.
- 9.5 The Executive Director of Finance shall:
- a) Provide written assurances to the Board of Directors that the Trust shall at all times maintain and ensure the capacity and capability to provide the mandatory goods and services referred to in its Terms of Authorisation and related schedules;
 - b) produce regular reports detailing actual and forecast income, linked to activity, with a detailed assessment of the impact of the variable elements of income; and
 - c) oversee and approve cash flow forecasts, including figures relating to the collection of all income due under contracts entered into by the Trust including service contracts.

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Involving Partners and Jointly Managing Risk

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

Reports to Board of Directors on Contracts

- 9.7 The Executive Director of Finance shall need to ensure that regular reports are provided to the Board of Directors detailing actual and forecast income and liability from contracts.

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10 Terms of Service and Payment of Directors and Employees

Remuneration Committee

- 10.1 In accordance with SOs the Board of Directors shall establish a Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition and the arrangements for reporting.
- 10.2 The Committee shall determine on behalf of the Board of Directors, the remuneration and terms of service for the Chief Executive, other Executive Directors and other Senior Managers to ensure they are fairly rewarded for their individual contribution to the Trust - having proper regard to the Trust's' circumstances and performance and to the provisions of any national arrangements for such staff where appropriate, including:
- all aspects of salary (including any performance-related elements/bonuses);
 - provisions for other benefits, including pensions and cars; and
 - arrangements for termination of employment and other contractual terms;
 - advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments.
- 10.3 The Committee has full powers of decision over those matters within its remit. Minutes of the meetings should record such decisions and a will be kept on file by the Foundation Trust Secretary.
- 10.4 The Trust will remunerate the Chair and Non-Executive Directors as determined by the Nominations Committee and Council of Governors.

Funded Establishment

- 10.5 The workforce plans incorporated within the annual Budget shall form the funded establishment.
- 10.6 The funded establishment of any department may not be varied without the approval of the Chief Executive or other officers authorised by him/her to do so (see Reservation of Powers and Scheme of Delegation).

Staff Appointments

- 10.7 No director or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
- unless authorised to do so by the Chief Executive or other officers authorised by him/her to do so (see Reservation of Power and Scheme of Delegation);
 - unless within the limit of the approved pay Budget and funded establishment; and
 - unless in accordance with human resources advice and compliance with employment legislation.

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- d) unless in accordance with human resources advice and compliance with employment legislation.
- e) Except with the prior personal permission of the Chief Executive, no agency staff shall be employed at rates in excess of those set out in Scheme of Delegation. In exceptional circumstances affecting patient safety, agency rates in excess of that rate may be authorised by the [Executive Director on-call].
- f) Where the Trust is planning to engage with an agency to facilitate with the recruitment of staff; a copy of the proposed contract must be reviewed by the Director of Procurement of the Lancashire Procurement Cluster (LPC) prior to commitment. Any deviation from the following standard must be approved by the Executive Director of Finance due to financial risk:
 - i. 100% rebate if the worker leaves within 4 weeks
 - ii. 80% rebate if the worker leaves between 4 and 13 weeks
 - iii. 75% rebate if the worker leaves between 13 and 26 weeks
 - iv. 50% rebate if the worker leaves between 26 and 52 weeks
- g) an official order must be raised once contractual arrangements have been agreed.

Processing of Payroll

- 10.8 The Director of Workforce and Organisational Development is responsible for:
- a) specifying timetables for submission of properly authorised time records and other notifications;
 - b) the final determination of pay and allowances;
 - c) making payment on agreed dates; and
 - d) agreeing methods of payment.
- 10.9 The Director of Workforce and Organisational Development shall 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;
 - h) procedures for payment by cheque, bank credit, or cash to employees and officers;

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- i) procedures for the recall of cheques and bank credits;
 - j) pay advances and their recovery;
 - k) maintenance of regular and independent reconciliation of pay control accounts;
 - l) separation of duties of preparing records and handling cash; and
 - m) a system to ensure the recovery from those leaving the employment of the Trust of sums of money and property due by them to the Trust.
- 10.10 Director of Workforce and Organisational Development will ensure appropriately nominated managers have delegated responsibility for:
- a) submitting time records, and other notifications in accordance with agreed timetables;
 - b) completing time records and other notifications in accordance with the Director of Workforce and Organisational Development instructions and in the form prescribed by the Director of Workforce and Organisational Development; and
 - c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Workforce Resources and Organisational Development must be informed immediately.
- 10.11 Regardless of the arrangements for providing the payroll service, the Director of Workforce and Organisational Development shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
- 10.13 The above paragraphs relate to the payment of staff employed within the Trust. In the event of the Trust providing a Payroll service to any other organisation it will be necessary for the Director of Workforce and Organisational Development to have prepared a contract to cover the operation of the service provided.

Contracts of Employment

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

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11 Non-Pay Expenditure

Delegation of Authority

- 11.1 The Board of Directors will approve the level on non-pay expenditure as part of the annual Budget and the Chief Executive will determine the level of delegation to appropriate managers prior to the start of the financial year to which the Budget relates (Reservation of Powers and Scheme of Delegation).
- 11.2 The Chief Executive will set out:
- a) the list of managers who are authorised to place requisitions for the supply of goods and services; and
 - b) the maximum level of each requisition and the system for authorisation above that level.
- 11.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.
- 11.4 The Trust procurement of Goods and Services is enacted through the Lancashire Procurement Cluster and / or the Trust's wholly owned subsidiary (Atlas). In both these cases, procurement policies are frequently updated to take account of changes to the legislation or NHSI&E Guidance. These policies will need to be taken account of in the following sections.

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12 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

- 12.1 Managers authorised to place purchase orders, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Trust and comply with the requirements of the SO, SFI and the Lancashire Procurement Cluster (LPC) Policy. To that end the Procurement Department must be engaged at the outset of the decision to procure goods/services (irrespective of European Union (EU) thresholds). This will allow the Procurement Department sufficient time to establish routes to market and timetable any resultant procurement project.
- 12.2 The Director of Procurement (or their representative) has autonomy to review all aspects of Trust expenditure in order to maximise value for money. Where the review identifies a potential opportunity then the Head of Procurement will seek stakeholder engagement, such as the respective Budget holders. Where any advice from the Director of Procurement is not acceptable to the Budget holder, the Executive Director of Finance (and/or the Chief Executive) shall be consulted, who will then make the final decision whilst being fully aware of any risks associated with the specific matter.
- 12.3 The Executive Director of Finance shall be responsible for ensuring that the Trust complies with:
- a) advising the Board of Directors regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained. The thresholds will apply for the procurement of all non-pay expenditure incurred by the Trust, such as and not limited to the procurement of all goods, services and works;
 - b) The threshold for all undertakings shall be calculated as follows:
 - i. where contracts are awarded in lots the value of the contract shall be the total of the lots where the goods, services and works supplied are of the same type and shall then be multiplied against the term of undertaking including any possible extension terms; and
 - ii. the thresholds will be agreed with the Board of Directors and will then be incorporated in SOs and SFIs and regularly reviewed;
 - c) procedural instructions or guidance within the Reservation of Powers and Scheme of Delegation on the obtaining of goods, services and works incorporating the thresholds;
 - d) the prompt payment of all properly authorised accounts and claims;
 - e) designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
 - i. a list of Board of Directors 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;
 - iii. certification that work done or services rendered have been satisfactorily carried out in accordance with the order, where applicable,

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the materials used are of the requisite standard and the charges are correct;

- f) where appropriate, on 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;
- g) where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
- h) the account is arithmetically correct;
- i) the account is in order for payment;
- j) a robust timetable and system for submission to the Executive Director of Finance on accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment;
- k) instructions to employees regarding the handling and payment of accounts within the Finance Department; and
- l) payment for goods and services is only made once the goods and services are received.

