

# Standing Financial Instructions

## FINP002

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<b>Applies to:</b>	All NHS Resolution employees, Non-Executive Directors, contractors, secondees and consultants.
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## 1. Introduction

### 1.1. General

- 1.1.1. These Standing financial instructions are issued in accordance with the Financial Directions issued by the Secretary of State under the provisions of the National Health Service Act 2006 (as amended), for the regulation of the conduct of NHS Resolution in relation to all financial matters. They have effect as part of the Standing Orders of the Board of NHS Resolution.
- 1.1.2. These SFI's detail the financial responsibilities, policies and procedures to be adopted by NHS Resolution. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.
- 1.1.3. These SFIs identify the financial responsibilities that apply to everyone working for NHS Resolution. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. The user of these SFIs must also take into account relevant prevailing Department of Health and Social Care (DHSC) and/or Treasury instructions.
- 1.1.4. Should any difficulties arise regarding the interpretation or application of any of the SFI's then the advice of the Director of Finance and Corporate Planning must be sought before acting. The user of these SFIs should also be familiar with and comply with NHS Resolution's Standing Orders (SO).
- 1.1.5. Failure to comply with SFIs and SOs can, in certain circumstances, be regarded as a disciplinary matter that could result in dismissal.
- 1.1.6. 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 and all staff have a duty to disclose any non-compliance with these SFIs to the Director of Finance and Corporate Planning as soon as possible.

### 1.2. Terminology

- 1.2.1. Any expression to which a meaning is given in Health Service Acts, or in the Financial Directions made under the Act, shall have the same meaning in these instructions; and
  - **Board** - the Board of NHS Resolution;

- **Budget** - a resource, expressed in financial terms, proposed by NHS Resolution for the purpose of carrying out, for a specific period, any or all of the functions of NHS Resolution;
- **Chief Executive** - the chief officer of NHS Resolution;
- **Director of Finance and Corporate Planning** - the chief financial officer of NHS Resolution
- **Budget Holder** - the director or employee with delegated NHS Resolution to manage finances for a specific area of the organisation
- **Legal Adviser** - any properly qualified person or persons appointed by NHS Resolution to provide legal advice.
- **Board Member** - the Chairperson or any Member of NHS Resolution Board
- **Executive Directors** - the Chief Executive, Director of Finance and Corporate Planning, , Director of Safety and Learning, Director of Practitioner Performance Advice, or any Member who acts in an executive capacity from time to time.
- **Virement** – transfer of budget from one budget line to another

1.2.2. Wherever the title Chief Executive, Director of Finance and Corporate Planning, or other nominated officer is used in these instructions, it shall be deemed to include such other director or employees who have been duly authorised in writing to represent them.

1.2.3. Wherever the term “employee” is used in these instructions it shall be deemed to include employees of third parties contracted to NHS Resolution when acting on behalf of NHS Resolution.

### 1.3. Responsibilities and Delegation

1.3.1. The Board exercises financial supervision and control by:

- considering and agreeing if appropriate the financial strategy proposed by the Executives
- considering and approving if appropriate NHS Resolution’s budgets
- approving significant changes to the Organisational Structure and the allocation of responsibilities

- fulfilling those responsibilities as set out in NHS Resolution Framework Document
- 1.3.2. NHS Resolution will delegate responsibility for the performance of its functions in accordance with Standing Orders and the Scheme of Delegation.
- 1.3.3. Within the SFI's, the Chief Executive is accountable to the Board for ensuring that NHS Resolution meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall responsibility for the performance of NHS Resolution's activities.
- 1.3.4. It is a duty of the Executive Directors to ensure that employees, members of the Board and all new appointees are notified of and understand their responsibilities under these Instructions and the implications for failing to follow them.
- 1.3.5. The Director of Finance and Corporate Planning will have overall responsibility for financial management and input to policies, plans and advice to the Board.
- 1.3.6. A review of the assurance map of finance processes will be undertaken annually and signed off by the Director of Finance and Corporate Planning."
- 1.3.7. All members of the Board and employees, severally and collectively, are responsible for:
- the security of the property of NHS Resolution;
  - avoiding loss;
  - exercising economy and efficiency in the use of resources;
  - conforming with the requirements of Standing orders, Standing financial instructions, Financial Procedures and the Scheme of Delegation.
- 1.3.8. Any contractor or employee of a contractor who is empowered by NHS Resolution to commit NHS Resolution to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of any Director or Officer exercising proper authority to ensure that such persons are made aware of this.
- 1.3.9. 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 Director of Finance and Corporate Planning.

## 2. Audit

### 2.1. Audit Committee

The Board has established an Audit and Risk Committee to support them in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances in relation to the financial statements and the system of internal control.

For detailed information on the Audit and Risk Assurance Committee's role and responsibilities, please refer to the Audit and Risk Assurance Committee Terms of Reference (available on NHS Resolution intranet).

### 2.2. Director of Finance and Corporate Planning

2.2.1. The Director of Finance and Corporate Planning is responsible for:

- ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- ensuring that the Internal Audit is adequate and meets the mandatory audit standards;
- deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption. In cases when these irregularities do involve fraud and corruption, NHS Resolution Counter Fraud Policy must be referred to for detailed guidance on the appropriate course of action;
- ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
  - a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DHSC including for example compliance with control criteria and standards;
  - major internal financial control weaknesses discovered;
  - progress on the implementation of internal audit recommendations;
  - progress against plan over the previous year;
  - strategic audit plan covering the coming three years
  - a detailed plan for the coming year

2.2.2. The Director of Finance and Corporate Planning or designated auditors are entitled without necessarily giving prior notice to require and receive:

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- access at all reasonable times to any land, premises or members of the Board or employee of NHS Resolution;
- the production of any cash, stores or other property of NHS Resolution under a member of the Board or an employee's control;
- explanations concerning any matter under investigation.

### **2.3. Internal Audit**

2.3.1. NHS Resolution shall appoint a Head of Internal Audit who will have overall responsibility for the internal audit function.

