NHS SOMERSET INTEGRATED CARE BOARD (ICB)

Standing Financial Instructions and Financial Policies

STANDING FINANCIAL INSTRUCTIONS AND FINANCIAL POLICIES

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1 Purpose and statutory framework

1.1 These Standing Financial Instructions (SFIs) shall have effect as if incorporated into NHS Somerset Integrated Care Board's 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.

1.2 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.

1.3 The purpose of these 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 NHS Somerset ICB's control environment for managing the organisation's financial affairs as they are designed to ensure regularity and propriety of financial transactions.

1.4 These SFIs help the Accountable Officer and Chief Financial Officer to effectively perform their responsibilities. They 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.

1.5 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.

1.6 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.

1.7 These SFIs identify the financial responsibilities which apply to everyone working for NHS Somerset Integrated Care Board and its constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with detailed accounting policies and other related policies (such as departmental and financial procedure notes). The ICB SFIs will be made available to all Officers on the intranet and internet website for each statutory body.

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. The user of these SFIs should also be familiar with and comply with the provisions of NHS Somerset Integrated Care Board's constitution, standing orders and scheme of reservation and delegation.

1.9 Failure to comply with the SFIs may result in disciplinary action in accordance with the NHS Somerset ICBs applicable disciplinary policy and procedure in operation at that time.

2 Scope

2.1 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. 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 ICB Audit Committee for referring action or ratification. All of NHS Somerset Integrated Care Board's members and employees have a duty to disclose any non-compliance with these SFIs to the Chief Financial Officer as soon as possible.

2.2 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.

2.3 Any reference to an enactment is a reference to that enactment as amended.

2.4 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

Staff

3.1 The roles and responsibilities of NHS Somerset Integrated Care Board's members, employees, members of the ICB Board, members of the ICB Board's committees and sub-committees and persons working on behalf of NHS Somerset Integrated Care Board are set out in the NHS Somerset Integrated Care Board Constitution.

3.2 The financial decisions delegated by members of NHS Somerset Integrated Care Board are set out in the Scheme of Reservation and Delegation.

3.3 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

The ICB Board

3.4 The ICB Board exercises financial supervision and control by:

- formulating the financial strategy
- requiring the submission and approval of budgets within approved allocations/overall income
- defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money), and
- defining specific responsibilities placed on members of the ICB Board and employees as indicated in the Scheme of Delegation document.

3.5 The NHS Somerset Integrated Care Board has resolved that certain powers and decisions may only be exercised by the ICB Board in formal session. These are set out in the Scheme of Reservation and Delegation (SoRD) document. All other powers have been delegated to the established NHS Somerset Integrated Care Board committees.

The Accountable Officer and Chief Financial Officer

3.6 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.

3.7 The chief financial officer reports directly to the ICB chief executive officer and is professionally accountable to the NHS England regional finance director

3.8 The chief executive will delegate to the chief financial officer 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)
- meets the financial targets set for it by NHS England;
- use of incidental powers such as management of ICB assets, entering commercial agreements;
- the Governance statement and annual accounts & reports are signed;
- 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;
- 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 chief financial officer 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.

3.9 The Accountable Officer and Chief Financial Officer will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

ICB Board Members and Employees

3.11 All members of the ICB Board and employees, severally and collectively, are responsible for:

- the security of the property of the NHS Somerset Integrated Care Board

- 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

Contractors and their Employees

3.12 Any contractor or employee of a contractor who is empowered by NHS Somerset Integrated Care Board to commit the organisation to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Accountable Officer to ensure that such persons are made aware of this.

3.13 For all members of the ICB 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 ICB Board and employees discharge their duties must be to the satisfaction of the Chief Financial Officer.

Audit Committee

3.14 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 appointment, planned activity and results of both internal and external audit services.

4 Management accounting and business management

4.1 The chief financial officer is responsible for maintaining policies and processes relating to the control, management and use of resources across the ICB.

4.2 The Chief Financial Officer will delegate the budgetary control responsibilities to budget holders through a formal documented process.

4.3 The Chief Financial Officer will ensure:

- the promotion of compliance to the SFIs through an assurance certification process;
- the promotion of long-term financial heath 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.

4.4 In addition, the Chief Financial Officer 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.

4.5 The Chief Financial Officer 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.

Allotments

4.6 NHS Somerset Integrated Care Board's Chief Financial Officer will:

- periodically review the basis and assumptions used by NHS England and NHS Improvement for distributing allotments and ensure that these are reasonable and realistic and secure NHS Somerset Integrated Care Board's entitlement to funds.

- prior to the start of each financial year submit to the ICB Board for approval a report showing the total allocations received and their proposed distribution including any sums to be held in reserve.

- regularly update the ICB Board on significant changes to the initial allocation and the uses of such funds.

Annual Operating Plan

4.7 The Accountable Officer will compile and submit to the ICB Board an annual operating plan which considers financial targets and forecast limits of available resources.

4.8 Prior to the start of the financial year the Chief Financial Officer will, on behalf of the Accountable Officer, prepare and submit budgets for approval by the ICB Board.

4.9 The Chief Financial Officer shall monitor financial performance against budget and plan, periodically review them, and report to the ICB Board. This report should include explanations for variances. These variances must be based on any significant departures from agreed financial plans or budgets.

4.10 The Accountable Officer is responsible for ensuring that information relating to NHS Somerset Integrated Care Board's accounts or to its income or expenditure, or its use of resources is provided to NHS England and NHS Improvement as requested.

4.11 The ICB Board will approve consultation arrangements for NHS Somerset Integrated Care Board's annual operating plan.

Budget Setting

4.12 Budgets will:

- be in accordance with the aims and objectives set out in the plan
- accord with activity and workforce plans
- be produced following discussion with appropriate budget holders
- be prepared within the limits of available funds
- identify potential risks

4.13 All budget holders must provide information as required by the Chief Financial Officer to enable budgets to be compiled.

Budgetary Delegation

4.14 The Accountable Officer 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 the budget
- the purpose(s) of each budget heading
- individual and group responsibilities
- authority to exercise virement
- achievement of planned levels of service
- the provision of regular reports

4.15 The Accountable Officer and delegated budget holders must not exceed the budgetary total or virement limits set by the ICB Board, as follows:

Up to £10,000	Budget Holder and Management Accountant
Up to £750,000	Applicable Director and Associate Director of Finance
Up to £1,000,000	Chief Financial Officer
Up to £1,500,000	Accountable Officer
Over £1,500,000	ICB Board

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

4.17 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Accountable Officer, as advised by the Chief Financial Officer.