Prepayments

12.4 Prepayments are only permitted with the approval of the Executive Director of Finance or his/her authorised deputy and where exceptional circumstances apply, for example:

- a) prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to Net Present Value (NPV));
- b) the appropriate officer must provide, in the form of a written Trust waiver, a case setting out all relevant circumstances of the purchase. The waiver must set out the effects on the Trust if the supplier is at some time during the course of the prepayment agreement unable to meet his/her commitments;
- c) the Executive Director of Finance shall need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the relevant Procurement Legislation where the contract is above a stipulated financial threshold); and
- d) the Budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate director or Chief Executive if problems are encountered.

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Official Purchase Orders

- 12.5 Official Orders must:
- a) be consecutively numbered;
 - b) be in a form approved by the Executive Director of Finance and Head of Procurement and priced to include Value-Added Tax (VAT), carriage insurance and freight and discounts;
 - c) state the Trust's terms and conditions compliant with the Trusts' statutory obligations; and
 - d) Be authorised in line with the scheme of delegation, prior to committing expenditure on goods, services and/or works

Duties of Managers and Officers

- 12.6 All staff must ensure that they comply fully with the Lancashire Procurement Cluster Procurement Policy, guidance and limits specified by the Executive Director of Finance and that:
- a) all contracts (except as otherwise provided for in the Reservation of Powers and Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Executive Director of Finance in advance of any commitment being made;
 - b) contracts above specified thresholds are advertised and awarded in accordance with Public Contracts Regulations 2015 (12);
 - c) 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, the value not to exceed the sum detailed in the Standard of Business Conduct (10);
 - ii. conventional hospitality, such as lunches in the course of working visits, the value not to exceed the sum detailed in the Standard of Business Conduct;
 - d) no requisition / order is placed for any item or items for which there is no Budget provision unless authorised by the Executive Director of Finance on behalf of the Chief Executive;
 - e) all goods, services, or works are ordered on an official order except goods, services and works included on the exemption list. Specifically excluded are purchases from petty cash and purchases using a purchasing card;
 - f) verbal orders must only be issued very exceptionally – via the Procurement department once formally approved by the Executive Director of Finance and only in cases of emergency or urgent necessity. These must be confirmed by an official order within two working days and clearly marked "Confirmation Order";
 - g) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

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- h) goods are not taken on trial or loan in circumstances that could commit the Trust to a future uncompetitive purchase;
 - i) Any equipment on loan or trail to the Trust and/or on Trust property must be notified to the Director of Finance, Head of Procurement and Medical Equipment Services Department; (EBME) together with any conditions attached to the loan of that equipment.
 - j) changes to the list of employees and officers authorised to certify invoices are notified to the Executive Director of Finance;
 - k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Executive Director of Finance; and
 - l) petty cash records are maintained in a form as determined by the Executive Director of Finance.
- 12.7 The Chief Executive and Executive 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.
- 12.8 The Executive Director of Finance will ensure capital charges are paid in accordance with Department of Health requirements.
- 12.9 The Executive Director of Finance shall ensure that systems and processes are in place to identify and discharge all relevant tax liabilities.
- 12.10 Under no circumstances should goods or services be ordered through the Trust for personal or private use.
- 12.11 The Director of Procurement of the Lancashire Procurement Cluster shall ensure that:
- a) a register of all waivers of tender is maintained; and
 - b) all waivers of tender are reported to the Audit Committee.

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13 Tendering and Contracting Procedure

Duty to comply with SOs and SFIs

- 13.1 The procedures to be followed by the Trust in relation to all contract opportunities with the Trust and for awarding all contracts with the Trust shall comply with these SFIs, the Trust's SOs (except where Standing Order No 54 to 58 suspension of SOs is applied) and the Lancashire Procurement Cluster Policy
- 13.2 This SFI is structured in the following sections:
- a) 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;
 - b) The decision to tender and exceptions to the requirements to tender;
 - c) Tendering Procedure, where a decision is made to tender pursuant to;
 - d) Quotations where no tender process;
 - e) Evaluation of tenders and quotations;
 - f) Award of contracts;
 - g) Form of Contract;
 - h) Specific Requirements.

Legislation Governing Public Procurement

- 13.3 Any Procurement process shall comply with the Public Contracts Regulations 2015 (the "Regulations") (12) 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 into these SFIs and the Trust SOs.
- 13.4 The Trust 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.
- 13.5 When procuring services, the Trust should have regard to the requirements of the Public Services (Social Value) Act 2012 (13).

Guidance on Procurement and Commissioning

- 13.6 The Trust should have regard to all relevant guidance issued in relation to the conduct of procurement practice, including but not limited to:
- a) the DHSC's capital investment manual in respect of capital investment and estate and property transactions save where either has been superseded by later published guidance;

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- b) policies and procedures in place for the control of all tendering activity carried out through Reverse e-auctions. For further guidance on Reverse e-auctions refer to www.cabinetoffice.gov.uk; and
- c) in the case of management consultancy contracts, NHSI&E's "Approvals process for Trusts and CCGs Consultancy Spend" or any successor guidance issued by the regulators;
- d) Or any successor to such guidance issued from time to time.

Decision to Tender and Exceptions to Requirement to Tender

- 13.7 If the Trust has a contract opportunity that is required to be tendered 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 undertake a formal tender process. This applies to the following
- a) the supply of goods, materials and manufactured articles;
 - b) the rendering of services including all forms of management consultancy services;
 - c) the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); and / or
 - d) subject to Disposals (Section 16)

Exceptions and instances where formal tendering need not be applied

- 13.7 Where a contract opportunity is required to be tendered, contract opportunities need not be advertised and tendered and formal tendering procedures need not be applied where:
- a) the estimated expenditure or income does not, or is not reasonably expected to exceed the levels set out in the Reservation of Powers and Scheme of Delegation;
 - b) any disposal falling within the SO and/or section 13.61;
 - c) the requirement can be met by an existing contract without infringing Procurement Legislation;
 - d) the Trust is entitled to call off from a Framework Agreement and the requirements of Section 13.13 (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 Trust;

In all cases the advice of the Lancashire Procurement Cluster must be sought before relying on any of these exceptions

- 13.8 Formal tendering procedures may be waived in the following circumstances:
- a) in exceptional circumstances where the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation decides

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that formal tendering procedures would not be practicable or the estimated expenditure would not warrant formal tendering procedures, and the circumstances are formally detailed and maintained in an appropriate Trust waiver document;

- b) where the timescale genuinely precludes competitive tendering for reasons of extreme urgency brought about by events unforeseeable by the Trust and not attributable to the Trust. Failure to plan work properly is not a justification for waiving the requirement to tender;
- c) 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;
- d) when the goods required by the Trust 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 Trust to acquire goods with different technical characteristics and this would result in:
 - i. incompatibility with the existing goods;
 - ii. disproportionate technical difficulty in the operation and maintenance of the existing goods;
 - iii. but no such contract may be entered in for duration of more than three years.
- e) when works or services required by the Trust 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:
 - i. cannot for technical or economic reasons be carried out separately from the works or services under the original contract without major inconvenience to the Trust; or
 - ii. 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,
 - iii. provided that the value of such additional works or services does not exceed 50% of the value of the original contract; and
 - iv. for the provision of legal advice and/or services provided that any provider of legal advice and/or services commissioned by the Trust is regulated by the Solicitors Regulation Authority (14) 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 Executive Director of Finance shall ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

In all cases the advice of the Lancashire Procurement Cluster must be sought before relying on any of these circumstances

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Monitoring and Audit of Decision to Tender

- 13.9 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 164.3 to 164.5 to award further work to a provider originally appointed through a competitive procedure.
- 13.10 Where it is decided that competitive tendering or competitive quotations in accordance should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate Trust waiver document and where required reported to the Audit Committee at each meeting.
- 13.11 All waiver documents shall be maintained by the appropriate authorised Trust officers.