2.3.2. The terms of reference of the Internal Audit Service are to review, appraise and report to management upon

- the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- the adequacy and application of financial and other related management controls;
- the suitability of financial and other related management data;
- the extent to which NHS Resolution's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - fraud and other offences;
  - waste, extravagance, inefficient administration;
  - poor value for money or other causes.
- the adequacy of follow-up action to Audit reports.
- Internal Audit shall also independently verify the Assurance Framework statements in accordance with guidance from DHSC

- 2.3.3. The Head of Internal Audit will agree an audit plan with the Director of Finance and Corporate Planning, for agreement by the Chief Executive, and will present it to the Audit and Risk Assurance Committee for approval. The HIA will issue a progress report on the audit plan at regular intervals for review by the Audit and Risk Committee.
- 2.3.4. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance and Corporate Planning must be notified immediately.
- 2.3.5. The Head of Internal Audit will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairperson and Chief Executive of NHS Resolution.
- 2.3.6. The Head of Internal Audit shall be accountable to the Director of Finance and Corporate Planning. The Head of Internal Audit can, however, raise any concerns with the Chief Executive as Accounting Officer in order to maintain independence of the internal audit function. The programme for internal audit must be agreed between the Chief Executive, the Director of Finance and Corporate Planning, the Audit and Risk Committee and the Head of Internal Audit. The agreement must be in writing and must comply with the guidance on reporting contained in the Internal Audit Standards. The reporting system must be reviewed at least every three years by the Chief Executive, Director of Finance and Corporate Planning with assurance reported to the Audit and Risk Committee
- 2.3.7. 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

## **2.4. External Audit**

- 2.4.1. The Comptroller and Auditor General has appointed the National Audit Office as NHS Resolution's external auditor. The National Audit Office's powers to obtain documents and information were consolidated in the NAO Act 1983. This legislation provides that the Comptroller and Auditor General shall have a right of access at all reasonable times to all such documents as they may reasonably require for carrying out examination and shall be entitled to require from any person holding or accountable for any such document such information and explanation as are reasonably necessary for that purpose.

2.4.2. These rights of access extend to the annual audit of all systems, establishments and processes associated with NHS Resolution's functions.

2.4.3. The External Auditor is invited to attend Audit and Risk Committee.

## **2.5. Fraud and Corruption**

2.5.1. The Chief Executive as Accounting Officer has overall responsibility for ensuring that there is a sound system of internal control (e.g. procedures, guidance notes and effective supervision) to minimise the opportunities for fraud and corruption within the day-to-day business of NHS Resolution and its contractors. This responsibility extends to ensuring that policies and procedures for all work related to fraud and bribery are implemented and the findings from investigations and proactive counter fraud work are acted upon accordingly.

2.5.2. Fraud is defined as any person who dishonestly makes a false representation to make a gain for themselves or another, or who dishonestly fails to disclose to another person information which he is under a legal duty to disclose, or commits fraud by abuse of position including any offence as defined in the Fraud Act 2006.

2.5.3. Bribery as defined by the Bribery Act 2010 is the giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith. Where the organisation is engaged in commercial activity, it could be considered guilty of a corporate bribery offence. If an employee, agent, subsidiary or any other person acting on its behalf bribes another person, intending to obtain or retain business or an advantage in the conduct of business for the organisation and it cannot demonstrate that it has adequate procedures in place to prevent such.

2.5.4. NHS Resolution shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the DHSC Countering Fraud in the NHS guidance. All instances of potential fraud and bribery must be reported to the Local Counter Fraud Specialist. The Director of Finance and Corporate Planning must inform the Local Counter Fraud Specialist if a referral is made directly to them.

2.5.5. The Local Counter Fraud Specialist shall report to the NHS Resolution Director of Finance and Corporate Planning and shall work with staff in the NHS Counter Fraud Authority in accordance with the NHS CFS Standards. The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within NHS Resolution. The Local Counter Fraud Specialist

will attend Audit and Risk Committee meetings as required and will present the relevant reports.

### **3. Resource and cash limit control**

**3.1.** Unless otherwise agreed, NHS Resolution will be given an annual Revenue Resource, Capital Resource and Cash Limit allocation from DHSC

**3.1.1.** The total revenue spending of NHS Resolution must not exceed the total revenue resource limit control set by the Secretary of State for that year.

**3.1.2.** In any financial year, the total capital spending of NHS Resolution must not exceed the total capital resource limit control set by the Secretary of State for that year.

**3.1.3.** In any given year the cash usage of NHS Resolution must not exceed the cash limit (allotment) plus any payments received which are used to offset expenditure that would have otherwise scored against this limit.

As Accounting Officer, the Chief Executive has overall executive responsibility for NHS Resolution's activities and is responsible to the Principal Accounting Officer and to Parliament for ensuring that NHS Resolution stays within its limits.

**3.2.** On behalf of the Accounting Officer, the Director of Finance and Corporate Planning will:

**3.2.1.** provide reports in the form required by the Secretary of State and requested by DHSC

**3.2.2.** ensure money drawn from DHSC against Cash limit is required for approved expenditure only, and is drawn only at the time of need, following best practice as set out in 'Cash Management in the NHS';

**3.2.3.** be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable NHS Resolution to fulfill its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits and Cash limit.

### **4. Funding, Business plan, budgetary control and monitoring**

NHS Resolution has a responsibility to prepare and submit financial plans in accordance with the requirements of DHSC. It shall perform its functions within the total of funds allocated or approved by the Secretary of State for Health and Social Care allowing for any planned changes in working balances during the year. All plans, financial approvals and control systems shall be designed to meet this obligation

## 4.1. Funding

4.1.1. The Director of Finance and Corporate Planning of NHS Resolution will:

- periodically review the basis and assumptions used for distributing allocations and, through consideration at the Reserving and Pricing Committee, ensure that these are reasonable and realistic and secure NHS Resolution's entitlement to funds.
- periodically review actuarial estimates for setting scheme contributions (for approval by the Reserving and Pricing Committee)
- prior to the start of each financial year submit to the Board for noting a report showing the total scheme contribution requirements
- regularly update the Board on significant changes to the initial allocation/contributions and the uses of such funds.

4.1.2. The Reserving and Pricing Committee is constituted as a sub-committee of the NHS Resolution Board. Its purpose is to:

- Determine, on the basis of the evidence and advice available, the most appropriate methodology and practice, modelling methodologies, assumptions and outputs to be used in reserving and pricing; and
- To provide assurance to the Board that these are appropriate.
- For detailed information on the Reserving and Pricing Committee's role and responsibilities, please refer to the Reserving and Pricing Committee Terms of Reference (available on NHS Resolution intranet).

## 4.2. Business plan

4.2.1. The Chief Executive will compile and submit to the Board an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will:

- contain a statement of the significant assumptions on which the plan is based;
- contain details of major changes in workload, delivery of services and resources required to achieve the plan.
- meet with guidance and timetables set by DHSC.