Budgetary Control and Reporting

4.18 The Chief Financial Officer will devise and maintain systems of budgetary control. These will include:

- Monthly financial reports to the ICB Board in a form approved by the ICB Board containing:
    - income and expenditure to date showing trends and forecast year-end position
    - balance sheet and cash flow statement
    - capital project spend and projected outturn against plan
    - explanations of any material variances from plan
    - details of any corrective action where necessary and the Accountable Officer's and/or Chief Financial Officer'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, covering the areas for which they are responsible:
    - investigation and reporting of variances from financial, workload and manpower budgets
    - monitoring of management action to correct variances
    - arrangements for the authorisation of budget transfers

4.19 Each Budget Holder is responsible for ensuring that:

- any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the ICB Board;
- the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised, subject to the rules of virement;

- no permanent employees are appointed without the approval of the Accountable Officer other than those provided for within the available resources and manpower establishment as approved by the ICB Board.

4.20 The Accountable Officer is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Annual Operating Plan and a balanced budget.

4.21 The Accountable Officer is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

5 Income, banking arrangements and debt recovery

Income

5.1 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.

5.2 The Chief Financial Officer 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.

Banking

5.3 The Chief Financial Officer 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.

5.4 The Chief Financial Officer 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.

Bank Account

5.5 The Chief Financial Officer is responsible for:

- bank accounts

- ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made

- reporting to the ICB Board all arrangements made with the NHS Somerset Integrated Care Board's bankers for accounts to be overdrawn.

ICB Corporate Credit Cards

5.6 The Chief Financial Officer is responsible for:

Agreeing ICB Corporate Credit Card cardholders and credit limits.Banking Procedures

5.7 The Chief Financial Officer will prepare detailed instructions on the operation of bank accounts which must include:

- the conditions under which each bank account is to be operated
- those authorised to sign cheques or other orders drawn on the NHS Somerset Integrated Care Board's account

5.8 The Chief Financial Officer must advise the NHS Somerset Integrated Care Board's bankers in writing of the conditions under which each account will be operated.

Debt Management

5.9 The Chief Financial Officer is responsible for the ICB debt management strategy.

5.10 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;
- responsibility to appoint a senior officer responsible for day to day management of debt.
- Debtors balances of £5 or below will automatically be written off in line with NHS England Best Practice

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6 Financial systems and processes

Provision of finance systems

6.1 The Chief Financial Officer 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.

6.2 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.

6.3 As part of the contractual arrangements for ICBs officers will be granted access where appropriate to the Finance System, mandated for use by the ICB by NHS England. Access is based on single access log on to enable users to perform core accounting functions such as the transacting and coding of expenditure/income in fulfilment of their roles.

6.4 The Chief Financial officer 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 Chief Financial Officer shall periodically seek assurances that adequate controls are in operation.

7 Procurement and Purchasing

Principles

7.1 The Chief Financial Officer 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.

7.2 The ICB must ensure that procurement activity is in accordance with the Public Contracts Regulations 2015 (PCR), the Health Care Services (Provider Selection Regime) Regulations 2023, and associated statutory requirements whilst securing value for money and sustainability.

7.3 The ICB must consider, as appropriate, any applicable NHS England guidance that does not conflict with the above.

7.4 The ICB must have a Procurement Policy which sets out all of the legislative requirements.

7.5 All revenue and non-pay expenditure must be approved, in accordance with the NHS Somerset Triple Lock Policy (Appendix C), prior to an agreement being made with a third party that enters a commitment to future expenditure.

7.6 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.

7.7 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.

7.8 Undertake any contract variations or extensions in accordance with Public Contracts Regulation (PCR) 2015, the Health Care Services (Provider Selection Regime) Regulations 2023, and the ICB procurement policy.

7.9 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 ICB Audit Committee.

Electronic Tendering

7.10 The NHS Somerset Integrated Care Board should have policies and

procedures in place for the control of all tendering activity carried out through electronic tendering, including the use of Reverse eAuctions.

7.11 The NHS Somerset Integrated Care Board should use electronic tendering (e-tendering) wherever appropriate. When the e-tendering function is used documents will be completed online and uploaded into and stored in a secure electronic mailbox until the latest time for the receipt of tenders. An audit log will record the date and time that tender documents are received.

7.12 Tender documents submitted electronically will be opened by two procurement officers. The details of the two procurement officers and the date and time of the opening of electronic tenders will be recorded as part of the audit trail. All other provisions will remain unchanged where the e-tendering system is used.

Formal Competitive Tendering

General Applicability

7.13 The ICB are required to follow two separate procurement regimes – (1) a specific regime for healthcare services (see s7.15 to s7.37) and (2) a regime for all other procurements (see s7.38 to s7.46).

7.14 The NHS Somerset Integrated Care Board shall ensure that competitive tenders are invited for:

- the supply of goods, materials and manufactured articles
- the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DH)
- the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals

Healthcare Services

7.15 These instructions are to be read in conjunction with the ICB Procurement Policy. Where the ICB elects to invite tenders for the supply of healthcare services these Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure.

7.16 The Provider Selection Regime (PSR) came into force on 1st January 2024 and is set out in the Health Care Services (Provider Selection Regime) Regulations 2023.

The PSR does not apply to the procurement of goods or non-health care services (unless as part of a mixed procurement), irrespective of whether these are procured by the ICB.

7.17 The PSR replaces the:

- Public Contracts Regulations 2015, when procuring health care services.
- National Health Service (Procurement, Patient Choice, and Competition) Regulations 2013.

7.18 The table below summarises the potential routes to market in accordance with the PCR 2015 Regulations and other relevant legislation for Healthcare Services (Provider Selection Regime Regulations 2023).