Contracts which subsequently breach thresholds after original approval not to tender

- 13.13 Contract opportunities estimated to be below the financial limits set in this section 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 formally reported to the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation and be recorded in an appropriate Trust record.

Use of Framework Agreements

- 13.13 The Trust 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:
- the framework agreement was procured on its behalf. The Trust should satisfy itself that the original procurement process included the Trust within its scope;
 - the framework agreement includes the Trust's requirement within its scope. The Trust should satisfy itself that this is the case;
 - 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
 - the call-off contract entered into with the provider contains the contractual terms set out by the framework agreement.

In all cases the advice of the Lancashire Procurement Cluster must be sought before proceeding.

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In-House Services: Decision to Tender Services

- 13.14 The appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Trust may also determine from time to time that in-house services should be market tested by competitive tendering.

Tendering Procedure / Equality of Treatment

- 13.15 The Trust 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.

Non-Discrimination

- 13.16 The subject matter and the scope of the contract opportunity should be described in a non-discriminatory manner. The Trust should utilise generic and/or descriptive terms, rather than the trade names of particular products or processes or their manufacturers or their suppliers.
- 13.17 All participants in a tender process should be treated equally and all rules governing a tender process must apply equally to all participants.

Advertisement of Contract Opportunities

- 13.18 Where advertisement of a contract opportunity is required then:
- where a contract opportunity falls within the Regulations a process compliant with the Regulations is required,; or
 - where a contract opportunity does not fall within the Regulations the Trust shall utilise a form of advertising for such contract opportunity that is sufficient to enable potential providers) to access appropriate information about the contract opportunity so as to be in a position to express an interest; or
 - where neither the circumstances described in this section apply the Trust shall advertise utilising a form of advertising for such contract opportunity that in its reasonable opinion shall attract sufficient interest for the Trust to be satisfied that it shall achieve responses that shall demonstrate value for money.

Choice of Procedure

- 13.19 Where a contract opportunity falls within the Regulations and a process compliant with the Regulations is required then the Trust shall in all cases seek the advice of the Lancashire Procurement Cluster to discuss available tender procedure under the Regulations.

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- 13.20 In all other cases the Trust 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.
- 13.21 When exercising its obligations under s13.19 and s13.20 above, and to the extent that such a process complies with the requirements set out in this SFI, the Trust may use an electronic tendering process (including the use of reverse e-auctions) for the tendering of contract opportunities.
- 13.22 Invitation to tender procedures are set out in the Public Contracts Regulations 2015 and the advice of the Lancashire Procurement Cluster must be sought to maintain compliance with the Regulations.

Invitation to Tender

- 13.23 All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- 13.24 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 Trust, its employees or officers concerning the contract opportunity tendered.
- 13.25 It must be made clear that the Trust takes a zero tolerance approach to fraud, bribery and corruption of any form.

Opening Formal Tenders

- 13.26 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be accessed Electronically by the Lancashire Procurement Cluster. All records of receipt and late bids will be recorded in an Award Report providing a full audit of the procurement process

Admissibility of Tenders

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

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Late Tenders

- 13.28 Only in the most exceptional circumstances shall a tender be considered which is received after access of the other tenders and only then if the tenders that have been duly accessed
- 13.29 Accepted late tenders shall be reported to the Board of Directors and noted in the procurement award report

Accountability where in-house bid

- 13.30 In all cases where the Board of Directors determines 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 officers and specialist officers 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; and
 - evaluation group, comprising normally a specialist officer, procurement or commissioning officer and an Executive Deputy Chief Executive / Director of Finance and Performance 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-Executive Director should be a Member of the evaluation team.
- 13.31 No officer or employee of the Trust 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 but the specification group may consult with and take into account information received from such officers or employees in drawing up the Trust's specification subject at all times to observing the duty of non-discrimination at s13.2. No Member of the in-house tender group may participate in the evaluation of tenders.
- 13.32 The evaluation group shall make recommendations to the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation.

Quotations: Competitive and Non-Competitive / Requirement to Obtain Competitive Quotations

- 13.33 Subject to SFI 13.34 and SFI 13.35 competitive quotations are required for all contract opportunities where formal tendering procedures are not adopted and where the intended expenditure or income exceeds the level set out in the Reservation of Powers and Scheme of Delegation but does not exceed the relevant financial threshold.
- 13.34 Competitive quotations are not required in the circumstances where a contract opportunity need not be advertised and tendered SFI 13.7 and 13.8a.
- 13.35 The requirement for competitive quotations at SFI 13.8d and 13.8e inclusive above may be waived in exceptional circumstances where the appropriate authorised

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Trust officers in line with the Trust Reservation of Powers and Scheme of Delegation decides that seeking competitive quotations would not be practicable for that estimated expenditure would not warrant seeking competitive quotations, and the circumstances are formally detailed and maintained in an appropriate Trust waiver document and where required reported to the Audit Committee at each meeting.

- 13.36 Competitive quotations are not required in circumstances where the requirements to advertise and tender contract opportunity could be waived under SFI 13.71 to 13.74.
- 13.37 Nothing in this SFI shall prevent the Trust seeking competitive quotations should it wish to do so.

Competitive Quotations

- 13.38 Where competitive quotations are required under s13.33:
 - a) quotations should be obtained in line with the Reservation of Powers and Scheme of Delegation;
 - b) quotations should be in writing unless the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation determines that it is impractical to do so in which case quotations may be obtained by telephone. Written 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 Trust record;
 - c) all quotes should, subject to compliance with the provisions of the Freedom of Information Act 2000 (16), be treated as confidential and are to be retained (for inspection) and ultimately disposed of as set out in paragraph 23 of this document; and
 - d) the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation (who shall not be from the Originating Department) should evaluate each quotation received by applying evaluation criteria in accordance with s13.43 and select the quote which gives the best value for money. If this is not the lowest, then this fact and the reasons why the lowest quotation was not chosen should be set out in an appropriate Trust record.

Non-Competitive Quotations

- 13.39 Subject to SFI 13.40 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 13.33 to SFI 13.37 inclusive.
- 13.40 Where competitive tendering or a competitive quotation is not required, the Trust shall use the NHS Supply Chain for procurement of all goods unless the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation deem it inappropriate. The decision to use alternative sources must be documented in an appropriate Trust record.

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Quotations to be within Financial Limits

- 13.41 No quotation shall be accepted by the Trust which shall commit expenditure in excess of that which has been allocated by the Trust and which is not in accordance with SFIs except with the authorisation of either the Chief Executive or the Executive Director of Finance or appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation.

Evaluation of Tenders and Quotations / Overriding duty to achieve best value

- 13.42 The Trust shall ensure that it seeks to obtain best value for each contract opportunity.

Choice of Evaluation Methodology

- 13.43 The Trust must for each contract opportunity engage with the Lancashire Procurement Cluster to determine the appropriate
- 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:
 - i. quality;
 - ii. price;
 - iii. technical merit;
 - iv. aesthetic and functional characteristics;
 - v. environmental characteristics;
 - vi. running costs;
 - vii. cost effectiveness;
 - viii. after sales service;
 - ix. technical assistance;
 - x. delivery date;
 - xi. sustainability;
 - xii. good corporate citizenship;
 - xiii. delivery period;
 - xiv. period of completion; and/or
 - xv. information security
- 13.44 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.

