

REPORT CLASSIFICATION	✓	CATEGORY OF PAPER	✓
Official	✓	Proposes specific action	✓
Official: Sensitive Commercial		Provides assurance	
Official: Sensitive Personal		For information only	

BOARD MEETING	
1 JULY 2022	
Report Title:	Standing Financial Instructions and Financial Limits
Purpose of report	
To seek approval of the Board for the ICB's standing financial instructions and proposed delegated financial limits.	
Key points	
<p>The North East and North Cumbria Integrated Care Board (the ICB) is established under Chapter A3 of Part 2 of the National Health Service Act 2006, as amended by the Health and Care Act 2022 and has the general function of arranging for the provision of services for the purposes of the health services in England in accordance with the Act.</p> <p>In accordance with the Act, NHS England is mandated to publish guidance for ICBs, to which each ICB must have regard, in order to discharge their duties.</p> <p>Standing financial instructions (SFIs) define the purpose, responsibilities, legal framework and operating environment of the ICB. They enable sound administration, lessen the risk of irregularities and support commissioning and delivery of effective, efficient and economical services. The SFIs shall have effect as if incorporated into the ICB's Constitution.</p> <p>The purpose of SFIs is to ensure that the ICB fulfils its statutory duty to carry out its functions effectively, efficiently and economically. The SFIs are part of the ICB's control environment for managing the organisation's financial affairs as they are designed to ensure regularity and propriety of financial transactions.</p> <p>All officers of the ICB, without exception, are within the scope of the SFIs without limitation. The term officer includes, permanent employees, secondees and contract workers.</p> <p>The proposed ICB SFI's attached are based on template SFI's published by NHS England.</p> <p>In addition to the SFIs, the financial limits and financial delegation documents enclosed (appendix 2 and 3) provide further detail of proposed financial delegations within the ICB and set out specific limits for the approval of transactions. These financial limits also form an integral part of the financial governance arrangements of the ICB as part of the detailed operational policies which support the Scheme of Reservation and Delegation and SFI's.</p>	

<p>These documents will continue to be reviewed to ensure they remain fit for purpose as the ICB governance arrangements develop and evolve.</p> <p>An operational authorised signatory list will be maintained confirming the specific individuals holding delegated authority, which will be reviewed and approved by the Executive Director of Finance.</p> <p>The following documents are attached for consideration and approval by the Board:</p> <ul style="list-style-type: none"> • Standing Financial Instructions – Appendix 1 • Financial Limits – Appendix 2 • Financial Delegation (authorised signatory list) – Appendix 3 						
Risks and issues						
<p>If the ICB does not have a robust and clear control environment in relation to the effective stewardship and management of public funds, there is the risk that staff would not have clear guidance on levels of delegated authority to support effective and transparent decision-making in the commissioning of services.</p>						
Assurances						
<p>The SFIs have been prepared using the NHS England standard template and comply with all statutory and mandated guidance. The financial limits and proposed delegation levels have also been developed in consultation with relevant finance and governance experts to ensure they are robust and fit for purpose.</p>						
Recommendation/Action Required						
<p>The Board is asked to:</p> <ul style="list-style-type: none"> • Approve the Standing financial instructions (appendix 1) • Approve the proposed financial delegated limits (appendices 2 and 3) 						
Sponsor/approving director	J Connolly, Executive Director of Finance (Designate)					
Report author	R Henderson, Chief Finance Officer, County Durham CCG					
Link to ICB corporate aims (please tick all that apply)						
CA1: Improve outcomes in population health and healthcare						
CA2: tackle inequalities in outcomes, experience and access						
CA3: Enhance productivity and value for money						✓
CA4: Help the NHS support broader social and economic development						✓
Relevant legal/statutory issues						
Health and Care Act 2022, mandated/statutory guidance from NHS England						
Any potential/actual conflicts of interest associated with the paper? (please tick)	Yes		No		N/A	✓
If yes, please specify						
Equality analysis completed (please tick)	Yes		No		N/A	✓

If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken? (please tick)	Yes		No		N/A	<input checked="" type="checkbox"/>
Key implications						
Are additional resources required?	Not applicable.					
Has there been/does there need to be appropriate clinical involvement?	Yes, as part of the document development.					
Has there been/does there need to be any patient and public involvement?	Not applicable.					
Has there been/does there need to be partner and/or other stakeholder engagement?	Yes, as part of the document development.					

Enc 3 - Appendix 1



**North East &
North Cumbria**

Integrated Care Board Model
Standing Financial Instructions
Document V1.1

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1. Purpose and statutory framework

- 1.1.1 These Standing Financial Instructions (SFIs) shall have effect as if incorporated into the integrated Care Board's (ICB) constitution. In accordance with the National Health Service Act 2006, as amended by the Health and Care Act 2022, the ICB must publish its constitution.
- 1.1.2 In accordance with the Act as amended, NHS England is mandated to publish guidance for ICBs, to which each ICB must have regard, in order to discharge their duties.
- 1.1.3 The purpose of this governance document is to ensure that the ICB fulfils its statutory duty to carry out its functions effectively, efficiently and economically. The SFIs are part of the ICB's control environment for managing the organisation's financial affairs as they are designed to ensure regularity and propriety of financial transactions.
- 1.1.4 SFIs define the purpose, responsibilities, legal framework and operating environment of the ICB. They enable sound administration, lessen the risk of irregularities and support commissioning and delivery of effective, efficient and economical services.
- 1.1.5 The ICB is established under Chapter A3 of Part 2 of the National Health Service Act 2006, as inserted by the Health and Care Act 2022 and has the general function of arranging for the provision of services for the purposes of the health services in England in accordance with the Act.
- 1.1.6 Each ICB is to be established by order made by NHS England for an area within England, the order establishing an ICB makes provision for the constitution of the ICB.
- 1.1.7 All members of the ICB (its Board) and all other Officers should be aware of the existence of these documents and be familiar with their detailed provisions. The ICB SFIs will be made available to all Officers on the intranet and internet website for each statutory body.
- 1.1.8 Should any difficulties arise regarding the interpretation or application of any of these SFIs, the advice of the chief executive or the chief financial officer must be sought before acting.
- 1.1.9 Failure to comply with the SFIs may result in disciplinary action in accordance with the ICBs applicable disciplinary policy and procedure in operation at that time.

