

UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
BOARD OF DIRECTORS
THURSDAY 22 OCTOBER 2015

Title:	APPROVAL OF HOSPITALITY POLICY AND TREASURY MANAGEMENT POLICY
Responsible Director:	David Burbridge, Director of Corporate Affairs
Contact:	Berit Reglar, Associate Foundation Secretary ext. 14324

Purpose:	The purpose of this paper is to seek approval of the attached Policies from the Board of Directors. The Board is requested to make an informed decision based on the information presented to them in this paper.	
Confidentiality Level & Reason:	None	
Annual Plan Ref:	None	
Key Issues Summary:	<p>The Hospitality Policy and Treasury Management Policy has been reviewed and amended by the Document Lead and the Policy Review Group.</p> <p>In line with the Policy for the Development and Management of Controlled Documents, the Board of Directors approval for the above policy is sought.</p>	
Recommendations:	The Board of Directors is asked to consider and, if thought fit, approve the attached Hospitality Policy and Treasury Management Policy.	
Approved by:	David Burbridge	Date: 22 October 2015

Hospitality, Gifts and Sponsorship Policy

CATEGORY:	Policy
CLASSIFICATION:	Governance
PURPOSE	To set out the principles and framework of a code of conduct in the event that hospitalities, gifts or sponsorships are offered to or accepted by Board members or Trust staff
Controlled Document Number:	62
Version Number:	5
Controlled Document Sponsor:	Director of Corporate Affairs
Controlled Document Lead:	Associate Foundation Secretary
Approved By:	Board of Directors
On:	22 October 2015
Review Date:	
Distribution: Essential Reading for:	Directors, Line Managers, Procurement staff, All Senior Managers of Band 8A and above
Information for:	All staff

Hospitality, Gift and Sponsorship Policy Contents

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1 POLICY STATEMENT

- 1.1 It is a long and well established principle that public sector bodies must be impartial and honest in the conduct of their business, and that their employees should remain above suspicion of corruption.
- 1.2 Furthermore, under the Prevention of Corruption Acts 1906 and 1916, it is an offence for employees corruptly to accept any gifts or consideration as an inducement or reward for:
 - 1.2.1 doing, or refraining from doing, anything in their official capacity; or
 - 1.2.2 showing favour or disfavour to any person in their official capacity, and,

any money, gift or consideration received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed to have been received corruptly unless the employee proves to the contrary.
- 1.3 Trust staff should be aware that the breach of the provisions of these Acts renders them liable to prosecution and may also lead to loss of their employment and superannuation rights. Even when the acceptance of gifts or hospitality is not illegal, acceptance can still be improper and may lead to internal disciplinary action.
- 1.4 The aim of this policy is to protect the Trust and its staff from any suggestion of corruption, partiality and dishonesty, through a clear framework whereby the Trust can provide assurance that its staff conduct themselves with honesty and integrity, which sets out the following:
 - 1.4.1 The core principles for the acceptance of Gifts, Hospitality and Sponsorships;
 - 1.4.2 The kind of Hospitality, Gifts and Sponsorships Trust staff might be allowed to accept;
 - 1.4.3 When a Declaration of Hospitality, Gift and Sponsorship (“Declaration”) is required.

2 SCOPE

- 2.1 This policy applies to all persons working for the Trust, whether in a clinical or a non-clinical capacity. As well as including all employees of the Trust, this includes Non Executive Directors, volunteers, students, locum staff, agency staff and University staff when engaged in Trust business. For ease of reference this policy shall refer to all of the above named as **“Trust staff”**.
- 2.2 This policy applies to Gifts, Hospitality or Sponsorship offered by any person or body, although (as detailed later) the specific requirements of the policy vary according to the nature of the person or body making the offer.

3 FRAMEWORK

- 3.1 This section describes the broad framework for dealing with Gifts, Hospitality and Sponsorship within the Trust. Detailed instructions are provided in the associated procedural documents, including the Declaration Process (see Annex A).
- 3.2 The Director of Corporate Affairs shall approve all procedural documents associated with this policy and any amendments to such documents (save that the Authorisation Levels referred to in section 3.4.1 shall be set by the Director of Corporate Affairs with the agreement of the Medical Director and the Director of Finance) and is responsible for ensuring that such documents are compliant with this policy.

3.3 Definitions

3.3.1 **“Authorising Officer”** means the appropriate Senior Nurse, Clinical Service Lead or senior manager (i.e. at least Agenda for Change Band 8a or above) of the individual concerned save for

- Declarable Gifts, Hospitality and/or Sponsorship in excess of Level 1 (as set out in the Declaration Process – Annex A) which must be authorised by the appropriate Divisional Director or Director of Operation for staff within the operational divisions and the relevant Board Director for other staff; and
- Declarable Gifts, Hospitality and/or Sponsorship with a value in excess of Level 2

(as set out in the Declaration Process) per staff member which must be authorised by a Board Director.