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Award of Contracts / Acceptance of formal tenders

- 13.45 Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his/her tender before the award of a contract must go through the Lancashire Procurement Cluster to maintain transparency and equal treatment
- 13.46 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 s13.28 and s13.29 – late tenders).
- 13.47 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.
- 13.48 No tender shall be accepted by the Trust which shall commit expenditure in excess of that which has been allocated by the Trust except with the authorisation of the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation.
- 13.49 No tender shall be accepted by the Trust which is obtained contrary to these SFIs except with the authorisation of the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation.
- 13.50 All tenders should, subject to compliance with the provisions of the Freedom of Information Act 2000 (16), be kept confidential and should be retained as follows:
- a) Unsuccessful tenders: 6 years from the date set for the receipt of tenders for inspection.
 - b) Successful tenders: tender period plus 6 year limitation period (subject to the execution format, for example, a Deed will require a 13 year limitation period).

Authorisation of Tenders and Competitive Quotations

- 13.51 Providing all the requirements set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract may be decided in accordance with the approved delegated financial limits set out in the Reservation of Powers and Scheme of Delegation.
- 13.52 Formal authorisation must be put in writing. In the case of authorisation by the Board of Directors this shall be recorded in its minutes.
- 13.53 These levels of authorisation may be varied or changed by the Trust.

Tender Reports to the Board of Directors

- 13.54 Reports to the Board of Directors shall be made on an exceptional-circumstances basis only.

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Form of Contract

- 13.55 Subject to the remainder of this SFI, the Trust 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).

Contracts for Building or Engineering Works

- 13.56 Subject to Contract for Building Works, 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 (where applicable).
- 11.85 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).
- 13.57 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.
- 13.58 Each of the documents referred to in SFI 13.57 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.

Employment, Agency and Consultants Contract

- 13.59 The appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation 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 (in line with the control totals for waiting list initiatives (WLI) and agency spend devise by the Director of Finance on behalf of the Finance Committee, if exceeded a waiver would be required).

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Compliance Requirements for all Contracts

- 13.60 The Trust 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 Trust's SOs and SFIs;
 - b) comply with the requirements of all EU Directives directly enforceable in the UK and all other statutory provisions;
 - c) embody substantially the same terms and conditions of contract as were the basis on which tenders or quotations were invited;
 - d) be entered into and managed to obtain best value;
 - e) have an officer nominated by the appropriate authorised Trust officers in line with the Reservation of Powers and Scheme of Delegation to oversee and manage each contract on behalf of the Trust; and
 - f) comply with any relevant guidance including that issued by Monitor.

Specific Requirements

Disposals

- 13.61 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/her nominated officers;
 - b) obsolete or condemned articles and stores, which may be disposed of in accordance with the Trust policy;
 - c) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
 - d) land or buildings concerning which guidance has been issued by Monitor / DH but subject to compliance with such guidance; and/or
 - e) items to be disposed of with an estimated sale value as detailed in the Reservation of Powers and Scheme of Delegation.
 - f) disposals are subject to the restrictions on disposal of protected property as set out in the Trust's licence and any other relevant guidance.

Applicability of SFIs on Tendering and Contracting to funds held on trust

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

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Private Finance for capital procurement

- 13.63 When the Board of Directors proposes, or is required, to use finance provided by the private sector the following should apply:
- a) The Chief Executive shall demonstrate that the use of private finance represents value for money as against a public sector comparator and genuinely transfers risk to the private sector;
 - b) The Trust must seek all applicable approvals and the requirements of all guidance published by NHSI&E specifically the Single Oversight Framework 2020/21 and the Risk Evaluation for Investment Decisions by NHS Foundation Trusts guidance (“REID guidance”) or any successor guidance that may be published from time to time;
 - c) The proposal must be specifically agreed by the Board of Directors; and
 - d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations compliant with the duties set out in this s4.4.

In-house services

- 13.64 The Chief Executive shall be responsible for ensuring that best value can be demonstrated for all services provided on an in-house basis. The Board of Directors may also determine from time to time that in-house services should be benchmarked or market tested by competitive tendering.
- 13.65 In all cases where the Board of Directors determines that in-house services should be subject to competitive tendering, the following groups shall be set up:
- a) Specification group comprising the Chief Executive or nominated officer(s) and specialist;
 - b) In-house tender group comprising a nominee of the Chief Executive and technical support;
 - c) Evaluation team comprising normally a specialist officer, a procurement officer and Executive Director of Finance representative. For services having a likely annual expenditure exceeding £250,000, a Non-Executive Director should be a Member of the evaluation team.
- 13.66 All groups should work independently of each other and individual officers may be a Member of more than one group, but no Member of the in-house tender group may participate in the evaluation of tenders.
- 13.67 The evaluation team shall make recommendations to the officers identified in the Reservation of Powers and Scheme of Delegation.
- 13.68 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Trust.

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Contracts Involving Funds Held on Trust

- 13.69 Such contracts involving charitable funds shall comply with the requirements of the Charities Acts.

e-tendering

- 13.70 Nothing in this SFIs shall preclude the Trust from establishing and utilising electronic tendering procedures.

Formal Waiver Process

- 13.71 Where any officer or employee of the Trust wishes to adopt a process that requires a waiver under, then such waiver must be sought from the Lancashire Procurement Cluster and authorised prior to any such process being implemented, by an appropriate authorised Trust officer in line with the Reservation of Powers and Scheme of Delegation who shall (where he agrees to such a process being adopted) authorise such process by completing and issuing Formal Waiver documents.
- 13.72 Each officer authorising any waiver shall seek the advice of the Lancashire Procurement Cluster Procurement department prior to issuing any such waiver and shall take the advice of Procurement into account in reaching his/her decision.
- 13.73 All Trust Formal Waiver documents must be maintained by the appropriate authorised Trust officers or their nominated representatives in line with the Reservation of Powers and Scheme of Delegation.

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14 External Borrowing And Investments

- 14.1 The Executive Director of Finance will be responsible for the management of the Trust's cash flow.

External borrowing

- 14.2 The Executive Director of Finance shall advise the Board of Directors concerning the Trust's ability to pay dividend on, and repay Public Dividend Capital and any proposed new borrowing, in compliance with guidance within the limits set by the Department of Health and Social Care/NHSI&E Prudential Borrowing Code for NHS Foundation Trusts. The Executive Director of Finance is also responsible for reporting periodically to the Board of Directors concerning the PDC debt and all loans and overdrafts.
- 14.3 The Executive Director of Finance is responsible for securing Board of Directors' approval for all loans or working capital facilities. All major leases must be approved by the Board of Directors, in line with the Reservation of Powers and Scheme of Delegation.
- 14.4 The Board of Directors shall agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Executive Director of Finance.
- 14.5 The Executive Director of Finance must prepare detailed procedural instructions concerning applications for loans and overdrafts.
- 14.6 All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cash flow position, represent good value for money, and comply with the latest guidance from the DHSC NHSI&E and the requirements of the Trust's Terms of Authorisation for a Working Capital Facility.
- 14.7 Any short-term borrowing must be with the authority of two members of an authorised panel, one of which must be the Chief Executive or the Executive Director of Finance. The Board of Directors must be made aware of all short term borrowings at the next Board of Directors Meeting.
- 14.8 All long-term borrowing must be consistent with the plans outlined in the current Trust Business Plan and be approved by the Board of Directors.
- 14.9 The Board of Directors will monitor the Trust's financing arrangements.
- 14.10 The Executive Director of Finance will secure the most preferential interest rates for borrowing.
- 14.11 The Executive Director of Finance will advise the Board of Directors concerning the Trust's ability to pay interest on, and repay, both the originating capital debt and any proposed new borrowing.
- 14.13 Any application for new borrowing will only be made by the Executive Director of Finance or by an employee so delegated by him/her.
- 14.14 The Executive Director of Finance must prepare detailed procedural instructions concerning applications for new borrowing which comply with instructions issued by NHSI&E Monitor.