### **4.3. Budgets**

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

4.3.2. Such budgets will:

- be in accordance with the aims and objectives set out in the annual business plan
- accordance with workload and staffing plans
- be in line with the agreed corporate strategy
- be produced following discussion with appropriate budget holders
- be prepared within the limits of available funds
- identify potential risks.

4.3.3. The Director of Finance and Corporate Planning shall monitor financial performance against budget and plan, and report to the Board.

4.3.4. All budget holders must provide information as required by the Director of Finance and Corporate Planning to enable robust budgets to be set

4.3.5. The Director of Finance and Corporate Planning has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their financial obligations..

### **4.4. Delegated budgets**

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

- the amount of budget
- the purpose(s) of each budget heading;
- individual and group responsibilities;
- achievement of planned levels of service;
- the provision of regular reports.

4.4.2. Budgets must not be exceeded without the prior approval of the Chief Executive or Director of Finance and Corporate Planning.

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

4.4.4. Non-recurring budgets should not be used to finance recurring expenditure without approval in writing by the Chief Executive.

#### **4.5. Budgetary control and reporting**

4.5.1. The Director of Finance and Corporate Planning will devise and maintain systems of budgetary control. These will include:

- regular financial reports to the Board in a form approved by the Board containing:
  - income and expenditure to date;
  - movements in provisions;
  - capital project spend;
  - explanations of any material variances from plan;
  - details of any corrective action where necessary and the Chief Executive's and/or Director of Finance and Corporate Planning's view of whether such actions are sufficient to correct the situation;
  
- the issue of timely, accurate and comprehensible advice and financial reports to each budget holder i.e. cash budget reports, monthly management accounts and monthly staffing reports;
- investigation and reporting of variances from financial, workload and staffing establishment budgets;
- monitoring of management action to correct variances;
- arrangements for the authorisation of budget transfers.

4.5.2. Each budget holder is responsible for ensuring that:

- any likely overspending is not incurred without the prior consent of the Chief Executive or Director of Finance and Corporate Planning;
- the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject;
- no permanent employees are appointed without the approval of the Workforce Strategy Group other than those provided for within the available resources and staffing establishment as approved by the Board.

#### **4.6. Capital expenditure**

The general rules applying to delegation and reporting shall also apply to capital expenditure.

#### **4.7. Monitoring returns**

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

### **5. Annual report and accounts**

- 5.1. The Director of Finance and Corporate Planning, on behalf of the Chief Executive as Accounting Officer and NHS Resolution, shall prepare the Annual Report and accounts, signed by the Accounting Officer and certified by the Comptroller and Auditor General
- 5.2. The Annual Report and accounts including any financial returns shall be prepared in accordance with the guidance given by DHSC, HM Treasury, and NHS Resolution's accounting policies. The Annual Report and accounts shall be laid before Parliament, in accordance with the Accounts Directions and the timetable prescribed by DHSC.

### **6. Bank and GBS**

#### **6.1. General**

- 6.1.1. The Director of Finance and Corporate Planning is responsible for managing NHS Resolution's banking arrangements and for advising the Board on the provision of banking services and operation of accounts. This advice will take into account guidance issued by DHSC and Managing Public Money published by HM Treasury. This guidance recommends only using commercial accounts where the required services are not provided by the Government Banking Service (GBS) or where better value for money for the Exchequer overall can be demonstrated.
- 6.1.2. The Board shall approve the banking arrangements.

#### **6.2. Bank and GBS Accounts**

The Director of Finance and Corporate Planning is responsible for:

- establishing bank accounts operated via the Government Banking Service
- establishing separate bank accounts for NHS Resolution's individual schemes
- ensuring payments made from bank or GBS accounts do not exceed the amount credited to the account except where arrangements have been made
- reporting to the Board all arrangements made with NHS Resolution's bankers for accounts to be overdrawn
- monitoring compliance with DHSC guidance on the level of cleared funds.

### **6.3. Banking procedures**

6.3.1. The Director of Finance and Corporate Planning will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- the conditions under which each bank and GBS account is to be operated
- maintenance of bank balances at levels consistent with the requirement that accounts operated on a single signature should not be overdrawn and
- those authorised to sign cheques or other orders drawn on NHS Resolution's accounts.

6.3.2. The Director of Finance and Corporate Planning must advise NHS Resolution's bankers in writing of the conditions under which each account will be operated.

## **7. Income, fees and charges and security of cash, cheques and other negotiable instruments**

### **7.1. Income system**

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

7.1.2. The Director of Finance and Corporate Planning is also responsible for the prompt banking of all monies received.

### **7.2. Fees and charges**

7.2.1. The Director of Finance and Corporate Planning is responsible for approving and regularly reviewing the level of all fees and charges and ensuring that these are in line with HM Treasury guidelines on Fees and Charges. Independent professional advice on matters of valuation must be taken as necessary.

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

7.2.3. Separate bank accounts or GBS Accounts must be maintained for

- the receipt of allocations, the payment of administration costs relating to the management of NHS Resolution and the payment of expenditure incurred by NHS Resolution on behalf of the Department

- the receipt of members' contributions and loans from approved lenders (re: section 9 of NHS Resolution Framework Document, Delegations and Financial Management), the payments towards NHS Resolution's costs of managing claims and payment of settlements and related legal costs;
- the payment of the inherited liabilities and sub-contracted costs related to the management of the claims arising from RHA, DHSC Clinical and DHSC non-clinical liabilities;
- the payment of the liabilities and costs related to the management of the claims under the ELS scheme;

### **7.3. Debt recovery**

- 7.3.1. The Director of Finance and Corporate Planning is responsible for the appropriate recovery action on all outstanding debts.
- 7.3.2. Income not received should be dealt with in accordance with losses procedures.
- 7.3.3. Overpayments should be detected (or preferably prevented) and recovery initiated.

### **7.4. Security of cash, cheques and other negotiable instruments**

- 7.4.1. The Director of Finance and Corporate Planning is responsible for:
  - approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
  - ordering and securely controlling any such stationery;
  - the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
  - prescribing systems and procedures for handling cash and negotiable securities on behalf of NHS Resolution.
- 7.4.2. Official money shall not under any circumstances be used for the encashment of private cheques.
- 7.4.3. All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance and Corporate Planning.
- 7.4.4. The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that NHS Resolution is not to be held liable for any

loss, and written indemnities must be obtained from the organisation or individuals absolving NHS Resolution from responsibility for any loss.