- 3.3.2 The Authorising Officer for:
- the Chief Executive shall be the Chairman;
 - the Chairman shall be the Deputy Chairman; and
 - any Executive Director shall be the Chief Executive.
 - Any Non-Executive Director shall be the Chairman.
- 3.3.3 A “**Declaration**” confirms the details of a Declarable Gift, Hospitality or Sponsorship that has been offered such as the date and nature of the offer, the name and address of the person/body who made the offer and the name and job title of the person accepting the offer.
- 3.3.4 “**Declarable Gifts**” are Gifts from Other Third Parties with an individual value in excess of £25 or an aggregate value in excess of £100 over a rolling period of 12 months, which the individual was allowed to accept because refusal would cause significant offence due to cultural or similar reasons or authorisation has been obtained (see 3.5.3).
- 3.3.5 “**Declarable Hospitality**” is accepted Hospitality from Interested Third Parties with a value in excess of £25 (see 3.6).
- 3.3.6 “**Declarable Sponsorship**” is accepted Sponsorship from Interested Third Parties with a value in excess of £25 (see 3.7).
- 3.3.7 “**Gifts**” means items which are given without payment or other consideration.
- 3.3.8 “**Hospitality**” means the provision of entertainment (including attendance at sporting events), meals and/or other refreshments or services, given without payment or other consideration.

- 3.3.9 **“Interested Third Parties”** are persons or bodies (other than public sector bodies or academic institutions) who are not patients, patients’ relatives or friends and who hold or are likely to seek to hold contracts with the Trust or who potentially stand to gain some commercial benefit from the Trust’s decisions regarding procurement.
- 3.3.10 A **“Nil Return”** is a declaration by the individual concerned that no Declarable Gifts, Hospitality or Sponsorships have been accepted.
- 3.3.11 **“Other Third Parties”** are persons or bodies who are not patients, patients’ relatives or friends.
- 3.3.12 The **“Register”** collates the data of all Declarations over a specific time period.
- 3.3.13 **“Sponsorship”** means non-contractual funding provided to the Trust or its staff from an external source for any purpose including, but not restricted to the following:
- All or part of the costs of a member of staff
 - Research
 - Staff training
 - Pharmaceuticals
 - Equipment
 - Use of external meeting rooms
 - Costs associated with attendance at conferences, seminars or meetings
 - Hotel and transport costs (including trips abroad)
 - Provision of services (e.g. speakers)
- Staff should be aware that research is further subject to separate approval processes as set out in the Research Governance Policies.
- 3.3.14 **“Trust staff”** means all employees of the Trust, including Non Executive Directors, volunteers, students, locum

staff, agency staff and University staff when engaged in Trust business.

3.4 **General Rule**

- 3.4.1 As a general rule, staff must not, in their official capacity, receive Gifts, Hospitality, Sponsorship or other benefits of any kind which might reasonably be regarded as compromising the Trust's position or the individual's personal judgement and integrity. In other words, staff should always behave in such manner that a fair-minded member of the public, knowing the facts of the matter, would not see anything improper or suspicious in the receipt of the Gift, Hospitality and/or Sponsorship.
- 3.4.2 In particular, staff must not solicit, propose or agree to receive from any third party any form of Gift, Hospitality or Sponsorship in return for doing or not doing anything in relation to the discharge of their duties and responsibilities on behalf of the Trust or for showing or not showing any favour in relation to such duties and responsibilities.
- 3.4.3 In addition, all staff who are in contact with suppliers and contractors (including external consultants), and in particular those who are authorised to sign purchase orders, or place contracts for goods, materials or services, are expected to adhere to professional standards of the kind set out in the Ethical Code of the Institute of Purchasing and Supply (IPS) as set out in Annex B.
- 3.4.4 In addition, all staff must undertake their duties according to section 20 of Standing Financial Instructions (SFIs).

3.5 **Gifts**

3.5.1 **Cash (including cash equivalents such as vouchers/tokens)**

Under no circumstances must staff accept personal Gifts of cash, or cash equivalents such as vouchers or tokens, even where their value is below the £25 threshold. Where cash or cash equivalents, of any value has been offered to an individual, the donor should be invited to make a donation to the UHB Charities or to a ward fund or similar, subject to a receipt being issued and the cash being banked through the Trust's cashiers office. If the donor

does not wish to do that, the Gift must be refused.

3.5.2 **Gifts from patients, patients' relatives or friends**

The Trust expects its staff to act with honesty and integrity and in compliance with their respective professional code of conduct with regard to the acceptance of Gifts from patients, patients' relatives or friends. Section 3.5.1 still applies in respect of Gifts of cash or cash equivalent.

3.5.3 **Gifts from Other Third Parties (including Interested Third Parties)**

Subject to the General Rule, set out in 3.2, Gifts from Other Third Parties (including Interested Third Parties) may be accepted in the following circumstances:

- The Gifts have an individual value of £25 or less (or an aggregate value of £100 or less over a rolling period of 12 months) and are not in cash or cash equivalent (for cash – see Section 3.5.1 above). Typical examples would be items such as pens, calendars, diaries, flowers or chocolate from organisations with which the Trust does business;
- Refusal would cause significant offence due to cultural or similar reasons; or
- Authorisation is obtained in accordance with 3.8 below.

Where b) or c) apply, a Declaration must be submitted in accordance with 3.9 below.

3.6 **Hospitality**

3.6.1 Hospitality means the provision of entertainment (including attendance at sporting events), meals and/or other refreshments or services, given without payment or other consideration. Thus, this section does not apply to entertainment, meals and/or refreshments provided at events or occasions (eg. courses, conferences, seminars, workshops, etc) sponsored or supported by the Trust.

3.6.2 **Hospitality from patients, patients' relatives or friends**

As with Gifts, the Trust expects staff to act with honesty and integrity and in compliance with their respective professional code of conduct with regard to the acceptance of Hospitality from patients, patients' relatives or friends.