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- 14.15 Assets used to provide commissioner requested services (CRS) under the Trust's provider licence shall not be used as collateral for borrowing. Assets not used to provide CRS services will be eligible as security for a loan with the agreement of the Board of Directors.
- 14.16 The Executive Director of Finance is responsible for reporting periodically to the Board of Directors concerning the originating debt and all loans, overdrafts and associated interest.

Investments

- 14.17 The Finance Committee shall set the investment policy (setting out acceptable risks and unacceptable risks) and oversee all investment transactions by the Trust. The investment policy shall be approved by the Board of Directors.
- 14.18 Investments may be made in forming and / or acquiring an interest in bodies corporate.
- 14.19 Temporary cash surpluses must be held only in investments permitted by NHSI&E and meeting the criteria approved by the Finance Committee.
- 14.20 The Executive Director of Finance is responsible for advising the Board on investments and shall periodically report the performance of all investments held to the Board (through the Finance Committee).
- 14.21 The Executive Director of Finance shall prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.
- 14.22 The Executive Director of Finance (or a senior finance manager with specific delegated powers from the Executive Director of Finance) shall authorise all investment transactions and ensure compliance with the investment policy at all times, with no investment made which would be outside the laid-down parameters for investment risk management in the policy. All investments are subject to periodic review and monitoring by the Finance Committee.

Financial Framework

- 14.23 The Executive Director of Finance should ensure that Members of the Board are aware of the Compliance Framework and/or the Risk Assessment Framework. This document contains financial directions for the annual planning and monitoring cycle, which all Foundation Trusts must follow.
- 14.24 The Executive Director of Finance shall ensure that the direction and guidance in the financial framework is followed by the Trust.

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15 Capital Investment, Private Financing And Fixed Asset Registers

Capital Investment

- 15.1 The Chief Executive:
- a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
 - b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
 - 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; and
 - d) shall not commit to capital expenditure without confirmation of the availability of cash.
- 15.2 For each development capital expenditure proposal to be funded from the Trust's own resources, a business case should be prepared in accordance with a scheme of delegation issued by the Chief Executive on the advice of the Executive Director of Finance. The Executive Director of Finance shall have discretion to lower this limit where the nature of the proposal has a significant impact on activity levels or financial commitments. The Chief Executive shall ensure:
- a) that a business case (in line with the guidance contained within the Capital Investment Manual (where applicable)) 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. the involvement of appropriate Trust personnel and external agencies; and
 - iii. appropriate project management and control arrangements;
 - b) that the business case has been certified as follows:
 - i. that the Executive Director of Finance has certified professionally to the costs and activity assumptions and to demonstrate financial concurrence; and
 - ii. by the Chief Executive or the Director of Operations to indicate endorsement of the operational assumptions;
 - c) that a business case is submitted to and approved by the Board of Directors in line with the Reservation of Powers and Scheme of Delegation; and
 - d) that all proposals to lease, hire or rent fixed assets have been subject to appraisal of their impact on the Trust's ability to achieve its financial targets and subject to legal advice, from the Trust's legal advisor, on the terms of the proposed contract.
- 15.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive shall issue procedures for their management, incorporating the

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recommendations of “Estate code” to the extent that this is not inconsistent with any directions or guidance from NHSI&E or other regulatory bodies as appropriate.

- 15.4 The Executive Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 15.5 The Executive Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure and present to the Board of Directors annual reports on the actual capital expenditure compared with the [Trust Business Plan].
- 15.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.
- 15.7 The Chief Executive or the Executive Director of Finance on his/her behalf shall issue to the delegated manager (see scheme of delegation) responsible for any scheme:
- a) specific authority to commit expenditure;
 - b) authority to proceed to tender; and
 - c) approval to accept a successful tender.
- 15.7 The Chief Executive shall issue a Scheme of Reservation and Delegation for capital investment management in accordance with NHS Estates guidance and the SOs.
- 15.8 The Executive 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.

Private Finance Initiative (PFI)

- 15.9 The Trust should normally test for Private Finance Initiative (PFI) and other forms of Public Private Partnerships when considering capital procurement. When the Trust proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:
- a) the Executive 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 other such body in line with any current guidelines; and
 - c) the proposal must be in accordance with all relevant Independent Regulator and (where applicable) Department of Health Guidance and specifically agreed by the Board of Directors.

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Asset Registers

- 15.10 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Executive Director of Finance concerning the form of any register and the method of updating.
- 15.11 The Trust will value its assets in accordance with guidance from NHSI&E.
- 15.13 Unless NHSI&E otherwise directs only non-protected assets may be used as collateral to raise funds.
- 15.13 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; and
 - c) agreements in respect of capitalised "right of use" assets.
- 15.14 The Executive Director of Finance shall prepare procedural instructions on the disposal of assets.
- 15.15 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).
- 15.16 The Executive Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

Security of Assets

- 15.17 The overall control of fixed assets is the responsibility of the Chief Executive advised by the Executive Director of Finance for the accounting aspects and the physical management and control.
- 15.18 Asset control procedures (including protected property, non –protected assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Executive 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;

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- 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; and
 - h) the asset replacement policy.
- 15.19 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Executive Director of Finance.
- 15.20 Whilst each employee and officer has a responsibility for the security of property of the Trust, it is the responsibility of Board of Directors 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 of Directors. Any breach of agreed security practices must be reported in accordance with instructions.
- 15.21 Any damage to the Trust's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses. (See section 16).
- 15.22 Where practical, assets should be marked as Trust property.

Stores and Receipt of Goods

- 15.23 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; and
 - c) valued at the lower of cost and net realisable value.

Control of Stores, Stocktaking, Condemnations and Disposal

- 15.24 Subject to the responsibility of the Executive 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 to departmental employees and stores managers / keepers, subject to such delegation being entered in a record available to the Executive Director of Finance. The control of any Pharmaceutical stocks shall be the responsibility of the Director of Pharmacy; the control of any Estates stock shall be the responsibility of BFW Management Ltd.
- 15.25 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the Head of Procurement, Director of Pharmacy and BFW Management Ltd designated Estates manager. Wherever practicable, stocks should be marked as health service property.
- 15.26 The Director of Procurement, Director of Pharmacy and BFW Management Ltd shall set out procedures and systems to regulate the stores including records for receipt of goods, issues and returns to stores and losses.
- 15.27 Stocktaking arrangements shall be agreed with the Executive Director of Finance and there shall be a physical check covering all items in store at least once a year.

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- 15.28 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Executive Director of Finance.
- 15.29 The Director of Procurement, Director of Pharmacy and BFW Management Ltd shall be responsible for a system approved by the Executive 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 Executive Director of Finance any evidence of significant overstocking and of any negligence or malpractice (See SFI 16). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

Goods Supplied by NHS Supply Chain

- 15.30 For goods supplied via the NHS Supply Chain, the Head of Procurement shall identify those authorised to requisition and accept goods. The authorised person shall check receipt against the delivery note and maintain a record of this.

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16 Disposals and Condemnations, Losses and Special Payments

Disposals and Condemnations

- 16.1 The Executive Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, scrap materials and items surplus to requirements and ensure that these are notified to managers.
- 16.2 When it is decided to dispose of a Trust asset, the Head of Department or authorised deputy shall approach the Procurement department to determine and advise the Executive Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate. No Trust asset shall be disposed of without the written authorisation of the Procurement Department.
- 16.3 All unserviceable articles shall be:
- a) condemned or otherwise disposed of by an employee authorised for that purpose by the Executive Director of Finance; and
 - b) recorded by the Condemning Officer in a form approved by the Executive Director of Finance which shall 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 Executive Director of Finance.
- 16.4 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 Executive Director of Finance who shall take the appropriate action.
- 16.5 The Trust may not dispose of any property used for the provision of commissioner requested services. Permission for disposal must be approved by the Board of Directors and NHSI&E in line with the guidance issued by NHSI&E. Disposals must comply with condition COS2 'restriction on the disposal of assets of the Trust's provider licence.