Total Contract Value	***Minimum Type of Procurement Required***	***Applicable Governance/legislation***
No set threshold values. **Healthcare contract**	Route to market to be determined on a case-by-case basis in consultation with the SCW Procurement Team and Procurement Oversight Group. Transparency Notices published in Find Tender Service as required according to route to market.	Healthcare Services (Provider Selection Regime) Regulations 2023 Health and Care Act 2022 Managing conflicts of interest: revised statutory guidance for CCGs 2017

7.19 The ICB can follow three provider selection processes to award contracts for health services. These are:

- **Direct Award processes (A, B and C)**: These involve awarding contracts to providers when there is limited or no reason to seek change from the existing provider; or to assess providers against one another, because:
    i. the existing provider is the only provider that can deliver the health care services (direct award process A)
    ii. patients have a choice of providers, and the number of providers is not restricted by the ICB (direct award process B)
    iii. the existing provider is satisfying its existing contract, will likely satisfy the new contract to a sufficient standard, and the proposed contracting arrangements are not changing considerably (direct award process C).

- **Most Suitable Provider process**: This involves awarding a contract to providers without running a competitive process, because the ICB can identify the most suitable provider.

- **Competitive process**: This involves running a competitive process to award a contract including the formulisation of framework agreements.

7.20 Direct Award processes A and B must be used where they apply. Where these processes are not mandated, commissioners may choose whether to use Direct Award process C, the Most Suitable Provider process, or the Competitive process, subject to the specific conditions of those processes (for example Direct Award process C cannot be used if services are changing considerably, as defined in the regulations).

7.21 The regime will need to be applied as part of the commissioning process whenever contracts for healthcare services are coming to an end, changing considerably, or being awarded for the first time. A decision flow chart and overview of the decision-making approach to PSR process is provided at Appendix D to support understanding of the processes.

7.22 Commissioners are required to comply with defined processes in each of the provider selection routes to market to evidence their decision-making, including record keeping and the publication of transparency notices. As such, advice from the SCW CSU Procurement Team should always be sought when considering the most appropriate route to market.

7.23 The PSR is designed to encourage transparency and consequently commissioners are required to be transparent in their decision making to ensure that there is proper scrutiny and accountability of decisions made about NHS services. Appendix E provides a summary of the transparency steps required for each of the provider selection processes.

7.24 If commissioners decide to follow the Direct Award C, Most Suitable Provider or Competitive process as a viable route to market then 'key criteria' and 'basic selection criteria' need to be considered, as detailed below:

Key Criteria
Quality and Innovation
Value
Integration, Collaboration, and service sustainability
Improving access, reducing health inequalities, and facilitating

choice
Social Value

Basic Selection Criteria
The provider's ability to pursue a particular activity e.g., membership of professional organisation or hold a specific authorisation
Economic and financial standing e.g., minimum turnover, indemnity insurance
Technical and professional ability e.g., level of experience, not having conflicting interests

7.25 All of the key criteria must be considered. The ICB must also assess providers against the basic selection criteria and is expected not to award a contract to a provider that does not meet these.

Mixed Procurements

7.26 The PSR must not be used for the procurement of goods or non-healthcare services alone. However, when a contract comprises a mixture of in-scope health care services and out of scope services or goods the ICB may use the PSR to arrange those services when both of the below statements are true:

- The main subject matter of the procurement is health care services. This means that the health care service element must be more than 50% of the value of the contract.

And

- The ICB is of the view that the other goods or services could not reasonably be supplied under a separate contract. This means that the ICB is of the view that procuring the health care services and the other goods and services separately would, or would be likely to, have a material adverse impact on the ICB's ability to act in accordance with the procurement principles.

Modifications to healthcare service contracts and framework agreements during their term

7.27 There will be situations where contracts or framework agreements need to be modified to reflect/account for changes to services/circumstances during their term. Depending on circumstance, permitted modifications can be made without following a new provider selection process, but in some cases will require the publication of transparency notices. Appendix F provides a process flow chart to support commissioners.

7.28 Modifications are permitted if one of the following parameters is met:

- Clearly and unambiguously provided for in the original contract.
- Solely a change in the identity of the provider
- Made in response to external factors beyond the control of the ICB and the provider, such as changes in patient or service user volume in indexing; but do not render the contract materially different in character.
- Attributable to the ICB, does not render the contract materially different in character, and the change in the lifetime value of the contract, compared to its value when it was entered into, is UNDER £500k or represents less than 25% of the original contract.
- Attributable to the ICB, does not render the contract materially different in character, and the change in the lifetime value of the contract, compared to its value when it was entered into, is OVER £500k and represents less than 25% of the original contract value.
- Made to a contract that was originally awarded under the Direct Award Process A or Direct Award Process B and the modification does not render the contract materially different in character.

7.29 Modifications are NOT permitted when:

- the change is attributable to a decision made by the ICB, and
- if the changes render the contract materially different, or
- where the changes are over £500,000 and represent over 25% of the original contract value.

7.30 The provision for modification should not be used to circumvent PSR regulations when a contract ends and a new one is awarded. Commissioners should seek procurement advice from SCW CSU when intending to modify a contract.

Standstill Period and Receiving Representations

7.31 A standstill period must be observed once a notice of intention to make an award to a provider under Direct Award process C, the Most Suitable Provider process, or the Competitive Process has been published (see process chart at Appendix G). This includes concluding a framework agreement or awarding a contract based on a framework agreement following a mini competition.

7.32 The standstill period follows a decision to select a provider and must end before the contract can be awarded. It gives time for any provider who might otherwise have been a provider of the services to which the contract relates to make representations if unhappy with the decision; and for the ICB to consider those representations and respond as appropriate. The ICB where possible will ensure that decisions are reviewed by individuals not involved in the original decision. Where this is not possible, the ICB will ensure that at least one individual not involved in the original decision is included in the review process.

7.33 The standstill period must last for a minimum period of eight (8) working days (ending at midnight on the eighth day) and any provider representation must be made during this period. If any representations are received during this period, then the standstill period will remain open until the ICB provides any requested information, considers the representations, and makes a further decision.

7.34 The end of the standstill period must be at least five (5) working days after the ICB has communicated its decision to the provider. The minimum five (5) 'working days' notice allows for providers that remain unsatisfied about the response given by the ICB to their representations to seek the involvement of a PSR review panel. The PSR review panel will provide independent expert advice to the ICB with respect to the review of PSR decisions during the standstill period.

7.35 Where the PSR review panel accepts a representation for review, it will endeavour to consider it and share advice, or a summary of its advice, with the provider and the ICB within 25 working days. However, this timeframe is indicative and contingent on the engagement and timely responses of the provider and the ICB throughout the review process.