3.6.3 **Hospitality from Other Third Parties**

Hospitality from Other Third Parties who are not Interested Third Parties may be accepted in accordance with the General Rule (see 3.4).

3.6.4 **Hospitality from Interested Third Parties**

Subject to the General Rule, set out in 3.4, Hospitality from Interested Third Parties may be accepted in the following circumstances:

- Provision of Hospitality with a value of £25 or less per member of staff. Typical examples would be lunches/refreshments at seminars, courses or workshops where attendance is free of charge to the Trust;
- Lunches & Dinners – invitations to lunches or dinners may be accepted as long as the purpose of the lunch or dinner is to discuss Trust business and acceptance is considered to be beneficial to the interests of the Trust;
- Overnight Accommodation – should not normally be accepted. However, it may be appropriate to accept overnight accommodation, where there is no convenient alternative and where the invitation arises in connection with an official working visit;
- Social, Sporting and Cultural Invitations – should not normally be accepted by staff who have a personal involvement in dealing with the Interested Third Party that makes the invitation, but may be accepted

for other members of staff who have no such involvement;

- Refusal would cause significant offence due to cultural or similar reasons; or
- Authorisation is obtained in accordance with 3.8 below.

Where b) to f) apply, a Declaration must be submitted in accordance with 3.9 below.

3.7 Sponsorship

3.7.1 Sponsorship may only be accepted in accordance with the General Rule. In addition, staff must not accept Sponsorship from Interested Third Parties unless the following conditions are met:

- Any Hospitality element is incidental and proportionate to the event;
- Relevant business information or benefit to the Trust is expected to be gained through the Sponsorship; and
- If the value of the Sponsorship exceeds £25 per staff member involved (Declarable Sponsorship):
 - i) The Sponsorship must be authorised in advance by the appropriate Authorising Officer; and
 - ii) A Declaration must be submitted in accordance with the rules set out in 3.9.

3.7.2 Should there be any doubt as to the appropriateness of accepting a Sponsorship, staff should either politely decline or consult the appropriate Authorising Officer.

3.8 Authorisation

3.8.1 Where prior authority is required for the acceptance of Gifts, Hospitality or Sponsorship, the following applies:

- Prior authorisation must be sought from the

appropriate Authorising Officer (see 3.3) who must be satisfied that the proposed acceptance does not jeopardise the Trust's impartiality and objectivity. (If there is any doubt, the offer should be politely declined); and

- Authorisation should be confirmed in writing, including email. Where attendance at an event qualifies as study leave or similar, a copy of an appropriate study leave form or similar is acceptable and no additional approval is required.

3.9 **Declarations and Register**

3.9.1 Anyone who falls within the scope of this policy, as set out in 2.1, with the exception of Executive Directors and Non-Executive Directors (see 3.9.2), must submit a Declaration to the Associate Foundation Secretary within 30 days of the acceptance of a Declarable Gift (see 3.5.3), Declarable Hospitality (see 3.6.4) and Declarable Sponsorship (see 3.7.1).

3.9.2 Executive Directors and Non-Executive Directors will be asked each calendar month to submit to the Associate Foundation Secretary a Declaration including, where appropriate, a Nil Return.

3.9.3 In addition to 3.9.1, all staff are required to declare if, and to what extent they have been offered and/or accepted any Gifts, Hospitality or Sponsorship from an Interested Third Party when they become involved in any procurement process relating to that Interested Third Party and such declarations will be noted.

3.9.4 Declarations should be completed by using the

- i) Hospitality Declaration online survey, available [here](http://topeka/TakeSurvey.aspx?SurveyID=n6KM453M)
<http://topeka/TakeSurvey.aspx?SurveyID=n6KM453M> or;
- ii) manual form which is available on the Trust's intranet (<http://uhbpolicies/hospitality.htm>) and exhibited in Annex C. Any completed manual forms are to be signed and returned to the Associate Foundation Secretary.

3.9.5 Where the acceptance of a Declarable Gift, Hospitality and/or Sponsorship required prior authorisation,

- i) When using the online survey (3.9.4.i)), evidence of such authorisation must be forwarded onto the Associate Foundation Secretary; or.
- ii) the manual declaration (3.9.4. ii) must also be signed by the Authorising Officer.

3.9.6 The Foundation Secretary shall cause a register of all Declarations of Hospitality (including Nil Returns) to be maintained.

3.10 Declined offers of Gifts, Hospitality and/or Sponsorship/ Bribe/Commission

Offers of Gifts, Hospitality or Sponsorships that are declined need not be declared. However, any offer of a bribe or a commission or any other offer, or a number of offers made by the same person or body over a period of time, which might be seen to be improper or suspicious by a fair-minded member of the public, knowing the facts of the matter, must be reported immediately to the Director of Corporate Affairs.

4 DUTIES

4.1 Chief Executive

The Chief Executive has overall responsibility for the successful implementation of this policy. He/she has to ensure that the Trust has appropriate procedures in place which ensure that all Trust staff are impartial, honest and beyond suspicion of corruption in the conduct of their business.

4.2 Executive Directors

Executive Directors are required to remind staff that they are obliged to complete and return the hospitality form, should they accept any kind of Declarable Gift, Hospitality or Sponsorship.

4.3 Director of Corporate Affairs

A copy of the Register is to be presented by the Director of Corporate Affairs twice a year to the Audit Committee.