## **8. Tendering and contracting procedure**

As a Public Sector body, NHS Resolution must ensure that all procurement and contracting activity meets the requirements of legislation and policy - notably EU Procurement Directives as enacted by the Public Contracts Regulations 2015, DHSC and Cabinet Office Guidance. It must also ensure that goods, works and services are procured to deliver best value for taxpayers

### **8.1. Capital investment manual and other Department of Health and Social Care guidance on estate**

NHS Resolution will comply as far as is practicable with the requirements of the DHSC and the NHS The efficient management of healthcare estates and facilities guidance in respect of capital investment and estate and property transactions. Strategies will be subject to the approval of the DHSC Property Asset Management Board.

### **8.2. Compliance requirements for all contracts**

NHS Resolution will only enter into contracts within the statutory powers delegated to it by the Secretary of State and must comply with:

- NHS Resolution's Standing Orders and Standing financial instructions
- EU Directives and other statutory provisions
- Any relevant directions including the, Estate code and Guidance on the Procurement and Management of Consultants
- Where appropriate contracts must be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited
- In all contracts made by NHS Resolution, NHS Resolution must endeavour to obtain best value for money by use of all systems in place, and establish appropriate management controls at individual contract level.
- Contracts should be for an appropriate period that is likely to maximise value for money. This would mean a contract being for a relatively short period where the product or service being bought is subject to significant price fluctuations and the costs of switching provider are not significant compared to the savings that could be achieved. Alternatively a contract may be for a longer period of time where the costs of switching to a new provider, including disruption to the business, are likely to be significant, or where the supplier is

required to invest significant sums of capital in order to deliver the contract.

### **8.3. Cabinet office efficiency controls and centralised category procurement**

8.3.1. Mandatory efficiency controls stipulate that certain categories of expenditure need approval by external bodies prior to making any commitment. Managers wishing to incur expenditure falling into these categories, which are detailed in the NHS Resolution Procurement Policy, must adhere to the expenditure controls that are in operation

8.3.2. The Efficiency controls cover:

- Advertising, marketing and communications
- Commercial Control, and dispute disclosure ICT
- Digital and technology, including ID assurance Procurement
- Consultancy
- Property, including facilities management (FM)
- Redundancy and compensation
- External recruitment
- Learning and development (Civil Service Learning)
- Efficiency controls require that certain categories of expenditure obtain DHSC or Ministerial and/or HM Treasury and/or Cabinet Office approval. A business must be submitted to the DHSC Professional Services Business Case Unit

8.3.3. The table at Appendix A sets out the NHS Resolution's Delegated Authority as set by the DHSC.

### **8.4. Single tender actions (STA)**

Single Tender Actions should be avoided and only utilised in line with the exemptions as provided for in the NHS Resolution Procurement Policy.

#### **Contract extension**

All contract extensions must be discussed with the Corporate Governance team to determine if a valid extension clause is present within the contract allowing it to be legally extended.

## 9. Terms of service and payment of Directors and employees

### 9.1. Remuneration and terms of service

9.1.1. The Board should formally agree and record in the minutes of its meetings, the precise terms of reference of the Remuneration and Terms of Service Committee, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting in line with the arrangements for pay for Executive and Senior Managers (ESMs) in the NHS.

9.1.2. The Committee will:

- advise the Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors and other employees covered by the arrangements for ESMs in Special Health Authorities, including:
  - all aspects of salary (including any performance-related elements/bonuses and performance management)
  - provisions for other benefits, including pensions and cars
  - arrangements for termination of employment and other contractual terms
- determine the remuneration, benefits and terms of service of all posts covered by the Executive and Senior Managers' (ESM) pay framework in line with that Framework and terms of service of ESM's to ensure they are fairly rewarded for their individual contribution to NHS Resolution having proper regard to NHS Resolution's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate
- monitor and evaluate the performance of the Chief Executive and in discussion with the Chief Executive those Directors who are covered by the EMS pay framework; and
- advise on and oversee appropriate contractual arrangements for ESM's including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

9.1.3. The Chair will submit a report on the Committee's activities for information to a public meeting of the Board at least once a year and ensure the Board is informed on a timely basis of relevant decisions.

9.1.4. NHS Resolution will remunerate the Chairperson and Non-executive Directors in accordance with instructions issued by the Secretary of State.

## **9.2. Funded establishment**

- 9.2.1. The Staff resource plans incorporated within the annual budget will form the funded establishment.
- 9.2.2. The funded establishment of any department may not be varied without the approval of the Chief Executive.

## **9.3. Staff appointments**

- 9.3.1. No director or employee may engage, re-engage, or regrade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:
  - unless agreed through the Workforce Strategy Group or other relevant committee within the scheme of delegation;
  - authorised to do so by the Chief Executive; and
  - within the limit of his/her approved budget and funded establishment.
- 9.3.2. The Chief Executive will ensure that there are proper arrangements in place for the rates of pay and terms and conditions of service for employees in line with national NHS and local arrangements.

## **9.4. Processing of Payroll**

- 9.4.1. The Director of Finance and Corporate Planning is responsible for:
  - specifying timetables for submission of properly authorised time records and other notifications;
  - the final determination of pay;
  - making payment on agreed dates;
  - agreeing method of payment.
- 9.4.2. The Director of Finance and Corporate Planning will issue instructions regarding:
  - verification and documentation of data;
  - the timetable for receipt and preparation of payroll data and the payment of employees;
  - maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - security and confidentiality of payroll information;
  - checks to be applied to completed payroll before and after payment;

- NHS Resolution to release payroll data under the provisions of the Data Protection and Freedom of Information Acts;
- methods of payment available to various categories of employee;
- procedures for payment by cheque, bank credit, or cash to employees;
- procedures for the recall of cheques and bank credits;
- pay advances and their recovery;
- maintenance of regular and independent reconciliation of pay control accounts;
- separation of duties of preparing records and handling cash; and
- a system to ensure the recovery from leavers of sums of money and property due by them to NHS Resolution.

9.4.3. Appropriately nominated managers have delegated responsibility for:

- submitting time records, and other notifications in accordance with agreed timetables
- completing time records and other notifications in accordance with the Director of Finance and Corporate Planning 's instructions and in the form prescribed by the Director of Finance and Corporate Planning
- submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Finance and Corporate Planning must be informed immediately.

9.4.4. Regardless of the arrangements for providing the payroll service, the Director of Finance and Corporate Planning 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.

## **9.5. Contracts of employment**

9.5.1. The Chief Executive shall delegate responsibility to the Head of Human Resources and Organisational Development for:

- ensuring that all employees are issued with a Contract of Employment in a form which complies with employment legislation and NHS and local terms and conditions of service;
- dealing with variations to, or termination of, contracts of employment.