2. Scope

- 2.1.1 All officers of the ICB, without exception, are within the scope of the SFIs without limitation. The term officer includes, permanent employees, secondees and contract workers.
- 2.1.2 Within this document, words imparting any gender include any other gender. Words in the singular include the plural and words in the plural include the singular.
- 2.1.3 Any reference to an enactment is a reference to that enactment as amended.
- 2.1.4 Unless a contrary intention is evident, or the context requires otherwise, words or expressions contained in this document, will have the same meaning as set out in the applicable Act.

3. Roles and Responsibilities

3.1 Staff

3.1.1 All ICB Officers are severally and collectively, responsible to their respective employer(s) for:

- abiding by all conditions of any delegated authority
- the security of the statutory organisations property and avoiding all forms of loss
- ensuring integrity, accuracy, probity and value for money in the use of resources; and
- conforming to the requirements of these SFIs

3.2 Accountable Officer

3.2.1 The ICB constitution provides for the appointment of the Chief Executive by the ICB Chair. The Chief Executive is the Accountable Officer for the ICB and is personally accountable to NHS England for the stewardship of ICBs allocated resources.

3.2.2 The Executive Director of Finance reports directly to the ICB Chief Executive officer and is professionally accountable to the NHS England Regional Finance Director

3.2.3 The Chief Executive will delegate to the Executive Director of Finance the following responsibilities in relation to the ICB:

- preparation and audit of annual accounts
- adherence to the directions from NHS England in relation to accounts preparation
- ensuring that the allocated annual revenue and capital resource limits are not exceeded, jointly, with system partners
- ensuring that there is an effective financial control framework in place to support accurate financial reporting, safeguard assets and minimise risk of financial loss
- meeting statutory requirements relating to taxation
- ensuring that there are suitable financial systems in place (see Section 6)
- meeting the financial targets set for it by NHS England

- use of incidental powers such as management of ICB assets, entering commercial agreements
- ensuring the Governance statement and annual accounts and reports are signed
- ensuring planned budgets are approved by the relevant Board; developing the funding strategy for the ICB to support the Board in achieving ICB objectives, including consideration of place-based budgets
- making use of benchmarking to make sure that funds are deployed as effectively as possible
- ensuring executive members (partner members and non-executive members) and other officers are notified of and understand their responsibilities within the SFIs
- specific responsibilities and delegation of authority to specific job titles are confirmed
- financial leadership and financial performance of the ICB
- identification of key financial risks and issues relating to robust financial performance and leadership and working with relevant providers and partners to enable solutions; and
- the Executive Director of Finance will support a strong culture of public accountability, probity, and governance, ensuring that appropriate and compliant structures, systems, and process are in place to minimise risk.

3.3 Audit Committee

3.3.1 The Board and Accountable Officer should be supported by an Audit Committee, which should provide proactive support to the Board in advising on:

- the management of key risks
- the strategic processes for risk
- the operation of internal controls
- control and governance and the governance statement
- the accounting policies, the accounts, and the annual report of the ICB
- the process for reviewing of the accounts prior to submission for audit, management's letter of representation to the external auditors; and the planned activity and results of both internal and external audit.

4. Management accounting and business management

4.1.1 The Executive Director of Finance is responsible for maintaining policies and processes relating to the control, management and use of resources across the ICB.

4.1.2 The Executive Director of Finance will delegate the budgetary control responsibilities to budget holders through a formal documented process.

4.1.3 The Executive Director of Finance will ensure:

- the promotion of compliance to the SFIs through an assurance certification process
- the promotion of long-term financial health for the NHS system (including ICS)
- budget holders are accountable for obtaining the necessary approvals and oversight of all expenditure incurred on the cost centres they are responsible for
- the improvement of financial literacy of budget holders with the appropriate level of expertise and systems training
- that the budget holders are supported in proportion to the operational risk; and
- the implementation of financial and resources plans that support the NHS Long term plan objectives.

4.1.4 In addition, the Executive Director of Finance should have financial leadership responsibility for the following statutory duties:

- The duty of the ICB, in conjunction with its partner NHS trusts and NHS foundation trusts, to exercise its functions with a view to ensuring that, in respect of each financial year
 - local capital resource use does not exceed the limit specified in a direction by NHS England
 - local revenue resource use does not exceed the limit specified in a direction by NHS England
- The duty of the ICB to perform its functions as to secure that its expenditure does not exceed the aggregate of its allotment from NHS England and its other income; and
- The duty of the ICB, in conjunction with its partner trusts, to seek to achieve any joint financial objectives set by NHS England for the ICB and its partner trusts.

4.1.5 The Executive Director of Finance and *any senior officer responsible* for finance within the ICB should also promote a culture where budget holders and decision makers consult their finance business partners in key strategic decisions that carry a financial impact.

5. Income, banking arrangements and debt recovery

5.1 Income

5.1.1 An ICB has power to do anything specified in section 7(2)(a), (b) and (e) to (h) of the Health and Medicines Act 1988 for the purpose of making additional income available for improving the health service.

5.1.2 The Executive Director of Finance is responsible for:

- ensuring order to cash practices are designed and operated to support, efficient, accurate and timely invoicing and receipting of cash. The processes and procedures should be standardised and harmonised across the NHS System by working cooperatively with the Shared Services provider; and
- ensuring the debt management strategy reflects the debt management objectives of the ICB and the prevailing risks;

5.2 Banking

5.2.1 The Executive Director of Finance is responsible for ensuring the ICB complies with any directions issued by the Secretary of State with regards to the use of specified banking facilities for any specified purposes.