4.4 Divisional Directors/Directors of Operations/Executive Directors

Divisional Directors, Directors of Operation and Executive Directors may approve the acceptance of Hospitality, Gifts and Sponsorships in exceptional and justifiable circumstances, details of which are set out in 3.8. above. They have a duty to exercise this power with the utmost care and under careful consideration of the consequences. Approval may only be granted where the acceptance of a Hospitality, Gift or Sponsorship can under no circumstances be perceived as a breach of the duty to remain impartial, independent, honest and above suspicion of corruption.

4.5 Associate Foundation Secretary

The Associate Foundation Secretary is responsible for collecting the Declarations (including Nil Returns), the results of which are then entered into the Register. The Register is available for public inspection during normal office hours.

4.6 Trust staff

Trust staff have a duty to:

- 4.6.1 Submit Declarations for any Declarable Gifts, Hospitality and Sponsorship accepted;
- 4.6.2 Submit Nil Returns where required (see 3.9.3);
- 4.6.3 Where requested, submit a statement as part of their appraisal process confirming that they have complied with this policy;
- 4.6.4 Adhere to this policy, any relevant code of conduct and all good business and corporate governance practices.

5 IMPLEMENTATION AND MONITORING

5.1 The Director of Corporate Affairs and the Associate Foundation Secretary will provide advice and support to staff regarding the implementation of this policy.

5.2 Breaches of this policy

The SFIs have been adopted by the Board and are mandatory for all staff of the Trust including Directors. This Policy forms an integral part of the SFIs and is therefore also mandatory. Failure to comply is a disciplinary offence and, if appropriate, may be referred to the Local Counter Fraud Officer and/or could result in disciplinary proceedings which may include dismissal. All staff who are aware of a breach of this Policy must report this immediately to their Line Manager and the Director of Corporate Affairs, so that appropriate action can be taken.

5.3 **Freedom of Information Act 2000**

Staff should note that, under the Freedom of Information Act 2000, the information contained within the Trust Register will be subject to disclosure to any member of the public on request.

5.4 **Reporting**

The Director of Corporate Affairs will provide a report to the Audit Committee, summarising all Declarations collated during a 6 months period and detailing breaches of this policy.

6 REFERENCES

The Public Bodies Corrupt Practices Act 1889

Prevention of Corruption Acts 1906 and 1916

European Commission Directives on Public Purchasing for Works and Supplies

Standards of Business conduct for NHS staff, available on:

http://www.dh.gov.uk/en/PublicationsAndStatistics/LettersAndCirculars/HealthServiceGuidelines/DH_4017845

Commercial Sponsorship – Ethical Standards for the NHS, available on:

http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationPolicyAndGuidance/DH_4005135

7 ASSOCIATED DOCUMENTATION

Declaration Process

Standing Financial Instructions

Standing Orders

Freedom of Information Policy

Counter Fraud and Corruption Policy

Annex A - Declaration Process

Authorisation Limits (see 3.3.1)	Level 1: £200 Level 2: £2,000		
Type of Hospitality	Rules	Required Action	Completion of Declaration required
Improper Gifts/Hospitalities/Sponsorship	Staff must not solicit or propose to receive from any third party any form of Gift, Hospitality or other benefit in return for doing or not doing anything in relation to the discharge of their duties and responsibilities.	All staff to report breaches of this rule to the Director of Corporate Affairs	N/A
<u>Cash/</u> <u>Cash equivalent</u> (tokens/voucher)	Donors are invited to make a donation to the UHB Charities, ward fund or similar. Under no circumstances must cash or cash equivalent be accepted, even where the value is less than £25.	All staff to report breaches of this rule to the Line Manager and the Director of Corporate Affairs.	No, but receipt for donation required.
<u>Gifts from patients, patient's relatives or friends</u>	Staff may accept such gifts provided the following conditions are met: (1) The Gift is neither in cash nor in cash equivalent (voucher/ token); (2) A fair-minded member of the public would not see	In case of doubt, consult the Line Manager.	No

Annex A - Declaration Process

	anything improper or suspicious in the receipt of such Gift; and (3) Acceptance of such Gift does not contravene any relevant professional code of conduct.	
<u>Gifts from Other Third Parties (including Interested Third Parties) with an individual value of £25 or less or an aggregate value of £100 or less over a rolling period of 12 months</u>	Staff may accept such gifts provided the following conditions are met: (1) The Gift is neither in cash nor in cash equivalent (voucher/ token); (2) A fair-minded member of the public would not see anything improper or suspicious in the receipt of such Gift; and (3) Acceptance of such Gift does not contravene any relevant professional code of conduct.	No

Annex A - Declaration Process

<p><u>Gifts from Third Parties (including Third Parties) with an individual value in excess of £25 or an aggregate value in excess of £100 over a rolling period of 12 months</u></p>	<p>Staff may accept such gifts provided the following conditions are met:</p> <p>(1) The Gift is neither in cash nor in cash equivalent (voucher/ token);</p> <p>(2) A fair-minded member of the public would not see anything improper or suspicious in the receipt of such Gift;</p> <p>(3) Acceptance of such Gift does not contravene any relevant professional code of conduct; <u>and</u></p> <p>(4) Refusal would either cause significant offence due to cultural or similar reason <u>or</u> acceptance of the Gift has been authorised by the Authorising Officer.</p>	<p>Prior Authorisation is required unless the refusal would offend.</p>	<p>Yes (see 3.3.3)</p>
<p><u>Hospitality from patients, patients' relatives or friends</u></p>	<p>Staff may accept Hospitality from patients, patients' relatives or friends as long as:</p> <p>(1) A fair-minded member of the public would not see anything improper or suspicious in the receipt of such Hospitality <u>and</u></p> <p>(2) Acceptance does not contravene any relevant</p>	<p>In case of doubt, consult the Line Manager.</p>	<p>No</p>