Losses and Special Payments

- 16.6 The Executive Director of Finance must prepare procedural instructions on the recording of and accounting for condemnations, losses and special payments.
- 16.7 An employee discovering or suspecting a loss of any kind must immediately inform their head of department (taking into account the Trust Whistleblowing Policy guidance), the head of internal audit, the local counter fraud specialist or, if no other route is appropriate, the Chief Executive. The head of department or the Head of Internal Audit must immediately inform the Executive Director of Finance. In cases where the speed of response from the police is of the essence, such as a crime in progress, employees may contact the police directly, but must inform, immediately thereafter, their head of department, who must then inform the Security Management Director (SMD) promptly and make the Local Security Management Specialist aware. Out of office hours, if the head of department is not on duty, the most senior manager on site should be contacted.
- 16.8 The Executive Director of Finance must notify NHS CFA and the External Auditor of all frauds.

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- 16.9 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Executive Director of Finance must immediately notify:
- a) the Board of Directors;
 - b) the Local Security Management Specialist;
 - c) The Trust Fire Warden; and
 - d) the relevant Director for cases of neglect of duty or gross carelessness.
- 16.10 Within limits established by the Trust the Board of Directors may consider and if thought fit, shall approve the writing-off of losses (as per the scheme of delegation). The Audit Committee shall review the schedule of losses and special payments and make recommendations to the Board of Directors.
- 16.11 The Chief Executive should consult the treasury of any losses or special payments, irrespective of any delegated authorities passed to the Trust or the amount of money concerned if they:
- a) involve important questions of principle;
 - b) raise doubts about the effectiveness of existing systems;
 - c) contain lessons which might be of wider interest;
 - d) are novel or contentious;
 - e) might create a precedent for other departments in similar circumstances; and
 - f) arise because of obscure or ambiguous instructions issued centrally in line with Annex 4.10 to 4.13 of the HM treasury manual managing public money.
- 16.13 The Executive Director of Finance shall take any necessary steps to safeguard the Trust's interests in bankruptcies and company liquidations.
- 16.13 For any loss, the Executive Director of Finance, as appropriate, should consider whether any insurance claim can be made against insurers.
- 16.14 The Executive Director of Finance shall maintain a schedule of losses and special payments in which write-off action is recorded.
- 16.15 No special payments exceeding delegated limits shall be made without the prior Approval of NHSI&E or the Department of Health and Social Care, as the case may be.
- 16.16 All losses and special payments must be reported to the Audit Committee at every meeting. The Audit Committee will make recommendations to the Board of Directors.

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17 Information Technology

- 17.1 The Executive Director of Finance, who is responsible for the accuracy and security of the computerised financial data of the Trust, together with the Trust's Senior Information Risk Owner shall:
- devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Trust's data, programmes and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the General Data Protection Regulation (GDPR) and the Data Protection Act 2018;
 - ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security
 - ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
 - ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.
- 17.2 The Executive Director of Finance together with the Trust's Senior Information Risk Owner shall satisfy himself/herself that new financial systems and amendments to current financial systems (including those obtained by external agency arrangements) are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, then formal and robust assurances of adequacy must be obtained from them prior to implementation.
- 17.3 In the case of financial computer systems which are proposed general applications (i.e. normally those applications which other health organisations in the region wish to sponsor jointly) all responsible directors and employees will send to the Executive Director of Finance:
- details of the outline design of the system; and
 - in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement.
- 17.4 The Executive Director of Finance, together with the Trust's Senior Information Risk Owner, 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 and the contract must include the NHS Terms and Conditions for the Supply of Goods and/or the Provision of Services and a Data Protection Protocol.
- 17.5 Where another health organisation or any other agency provides a computer service for financial applications, the Executive Director of Finance together with the Trust's Senior Information Risk Owner shall periodically seek assurances that adequate controls are in operation.

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- 17.6 Where computer systems have an impact on corporate financial systems the Executive Director of Finance in conjunction with the relevant director shall satisfy themselves 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) finance staff have access to such data; and
 - d) such computer audit reviews as are considered necessary are being carried out.
- 17.7 The Executive Director of Finance together with the Trust's Senior Information Risk Owner, 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 the Trust that we make publicly available.
- 17.8 The Executive Director of Finance together with the Trust's Senior Information Risk Owner shall ensure that risks to the Trust arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

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18 Patients' Property

- 18.1 The Trust has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 18.2 The Chief Executive is responsible for ensuring that patients or their guardians, as appropriate, are informed before or at admission by:
- notices and information booklets;
 - hospital admission documentation and property records; and
 - the oral advice of administrative and nursing staff responsible for admissions, that the Trust shall not accept responsibility or liability for patients' property brought into Health Service premises, unless it is handed in for safe custody and a copy of an official patients' property record is obtained as a receipt.
- 18.3 The Executive Director of Finance must provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of patients' property (including instructions on the disposal of the property of deceased patients and of patients transferred to other premises) for all staff whose duty is to administer, in any way, the property of patients. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 18.4 Where Independent Regulator or Department of Health instructions require the opening of separate accounts for patients' moneys, these shall be opened and operated under arrangements agreed by the Executive Director of Finance.
- 18.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates (Small Payments Act 1965 (17)), the production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 18.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 18.7 Where patients' property or income is received for specific purposes and held for safekeeping the property or income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.

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19 Charitable Funds (Funds Held On Trust)

Introduction

- 19.1 Standing Order No. 10 outlines the Trust's responsibilities as a Corporate Trustee for the management of funds it holds on trust, and the need for compliance with Charities Commission latest guidance and best practice.
- 19.2 The discharge of the charitable fund Corporate Trustee responsibilities are distinct from the Trust's responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding principles of financial regularity, prudence and propriety. The Executive Director of Finance will ensure that each fund is managed appropriately with regard to its purpose and to its requirements. The Executive Director of Finance will monitor compliance with legislation and charity commission requirements.

Existing trusts

- 19.3 The Executive Director of Finance will arrange for the administration of all existing trusts, will ensure that a governing instrument exists for every trust and will produce detailed codes of procedure covering every aspect of the financial management of funds held on trust, for the guidance of directors and employees. Such guidelines shall identify the restricted nature of certain funds including capital assets held as permanent endowments.
- 19.4 The Executive Director of Finance will periodically review the funds in existence and will make recommendations to the Board of Directors regarding the potential for rationalisation of such funds within the statutory guidelines.
- 19.5 The Executive Director of Finance may recommend an increase in the number of designated funds where this is consistent with the charitable fund's policy for ensuring the safe and appropriate management of restricted funds, e.g. designation for specific wards and departments.

New trusts

- 19.6 The Executive Director of Finance will arrange for the creation of a new trust where funds and/or other assets, received in accordance with the charitable fund policies, cannot adequately be managed as part of an existing trust.
- 19.7 Charitable trust deeds following the standard format prescribed by the charities commission shall be prepared for all new trusts and be executed under seal in accordance with the SOs of the Trust.