7.36 The PSR review panel may consider whether the ICB complied with the Regulations and may provide advice to the ICB. Following consideration of advice, the ICB will make an informed decision about how to proceed. SCW Procurement will support commissioners during the standstill period, receiving a representation and associated processes and when communicating the ICB's decision outcome aligned to PSR regulations. The decision outcome may include:

- entering into a contract or concluding the framework agreement as intended.
- going back to an earlier step in the selection process,

- abandoning the provider selection process, and
- starting a new process.

Record Keeping

7.37 The ICB must keep records of their considerations throughout the award process. These records may be requested for review prior or post contract award. Records must include:

- The relative importance of each of the key criteria and the rationale for their relative importance and how the basic selection criteria were assessed.
- Name and address of the provider
- The decision-making process followed to select a provider.
- The rationale for the decision
- For mixed procurements, how the procurement meets the requirements for mixed procurement.
- Details of the individual/individuals making the decision
- Any declared or potential conflicts of interest for individuals involved in decision making and how these were managed.

Non-Healthcare Services

Financial Thresholds

7.38 The table below summarises the potential routes to market in accordance with the potential value of the contract (calculated over the full term of the contract) and the requirements of the 2015 Regulations and other relevant legislation, for non-healthcare contracts. In certain circumstances the procurement route specified below might not be appropriate. In such circumstances written approval must be sought from the Chief Finance Officer.

Total Contract Value	***Minimum Type of Procurement Required***	***Applicable Governance / legislation***
Up to £5k[1] **Non-healthcare contract**	No formal requirement for external procurement process.	ICB Constitution: which describes the authority for approval of single tender

Total Contract Value	*Minimum Type of Procurement Required*	*Applicable Governance / legislation*
Between £5k and £50k[1] **Non-healthcare contract**	Quotations should be obtained from at least 3 suppliers / individuals. (Single Tender Waiver should only be used in exceptional circumstances and must be reported to the Audit Committee)	waivers. Procurement Policy: which describes the award of contract without competition. Managing conflicts of interest in the NHS: guidance for staff and organisations (2017).
Between £50k and £215k[1] (threshold) **Non-healthcare contract**	Competitive tender required. (Single Tender Waiver should only be used in exceptional circumstances and must be reported to Audit Committee). The ICB can consider an open (advertised) or closed (framework or local approved supplier list) approach to market.	
Above £215k[1] (threshold) **Non-healthcare contract**	Full open (advertised) or closed (framework) tender required. Advice and guidance from SCW CSU Procurement Team, including if full tender cannot be undertaken.	Public Contracts Regulations 2015 Managing conflicts of interest in the NHS: guidance for staff and organisations (2017)

[1] inclusive of VAT

Procurement routes are further demonstrated in a flowchart attached at Appendix X to this document.

Exceptions and Instances where Formal Tendering Need Not Be Applied

7.39 Formal tendering procedures need not be applied where:

- the estimated expenditure or income does not, or is not reasonably expected to, exceed £50,000 over the lifetime of the contract.
- where the supply is proposed under special arrangements negotiated by the Department of Health, in which event the said special arrangements must be complied with.

7.40 Formal tendering procedures may be waived in the following circumstances:

- in very exceptional circumstances where the Accountable Officer decides that formal tendering procedures would not be practicable or the

estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate NHS Somerset Integrated Care Board record

- where the requirement is covered by an existing contract.

- where national agreements are in place and have been approved by the ICB Board.

- where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the consortium members.

- where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender.

- where specialist expertise is required and is available from only one source.

- when the task is essential to complete the project and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate.

- there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering.

- for the provision of legal advice and services providing that any legal firm or partnership commissioned by the NHS Somerset Integrated Care Board is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

7.41 The Chief Financial Officer will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work where allowed.

7.42 The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

7.43 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and

recorded in an appropriate NHS Somerset Integrated Care Board record. Waivers for the value of £30,000 and above must be reported to the ICB Audit Committee. Waivers below the value of £30,000 can be approved by the Chief Finance Officer. A sample waiver application form is attached at Appendix B to this document.

Fair and Adequate Competition

7.44 Where the exceptions set out in Financial Instruction 7.39 apply, the NHS Somerset Integrated Care Board shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

Building and Engineering Construction Works

7.45 Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Department of Health approval.

Items which Subsequently Breach Thresholds after Original Approval

7.46 Items estimated to be below the limits set in the Financial Instructions for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Accountable Officer and be recorded in an appropriate NHS Somerset Integrated Care Board record.

Contracting/Tendering Procedure

Invitation to Tender

7.47 Approval must be sought from the Somerset ICB Finance Committee before commencement of a formal contract/tendering procedure and release of invitations to tender documentation.

7.48 All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.

7.49 Where e-tender is not used all invitations to tender shall state that no tender will be accepted unless:

- submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the NHS Somerset Integrated Care Board (or the word "tender" followed by the subject to which it related) and the latest date and time for the receipt of such tender addressed to the Accountable Officer or nominated Manager, and

- that the tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

7.50 Every tender for goods, materials, services or disposals shall embody such of the NHS Standard Contract Conditions as are applicable.

7.51 Every tender must have given, or give a written undertaking, not to engage in collusive tendering or other restrictive practice.

7.52 Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health guidance and, in minor respects, to cover special features of individual projects.

Receipt and Safe Custody of Tenders

7.53 Where e-tendering is not used the Accountable Officer, or his nominated representative, will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

7.54 The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

Opening Tenders and Register of Tenders

Where e-tendering is not used,

7.55 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Accountable Officer and not from the originating department.

7.56 A member of the ICB Board will be required to be one of the two approved persons present for the opening of tenders estimated above £500,000 or arrangements otherwise agreed by the Chief Financial Officer. The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the NHS Somerset Integrated Care Board's Scheme of Delegation.

7.57 The ‘originating’ Department will be taken to mean the Department sponsoring or commissioning the tender.

7.58 The involvement of Finance Directorate staff in the preparation of a tender proposal will not preclude the Chief Financial Officer or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.

7.59 All Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

7.60 The Secretary to the ICB Board will count as a Director for the purposes of opening tenders.

7.61 Every tender received shall be marked with the date of opening and initialled by those present at the opening.

7.62 A register shall be maintained by the Accountable Officer, or a person authorised by him, to show for each set of competitive tender invitations despatched:

- the name of all organisations/individuals invited
- the names of organisations/individuals from which tenders have been received
- the date the tenders were opened
- the persons present at the opening
- the price shown on each tender
- a note where price alterations have been made on the tender

7.63 Each entry to this register shall be signed by those present.

7.64 A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

7.65 Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders, i.e. those amended by the tenderer upon his own initiative either orally or in writing after

the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders, as below.