Annex A - Declaration Process

<p><u>Hospitality</u> from Other Third Parties (i.e. Third Parties that are not Interested Third Parties)</p>	<p>professional code of conduct.</p> <p>Staff may accept Hospitality from Other Third Parties as long as:</p> <p>(1) A fair-minded member of the public would not see anything improper or suspicious in the receipt of such Hospitality; <u>and</u></p> <p>(2) Acceptance does not contravene any relevant professional code of conduct.</p>	<p>In case of doubt, consult the Line Manager.</p>	<p>No</p>
<p><u>Hospitality</u> from Interested Third Parties with a value of £25 or less</p>	<p>Staff may accept Hospitality from Interested Third Parties as long as:</p> <p>(1) A fair-minded member of the public would not see anything improper or suspicious in the receipt of such Hospitality; <u>and</u></p> <p>(2) Acceptance does not contravene any relevant professional code of conduct.</p>	<p>In case of doubt, consult the Line Manager.</p>	<p>No</p>
<p><u>Hospitality</u> from Interested Third Parties with a value</p>	<p>Staff must <u>not</u> accept Hospitality from Interested Third Parties with a value in excess of £25, unless:</p> <p>(1) A fair-minded member of the public would not see</p>	<p>Prior Authorisation might be required (see left).</p>	<p>Yes (see 3.4.4)</p>

Annex A - Declaration Process

<p>in excess of £25</p>	<p>anything improper or suspicious in the receipt of such Hospitality; <u>and</u></p> <p>(2) With regards to lunch/dinner - the purpose of any lunch/dinner is to discuss Trust business and acceptance is considered to be beneficial to the interests of the Trust; <u>or</u></p> <p>with regards to overnight accommodation - there is no alternative and the invitation arises in connection with an official working visit; <u>or</u></p> <p>with regards to social, sporting or cultural events – there is no personal involvement in dealing with the party who makes the invitation or the invitation is accepted for staff who do not have any involvement; <u>or</u></p> <p>the refusal might offend; <u>or</u></p> <p>prior authorisation has been obtained from the Authorising Officer.</p>		
<p><u>Sponsorships</u> from a person/ body other than an</p>	<p>Staff may accept such Sponsorship provided:</p> <p>(1) A fair-minded member of the public would not see</p>	<p>In case of doubt, consult the Line Manager.</p>	<p>No</p>

Annex A - Declaration Process

<p>Interested Third Party</p>	<p>anything improper or suspicious in the receipt of such Sponsorship; <u>and</u> (2) Acceptance does not contravene with any relevant professional code of conduct.</p>		
<p><u>Sponsorships</u> from an Interested Third Party with a value of £25 or less per staff member</p>	<p>Staff must <u>not</u> accept such sponsorships, unless (1) A fair-minded member of the public would not see anything improper or suspicious in the receipt of such Sponsorship; (2) Acceptance does not contravene with any relevant professional code of conduct; (3) Any Hospitality element is incidental and proportionate to the event; <u>and</u> (4) Relevant business information is expected to be gained through the attendance.</p>	<p>In case of doubt, consult the Line Manager.</p>	<p>No</p>
<p><u>Sponsorships</u> from an Interested Third Party with a value in excess of £25</p>	<p>Staff must <u>not</u> accept such sponsorships, unless (1) A fair-minded member of the public would not see anything improper or suspicious in the receipt of such</p>	<p>If the value of the Sponsorship exceeds £25 per staff member, the Sponsorship must be authorised in advance by the</p>	<p>Yes (see 3.5.1)</p>

Annex A - Declaration Process

<p>per staff member</p>	<p>Sponsorship; (2) Acceptance does not contravene with any relevant professional code of conduct; (3) Any Hospitality element is incidental and proportionate to the event; <u>and</u> (4) Relevant business information is expected to be gained through the attendance; (5) The Sponsorship is authorised in advance by the Authorising Officer and a Declaration is submitted.</p>	<p>Authorising Officer.</p>	
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Annex B

Institute of Purchasing and Supply – Ethical Code

(Reproduced by kind permission of the IPC)

Introduction

The code set out below was approved by the Institute's Council on **26** February 1977 and is binding on IPS members.

Precepts

Members shall never use their authority of office for personal gain and shall seek to uphold and enhance the standing of the Purchasing and Supply profession and the Institute by:

- Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the organisations in which they are employed;
- Fostering the highest possible standards of professional competence amongst those for whom they are responsible;
- Optimising the use of resources for which they are responsible to provide the maximum benefit to their employing organisation;
- Complying both with the letter and the spirit of the law of the country in which they practise; such guidance on professional practice as may be issued by the Institute from time to time; and contractual obligations;
- Rejecting any business practice which might reasonably be deemed improper.

In applying these precepts, members should follow the guidance set out below:

a. Declaration of interest: Any personal interest which may impinge or might reasonably be deemed by others to impinge on a member's impartiality in any matter relevant to his or her duties should be declared.

b. Confidentiality and accuracy of information: The confidentiality of information received in the course of duty should be respected and should never be used for personal gain; information given in the course of duty should be true and fair and never designed to mislead.