5.2.2 The Executive Director of Finance will ensure that:

- the ICB holds the minimum number of bank accounts required to run the organisation effectively. These should be raised through the government banking services contract; and
- the ICB has effective cash management policies and procedures in place.

5.3 Debt management

5.3.1 The Executive Director of Finance is responsible for the ICB debt management strategy.

5.3.2 This includes:

- a debt management strategy that covers end-to-end debt management from debt creation to collection or write-off in accordance with the losses and special payment procedures
- ensuring the debt management strategy covers a minimum period of 3 years and must be reviewed and endorsed by the ICB Board every 12 months to ensure relevance and provide assurance

- accountability to the ICB Board that debt is being managed effectively
- accountabilities and responsibilities are defined with regards to debt management to budget holders; and
- responsibility to appoint a senior officer responsible for day to day management of debt.

6. Financial systems and processes

6.1 Provision of finance systems

6.1.1 The Executive Director of Finance is responsible for ensuring systems and processes are designed and maintained for the recording and verification of finance transactions such as payments and receivables for the ICB.

6.1.2 The systems and processes will ensure, inter alia, that payment for goods and services is made in accordance with the provisions of these SFIs, related procurement guidance and prompt payment practice.

6.1.3 As part of the contractual arrangements for ICBs officers will be granted access where appropriate to the Integrated Single Financial Environment ("ISFE"). This is the required accounting system for use by ICBs, Access is based on single access log on to enable users to perform core accounting functions such as to transacting and coding of expenditure/income in fulfilment of their roles.

6.1.4 The Executive Director of Finance will, in relation to financial systems:

- promote awareness and understanding of financial systems, value for money and commercial issues
- ensure that transacting is carried out efficiently in line with current best practice – e.g., e-invoicing
- ensure that the ICB meets the required financial and governance reporting requirements as a statutory body by the effective use of finance systems
- enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records
- ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable
- ensure publication and implementation of all ICB business rules and ensure that the internal finance team is appropriately resourced to deliver all statutory functions of the ICB
- ensure that risk is appropriately managed
- ensure identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers
- ensure the ICB has suitable financial and other software to enable it to comply with these policies and any consolidation requirements of the ICB
- ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the

responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes; and

- where another health organisation or any other agency provides a computer service for financial applications, the Executive Director of Finance shall periodically seek assurances that adequate controls are in operation.

7. Procurement and purchasing

7.1 Principles

- 7.1.1 The Executive Director of Finance will take a lead role on behalf of the ICB to ensure that there are appropriate and effective financial, contracting, monitoring and performance arrangements in place to ensure the delivery of effective health services.
- 7.1.2 The ICB must ensure that procurement activity is in accordance with the Public Contracts Regulations 2015 (PCR) and associated statutory requirements whilst securing value for money and sustainability.
- 7.1.3 The ICB must consider, as appropriate, any applicable NHS England guidance that does not conflict with the above.
- 7.1.4 The ICB must have a Procurement Policy which sets out all of the legislative requirements.
- 7.1.5 All revenue and non-pay expenditure must be approved, in accordance with the ICB business case policy [to be drafted], prior to an agreement being made with a third party that enters a commitment to future expenditure.
- 7.1.6 All officers must ensure that any conflicts of interest are identified, declared and appropriately mitigated or resolved in accordance with the ICB standards of business conduct policy.
- 7.1.7 Budget holders are accountable for obtaining the necessary approvals and oversight of all expenditure incurred on the cost centres they are responsible for. This includes obtaining the necessary internal and external approvals which vary based on the type of spend, prior to procuring the goods, services or works.
- 7.1.8 Undertake any contract variations or extensions in accordance with PCR 2015 and the ICB procurement policy.
- 7.1.9 Retrospective expenditure approval should not be permitted. Any such retrospective breaches require approval from any committee responsible for approvals before the liability is settled. Such breaches must be reported to the Audit Committee.

8. Staff costs and staff related non pay expenditure

8.1 Chief People Officer

8.1.1 The Executive Chief People Officer [ECPO] (or equivalent people role in the ICB) will lead the development and delivery of the long-term people strategy of the ICB ensuring this reflects and integrates the strategies of all relevant partner organisations within the ICS.

8.1.2 Operationally the ECPO will be responsible for

- defining and delivering the organisation's overall human resources strategy and objectives; and
- overseeing delivery of human resource services to ICB employees.

8.1.3 The ECPO will ensure that the payroll system has adequate internal controls and suitable arrangements for processing deductions and exceptional payments.

8.1.4 Where a third-party payroll provider is engaged, the ECPO shall closely manage this supplier through effective contract management.

8.1.5 The ECPO is responsible for management and governance frameworks that support the ICB employees' life cycle.

9. Annual reporting and accounts

9.1.1 The Executive Director of Finance will ensure, on behalf of the Accountable Officer and ICB Board, that:

- the ICB is in a position to produce its required monthly reporting, annual report, and accounts, as part of the setup of the new organisation; and
- the ICB, in each financial year, prepares a report on how it has discharged its functions in the previous financial year;

An annual report must, in particular, explain how the ICB has:

- discharged its duties in relating to improving quality of services, reducing inequalities, the triple aim and public involvement
- review the extent to which the Board has exercised its functions in accordance with its published 5 year forward plan and capital resource use plan; and
- review any steps that the Board has taken to implement any joint local health and wellbeing strategy.

9.1.2 NHS England may give directions to the ICB as to the form and content of an annual report.

9.1.3 The ICB must give a copy of its annual report to NHS England by the date specified by NHS England in a direction and publish the report.