Admissibility

7.66 If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Accountable Officer.

7.67 Where only one tender is sought and/or received, the Accountable Officer and Chief Financial Officer shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the NHS Somerset Integrated Care Board.

Late Tenders

7.68 Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Accountable Officer or his nominated officer decides that there are exceptional circumstances, i.e. despatched in good time but delayed through no fault of the tenderer.

7.69 Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Accountable Officer or his nominated officer or if the process of evaluation and adjudication has not started.

7.70 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Accountable Officer or his nominated officer.

Acceptance of Formal Tenders

7.71 Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.

7.72 The lowest tender, if payment is to be made by the NHS Somerset Integrated Care Board, or the highest, if payment is to be received by the NHS Somerset Integrated Care Board, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

7.73 It is accepted that for professional services such as management consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:

- experience and qualifications of team members
- understanding of client's needs
- feasibility and credibility of proposed approach
- ability to complete the project on time

7.74 Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.

7.75 No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the NHS Somerset Integrated Care Board and which is not in accordance with these Instructions except with the authorisation of the Accountable Officer.

7.76 The use of these procedures must demonstrate that the award of the contract was:

- not in excess of the going market rate / price current at the time the contract was awarded
- that best value for money was achieved

7.77 All tenders should be treated as confidential and should be retained for inspection.

Tender Reports to the ICB Board

7.78 Reports to the ICB Board will be made on an exceptional circumstance basis only.

List of Approved Firms

7.79 The Integrated Care Board and the ICB Board shall ensure that the organisations/individuals invited to tender (and where appropriate, quote) are among those on approved lists. The list shall include all firms who have applied for permission to tender and as to whose technical and financial competence the Integrated Care Board is satisfied. All suppliers must be made aware of the Integrated Care Board's terms and conditions of contract.

Responsibility for Maintaining List

7.80 A manager nominated by the Accountable Officer shall on behalf of the NHS Somerset Integrated Care Board maintain lists of approved firms from whom tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the NHS Somerset Integrated Care Board is satisfied. All suppliers must be made aware of the NHS Somerset Integrated Care Board's terms and conditions of contract.

Financial Standing and Technical Competence of Contractors

7.81 The Chief Financial Officer may make or institute any enquiries deemed appropriate concerning the financial standing and financial suitability of approved contractors. The Director with lead responsibility for clinical governance will similarly make such enquiries as is felt appropriate to be satisfied as to their technical / medical competence.

Exceptions to Using Approved Contractors

7.82 If in the opinion of the Accountable Officer and the Chief Financial Officer or the Director with lead responsibility for clinical governance it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Accountable Officer should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

7.83 An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

Building and Engineering Construction Works

7.84 Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).

7.85 Firms included on the approved list of tenderers shall ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equality Act 2010 and any amending and/or related legislation.

7.86 Firms shall conform at least with the requirements of the Health and Safety at Work Act and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

Quotations: Competitive and Non-Competitive

General Position on Quotations

7.87 Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds or is reasonably expected to exceed £5,000 but not exceed £50,000 over the lifetime of the contract.

Competitive Quotations

7.88 Quotations should be obtained from at least three firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the NHS Somerset Integrated Care Board.

7.89 Quotations should be in writing unless the Accountable Officer or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

7.90 All quotations should be treated as confidential and should be retained for inspection.

7.91 The Accountable Officer or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the NHS Somerset Integrated Care Board, or the highest if payment is to be received by the NHS Somerset Integrated Care Board, then the choice made and the reasons why should be recorded in a permanent record.

Non-Competitive Quotations

7.92 Non-competitive quotations in writing may be obtained in the following circumstances:

- the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the

opinion of the Responsible Officer, possible or desirable to obtain competitive quotations

- the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts

- miscellaneous services, supplies and disposals

- where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this Financial Policy apply

Quotations to be Within Financial Limits

7.93 No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the NHS Somerset Integrated Care Board and which is not in accordance with Financial Policies except with the authorisation of either the Accountable Officer or Chief Financial Officer.

Authorisation of Tenders and Competitive Quotations

7.94 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the following staff to the value of the contract (over the full contract life cycle including VAT) as follows:

Designated budget holders	up to	£50,000
Directors	up to	£500,000
Accountable Officer and Chief Financial Officer	up to	£1,000,000
ICB Board	over	£1,000,000

All contracts must also be approved by the Somerset ICB Finance Committee before formal authorisation and award. All contracts with a value exceeding £1,000,000 must be reviewed by the ICB Executive Committee for recommendation to the ICB Board for authorisation and award.

7.95 These levels of authorisation may be varied or changed and need to be read in conjunction with the ICB Board's Scheme of Delegation.

7.96 Formal authorisation must be put in writing. In the case of authorisation by the ICB Board this shall be recorded in their minutes. Where such expenditure may be treated as revenue but may be capitalised then approval of the Audit Committee Chair is required.

7.97 The contract award recommendation will include the contract term plus any extension period to be approved by the appropriate Committee of the ICB Board.

Instances where Formal Competitive Tendering or Competitive Quotation is Not Required

7.98 Where competitive tendering or a competitive quotation is not required, the NHS Somerset Integrated Care Board should adopt one of the following alternatives:

- the NHS Somerset Integrated Care Board shall use the NHS Supply Chain for procurement of all goods and services unless the Accountable Officer or nominated officers deem it inappropriate. The decision to use alternative sources must be documented

- if the NHS Somerset Integrated Care Board does not use the NHS Supply Chain - where tenders or quotations are not required, because expenditure is below £5,000, the NHS Somerset Integrated Care Board shall procure goods and services in accordance with procurement procedures approved by the Chief Financial Officer

Compliance Requirements for all Contracts

7.99 The ICB Board may only enter into contracts on behalf of the NHS Somerset Integrated Care Board within the statutory powers delegated to it by the Secretary of State and shall comply with:

- the NHS Somerset Integrated Care Board's Standing Financial Instructions

- EU Directives and other statutory provisions

- any relevant directions including the Capital Investment Manual, NHS Estatecode and guidance on the Procurement and Management of Consultants

- such of the NHS Standard Contract Conditions as are applicable

- contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance

7.100 Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

7.101 In all contracts made by the NHS Somerset Integrated Care Board, the ICB Board shall endeavour to obtain best value for money by use of all systems in

place. The Accountable Officer shall nominate an officer who shall oversee and manage each contract on behalf of the NHS Somerset Integrated Care Board.