## **10. Non-pay expenditure**

### **10.1. Delegation of NHS Resolution**

10.1.1. The Board will approve the level of non-pay expenditure on an annual basis as part of the business planning process and the Chief Executive will determine the level of delegation to budget managers.

10.1.2. The Chief Executive will set out:

- Who will be budget managers and their scope and NHS Resolution limits of responsibility;
- the maximum level of NHS Resolution for all claims and administrative functions.

### **10.2. Requisitioning, ordering, receipt and payment for goods and services**

10.2.1. The requisitioner, in choosing the item to be supplied (or the service to be performed) shall aim to obtain the best value for money for NHS Resolution.

10.2.2. The Director of Finance and Corporate Planning shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance. The Director of Finance and Corporate Planning will report to the Board NHS Resolution's Public Sector Payment Performance on a regular basis.

10.2.3. NHS Resolution is governed by the Public Contracts Regulations 2015. The regulations stipulates that public sector bodies must pay suppliers within 30 days.

10.2.4. In order to ensure prompt payment employees are required to

- Approve claims related expenditure on the Claims Management System promptly in accordance with the 'Delegated Financial Authority Protocol – Claims

Settlement: All Claims Teams' and the 'Claims Procedure Manual'.

- Ensure that all other expenditure follows the Purchase Order Procedure

#### 10.2.5. The Director of Finance and Corporate Planning will:

- advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing orders and regularly reviewed
- prepare procedural instructions on the obtaining of goods, works and services incorporating the thresholds
- be responsible for the prompt payment of all properly authorised accounts and claims
- be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - A list of directors/employees (including specimens of their signatures) authorised to certify invoices
  - Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
    - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
    - the account is arithmetically correct;
    - the account is in order for payment.

- 10.2.6. A timetable and system for submission to the Director of Finance and Corporate Planning of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment.
- 10.2.7. Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below).
- 10.2.8. Prepayments are only permitted where exceptional circumstances apply. In such instances:
- the appropriate Officer/ Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on NHS Resolution if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
  - the Director of Finance and Corporate Planning will need to be satisfied with the proposed arrangements before contractual arrangements proceed taking into account the EU Public Procurement Rules where the contract is above a stipulated financial threshold ; and
  - the budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate Director or Chief Executive if problems are encountered.
- 10.2.9. Official Orders must:
- be in a form approved by the Director of Finance and Corporate Planning ;
  - only be used by, those duly authorised by the Chief Executive
- 10.2.10. Managers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and Corporate Planning and that:
- all contracts, leases, tenancy agreements and other commitments, which may result in a liability, are notified to the Director of Finance and Corporate Planning in advance of any commitment being made;
  - contracts above specified thresholds are advertised and awarded in accordance with EC and GATT rules on public procurement> and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621)

- where consultancy advice is being obtained, the procurement of such skills must be in accordance with guidance issued by the Secretary of State or DHSC;
- 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:
  - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
  - conventional hospitality, such as lunches in the course of working visits
- no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance and Corporate Planning on behalf of the Chief Executive;
- all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- goods are not taken on trial or loan in circumstances that could commit NHS Resolution to a future uncompetitive purchase;
- changes to the list of members/employees and officers authorised to certify invoices are notified to the Director of Finance and Corporate Planning;
- purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance and Corporate Planning ;
- petty cash records are maintained in a form as determined by the Director of Finance and Corporate Planning.

## 11. Capital investment, private financing, fixed asset registers and security of assets

### 11.1. Capital investment

#### 11.1.1. The Chief Executive:

- 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
- is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost
- 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.

#### 11.1.2. For every capital expenditure proposal the Chief Executive shall ensure:

- that a business case (in line with the guidance contained within the Capital Investment Manual) is produced setting out:
  - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs
  - appropriate project management and control arrangements; and
- that the Director of Finance and Corporate Planning has certified professionally to the costs and revenue consequences detailed in the business case.

#### 11.1.3. For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of The efficient management of healthcare estates and facilities

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

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

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

- specific NHS Resolution to commit expenditure;
- NHS Resolution to proceed to tender;

- approval to accept a successful tender.

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with the efficient management of healthcare estates and facilities guidance and NHS Resolution's Standing Orders.

- 11.1.6. The Director of Finance and Corporate Planning shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

## **11.2. Private finance**

- 11.2.1. When NHS Resolution proposes to use finance, which is to be provided other than through its allocations, the following procedures shall apply:

- The Director of Finance and Corporate Planning shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- Where the sum involved exceeds delegated limits, the business case must be referred to DHSC/or treated as per current guidelines.
- The proposal must be specifically agreed by NHS Resolution Accounting Officer.

## **11.3. Asset registers**

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

- 11.3.2. NHS Resolution shall maintain an asset register recording fixed assets. The minimum data set to be held within this register shall be as specified in the Capital Accounting Manual as issued by DHSC.

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

- properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- stores, requisitions and wages records for own materials and labour including appropriate overheads; and

- assets within lease agreements which are to be capitalised to comply with accounting standards.
- 11.3.4. Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate)
- 11.3.5. The Director of Finance and Corporate Planning shall ensure procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 11.3.6. The value, depreciation and capital charges of each asset shall be calculated and applied in line with appropriate guidance from the DHSC and relevant accounting standards.

## 11.4. Security of assets

- 11.4.1. The overall control of fixed assets is the responsibility of the Chief Executive.
- 11.4.2. Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, also including donated assets) must be approved by the Director of Finance and Corporate Planning. This procedure shall make provision for:
- recording managerial responsibility for each asset
  - identification of additions and disposals
  - identification of all repairs and maintenance expenses
  - physical security of assets
  - periodic verification of the existence of, condition of, and title to, assets recorded
  - identification and reporting of all costs associated with the retention of an asset
  - reporting, recording and safekeeping of cash, cheques, and negotiable instruments
- 11.4.3. All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance and Corporate Planning.
- 11.4.4. Whilst each employee has a responsibility for the security of property of NHS Resolution, it is the responsibility 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. Any breach of agreed security practices must be reported in accordance with instructions.

- 11.4.5. Any damage to NHS Resolution'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.
- 11.4.6. Where practical, assets should be marked as NHS Resolution property.