9.2 Internal audit

9.2.1 The Chief Executive, as the Accountable Officer, is responsible for ensuring there is appropriate internal audit provision in the ICB. For operational purposes, this responsibility is delegated to the Executive Director of Finance to ensure that:

- all internal audit services provided under arrangements proposed by the Executive Director of Finance are approved by the Audit Committee, on behalf of the ICB Board
- the ICB must have an internal audit charter. The internal audit charter must be prepared in accordance with the Public Sector Internal Audit Standards (PSIAS)
- the ICB internal audit charter and annual audit plan, must be endorsed by the ICB Accountable Officer, Audit Committee and Board
- the head of internal audit must provide an annual opinion on the overall adequacy and effectiveness of the ICB Board's framework of governance, risk management and internal control as they operated during the year, based on a systematic review and evaluation

- the head of internal audit should attend Audit Committee meetings and have a right of access to all Audit Committee members, the Chair and Chief Executive of the ICB
- the appropriate and effective financial control arrangements are in place for the ICB and that accepted internal and external audit recommendations are actioned in a timely manner.

9.3 External Audit

9.3.1 The Executive Director of Finance is responsible for:

- liaising with external audit colleagues to ensure timely delivery of financial statements for audit and publication in accordance with statutory, regulatory requirements
- ensuring that the ICB appoints an auditor in accordance with the Local Audit and Accountability Act 2014; in particular, the ICB must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year; the ICB must appoint a local auditor at least once every 5 years (ICBs will be informed of the transitional arrangements at a later date); and
- ensuring that the appropriate and effective financial control arrangements are in place for the ICB and that accepted external audit recommendations are actioned in a timely manner.

10. Losses and special payments

- 10.1.1 HM Treasury approval is required if a transaction exceeds the delegated authority, or if transactions will set a precedent, are novel, contentious or could cause repercussions elsewhere in the public sector.
- 10.1.2 The Executive Director of Finance will support a strong culture of public accountability, probity, and governance, ensuring that appropriate and compliant structures, systems, and process are in place to minimise risks from losses and special payments.
- 10.1.3 NHS England has the statutory power to require an Integrated Care Board to provide NHS England with information. The information, is not limited to losses and special payments, must be provided in such form, and at such time or within such period, as NHS England may require.
- 10.1.4 As part of the new compliance and control procedures, ICBs must submit an annual assurance statement confirming the following:
- details of all exit packages (including special severance payments) that have been agreed and/or made during the year
 - that NHS England and HMT approvals have been obtained before any offers, whether verbally or in writing, are made; and
 - adherence to the special severance payments guidance as published by NHS England.
- 10.1.5 All losses and special payments (including special severance payments) must be reported to the ICB Audit Committee and NHS England noting that ICBs do not have a delegated limit to approve losses or special payments.
- 10.1.6 For detailed operational guidance on losses and special payments, please refer to the ICB losses and special payment guide.

11. Fraud, bribery and corruption (Economic crime)

11.1.1 The ICB is committed to identifying, investigating and preventing economic crime.

11.1.2 The ICB Executive Director of Finance is responsible for ensuring appropriate arrangements are in place to provide adequate counter fraud provision which should include reporting requirements to the Board and Audit Committee, and defined roles and accountabilities for those involved as part of the process of providing assurance to the Board. These arrangements should comply with the NHS Requirements the Government Functional Standard 013 Counter Fraud as issued by NHS Counter Fraud Authority and any guidance issued by NHS England and NHS Improvement.

12. Capital Investments & security of assets and Grants

12.1.1 The Executive Director of Finance is responsible for:

- ensuring that at the commencement of each financial year, the ICB and its partner NHS trusts, and NHS foundation trusts prepare a plan setting out their planned capital resource use
- ensuring that the ICB and its partner NHS trusts, and NHS foundation trusts exercise their functions with a view to ensuring that, in respect of each financial year local capital resource use does not exceed the limit specified in a direction by NHS England
- ensuring the ICB has a documented property transfer scheme for the transfer of property, rights or liabilities from ICB's predecessor clinical commissioning group(s)
- ensuring that there is an effective appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans
- ensuring that there are processes in place for the management of all stages of capital schemes, that will ensure that schemes are delivered on time and to cost
- ensuring that capital investment is not authorised without evidence of availability of resources to finance all revenue consequences; and
- for every capital expenditure proposal, the Executive Director of Finance is responsible for ensuring there are processes in place to ensure that a business case is produced.

12.1.2 Capital commitments typically cover land, buildings, equipment, capital grants to third parties and IT, including:

- authority to spend capital or make a capital grant
- authority to enter into leasing arrangements.

12.1.3 Advice should be sought from the Executive Director of Finance or nominated officer if there is any doubt as to whether any proposal is a capital commitment requiring formal approval.

12.1.4 For operational purposes, the ICB shall have nominated senior officers accountable for ICB property assets and for managing property.

12.1.5 ICBs shall have a defined and established property governance and management framework, which should:

- ensure the ICB asset portfolio supports its business objectives; and

- comply with NHS England policies and directives and with this standard

12.1.6 Disposals of surplus assets should be made in accordance with published guidance and should be supported by a business case which should contain an appraisal of the options and benefits of the disposal in the context of the wider public sector and to secure value for money.

12.2 Grants

12.2.1 The Executive Director of Finance is responsible for providing robust management, governance and assurance to the ICB with regards to the use of specific powers under which it can make capital or revenue grants available to:

- any of its partner NHS trusts or NHS foundation trusts; and
- to a voluntary organisation, by way of a grant or loan.

12.2.2 All revenue grant applications should be regarded as competed as a default position unless there are justifiable reasons why the classification should be amended to non-competed.

13. Legal and insurance

13.1.1 This section applies to any legal cases threatened or instituted by or against the ICB. The ICB should have policies and procedures detailing:

- engagement of solicitors / legal advisors
- approval and signing of documents which will be necessary in legal proceedings; and
- Officers who can commit or spend ICB revenue resources in relation to settling legal matters.