Annex B

c. Competition: While bearing in mind the advantages to the member's employing organisation of maintaining a continuing relationship with a supplier, any relationship which might, in the long term, prevent the effective operation of fair competition, should be avoided.

d. Business Gifts: Business gifts other than items of very small intrinsic value such as business diaries or calendars should not be accepted.

e. Hospitality: Modest hospitality is an accepted courtesy of a business relationship. However, the recipient should not allow him or herself to reach a position whereby he or she might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality; the frequency and scale of hospitality accepted should not be significantly greater than the recipient's employer would be likely to provide in return. When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the member's superior.

DECLARATION OF GIFT, HOSPITALITY AND SPONSORSHIP

Name		Position:	
Month/Period			
A. NIL RETURN			
I confirm that for the above period, I have not received any Gift, Hospitality or Sponsorship that need to be declared in accordance with the Gifts, Hospitality and Sponsorship Policy.			
Signature:		Date:	

B. HOSPITALITY DECLARATION			
For the above period I wish to declare having accepted the following Gift, Hospitality and/or Sponsorship:			
Date of Acceptance:	Name, Address & Business Source/Provider of Hospitality, Gift, or Sponsorship:	Nature and estimated value of Hospitality, Gift, or Sponsorship:	Notes/Comments (this box might be used to explain why acceptance of a Hospitality and/or Sponsorship was appropriate) :
Authorisation given by (for Authorising Officer see 3.3):			
Name:		Job title:	
I confirm that I have complied with the Hospitality, Gift and Sponsorship Policy.			
Signature:		Date:	

Once completed, please return to the Senior Manager, Corporate Affairs at Trust Headquarters.

TREASURY MANAGEMENT POLICY

CATEGORY:	Policy
CLASSIFICATION:	Governance, Finance
PURPOSE	To establish a cash investment policy: this will allow the Trust to improve returns on free cash, in a secure manner and in accordance with Monitor and DH guidelines.
Controlled Document Number:	228
Version Number:	2
Controlled Document Sponsor:	Chief Financial Officer
Controlled Document Lead:	Director of Finance
Approved By:	Board of Directors
On:	22 October 2015
Review Date:	22 October 2018
Distribution:	
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TREASURY MANAGEMENT POLICY

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1. Policy Statement

It is a requirement of good corporate governance, that the Trust has a Treasury Policy which formally sets out treasury activities and the risk management environment in which all objectives and operating parameters are clearly defined in relation to the investment of surplus funds. This policy document complies with the guidance issued by Monitor as at the date of publication and has been reviewed by the Trust's internal auditors.

1.1 Objectives of a treasury function

The Trust's treasury activities are undertaken in a manner that achieves the following key objectives:

- Ensuring the most competitive return on surplus cash balances, within a agreed risk profile;
- Ensuring the availability of flexible competitively priced funding at all times;
- Identifying and managing the financial risks, including interest rate risks, arising from operational activities; and
- Compliance with all banking covenants.
- Compliance with Monitor's treasury policy and Financial Sustainability Risk Rating ('FSRR').
- Compliance with Department of Health's PDC dividend rules and Government Banking Service ('GBS') / National Loan Funds ('NLF') criteria.
- Maximise operational cash: ensure practices are in place to recover outstanding monies by identifying and resolving issues quickly to avoid delayed payment;
- Surplus cash: to obtain the most competitive deposit rates in line with deposit guidelines ratified by the Investment Committee;
- Funding: ensure the availability of flexible and competitively priced funding from alternative sources to meet the Trust's current and future requirements within an acceptable risk profile;
- Interest rate management: maintain an interest rate structure which smoothes out the impact of rises or falls in interest rates on operating results;
- Bank relationships: develop and maintain strong, long-term relationships with the Trust's bankers;
- Covenants: ensure the Trust comply with the covenants set out in the Bank overdraft facility;
- Cash forecasting: develop and maintain an accurate cash forecast in sufficient detail to allow reasonable investment decisions to be made and accurate comparison of forecast flows against actual amounts.

2. **Scope**

The Policy covers all treasury activities across the Trust.

3. **Framework**

This policy provides a clearly defined risk management framework for those responsible for treasury operations. In order to fully realise the benefits it is essential that the policy is kept up to date to reflect any changes in the Trust's operations.

The provision of efficient cash management systems ensures that banking requirements are serviced at the optimal cost. This section describes the broad framework of arrangements in this area of treasury.

3.1 Funding Arrangements

The principal role of the treasury function is to maintain liquidity, to mitigate and manage risk and to ensure a competitive return within an acceptable risk profile. For instance, surplus cash will be invested with counterparties that meet the credit criteria and in instruments that have an acceptable risk profile. Under no circumstances will the treasury function be authorised to enter into any transaction relating to general equities, derivative products or to undertake trading for purely speculative reasons as these are specifically prohibited by Monitor. Examples of prohibited transactions include investments linked to other trade instruments or foreign exchange, index-linked investments, private equity or venture capital investments, equity or commodity related investments, leveraged investments, contracts for differences, hedge funds, derivatives, futures, options or swaps.

Monitor's FSRR regime requires the Trust to achieve a rating of 2* or higher, to avoid regulatory action. Therefore, the Trust should ensure that all investment decisions do not comprise this objective.