## **12. Disposals and condemnations, losses and special payments**

### **12.1. Disposals and condemnations**

- 12.1.1. The Director of Finance and Corporate Planning must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 12.1.2. When it is decided to dispose of an NHS Resolution's asset, the head of department or authorised deputy will determine and advise the Director of Finance and Corporate Planning of the estimated market value of the item, taking account of professional advice where appropriate.
- 12.1.3. All unserviceable articles shall be:
- assessed to ensure the safe removal of NHS Resolution data
  - condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance and Corporate Planning
  - recorded by the Condemning Officer in a form approved by the Director of Finance and Corporate Planning which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance and Corporate Planning.
- 12.1.4. The Condemning Officer shall satisfy him/herself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance and Corporate Planning who will take the appropriate action.

### **12.2. Losses and special payment**

- 12.2.1. HM Treasury retains control over certain write-offs and payments known collectively as losses and special payments:

- Losses cover any case where full value has not been obtained for money spent or committed, including cash losses, losses due to errors by staff
  - Special payments cover any compensation payments, extra contractual or ex gratia payments, and any payment made without specific identifiable legal power for the Commission to make the payment.
- 12.2.2. Any employee discovering or suspecting a loss of any kind must immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Finance and Corporate Planning . Where a criminal offence is suspected, the Director of Finance and Corporate Planning must immediately inform the police if theft or arson is involved.
- 12.2.3. For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance and Corporate Planning must immediately notify:
- the Board of Directors
  - the Statutory Auditor
- 12.2.4. The Accounting Officer is responsible for approving the writing-off of losses. This has been delegated to the Director of Finance and Corporate Planning within relevant delegated limits
- 12.2.5. The Director of Finance and Corporate Planning shall be authorised to take any necessary steps to safeguard NHS Resolution’s interests in bankruptcies and company liquidations.
- 12.2.6. For any loss, the Director of Finance and Corporate Planning should consider whether any insurance claim could be made against insurers.
- 12.2.7. The Director of Finance and Corporate Planning shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 12.2.8. No special payments exceeding delegated limits shall be made without the prior approval of the DHSC.
- 12.2.9. All losses and special payments must be reported to the Audit Committee at every meeting.

## 13. Information technology

In order to ensure compatibility and compliance with NHS Resolution's IT Strategy, no computer hardware, software or facility will be procured without authorisation of an officer as appointed by the Chief Executive

- 13.1.1. The Officer appointed shall ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment.
- 13.1.2. The officer specifically appointed by the Chief Executive shall ensure that an adequate management (audit) trail exists through the computerised finance system.
- 13.1.3. The appointed Officer shall ensure all requests for IT changes are managed through the NHS Resolution change management processes
- 13.1.4. The Director of Finance and Corporate Planning shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation.

## 14. Standards of business conduct

### 14.1. Guiding principles in conduct of public business

- 14.1.1. The Accounting Officer is personally responsible for ensuring regularity, and propriety of the public finances of NHS Resolution, and for ensuring that its resources are used economically, efficiently and effectively. All employees and contractors are expected to comply with the highest standards of behaviour, including:
  - Observing the highest standards of propriety involving impartiality, integrity and objectivity in relation to the stewardship of public funds
  - Maximising value for money through ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable. Value for money is not the lowest price: it is the optimal combination of costs and quality to meet NHS Resolution's requirements
  - Being accountable to Parliament and individual citizens for the activities of NHS Resolution, their stewardship of public funds and the extent to which key performance targets and objectives have been met

- 14.1.2. The Director of Finance and Corporate Planning shall ensure that all staff are made aware of NHS Resolution policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the DHSC HSG (93) 5 'Standards of Business Conduct for NHS Staff' and is also deemed to be an integral part of these Standing Orders and Standing financial instructions
- 14.1.3. The standards expected of staff are set out in the staff policies, such as the Anti-Fraud, Bribery and Corruption Fraud Policy, the Whistleblowing Policy, hospitality and gifts policy, all of which are available on the intranet.
- 14.1.4. NHS Resolution will not tolerate any sort of fraud or corruption. The aim of the policy is to ensure that all members of staff (including secondees, contractors and agency staff) are aware of what is expected of them and the action that will be taken if fraud is committed.

## **14.2. Contact with contractors and suppliers**

All employees who are in contact with suppliers and contractors or are authorised to sign Purchase Orders, or place contracts for goods, materials or services, must adhere to professional standards.

## **14.3. Avoiding favouritism**

- 14.3.1. Fair and open competition between prospective contractors or suppliers for contracts is a requirement of NHS Resolution and of EC Directives on Public Purchasing for Works and Supplies.
- 14.3.2. This means that:
  - No private, public or voluntary organisation or company which may bid for business must be given any advantage over its competitors, such as advance notice of requirements. This applies to all potential contractors, whether or not there is a relationship between them and the employer, such as a long-running series of previous contracts.
  - Each new contract must be awarded solely on merit, taking into account the requirements and the ability of the contractors to fulfil them.
  - No special favour is shown to current or former employees or their close relatives or associates in awarding contracts to private or other businesses run by them or employing them in a senior or relevant employee capacity. Contracts may be awarded to such businesses where they are won in fair competition against other tenders, but scrupulous care must be taken to ensure that the selection process is

conducted impartially and that Employees who are known to have a relevant interest play no part in the selection.

## **15. Retention of record**

- 15.1. The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with statutory requirements and DHSC guidelines. Information Asset Owners have delegated responsibility for carrying out this responsibility on the Chief Executive's behalf.
- 15.2. The legacy hard copy records held in archives must be capable of retrieval by authorised Persons.
- 15.3. NHS Resolution's records are kept to:
  - 15.3.1. Meet current and future business needs;
  - 15.3.2. Comply with statutory, legal and corporate governance best practice requirements;
  - 15.3.3. Ensure that the way we manage records is documented, understood and implemented; and
  - 15.3.4. Meet the reasonable current and future needs of internal and external stakeholders.
- 15.4. Records that are no longer required are eliminated as early as possible in an authorised and systematic manner.
- 15.5. The Information Asset Owner is responsible for ensuring the destruction process is followed and that records are reviewed and logged before destruction.

## **Risk management and insurance**

### **15.6. Programme of Risk management**

- 15.6.1. The Chief Executive shall ensure that NHS Resolution has a programme of risk management, in accordance with current DHSC assurance framework requirements, which must be approved and monitored by the Board.
- 15.6.2. The programme of risk management shall include:
  - a process for identifying and quantifying risks and potential liabilities;
  - engendering among all levels of staff a positive attitude towards the control of risk;
  - 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;
- contingency plans to offset the impact of adverse events;
- audit arrangements including; internal audit, clinical audit, health and safety review;
- a clear indication of which risks shall be insured;
- arrangements to review the risk management programme.