Personnel and Agency or Temporary Staff Contracts

7.102 The Accountable Officer shall ensure compliance with instructions issued by the Department of Health and NHS England and NHS Improvement.

7.103 The Accountable Officer shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

Healthcare Services Agreements

7.104 Service agreements with NHS providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the NHS Somerset Integrated Care Board. Service agreements are not contracts in law and are not enforceable by the courts. However, a contract with a Foundation Trust, being a Public Body Corporate, is a legal document and is enforceable in law.

7.105 The Accountable Officer shall nominate officers to commission service agreements with providers of healthcare in line with a commissioning plan approved by the ICB Board.

Disposals

7.106 Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Accountable Officer or a nominated officer

- obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the NHS Somerset Integrated Care Board

- items to be disposed of with an estimated sale value of less than £5,000, this figure to be reviewed on a periodic basis

- items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract

- land or buildings concerning which DH guidance has been issued but subject to compliance with such guidance

In-house Services

7.107 The Accountable Officer shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The NHS Somerset Integrated Care Board may also determine from time to time that in-house services should be market tested by competitive tendering.

7.108 In all cases where the ICB Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- specification group, comprising the Accountable Officer or nominated officer/s and specialist

- in-house tender group, comprising a nominee of the Accountable Officer and technical support

- evaluation team, comprising normally a specialist officer, a supplies officer and a Chief Financial Officer representative. For services having a likely annual expenditure exceeding £100,000, a member of the ICB Board approved by the Chief Financial Officer should be nominated to act as an independent observer to the evaluation to provide assurance to the NHS Somerset ICB Board on process and due diligence

7.109 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

7.110 The evaluation team shall make recommendations to the ICB Board.

7.111 The Accountable Officer shall nominate an officer to oversee and manage the contract on behalf of the NHS Somerset Integrated Care Board.

8 Staff costs and staff related non pay expenditure

Chief People Officer

8.39 The Chief People Officer 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.

8.40 Operationally the Chief People Officer 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.

8.41 The Chief People Officer will ensure that the payroll system has adequate internal controls and suitable arrangements for processing deductions and exceptional payments.

8.42 Where a third-party payroll provider is engaged, the Chief People Officer shall closely manage this supplier through effective contract management.

8.43 The Chief People Officeris responsible for management and governance frameworks that support the ICB employees' life cycle.

Terms of service, allowances and payment of the ICB Board and employees

Remuneration and Terms of Service

8.6. In accordance with Standing Orders the ICB Board shall establish a Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

8.7 The Committee will:

- advise the ICB Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the NHS Somerset Integrated Care Board and other senior employees including:
    - all aspects of salary (including any performance-related elements/bonuses)
    - provisions for other benefits, including pensions and cars

- arrangements for termination of employment and other contractual terms

- make such recommendations to the ICB Board on the remuneration and terms of service of officer members of the ICB Board and other senior employees to ensure they are fairly rewarded for their individual contribution to the NHS Somerset Integrated Care Board - having proper regard to the NHS Somerset Integrated Care Board's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate.

- monitor and evaluate the performance of individual officer members of the ICB Board and other senior employees.

- advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate

8.8 The Committee shall report in writing to the ICB Board the basis for its recommendations. The ICB Board shall use the report as the basis for their decisions. Minutes of the ICB Board meetings should record such decisions.

8.9 The ICB Board will consider and need to approve proposals presented by the Accountable Officer for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

8.10 The NHS Somerset Integrated Care Board will pay allowances to the Chairman and voting non-executive members of the ICB Board in accordance with instructions issued by the Secretary of State for Health.

Funded Establishment

8.11 The workforce plans incorporated within the annual budget will form the funded establishment.

8.12 The funded establishment of any department may not be varied without the approval of the Accountable Officer.

Staff Appointments

8.13 No officer or Member of the ICB Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- unless authorised to do so by the Accountable Officer

- within the limit of their approved budget and funded establishment

8.14 The ICB Board will approve procedures presented by the Accountable Officer for the determination of commencing pay rates, condition of service, etc, for employees.

Payroll

8.15 The Chief People Officer is responsible for:

- specifying timetables for submission of properly authorised time records and other notifications
- the final determination of pay and allowances
- making payment on agreed dates
- agreeing method of payment

8.16 The Chief People Officer will issue instructions regarding:

- verification and documentation of data
- the timetable for receipt and preparation of payroll data and the payment of employees and allowances
- 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
- authority to release payroll data under the provisions of the Data Protection Act
- methods of payment available to various categories of employee and officers
- procedures for payment to employees and officers
- procedures for the recall of cheques and bank credits
- pay advances and their recovery
- maintenance of regular and independent reconciliation of pay control accounts

- a system to ensure the recovery from those leaving the employment of the NHS Somerset Integrated Care Board of sums of money and property due by them to the NHS Somerset Integrated Care Board

8.17 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 Chief People Officer's instructions and in the form prescribed by the Chief People Officer

- submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Chief People Officermust be informed immediately.

8.18 Regardless of the arrangements for providing the payroll service, the Chief People Officershall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.

Contracts of Employment

8.19 The ICB Board shall delegate responsibility to an officer for:

- ensuring that all employees are issued with a Contract of Employment in a form approved by the ICB Board and which complies with employment legislation

- dealing with variations to, or termination of, contracts of employment

9 Non-pay expenditure

9.39 The ICB Board will approve the level of non-pay expenditure on an annual basis and the Accountable Officer will determine the level of delegation to budget managers.

9.40 The Accountable Officer shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

9.41 The Chief Financial Officer will:

- advise the ICB Board on the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained (referred to in more detail in section 7 of these SFIs); and once approved, the thresholds should be incorporated in the scheme of reservation and delegation.

- 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.