13.1.2 ICBs are advised not to buy commercial insurance to protect against risk unless it is part of a risk management strategy that is approved by the Accountable Officer.



North East & North Cumbria

Financial Limits

1. Introduction

- 1.1 The tables below set out the financial limits up to which officers of the Integrated Care Board may exercise executive functions. These financial limits form an integral element of the financial governance arrangements for the ICB as part of the detailed operational policies which support the scheme of reservation and delegation and prime financial policies.
- 1.2 Annex 1 outlines the delegated limits to be provided to staff in North of England Commissioning Support (NECS) to ensure effective processing of transactions.

2. Administrative Budgets

- 2.1 Initial budgets and relevant contract values will be reviewed by the Finance, Performance and Investment Committee and approved by the ICB Board prior to the start of the financial year. The following limits will then apply to administrative budgets:

Limit	Authoriser
Over £5,000,000	Integrated Care Board
Up to £4,999,999	Finance, Performance and Investment Committee
Up to £1,999,999	ICB Chief Executive and ICB Executive Director of Finance and ICB Chair
Up to £1,000,000	ICB Chief Executive and ICB Executive Director of Finance
Up to £250,000	Individual ICB Executive Directors
Up to £100,000	Band 9 and VSM
Up to £50,000	Senior Managers (Band 8b-d)
Up to £10,000	Managers (Band 7 to 8a)
Invoices for less than £250: All invoices for less than £250 in total can be authorised by an approved member of the finance team without any further authorisation being required by relevant budget holders	

3. Commissioning Budget and Functions

- 3.1 Contracts will be agreed at the start of the year through the Executive Committee and approved by the ICB Board.
- 3.2 Related requisitions will then be processed on the ISFE system for the agreed contract value and relevant invoices will then be processed without further authorisation being required (up to the requisition value).
- 3.3 Within this framework the following authorisation limits will then operate:

Limit	Authoriser
Over £30,000,000	Integrated Care Board
Up to £29,999,999	Executive Committee
Up to £4,999,999	ICB Chief Executive and ICB Executive Director of Finance and ICB Chair
Up to £2,999,999	ICB Chief Executive and ICB Executive Director of Finance or ICB Chief Executive and Executive Directors of Place Based Delivery
Up to £1,000,000	Executive Directors of Place Based Delivery and Finance Director
Up to £500,000	Individual ICB Executive Directors
Up to £250,000	Band 9 and VSM
Up to £75,000	Senior Managers (Band 8b-d)
Up to £10,000 <i>Up to £75,000 Individual packages of care only *</i>	Managers (Band 7 to 8a)
Up to £10,000	Nominated Officers for non-contract activity and individual funding requests
Invoices for less than £250: All invoices for less than £250 in total can be authorised by an approved member of the finance team without any further authorisation being required by relevant budget holders	

Notes:

The limits above refer to individual contract values or individual contract variations (cumulative value over the life of the contract/variation, i.e., 3 year contract for £50,000 p.a. would be considered £150,000 in context of limits above). Where expenditure relates to individual packages of care, the limits above will apply to the annual package value.

Values represent total expenditure on each contract/variation (including where relevant any VAT not recoverable by the ICB).

The delegations noted above relate to the use of budgets approved by the ICB and within the individual's own areas of responsibility. Authorisation limits, based on these rules, will only be allocated to staff where this is appropriate to their role. Therefore, not all staff at the banding levels listed above will be allocated these authorisation limits.

Managers (Band 7 to 8a) will have approval to agree individual packages of care up to £75,000 pa. This will also apply to relevant Band 6 case managers where agreed by Executive Director of Finance. This includes Continuing Healthcare packages, Funded Nursing Care, Section 117 healthcare, children's packages, joint funded packages.

These limits are also applicable for the approval of tenders, provided the relevant tender process has been fully complied with.

An operational authorised signatory list, confirming the relevant individuals holding delegated authority in line with the limits set out above, will be maintained by the ICB finance team and approved by the ICB Executive Director of Finance. This may include certain individuals employed by NECS to work on behalf of the ICB, in accordance with the delegated limits outlined below.

Relevant senior finance staff will have higher (in some cases unlimited) approval limits within the financial ledger system to enable the processing of high value orders/invoices relating to contracts which have been approved in line with the limits below.

Approval limits for the financial ledger system, including journal authorisation limits, will be reviewed and approved by the Executive Director of Finance and included within the operational authorised signatory list. This list will be available for scrutiny by the Audit Committee as required.

Additional authorisation or procedure may be required for non-financial aspects of any planned expenditure or where exceptional arrangements are contemplated. It is the responsibility of the budget holder to ensure that any such authorisation has been obtained or procedure completed in advance of any financial commitment.

Examples would be:

- expenditure requiring quotations, tenders or business case approval
- service change requiring clinical approval
- contracts of unusually long duration
- non-employed individuals where there may be taxation or employment rights issues requiring expert HR advice
- ex gratia or compensation payments, which have specific procedural requirements

NECS Delegated Limits

1. Healthcare spend

1.1 Under the ISFE system, formal requisitions should be processed for healthcare payments in order for any payments to be made to providers. It is essential that we agree the boundaries in terms of what NECS can authorise on behalf of the ICB to ensure efficient processing of transactions whilst managing any potential financial risk to the ICB.