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Sources of new funds

- 19.8 In respect of donations, the Executive Director of Finance will;
- a) provide guidelines to officers of the Trust as to how to proceed when offered funds. These to include:
 - i. the identification of the donor's intentions;
 - ii. where possible, the avoidance of new trusts;
 - iii. the avoidance of impossible, undesirable or administratively difficult objects;
 - iv. sources of immediate further advice; and
 - v. treatment of offers for personal gifts;
 - b) provide secure and appropriate receipting arrangements that will indicate that funds have been accepted directly in the charitable fund and that the donors intentions have been noted and accepted.
- 19.9 In respect of legacies and bequests, the Executive Director of Finance will:
- a) provide guidelines to directors and employees of the Trust covering any approach regarding;
 - i. the wording of wills,
 - ii. the receipt of funds/other assets from executors;
 - b) where necessary, obtain grant of probate or make application for grant of letters of administration, where the Charitable Fund is the beneficiary;
 - c) be empowered, on behalf of the Charitable Fund to negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty; and
 - d) be directly responsible for the appropriate treatment of all legacies and bequests.
- 19.20 In respect of fund raising, the Executive Director of Finance will:
- a) deal with all arrangements for fund raising by and/or on behalf of the charitable fund and ensure compliance with all statutes and regulations;
 - b) be empowered to liaise with other organisations/persons raising funds for the charitable fund and provide them with an adequate discharge;
 - c) be responsible for alerting the Board of Directors to any irregularities regarding the use of the charitable fund names or their registration numbers; and
 - d) be responsible for the appropriate treatment of all funds received from this source.
- 19.21 In respect of trading income, the Executive Director of Finance will:
- a) be primarily responsible, along with the Legal Adviser and other designated officers, for any trading undertaken by the Trust as corporate trustee; and

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- b) be primarily responsible for the appropriate treatment of all funds received from this source.

19.22 In respect of investment income, the Executive Director of Finance will be responsible for the appropriate treatment of all dividends, interest and other receipts from this source (see below).

Investment management

19.23 The Executive Director of Finance will be responsible for all aspects of the management of the investment of charitable funds. The issues on which he/she will be required to provide advice to the Board of Directors will include:

- a) the formulation of investment policy within the powers of the Charitable Fund under statute and within governing instruments to meet its requirements with regard to income generation and the enhancement of capital value;
- b) the appointment of advisers, brokers and, where appropriate, fund managers. The Executive Director of Finance will agree the terms of such appointments, and for which written agreements shall be signed by the Chief Executive.
- c) pooling of investment resources and the preparation of a submission to the charity commission for them to make a scheme;
- d) the participation by the charitable fund in common investment funds and the agreement of terms of entry and withdrawal from such funds;
- e) that the use of charitable fund assets shall be appropriately authorised in writing and charges raised within policy guidelines;
- f) the review of the performance of brokers and fund managers; and
- g) the reporting of investment performance.

Disposition Management

19.24 The Executive Director of Finance in conjunction with the Board of Directors will manage the exercise of the charitable fund’s discretion to utilise the funds. In so doing he/she will be aware of the following:

- a) the objects of various funds and the designated objectives;
- b) the availability of liquid funds within each trust;
- c) the powers of delegation available to commit resources;
- d) the avoidance of the use of Trust funds to discharge charity fund liabilities (except where administratively unavoidable), and to ensure that any indebtedness to the Trust will be discharged by charity funds at the earliest possible time;
- e) that the funds are spent rather than preserved, subject to the wishes of the donor and the needs of the charitable fund;
- f) the definitions of “charitable purposes” as agreed with the charity commission; and

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- g) the legal obligations of the Trustees, in particular the duty to spend income funds within a reasonable time of receipt, unless retention can be justified within the reserves policy.

Banking services

19.25 The Executive Director of Finance will advise the Board of Directors and, with its approval, will ensure that appropriate banking services are available to the Trust as Corporate Trustee. These bank accounts should permit the separate identification of liquid funds to each trust where this is deemed necessary by the charity commission.

Asset management

- 19.26 Assets in the ownership of, or used by, the Trust as corporate trustee will be maintained along with the general estate and inventory of assets of the Trust. The Executive Director of Finance will ensure;
- a) that appropriate records of all assets owned by the Trust as corporate trustee are maintained, and that all assets, at agreed valuations, are brought into account;
 - b) that appropriate measures are taken to protect and/or replace assets, these to include decisions regarding insurance, inventory control and the reporting of losses;
 - c) that donated assets received on trust shall be accounted for appropriately; and
 - d) that all assets acquired from funds held on trust which are intended to be retained within the trust funds are appropriately accounted for and that all other assets so acquired are brought to account.

Reporting

- 19.27 The Executive Director of Finance will ensure that regular reports are made to the Board of Directors, via the Finance Committee, with regard to, inter alia, the receipt of funds, investments and the disposition of resources.
- 19.28 The Executive Director of Finance will prepare annual accounts in the required manner. He/she will submit the accounts within agreed timescales.
- 19.29 The Executive Director of Finance will prepare annual trustee’s report and the required returns to the charity commission for adoption by the Board of Directors.

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Accounting and audit

- 19.30 The Executive Director of Finance will maintain all financial records to enable the production of reports as above and to the satisfaction of Internal and External Audit.
- 19.31 The Executive Director of Finance will ensure that the records, accounts and returns receive adequate scrutiny by Internal Audit during the year. He/she will liaise with External Audit and provide them with all necessary information.
- 19.32 The Executive Director of Finance will advise the Board of Directors on the outcome of the annual audit.

Administration costs

- 19.33 The Executive Director of Finance will identify all costs directly incurred in the administration of funds held on trust and, in agreement with the Board of Directors, will charge such costs to the appropriate Trust accounts.

Taxation and excise duty

- 19.34 The Executive Director of Finance will ensure that the charitable fund's liability to taxation and excise duty is managed appropriately, taking full advantage of available concessions, through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.

Accountability to Charity Commission and Secretary of State for Health

- 19.35 The trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on trust.
- 19.36 The Schedule of Matters Reserved to the Board of Directors and the Reservation of Powers and 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 Board of Directors members and Trust officers must take account of that guidance before taking action.

Applicability of SFIs to funds held on Trust

- 19.37 In so far as it is possible to do so, most of the sections of these SFIs shall apply to the management of funds held on trust.
- 19.38 The over-riding principle is that the integrity of funds held on trust must be maintained in accordance with the Charities Act 1993 and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

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Retention of Records

- 19.39 The Chief Executive will be responsible for defining retention periods and maintaining archives, in accordance with best practice and extant guidance (currently Records Management: NHS Code of Practice (<http://fcsp.xfyldecoast.nhs.uk/trustdocuments/Documents/CORP-POL-054.docx>) (18) which defines minimum retention periods. Records may be kept in excess of these minimum requirements by local agreement but such decisions must be clearly defined to enable their application.
- 19.40 The records held in archives shall be capable of retrieval by authorised persons.
- 19.41 Records held in accordance with latest Department of Health guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.
- 19.42 The above applies to records held in all formats, including documents held electronically.

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20 Risk Management And Insurance

Roles

- 20.1 The Chief Executive shall ensure that the Trust has a programme of risk management, in accordance with the current NHSI&E Single Oversight Framework Risk Assessment Framework requirements, which must be approved and monitored by the Board of Directors.
- 20.2 The programme of risk management shall include:
- a) a process for identifying, quantifying and recording 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 and regular reporting to the Audit Committee;
 - f) arrangements to review the Risk Management programme; and
 - g) decision on which risks shall be insured through arrangements with either the NHS Resolution Pooling Schemes or commercial insurers.
- 20.3 The existence, integration and evaluation of the above elements shall assist in providing a basis to make a Statement on the effectiveness of Internal Control (SIC) within the Annual Report and Accounts as required by current Department of Health guidance.
- 20.4 The Chief Executive in consultation with his/her designated officer(s) shall be responsible for ensuring adequate insurance cover is effected in accordance with risk management policy approved by the Board of Directors.
- 20.5 Each officer shall promptly notify the designated officer of all new risks or property under his/her control, which require to be insured, and of any alterations affecting existing risks or insurances.
- 20.6 The designated officer shall ascertain the amount of cover required and shall affect such insurances as are necessary to protect the interests of the Trust.
- 20.7 The Chief Executive or his/her designated officer shall make all claims arising out of policies of insurance and each officer shall furnish the Executive Director of Finance immediately with full particulars of any occurrence involving actual or potential loss to the Trust and shall furnish an estimate of the probable cost involved.
- 20.8 The Chief Executive shall ensure that all engineering plant under his/her control is inspected by the relevant insurance companies within the periods prescribed by legislation.