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

## **16. Equality impact assessment**

As part of its development, this policy and its impact on equality have been reviewed in line with NHS Resolution's Equality Scheme and Equal Opportunities Policy and no detriment was identified. The purpose of the assessment is to minimise and if possible remove any disproportionate impact on employees on the grounds of race, sex, disability, age, sexual orientation or religious belief. No detriment was identified.

## **17. Sustainable development**

The Board, directors and all employees will have regard for the Department of Health and Social Care guidance and NHS Resolution's policies in relation to sustainable development in relation to all its financial decisions and assess the impact of all financial decisions in relation to their impact on meeting NHS Resolution's sustainable development objectives.

## 18. Document control

Date	Author	Version	Reason for change
February 2018	Evelyn Lucien	V3.0	Rebranding
June 2019	Sara Pollock	DraftV1.1	Fraud and Corruption section on page 9 updated following advice from LCFS
July 2019	Catherine O'Sullivan	DraftV1.1	Update of areas of responsibility, in particular recognising the Director of Finance and Corporate Planning does not sign off IT spend
October 2019	SMT	DraftV1.2	Review by SMT
October 2019	Catherine O'Sullivan	DraftV2.0	Inclusion of DHSC delegation of claims limits to NHS Resolution (page 5)

### NHS Resolution's Delegated Authority issued by DHSC

Limits and Spending Controls Specifically Assigned by DHSC to the ALB Accounting Officer and Board		
	<p>Delegated Authorities to Commit Expenditure</p> <p>To sign contract, authorise purchase order, or otherwise commit expenditure for <sup>1</sup></p>	<p>Coalition Government Efficiency Controls</p> <p>Applicable to all ALBs' Business as Usual Activity. [Revised arrangements apply to MHRA and HPA]</p>
Claims authority limit	DHSC has delegated the Claims authority limit of £15m to NHS Resolution	
Grants to Voluntary Bodies	Unlimited, within a budget allocated by the DHSC specifically for this purpose	
Sign Contract With Supplier (except as below)	<p>£50m delegated limit, HM Treasury approval (via DHSC) required for all spending over delegated limit.</p> <p>£35m disclosure limit. All expenditure of over £35 million requires HM Treasury (via DHSC) consultation.</p>	<p>As per Section 2 of the Government and DHSC Efficiency controls guidance issued in December 2012. ALBs must comply with all the procurement controls. This includes:</p> <ul style="list-style-type: none"> <li>• use of the centrally agreed contracts/solutions;</li> <li>• the provision of a pipeline, detailing future procurement projects estimated to be over £113,000 in value (including individual requirements of the same type exceeding this amount when aggregated over time; this pipeline must include all projects irrespective of proposed procurement procedure (i.e. framework or OJEU - Official Journal of the European Community);</li> </ul> <p>The Cabinet Office leads on key relationships with central government's strategic suppliers. It has appointed a team of Crown Representatives to ensure effective leverage of the Crown's position and provide appropriate direction and escalation routes to guide departments' engagement with strategic suppliers. The DHSC PICD (Procurement, Investment and Commercial Division) has lead responsibility for ensuring that the Department and its ALBs comply with Cabinet Office guidance and requirements on strategic supplier management, ensuring that Crown Representatives are sighted on, involved in or</p>

		<p>otherwise provide their approval in their areas of interest in respect of:</p> <ul style="list-style-type: none"> <li>• all plans for new spend on contracts over £5m;</li> <li>• contract extensions with a value over £5m;</li> <li>• any material changes to services resulting in major contract variation with a value over £5m and/or any dispute with a strategic supplier.</li> </ul> <p>This applies to expenditure and dealings with any of the government's strategic suppliers and other suppliers when they are providing banking services.</p>
<p>Professional Services Consultancy</p>	<p>For spend over £1million or programme spend over £500 a business case must be submitted to DHSC as Ministerial approval is required</p>	<p>All consultancy spend requires an internal sign off by procurement, Director of Finance and Corporate planning and the Chief Executive</p> <p>Further approval is required from the Cabinet Office for spend over £1million</p> <p>DHSC and Treasury approval is required for where consultancy spend over is £500k and from programme budget</p>
<p>Capital investment (includes any revenue costs e.g. leases)</p>	<p>£1m - £5m whole life costs approval required from DHSC Sponsor.</p> <p>&gt;£5m whole life costs, approval required from DHSC Sponsor and Commercial Investment</p>	<p>As per the Section 1 of the Government and DHSC Efficiency controls guidance issued in December 2012. Any ICT spend over £5 million and, specifically, any ICT spend over £1 million on systems that support administration (including finance, HR or procurement activities or upgrades and hosting contracts for such systems) requires the approval of the Efficiency and Reform Group (ERG) in the Cabinet Office.</p> <p>This applies to all contracts and projects where ICT is a key element to deliver the scope and service or outcome. New ICT spend includes any new ICT contracts, contract amendments, contract extensions, feasibility and/or proof of concept studies, pilots, projects and programmes. It also covers using existing framework contracts to purchase ICT. No new OJEU notices should be issued to imply that ICT based contracts will be started without the express permission of the ERG.</p> <p>The Cabinet Office have also introduced new requirements to align departmental ICT spend with the Government's new ICT Strategy. The CIO Delivery Board is developing a set of core ICT commercial and common infrastructure solutions and standards, which will affect</p>