1.2 The scheme of delegation for the following key areas is as follows:

Contract Type	Signed contract by ICB?	Authorisation of requisition and receipting of service on a monthly basis	Contract Over / Under Performance
Acute / Community / Mental Health / 999 / PTS / contracts	Yes - Signed standard NHS contract is in place, which includes an agreed monthly payment profile	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from ICB.	Relevant NECS staff can authorise additional payment / credit up to £75,000 without additional authorisation from ICB for each contract. Amounts above £75,000 would require approval in accordance with ICB scheme of financial delegation. Excluded from the above is where a service is currently not commissioned from the provider. A variation appropriately authorised in accordance with the ICB scheme of financial delegation is required.
AQP	Yes - Signed standard NHS contract is in place with zero activity and financial value	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from ICB.	NECS can authorise additional payment / credit up to the overall budget agreed by ICB. Budgets will be reviewed monthly and reset where appropriate. If budget is exceeded, approval in accordance with the ICB scheme of financial delegation will be required for payment above 2% or £75,000 whichever is the lowest for each service line, e.g., AQP Adult Hearing (not provider level).
NCAs including PTS NCAs (all other PTS will be covered above)	No signed contract in place.	Requisition not required.	NECS can authorise additional payment / credit up to the overall budget agreed by the ICB. Budgets will be reviewed monthly and reset where appropriate.

Contract Type	Signed contract by ICB?	Authorisation of requisition and receipting of service on a monthly basis	Contract Over / Under Performance
			<p>NCA's with an individual value above £10,000 will require approval in accordance with the ICB scheme of financial delegation.</p> <p>Emergency air ambulances / decompression chambers above £50,000 will require approval in accordance with the ICB scheme of financial delegation.</p> <p>PTS air ambulance/transport above £10,000 will require approval in accordance with the ICB scheme of financial delegation.</p>
Enhanced Services	Yes – signed enhanced service agreement in place	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from ICB.	<p>NECS can authorise additional payment / credit up to the overall budget agreed by ICB. Budgets will be reviewed monthly and reset where appropriate.</p> <p>If budget is exceeded, approval will be required for payment above £10,000 for each service line, e.g., minor ailments (not provider level).</p>
Continuing Healthcare Agreements / Individual packages of care (including MH/LD and children's packages)	Yes - Signed standard NHS contract is in place with zero activity and financial value	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from ICB.	<p>NECS can authorise additional payment / credit up to the overall budget agreed by the CCG. Budgets will be reviewed monthly and reset where appropriate.</p> <p>Individual continuing care packages above £75,000 (annual value) will require individual approval in accordance with the ICB scheme of financial delegation.</p>
Local Authority Agreements	Yes - Signed section 256 or section 75 in place	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional	<p>NECS can authorise additional payment / credit up to the overall monthly budget agreed by ICB. Budgets will be reviewed monthly and reset where appropriate.</p> <p>Only if the section 75 covers continuing health care, any individual continuing care</p>

Contract Type	Signed contract by ICB?	Authorisation of requisition and receipting of service on a monthly basis	Contract Over / Under Performance
		authorisation from ICB.	packages above £75,000 will require individual approval in accordance with the ICB scheme of financial delegation.

2. Non-healthcare spend

2.1 It is suggested that the ICB delegates to NECS sufficient authority to allow NECS to make low value non-healthcare payments on behalf of the ICB. The proposed areas and levels of payment are as follows:

Payment Type	Value of delegated authority
Collaborative fees, blue badges, adoption forms etc	NECS can authorise individual payments up to £100.
Childcare vouchers	NECS can authorise individual payments where the cost to the ICB is up to £100.
Any other incidental expenditure	NECS can authorise individual payments up to a value of £1,000.



North East & North Cumbria

ICB Financial Delegation

All financial delegations are to the substantive post-holders listed. Only where specifically indicated may the delegation be exercised by their deputy.

The approval of the Delegated Financial Limits is reserved to the ICB.

For invoice/purchase order/order/credit memo and journal approval limits see operational authorised signatory list.

Financial Delegations - Contents

<u>Section</u>	<u>Title</u>
1	Capital Projects & Assets
2	Contracts / Tenders
3	Quotations
4	Income Generation and Research & Development Contacts
5	Petty Cash
6	Engagement of Solicitors
7	Payroll Expenditure
8	Losses & Write-Off of Debts
9	Special Payments
10	Budgetary Control
11	Bank accounts and Payment Methods
12	Fraud and Irregularity
13	Investments
14	Grants
15	Healthcare Packages
16	Delegated Primary Care Commissioning

Ref	Responsibility	Delegation Arrangements	Notes
1	Capital Projects & Assets		
1.1	<p>Approval of capital business cases including PFI schemes/other schemes and granting, terminating or extending leases:</p> <p>Up to and including £500,000</p> <p>Up to and including £5,000,000 except where these may give rise to significant qualitative, reputational or financial risk in which case these must be referred to Finance, Performance and Investment Committee ("Finance Performance & Investment Committee") or ICB for decision.</p> <p>Greater than £5,000,000</p>	<p>ICB Chief Executive <u>or</u> ICB Executive Director of Finance</p> <p>Both ICB Chief Executive <u>and</u> ICB Executive Director of Finance</p> <p>Finance Performance & Investment Committee</p>	<p>Finance Performance & Investment Committee notes: These fall within the remit of this committee:</p> <ul style="list-style-type: none"> a) where a budget has already been made available b) where the scheme of delegation permits c) subject to compliance with the ICB's financial policies
1.2	<p>Capital expenditure variations over the original business case figure:</p> <p>Up to and including £500,000</p> <p>Up to and including £5,000,000</p> <p>Greater than £5,000,000</p>	<p>ICB Chief Executive <u>or</u> ICB Executive Director of Finance</p> <p>Both ICB Chief Executive <u>and</u> ICB Executive Director of Finance</p> <p>Finance Performance & Investment Committee</p>	
1.3	Maintenance of the capital asset register	Nominated Finance Officer	Nominated Finance Officer to be determined by the