Delegation of Authority

9.42 The Accountable Officer or Chief Financial Officer will set out:

- the list of managers who are authorised to place requisitions for the supply of goods and services

- the maximum level of each requisition and the system for authorisation above that level

9.43 The Accountable Officer shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Financial Instruction 7 Procurement and Purchasing)

Requisitioning

9.44 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the NHS Somerset Integrated Care Board. In so doing, the advice of the NHS Somerset Integrated Care Board's adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Chief Financial Officer (and/or the Accountable Officer) shall be consulted.

Responsibilities of the Chief Financial Officer

9.45 The Chief Financial Officer will:

- advise the ICB 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 Financial Instructions and regularly reviewed

- prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds

- be responsible for the prompt payment of all properly authorised accounts and claims and ensuring that payment of contract invoices shall be in accordance with contract terms, or otherwise in accordance with national guidance

- 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 ICB Board members/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

- a timetable and system for submission to the Chief Financial Officer of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment

- instructions to employees regarding the handling and payment of accounts within the Finance Department

- ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in Financial Instruction 9.8 below.

Prepayments

9.46 Prepayments are only permitted where exceptional circumstances apply and require Treasury approval. In such instances:

- prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted)

- the appropriate officer member 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 the NHS Somerset Integrated Care Board if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments

- the Chief Financial Officer will need to be satisfied with the proposed arrangements, and approval sought from Treasury before contractual arrangements proceed

- the budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Accountable Officer if problems are encountered

- Exceptions to these guidelines, which would not normally require Chief Finance Officer and Treasury approval include

    * service and maintenance contracts which require payment when the contract commences, provided that the service is available and can be called on from the date of payment

    * grants to small voluntary or community bodies where the recipient needs working capital to carry out the commitment for which the grant is paid and private sector finance would reduce value for money

    * minor services such as training courses, conference bookings or magazine subscriptions, where local discretion is acceptable

* annual licence agreements

Official Orders

9.47 Official Orders must:

- be consecutively numbered
- be in a form approved by the Chief Financial Officer
- state the NHS Somerset Integrated Care Board's terms and conditions of trade
- only be issued to, and used by, those duly authorised by the Accountable Officer

Duties of Managers and Officers

9.48 Managers and officers must ensure that they comply fully with the guidance and limits specified by the Chief Financial Officer and that:

- all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Chief Financial Officer in advance of any commitment being made

- contracts above specified thresholds are advertised and awarded in accordance with procurement rules

- where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health

- 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 Chief Financial Officer on behalf of the Accountable Officer

- all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract

- verbal orders must only be issued very exceptionally - by an employee designated by the Accountable Officer 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 the NHS Somerset Integrated Care Board to a future uncompetitive purchase

- changes to the list of members, employees and officers authorised to certify invoices are notified to the Chief Financial Officer

Building and Engineering Contracts

9.49 The Accountable Officer and Chief Financial Officer shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

Joint Finance Arrangements with Local Authorities and Voluntary Bodies

9.50 Payments to local authorities and voluntary organisations made under the powers of section 256/257 of the NHS Act 2006 shall comply with procedures laid down by the Chief Financial Officer which shall be in accordance with these Acts.

10 Annual Reporting, Annual Accounts and Audit

10.39 The Chief Financial Officer 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; and
- the ICB, in each financial year, prepares a report on how it has discharged its functions in the previous financial year;

10.40 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.

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

10.42 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.

10.43 The Chief Financial Officer will ensure NHS Somerset Integrated Care Board:

- prepares a timetable for producing the annual report and accounts and agrees it with external auditors and the ICB Board;
- prepares the accounts according to the timetable approved by the ICB Board;
- complies with statutory requirements and relevant directions for the publication of annual report;
- considers the external auditor's annual report and fully address all issues within agreed timescales;
- publishes the external auditor's annual report on the organisation's website.

10.44 The Chief Financial Officer, on behalf of the NHS Somerset Integrated Care Board, will:

- prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and the Treasury, the NHS Somerset Integrated Care Board 's accounting policies, and generally accepted accounting practice

- prepare and submit annual financial reports to the Department of Health certified in accordance with current guidelines

- submit financial returns to the Department of Health for each financial year in accordance with the timetable prescribed by the Department of Health

10.45 The NHS Somerset Integrated Care Board 's annual accounts must be audited by the External Auditor and presented to the ICB Audit Committee. They must then be presented to a public meeting and made available to the public.

10.46 The NHS Somerset Integrated Care Board will publish an annual report, in accordance with guidelines on local accountability, and present it at a public meeting. The document will comply with the Department of Health's Group Accounting Manual (GAM).

Internal audit

10.47 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 Chief Financial Officer to ensure that:

- all internal audit services provided under arrangements proposed by the Chief Financial Officer are approved by the ICB 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, the ICB Audit Committee and ICB 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 ICB Audit Committee meetings and have a right of access to all ICB 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.

Role of Internal audit

10.48 Internal Audit will review, appraise and report 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 the NHS Somerset Integrated Care Board'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

10.49 Internal Audit shall also independently verify the Assurance Framework statements in accordance with guidance from the Department of Health.

10.50 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 Chief Financial Officer must be notified immediately.

10.51 The Internal Auditor will normally attend ICB Audit Committee meetings and has a right of access to all ICB Audit Committee members, the Chairman and Accountable Officer of the NHS Somerset Integrated Care Board.

10.52 The Internal Auditor shall be accountable to the Chief Financial Officer. The reporting system for Internal Audit shall be agreed between the Chief

Financial Officer, the ICB Audit Committee and the Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit Standards. The reporting system shall be reviewed at least every three years.

External Audit

10.53 The Chief Financial Officer 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; 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.

11 Losses and special payments

11.39 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.

11.40 The Chief Financial Officer 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.

11.41 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.

11.42 ICBs will work with NHS England teams to ensure there is assurance over all exit packages which may include special severance payments. ICBs have no delegated authority for special severance payments and will refer to the guidance on that to obtain the approval of such payments

11.43 All losses and special payments (including special severance payments) must be reported to the ICB Audit Committee.

Losses

11.44 A loss refers to any case where full value has not been obtained for money spent or committed.

11.45 Examples of types of losses which cannot be treated as business as usual are cash losses, bookkeeping losses, fruitless payments and claims waived or abandoned.

Special Payment

11.46 Special Payments relate to the following;

- any compensation payments;
- extra-contractual or ex-gratia payments; and
- any payment made without specific identifiable legal power In accordance with the National Health Service Act 2006, as amended by the Health and Care Act 2022.