	<p>spending on ICT systems. All departments, agencies and NDPBs must move to adopt these solutions and standards for all ICT spend as they update/renew their existing systems, unless exempted by the Cabinet Office.</p> <p>In addition to the Cabinet Office controls above, all business cases involving ICT related expenditure of more than £100,000 (but below the financial thresholds requiring ERG approval) should also be submitted to the Department's Estates and Information Services (E &amp; IS) who will review the proposed spend and provide advice. All business cases with ICT expenditure in excess of £100,000 must pass through this route prior to seeking financial approval. This includes change controls or new orders to modify or extend existing ICT or ICT based services.</p> <p>DHSC E &amp; IS colleagues will review all ICT spend and commercial engagement on a contract-by-contract basis, identifying re-use capability and confirming whether a suitable solution already exists. Where any ICT spend is over £5 million or over £1 million on systems that support administration DHSC E &amp; IS will arrange for Director General/Permanent Secretary approval before approval is sought from the Cabinet Office ERG.</p>
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<p><b>Sign Contract With Supplier</b> (except as below)</p>	<p>£50m delegated limit, HM Treasury <b>approval</b> (via DHSC) required for all spending over delegated limit.</p> <p>£35m disclosure limit. All expenditure of over £35 million requires HM Treasury (via DHSC) <b>consultation</b>.</p>	<p>As per Section 2 of the Government and DHSC Efficiency controls guidance issued in December 2012. ALBs must comply with all the procurement controls This includes:</p> <ul style="list-style-type: none"> <li>• use of the centrally agreed contracts/solutions;</li> <li>• the provision of a pipeline, detailing future procurement projects estimated to be over £113,000 in value (including individual requirements of the same type exceeding this amount when aggregated over time; this pipeline must include all projects irrespective of proposed procurement procedure (i.e. framework or OJEU - Official Journal of the European Community);</li> </ul> <p>The Cabinet Office leads on key relationships with central government’s strategic suppliers. It has appointed a team of Crown Representatives to ensure effective leverage of the Crown’s position and provide appropriate direction and escalation routes to guide departments’ engagement with strategic suppliers. The DHSC PICD (Procurement, Investment and Commercial Division) has lead responsibility for ensuring that the Department and its ALBs comply with Cabinet Office guidance and requirements on strategic supplier management, ensuring that Crown Representatives are sighted on, involved in or otherwise provide their approval in their areas of interest in respect of:</p> <ul style="list-style-type: none"> <li>• all plans for new spend on contracts over £5m;</li> <li>• contract extensions with a value over £5m;</li> <li>• any material changes to services resulting in major contract variation with a value over £5m and/or any dispute with a strategic supplier.</li> </ul> <p>This applies to expenditure and dealings with any of the government’s strategic suppliers and other suppliers when they are providing banking services.</p>
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**Limits and Spending Controls Specifically Assigned by DHSC to the ALB Accounting Officer**

	<b>Delegated Authorities to Commit Expenditure</b>	<b>Government Efficiency Controls</b>
	To sign contract, authorise purchase order, or otherwise commit expenditure for <sup>1</sup>	Applicable to all ALBs Business as Usual Activity. [Revised arrangements apply to MHRA and HPA]
Commit to purchase under existing	Unlimited within the budget set at the start of year and within the contract value	
Reimbursement of Business Expenses	Unlimited	
Items to be purchased as gifts	Token/Protocol gifts only	
Give guarantees, accept liabilities	In the course of normal business: unlimited	
Staff Recruitment	Within HM Treasury and Cabinet Office procedures and guidance	<p>As per the Departmental Efficiency Measures – ALB Operational Guide issued in August 2011 recruitment is limited to frontline or business critical posts. ALB Chief Executives have delegated NHS Resolution to approve external recruitment to these types of post subject to monthly reports to the SofS via the Governance and Assurance Committee. See Appendix 5 for frontline posts/services definition and reporting forms.</p> <p>ALBs have NHS Resolution to spend up to £40k on any single recruitment advertising activity needed to appoint to front line or business critical posts. This NHS Resolution is subject to the requirement that any such recruitment advertising activity be procured only through centrally agreed contracting routes approved by ERG and facilitated by DHSC's Procurement Centre of Excellence (PCoE).</p>

<p>Staff pay: pay systems, use of pay flexibilities and annual settlements</p>	<p>Subject to HM Treasury and Cabinet Office pay remit procedures and guidance, and the ALB VSM Pay Framework 2012.</p>	<p>As per the Departmental Efficiency Measures – ALB Operational Guide issued in August 2011 and the DHSC Pay Framework for VSMs in ALBs; any post with a salary in excess of £142,500 will require sign off by DHSC Remcom on behalf of SofS prior to being advertised. Approval is also required when an employment contract above £142,500 is renewed or an employee secures a new post with a salary in excess of £142,500.</p> <p>All new VSM posts must be evaluated DHSC. Salaries above £142,500 and use of Recruitment Retention Premium must be approved by the DHSC ALB Remcom.</p>
<p>Staff Redundancy</p>		<p>Subject to procedures and limits placed by DHSC Governance Assurance Committee (GAC)</p> <p>The following require GAC approval:</p> <ul style="list-style-type: none"> <li>• redundancies with capitalised costs over £100k;</li> <li>• ten or more redundancies irrespective of capitalised costs;</li> <li>• payments in Lieu of Notice (PILON) £50k or above;</li> <li>• all Special Severance Payments over £20k. All special severance payments require sponsor support and HMT approval irrespective of value;</li> <li>• financial Incentive/Retention payments;</li> <li>• all novel, contentious or repercussive cases;</li> <li>• change programmes/major restructuring; and</li> <li>• voluntary redundancy schemes.</li> </ul> <p>Please refer to GAC submission guidance in advance of any payments being made. Contact Greg Gleeson (greg.gleeson@dh.gsi.gov.uk).</p>

- 1 All policies which commit expenditure of over £40 million per annum, or £200 million over five years, should be subject to an independent review of the financial cost estimates by the Revenue Investment Branch (RIB). Policies that require HM Treasury approval must also be subject to a RIB review prior to submission to HM Treasury.
- 2 All accommodation business cases should be referred to DHSC/ALB Property Asset Management Board (PAMB) for information only.
- 3 All accommodation business cases also require PAMB approval
- 4 All accommodation business cases also require PAMB approval

Other Delegations		
		<b>Accounting Officer and Board</b>
<b>LOSSES</b>	Delegation Group 1 – Managing Public Money Annex 4.10	£75,000  (subject to guidance in Appendix 4 of Delegated Authorities)
	Delegation Group 2 – Managing Public Money Annex 4.10	£50,000  (subject to guidance in Appendix 4 of Delegated Authorities)
<b>SPECIAL PAYMENTS</b>	Ex gratia payments including compensation payments, extra statutory and extra regulatory payments and extra contractual payments to contractors	£20,000  (excluding payments that are novel, contentious, repercussive or special severance payments)
Authorisation of payments without normal prior commitment of the expenditure, and/or certification of receipt of goods/services  Subject to Managing Public Money and guidance set out in Appendix 4 of the Delegated Authorities).	<b>Prepayments</b>  Arising in the normal course of business and	Unlimited

Other Delegations		
		Accounting Officer and Board
<b>ASSET DISPOSAL</b>	Dispose of assets including formal write-off value	£500,000
<b>LOANS and IMPRESTS</b>	Impress to staff in advance of travel expenses	£50,000
	Loans to staff for specified purposes <sup>1</sup>	£50,000
	Other loans	£50,000
<b>INCOME</b> Subject to Managing Public Money (Annex 5.3)	Commit to contract (or tender) to provide goods or services to non-DHSC organisations	

1. The specified purposes are: for house purchase, for season ticket purchase, and for bicycle purchase