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- 20.9 The value of all assets and risks insured shall be reviewed or index-linked on an annual basis by the designated officer.
- 20.10 The relevant directors shall decide if the Trust will insure through the risk pooling schemes administered by the NHS Resolution or enter into arrangements with commercial insurers.
- 20.11 Where the risk pooling schemes are used the relevant directors shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The relevant directors shall ensure that documented procedures cover these arrangements.
- 20.12 The risk pooling scheme for Trusts requires Members to contribute to the settlement of claims (the 'deductible'). The relevant directors shall ensure documented procedures also cover the management of claims and payments below the deductible in each case.
- 20.13 The relevant directors shall ensure documented procedures cover the management of claims and payments in respect of the arrangements with commercial insurers.

Insurance: Risk Pooling Schemes administered by NHS Resolution (NHSR))

- 20.14 The Board of Directors shall decide if the Trust shall insure through the risk pooling schemes administered by the NHS Resolution or self-insure for some or all of the risks covered by the risk pooling schemes. If the Board of Directors 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.

Arrangements to be followed by the Board of Directors in agreeing Insurance cover

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

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21 Security Management

- 21.1 In line with their responsibilities, the Chief Executive shall monitor and ensure compliance with guidance issued by NHSI&E and the Department of Health and Social Care (as appropriate) on NHS security management.
- 21.2 The Trust shall nominate a suitable person to carry out the duties of the Local Security Management Specialist (LSMS) as specified by the Secretary of State for Health guidance on NHS security management.
- 21.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the Security Management Director (SMD) and the appointed LSMS.
- 21.4 The LSMS shall report to the Chief Executive and/or the SMD and shall work with staff in NHS CFA Protect, in accordance with the NHS Standard Contract (Clause 24) on NHS Security Management.
- 21.5 The LSMS shall provide a written annual report on security management work within the Trust to the Board of Directors.

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22 Definitions and Abbreviations

2006 Act means the National Health Service Act 2006 (as amended by the Health and Social Care Act 2013)

BACS bankers automated clearing system

Board of Directors' or 'Board'
means the Chairman, Executive Directors and Non-Executive Directors of the Trust collectively as a body, as constituted in accordance with the Constitution

Budget(s) means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Trust

Budget holder(s)
means the director of employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation

Chair means the chair of the Foundation Trust, appointed under the Constitution

Chief Executive
means the chief officer of the Trust

Commissioner requested services (CRS)
means those services described at condition G9(2) and G9(3) of the provider licence, and which have not ceased to be such a service in accordance with condition G9(9) of the provider licence

Committee means a committee or sub-committee created and appointed by the Trust

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

Constitution
means the current version of the Constitution of Blackpool Teaching Hospitals NHS Foundation Trust approved in accordance with s.37(1) of the 2006 Act

Council of Governors
means the Council of Governors of the Trust as constituted in accordance with the Constitution

Executive Director of Finance
means the Chief Financial Officer of the Trust

EU European Union

Executive Director
means a member of the Trust who is appointed as an Executive Director in accordance with the Constitution

FOI Freedom of Information

FTs Foundation Trusts

Funds held on trust
shall mean those funds which the Trust holds on date of incorporation, receives on distribution by statutory instrument or chooses subsequently to accept under

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powers derived under S.90 of the NHS Act 1977, as amended. Such funds may or may not be charitable

IOUs I owe You' s'

Legal Advisor

means the properly qualified person appointed by the Trust to provide legal advice

LSMS Local Security Management Specialist

NHSR NHS Resolution

Member means an officer or non-officer member of the Board as the context permits. Member in relation to the Board does not include its Chairman

Monitor means the body corporate known as Monitor as provided by Section 61 of the HSCA 2013 evolved into NHSI and then to NHSI&E

Nominated officer(s)

means an officer charged with the responsibility for discharging specific tasks within these SFIs

Non-Executive Director

means a member of the Trust who is appointed as a Non-Executive Director in accordance with the Constitution

NPV Net Present Value

Officer means employee of the Trust or any other person holding a paid appointment or office with the Trust

OJEU Official Journal of the European Union

PFI Private Finance Initiative

Provider Licence

means the licence described at S.81 of the 2013 Act, issued by Monitor in accordance with ss.87 or 88 of the 2013 Act

SIC Statement on the effectiveness of Internal Control

SC Service Conditions

SFIs Standing Financial Instructions

SMD Security Management Director

SO Standing Orders

The Trust Blackpool Teaching Hospitals NHS Foundation Trust

VAT Value-Added Tax

WLI waiting list initiatives

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Appendix 1: Board Committee Terms of Reference

For the Board Committee Terms of Reference please contact the Foundation Trust Secretary, extension 01353 95 6856, for more information.

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Appendix 2: Equality Impact Assessment Form					
Department	Finance	Service or Policy	CORP/PROC/661	Date Completed:	June 2015
GROUPS TO BE CONSIDERED Deprived communities, homeless, substance misusers, people who have a disability, learning disability, older people, children and families, young people, Lesbian Gay Bi-sexual or Transgender, minority ethnic communities, Gypsy/Roma/Travellers, women/men, parents, carers, staff, wider community, offenders.					
EQUALITY PROTECTED CHARACTERISTICS TO BE CONSIDERED Age, gender, disability, race, sexual orientation, gender identity (or reassignment), religion and belief, carers, Human Rights and social economic / deprivation.					
QUESTION	RESPONSE		IMPACT		
	Issue	Action	Positive	Negative	
What is the service, leaflet or policy development? What are its aims, who are the target audience?	See 'Purpose'				
Does the service, leaflet or policy/ development impact on community safety • Crime • Community cohesion	No				
Is there any evidence that groups who should benefit do not? i.e. equal opportunity monitoring of service users and/or staff. If none/insufficient local or national data available consider what information you need.	No				
Does the service, leaflet or development/ policy have a negative impact on any geographical or sub group of the population?	No				
How does the service, leaflet or policy/ development promote equality and diversity?					
Does the service, leaflet or policy/ development explicitly include a commitment to equality and diversity and meeting needs? How does it demonstrate its impact?					
Does the Organisation or service workforce reflect the local population? Do we employ people from disadvantaged groups	Yes				
Will the service, leaflet or policy/ development i. Improve economic social conditions in deprived areas ii. Use brown field sites iii. Improve public spaces including creation of green spaces?	N/a				
Does the service, leaflet or policy/ development promote equity of lifelong learning?	No				
Does the service, leaflet or policy/ development encourage healthy lifestyles and reduce risks to health?	No				
Does the service, leaflet or policy/ development impact on transport? What are the implications of this?	No				
Does the service, leaflet or policy/development impact on housing, housing needs, homelessness, or a person's ability to remain at home?	No				
Are there any groups for whom this policy/ service/leaflet would have an impact? Is it an adverse/negative impact? Does it or could it (or is the perception that it could exclude disadvantaged or marginalised groups?	No				
Does the policy/development promote access to services and facilities for any group in particular?	No				

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Appendix 2: Equality Impact Assessment Form			
Does the service, leaflet or policy/development impact on the environment	No		
<ul style="list-style-type: none"> • During development • At implementation? 			
ACTION:			
Please identify if you are now required to carry out a Full Equality Analysis	Yes	No	(Please delete as appropriate)
Name of Author: Signature of Author:		Date Signed:	
Name of Lead Person: Signature of Lead Person:		Date Signed:	
Name of Manager: Signature of Manager		Date Signed:	

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