Department of Health regulations require a 3.5% of net assets PDC dividend, if net assets are positive. This cost should be factored into any investment decision, only the GBS and NLF are exempt from this PDC dividend calculation.

3.2 Investments

All cash balances should remain in a reasonably liquid form and all investments must be invested in "Safe harbour" products. This requires that there must be adequate safety and liquidity, the risk profile is tolerable and funds are available on short notice. Specifically allowable products are defined as those that:

- Meet one of the following permitted short term (< 12 months) rating requirements issued by a recognised rating agency:
 - a) standard and poor A-1;
 - b) Moody's Investors Services rating P-1;
 - c) Finch ratings limited F1

All of which are the highest rating groups for short term debt.

- Are held at permitted institutions, i.e.:
 - a) Institutions regulated by the Financial Conduct Authority and Prudential Regulation Authority (Bank of England). Membership of this latter institution is a requirement of the financial services compensation scheme. or
 - b) The UK Government, or an executive agency of the UK Government that is legally and constitutionally part of any department of the UK Government including UK Debt Management Agency deposit facility. This includes GBS and NLF.
- Have a defined maturity date of no more than 3 months, following the date of the next quarter's Monitor return, (this is because anything > 3 months is not counted by Monitor as cash). In the event that the Monitor FSRR score was unaffected, a limit of 12 months would apply instead.
- Cash deposits should only be placed in line with deposit limits agreed by the Investment Committee and based on permitted ratings. The limits per bank are as follows:
 - a) A limit of £25m applies to UK clearing banks rated P-1 (Moody's or equivalent). For the avoidance of doubt, this does not apply to funds held in the current account of the Trust's commercial banking provider.
- The Trust will remain risk averse in its investment attitude and this will be reflected in the permissible investment product holdings. No investment will be entered into outside of GBP sterling and a UK clearing bank, for example the ongoing Euro currency volatility would preclude any European bank even if it were regulated by the Prudential Regulation Authority.

These definitions are based on and comply with Monitor's 'Managing operating cash in NHS Foundation Trusts' policy.

4. Duties

The key responsibilities are as outlined in the Scheme of Delegation, Standing Orders and Standing Financial Instructions of the Trust. These are as follows:

4.1 Board of Directors

- Approve overall treasury policy.
- Approve the Trust's investment and borrowing strategy and policies in line with Monitor's guidelines.
- The Board of Directors has responsibility for approval of the Trust's external funding arrangements subject to the limit imposed by its authorisation and Monitor's Financial Sustainability Risk Rating.
- The Board of Directors delegates responsibility for treasury procedures, controls and detailed policies to the Chief Financial Officer.

4.2 Investment Committee

- Approve the relevant benchmarks for measuring performance.
- Review and monitor investment and borrowing policy and performance against the relevant benchmarks in respect of all funds, unless held in the current account.
- Monitor compliance with treasury policies and procedures on investment/borrowing in respect of limits, approved counterparties and types of investment/instruments.

4.3 Chief Financial Officer

- Defines the Trust's treasury approach for approval by the Investment Committee and Board of Directors.
- Approves external funding arrangements including working capital limits within delegated authority.
- ~~The Chief Financial Officer~~ will hold regular meetings with the Director of Finance and the Financial Controller to discuss issues and consider any points that should be brought to the attention of the Investment Committee.
- Approves all deals that the Financial Controller will make.
- Approves cash budgets and cash management systems.
- Ensures proper safeguards are in place for security of the Trust's funds by:
 - a) agreeing a list of permitted institutions;
 - b) setting investment limits for each permitted institution;
 - c) agreeing permitted investment types; and
 - d) ensuring approved bank mandates are in place for all accounts and they are updated regularly for any changes in signatories and authority levels.

4.4 Financial Controller

- Arranges all deals and authorise cash fund investments within their authorised limits.
- Manages key banking relationships.

- Ensures treasury activities are reported on a timely and accurate basis.
- Manages treasury activities within the agreed policies and procedures.
- Co-ordinates treasury operations.
- Responsible for accurate and timely recording in the accounting records of all treasury transactions.
- Ensures all transactions are compliant with Monitor's FSRR and Department of Health's PDC dividends / GBS rules.

5. Implementation and Monitoring

The key components of the overall treasury operating environment include the following:

- clearly defined roles and responsibilities in treasury activities for the Board of Directors, the Investment Committee, the Chief Financial Officer, Director of Finance and the Financial Controller;
- regular reporting of treasury activities;
- controls on who can operate bank accounts and authorisation limits;
- segregation of duties between those who deal, those who initiate payment and those who account for treasury activities; and
- strict limits on the types of investment undertaken and the use of any derivatives and the circumstances in which they may be used by the Trust's treasury function.

The Trust's treasury procedures which will be approved by the Chief Financial Officer will be subject to periodic review by the internal auditors as part of their audit undertakings and any significant deviations from agreed policies and procedures will be reported where appropriate to the Investment Committee. In addition, external audit will review any material items as part of their normal audit work.

6. References

Monitor (2005)	Managing Operating Cash in the NHS Foundation Trusts
Monitor (2015)	Risk Assessment Framework for Foundation Trusts
DH (2014)	PDC Dividends and the GBS (see current NHS Finance Manual)
BofE (2014)	Banks regulated by the Prudential Regulation Authority

7. Associated Policy and Procedural Documentation

Standing Orders
 Standing Financial Instructions
 Scheme of Delegation
 Procedure for Treasury Function

Appendix A: Glossary of terms

Bank covenants: These are financial covenants required of a borrower and frequently include maintenance of a ratio of earnings to interest payable, a ratio of borrowings to earnings and a ratio of current assets to current liabilities.