Ref	Responsibility	Delegation Arrangements	Notes
			ICB Executive Director of Finance.
1.4	<p>Approval of asset disposals:</p> <p>Where asset has a residual value of less than £100,000</p> <p>Greater than £100,000</p>	<p>ICB Chief Executive or ICB Executive Director of Finance</p> <p>Finance Performance & Investment Committee</p>	<p>The Nominated Finance Officer must be informed of all disposals (whatever their value) to enable the asset register to be updated.</p> <p>Disposals include those items that are obsolete, obsolescent, redundant, or cannot be repaired cost effectively.</p>
2	Contracts / Tenders		
2.1	Financial appraisal of companies identified as potential tenderers	ICB Executive Director of Finance or Nominated Finance Officer	Nominated Finance Officer to be determined by ICB Executive Director of Finance.
2.2	<p>Waiver of less than the requisite number of tenders/quotes:</p> <p>For all contracts less than £250,000 (life time value) including Capital projects/works, goods and services</p> <p>For all contracts of £250,000 (life time value) and above</p>	<p>ICB Executive Director of Finance or ICB Finance Director</p> <p>ICB Chief Executive and ICB Executive Director of Finance</p>	The reason for waving the requisite number of tenders must be recorded and signed and dated by those with delegated authority.
2.3	<p>Authorisation of single tender/single quote</p> <p>For all contracts less than £250,000 (life time value)</p> <p>For all contracts of £250,000 (life time value) and above</p>	<p>ICB Executive Director of Finance or ICB Finance Director</p> <p>ICB Chief Executive and ICB Executive Director of Finance</p>	Where a single tender/single quote is sought or received, the ICB shall as far as practical, determine that the price to be paid is fair and reasonable and that details of the investigation are recorded.

Ref	Responsibility	Delegation Arrangements	Notes
			Where a single tender/single quote is authorised, the reason for this must be recorded and signed and dated by those with delegated authority. This must be reported at the next audit committee.
2.4	Permission to consider late tenders	Individual ICB Executive Directors and ICB Director of Finance (or nominated deputy)	
2.5	Signing of contracts, letters of intent or variations - any value (where contract approved in accordance with ICB delegated financial limits)	Individual ICB Executive Directors	Where contract approved in accordance with delegated financial limits.
3	Quotations		
3.1	Evaluation of quotations between £25,000 and relevant procurement threshold	ICB Executive Director of Finance or ICB Executive Director or Nominated Finance Officer	
4	Income Generation and Research & Development Contacts		
4.1	Approval of income generation contracts or research and development contracts (including variations & extensions): Less than £250,000 Greater than £250,000	ICB Executive Director of Finance or ICB Finance Director ICB Chief Executive or ICB Executive Director of Finance & Executive Director	Those greater than £500,000 must be reported to Finance Performance & Investment Committee for information.
5	Petty Cash		

Ref	Responsibility	Delegation Arrangements	Notes
5.1	<p>Authorisation of petty cash payments:</p> <p>Disbursements up to and including £100</p> <p>Disbursements over £100</p>	<p>Nominated Petty Cash Officer</p> <p>ICB Executive Director of Finance <u>or</u> ICB Finance Director</p>	Nominated Petty Cash Officer to be determined by ICB Executive Director of Finance.
6	Engagement of Solicitors		
6.1	Engagement of Solicitors	<p>ICB Chief Executive <u>or</u></p> <p>ICB Executive Director of Finance <u>or</u></p> <p>ICB Executive Director</p>	
7	Payroll Expenditure		
7.1	Engagement, re-engagement, re-grading employees, (permanent or temporary)	ICB Executive Director	Authorisations must be within the limit of the approved budget and funded establishment.
7.2	Remuneration for substantive staff on VSM contracts or non-Agenda for Change e.g., clinicians and non-executives	Remuneration Committee or ICB Board for Remuneration Committee members (except those delegated to NHSE/I)	<p>In accordance with Scheme of Reservation and Delegation.</p> <p>Taking account of relevant NHSE/I and DHSC guidance.</p>
7.3	<p>All Off-payroll engagements where:</p> <ul style="list-style-type: none"> - Cost is less than £245/day - Engaged for less than 6 months - And not in roles of significant influence <p>Where any of the above are <u>not</u> met</p>	<p>ICB Chief Executive <u>or</u></p> <p>ICB Executive Director of Finance <u>and</u> ICB Executive Director</p> <p>ICB Chief Executive</p>	

Ref	Responsibility	Delegation Arrangements	Notes
7.4	<p>Authorisation of travel and expenses claims</p> <p>Claims exceeding £1,000 for any single month and/or claims older than 3 months (whatever their value)</p> <p>Expenses of the ICB Chair</p> <p>Expenses of the ICB Chief Executive</p>	<p>Line Managers as outlined in the Authorised Signatory List</p> <p>ICB Chief Executive or ICB Executive Director of Finance</p> <p>ICB Chief Executive or ICB Executive Director of Finance</p> <p>ICB Chair or ICB Executive Director of Finance</p>	
7.5	Study leave and associated expenses / training expenses	ICB Executive Director or ICB Finance Director and Line Manager	
7.6	<p>Authorisation of timesheets with a value of less than £2,500</p> <p>Authorisation of timesheets with a value of £2,500 or over</p>	<p>Line Manager</p> <p>ICB Executive Director or ICB Finance Director</p>	No authorisations may exceed the conditions of an individual's contract. Values should be estimated based on number of hours x rate for that grade.
7.7	Authorisation of early retirement, redundancy and other termination payments to staff where there is a cost to the ICB	Remuneration Committee or ICB Board for Remuneration Committee members (except those delegated to NHSE/I)	Taking account of relevant NHSE/I and DHSC guidance and any additional approval that may be required.
8	Losses & Write-Off of Debts		
8.1	<p>Authorisation of debt write-off and losses:</p> <p>Less than £50,000</p> <p>£50,000 to £300,000</p> <p>Greater than £300,000</p>	<p>ICB Executive Director of Finance or ICB Finance Director</p> <p>Finance Performance & Investment Committee</p> <p>ICB Board (and NHS England)</p>	<p>Must be presented to Audit Committee for information.</p> <p>All losses greater than £300,000 must also be approved by NHS England</p>