Bilateral facility: This is a borrowing facility agreed between a company and a single lender, usually a relationship bank.

Certificate of deposit: A negotiable money market instrument that can usually be readily realised in the secondary market.

Clearing bank: A bank which (of itself or through a subsidiary company) is a member of Cheque and Credit Clearing Company Limited, which oversees the bulk clearing of cheques and paper credits in the UK.

Covenants: Covenants impose obligations on a company to do, or not to do, something for the duration of the agreement. They are intended to ensure the continued soundness of a lender's asset and to give the lender certain inside information about the borrower.

FSRR: Monitor's Financial Sustainability Risk Rating. A financial scoring system for Foundation Trusts. Four ratios (including liquidity) are scored from 1 to 4 (4 being the highest) to generate an overall rating.

Derivatives: Financial instruments that are off-balance sheet and may be used to manage risk or as speculative instruments. Examples include forwards, futures, swaps, options and credit derivatives.

Exchange contract: A contract to buy or sell a specific currency at a pre-specified price (the forward price) on a pre-determined date in the future.

Gearing: A financial covenant used by lenders and variously defined, including, the ratio of debt to equity or the ratio of debt to capital employed.

GBS: Government Banking System – current bank accounts for public sector bodies. These cash balances are included within Bank of England totals and count towards Government cash.

Interest cover: The ratio of profit before interest and tax to interest payable and often used as a financial covenant by lenders.

Interest rate swap: A swap is a contract that commits two parties to exchange, over an agreed period, two streams of interest payments each calculated using a different interest rate index, but applied to a common notional principal.

Investment grade rating: Ratings provided by recognised rating agencies lie on a spectrum ranging from highest credit quality at one end to default or “junk” at the other. The highest credit quality for long-term ratings is AAA (Standard & Poor’s or Fitch Ratings) or Aaa (Moody’s) and the lowest is D (S&P or Fitch Ratings) or C (Moody’s). Within this spectrum there are different degrees of each rating, which are, depending on the agency, denoted by a plus or minus sign or a number. For Standard & Poor’s or Fitch Ratings a “AAA” rating signifies the highest investment grade and means that there is very low credit risk; “AA” represents very high credit quality, “A” means high credit quality and “BBB” is good credit quality. These ratings are considered to be investment grade, which means that the security or entity being rated carries a level of quality that many institutions require. Ratings that fall below “BBB” are considered to be speculative or junk. For Moody’s the lowest investment grade rating is Baa.

Libid: Libid stands for the London Interbank Bid Rate and is the rate of interest at which banks could lend funds to other banks, in marketable size, in the London interbank market.

Libor: LIBOR stands for the London Interbank Offered Rate and is the rate of interest at which banks could borrow funds from other banks, in marketable size, in the London interbank market. Administered by the British Bankers Association, the rate is fixed daily at 11.00 am and is the most widely used benchmark or reference rate for short-term interest rates.

Market to market: A procedure to adjust the carrying value of a security or derivative contract to its current market value or the valuation of open positions at prevailing settlement prices.

Money market fund: This is a specialised fund that invests in money market instruments on behalf of its clients. The fund has credit enhancement such that it is generally highly rated for credit purposes by rating agencies (often AAA or A1/P1), without compromise to the liquidity of investments.

NLF: National Loans Fund – an investment vehicle for public sector bodies. This is an arm of HM Treasury – the money is included in the Government cash totals.

Net worth: Total assets minus total liabilities can be used to determine creditworthiness because it gives a snapshot of a company’s investment history. It is also called owner’s equity, shareholders’ equity, or net assets.

Operational risk: Risks arising from the trading activities of a business.

Permitted institution: Institutions that are regulated by the Prudential Regulation Authority of the Bank of England in the UK and rating agency assessments. Also includes investments with the UK Government and its departments.

Permitted rating: The rating requirement for safe harbour investments which should be A1/P1/F1 for short-term ratings and A1/A+ for long-term ratings.

Recognised rating: These are the three main international rating agencies, Moody's, Standard and Poor's and Fitch Ratings. Each of these agencies provides a rating system to help investors determine the risk associated with investing in a specific company, investing instrument or market.

Safe harbour: These are investments that fulfil the following criteria: meet the permitted rating requirement issues by a recognised rating agency; are held at a permitted institution; have a defined maximum maturity date; are denominated in sterling, with any payments/repayments of interest/principal also in sterling; pay interest at a fixed, floating or discount rate; and are within the preferred concentration limit.

Sterling commercial: Sterling commercial paper takes the form of negotiable short-term promissory notes, payable to bearer. They may be issued by UK-based or international companies or financial institutions, using the market as a flexible way of raising short-term funds.

Surplus operating cash: Cash likely to be needed within 12 months to support ongoing operations.

Transaction exposure: This is the risk that a company's cash flows and realised profits may be impacted by movements in foreign exchange markets. Generally foreign exchange transaction risk is short-term, is revenue in nature and arises where there is a firm commitment to pay or receive in a foreign currency.

Translation exposure: Arises for companies with overseas subsidiaries as the domestic value of the assets and liabilities of these subsidiaries fluctuates with exchange rate movements. In addition, the domestic equivalent of the foreign currency earnings of these subsidiaries will also be affected by movements in exchange rates.