Ref	Responsibility	Delegation Arrangements	Notes
8.2	Authorisation to refer debts to debt collection agency	ICB Executive Director of Finance <u>or</u> ICB Finance Director	Where this course of action risks adverse publicity the matter must first be discussed with the ICB Chief Executive and/or ICB Chair.
9	Special Payments		
9.1	As part of the HR process, authorisation of special payments, including staff compromise agreements; and ex-gratia payments: Up to £10,000 Up to £95,000 £95,000 and over	ICB Finance Director ICB Executive Director of Finance ICB Chief Executive <u>or</u> ICB Executive Director of Finance <u>and</u> ICB Chair	All special payments must be reported to Audit Committee. Refer to ICB losses and special payments guide which includes delegated limits. No special payments exceeding delegated limits shall be made without the prior approval of NHS England. Any special payments over £95,000 require NHS England approval along with all special severance and retention payments.
10	Budgetary Control		
10.1	Approval of budgets and resources Delegation of budgets Approval to spend	ICB Board ICB Executive Director of Finance Budget Holder/ Manager is permitted to incur costs in accordance with their budgets & authorisation limits	The approval of budgets and resources will usually take place during March for the following financial year
10.2	Approval of budget virements: Up to and including £500,000 Up to and including £1,000,000	ICB Finance Director ICB Executive Director of Finance Finance Performance & Investment Committee	ICB Finance Director approval relates to budgets delegated to relevant place.

Ref	Responsibility	Delegation Arrangements	Notes
	Over £1,000,000		
10.3	Approval of transfers from reserves	ICB Executive Director of Finance <u>or</u> ICB Finance Director	As above
11	Bank Accounts and Payment Methods		
11.1	Opening of bank accounts or changes to banking arrangements	ICB Executive Director of Finance <u>or</u> ICB Finance Director	Governing Banking Services only. Must be reported to the next Finance Performance & Investment Committee meeting.
11.2	Signing of cheques for cash, signing of other cheques, and authorisation of electronic payments, cheque and BACs payment schedules	ICB Executive Director of Finance <u>or</u> ICB Finance Director <u>or</u> Nominated Finance Manager	
11.3	Approval of credit card / payment card arrangements, including opening of any new accounts	ICB Executive Director of Finance	Individual credit card transactions to be approved in line with delegated financial limits.
12.0	Fraud and Irregularity		
12.1	Counter fraud and corruption work in accordance with Secretary of State's Directions	ICB Executive Director of Finance <u>or</u> ICB Finance Director	In liaison with Local Counter Fraud Specialist, Counter Fraud Operational Service and Police as appropriate
12.2	Investigation of suspected cases of irregularity not related to fraud or corruption	ICB Chief Executive <u>or</u> ICB Executive Director & ICB Executive Director of Finance	
13	Investments		
13.1	Investment decisions	Refer to individual delegated financial limits	

Ref	Responsibility	Delegation Arrangements	Notes
		for approval of expenditure on administrative and commissioning budgets	
14	Grants		
14.1	Decisions to award grants.	Refer to individual delegated financial limits for approval of expenditure on administrative and commissioning budgets	
15	Healthcare Packages		
15.1	<p>Approval of Individual Packages of Care (including Continuing HealthCare (CHC), Funded Nursing Care (FNC), S117 health packages, and children's health packages:</p> <p>Up to budget delegation limit</p> <p>Packages above the Commissioning Manager budget delegation limit</p> <p>Packages above the ICB Nurse Director's budget delegation limit</p>	<p>Commissioning Manager or Senior Manager</p> <p>ICB Nurse Director</p> <p>ICB Executive Director of Place Based Delivery or ICB Executive Chief Nurse</p>	<p>Individual Health care packages to be considered and awarded in accordance with relevant legislation.</p> <p>Relevant commissioning manager may be employed by ICB, NECS or Local Authority in accordance with relevant placed based delegation arrangements.</p> <p>Relevant budget delegation limits are set out in Financial Limits document and authorised signatory list.</p>
16	Delegated Primary Care Commissioning Expenditure		
16.1	The ICB shall ensure that any decisions in respect of the Delegated Functions and which exceed the financial limits set out above are only taken:	See Table 1 below	NHS England may, from time to time, update Table 1 by sending a notice to the ICB of amendments to Table 1.

Ref	Responsibility	Delegation Arrangements	Notes
	<p>a) by the individuals set out in column 2 of Table 1 above; and</p> <p>b) following the approval of NHS England (if any) as set out in column 3 of the Table 1 above.</p>		

Table 1 – Delegated Primary Care Financial Limits		
Decision	Person / Individual	NHS England Approval
General:		
Taking any step or action in relation to the settlement of a Claim, where the value of the settlement exceeds £100,000	ICB Chief Executive Officer or Executive Director of Finance or Chair	NHS England Head of Legal Services and Local NHS England Team Director or Director of Finance
Any matter in relation to the Delegated Functions which is novel, contentious or repercussive	ICB Chief Executive Officer or Executive Director of Finance or Chair	Local NHS England Team Director or Director of Finance or NHS England Region Director or Director of Finance or NHS England Chief Executive or Chief Financial Officer
Revenue Contracts:		
The entering into of any Primary Medical Services Contract which has or is capable of having a term which exceeds five (5) years	ICB Chief Executive Officer or Executive Director of Finance or Chair	Local NHS England Team Director or Director of Finance
Capital:		
Note: As at the date of this Agreement, the ICB will not have delegated or directed responsibility for decisions in relation to Capital expenditure (and these decisions are retained by NHS England), but the ICB may be required to carry out certain administrative services in relation to Capital expenditure.		