Special Severance and retention payments

11.47 ICBs have not been delegated a limit to approve special severance or retention payments. Any special severance payments that are being considered for approval must be submitted to NHS England (england.assurance@nhs.net) prior to settlement.

11.48 The table below lists all the various expenditure classifications for losses and special payments.

Payment Type	Classification	Definition
Fruitless Payment	Loss	A fruitless payment is a payment which cannot be avoided because the recipient is entitled to it even though nothing of use to the department will be received in return Fruitless payments include payments for rail fares and hotels that are not required but could not be cancelled without a partial or full charge being incurred.
Bookkeeping Losses	Loss	Bookkeeping losses (un-vouched or incompletely vouched payments) including missing items or inexplicable or erroneous debit balances.
Constructive loss	Loss	A constructive loss is a similar form of payment to stores losses and fruitless payments, but one where procurement action itself caused the loss. For example, stores or services might be correctly ordered, delivered or provided, then paid for as correct; but later, perhaps because of a change of policy, they might prove not to be needed or to be less useful than when the order was placed.
Administrative costs	Loss	An expense incurred in controlling and directing an organisation.
Claims Waived or Abandoned	Loss	Losses may arise if claims are waived or abandoned because, though properly made, it is decided not to present or pursue them.
Extra-contractual payments	Special Payment	Payments which, though not legally due under contract, appear to place an obligation on a public sector organisation which the courts might uphold. Typically, these arise from the organisation's action or inaction in relation to a contract. Payments may be extra-contractual even where there is some doubt about the organisation's liability to pay, e.g. where the contract provides for arbitration, but a settlement is reached without it. A payment made as a result of an arbitration award is contractual.
Extra-statutory	Special Payment	Payments which are within the broad intention of the statute or regulation but go beyond a strict interpretation of its terms.

Extra-regulatory payments	Special Payment	Payments which are within the broad intention of the statute or regulation but go beyond a strict interpretation of its terms.
Compensation payments	Special Payment	Payments made to provide redress for personal injuries (except for payments under the Civil Service Injury Benefits Scheme), traffic accidents, and damage to property etc., suffered by civil servants or others. They include other payments to those in the public service outside statutory schemes or outside contracts.
Special severance payments	Special Payment	Payments made to employees, contractors and others beyond above normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract.
Ex gratia payments	Special Payment	Go beyond statutory cover, legal liability, or administrative rules, including payments; • made to meet hardship caused by official failure or delay; • out of court settlements to avoid legal action on grounds of official inadequacy; and, • payments to contractors outside a binding contract, e.g. on grounds of hardship
Retention payments	Special Payment	Payments, designed to encourage staff to delay their departures, particularly where transformations of ALBs are being negotiated, are also classified as novel and contentious. Such payments always require explicit Treasury approval, whether proposed in individual cases or in groups. Treasury approval must be obtained before any commitment, whether oral or in writing, is made.

Interpretation

11.49 Should any difficulties arise regarding the interpretation or application of any part of this losses and special payment guidance, the advice of the Head of assurance and counter fraud (england.assurance@nhs.net) must be sought before acting.

Capturing of losses and special payments

11.50 The ICB chief financial officer is responsible for ensuring that processes and procedures that facilitate the capturing and reporting of losses and special payments are in place and ensure that a losses and special payments register is maintained.

11.51 All losses and special payments for ICBs must be recorded in the register and reviewed by the Audit Committee as part of the internal controls process.

Parliamentary accountability and audit report

11.52 The ICB must maintain a losses and special payments register that provides the requested information to complete the NHS England group account.

11.53 It should be noted that ICBs do not have a mandatory requirement to produce a Parliamentary accountability and audit report as other entities that report directly to Parliament. However, it is a mandatory requirement that ICBs produce an audit certificate and report.

11.54 There will be a need to collect data for the NHS England consolidated account. NHS England will also use this information to complete the DHSC summarisation schedule for the DHSC consolidated account. Therefore, regardless of applicability of this report, all ICBs must ensure the summarisation schedule is completed.

11.55 If there are any individual cases or a group of losses or special payments that exceed the aggregate value of £100,000, the related payment should be noted separately on the ICB year-end template completed for the NHS England group account.

Financial Control

11.56 The Chief Financial Officer should implement a system of internal control that details the process for reporting losses, recording losses, monitoring and reporting the losses and special payments to the ICB Audit Committee based on existing reporting cycles.

11.57 The reporting cycle should clarify the delegated sum that the chief financial officer can authorise as a loss or special payment. The delegated sum should be in line with the ICB escalation process for losses and special payments.

12 Fraud, bribery and corruption (Economic crime)

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

12.40 The ICB Chief Financial Officer is responsible for ensuring appropriate arrangements are in place to provide adequate counter fraud provision which should include reporting requirements to the ICB Board and ICB Audit Committee, and defined roles and accountabilities for those involved as part of the process of providing assurance to the ICB Board.

12.41 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.

12.42 In line with their responsibilities, the Accountable Officer and Chief Financial Officer shall monitor and ensure compliance with guidance issued by the NHS Counter Fraud Authority and NHS England and NHS Improvement on fraud and corruption.

12.43 The NHS Somerset Integrated Care Board shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist as specified by the Government Functional Standard 013 Counter Fraud.

12.44 The Local Counter Fraud Specialist shall report to the NHS Somerset Integrated Care Board Chief Financial Officer and shall work with staff in the NHS Counter Fraud Authority in accordance with the Government Functional Standard 013 Counter Fraud.

12.45 The Local Counter Fraud Specialist will provide a written report, at least annually, on counter fraud work within the NHS Somerset Integrated Care Board.

13 Capital Investments & security of assets and Grants

13.39 The Chief Financial Officer 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 Chief Financial Officer is responsible for ensuring there are processes in place to ensure that a business case is produced.

13.40 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.

13.41 Advice should be sought from the Chief Financial Officer or nominated officer if there is any doubt as to whether any proposal is a capital commitment requiring formal approval.

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

13.43 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

13.44 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.

Capital Investment Manual and other Department of Health Guidance

13.45 The NHS Somerset Integrated Care Board shall comply as far as is practicable with the requirements of the Department of Health "Capital Investment Manual" and “Estate code” in respect of capital investment and estate and property transactions. In the case of management consultancy contracts the NHS Somerset Integrated Care Board shall comply as far as is practicable with Department of Health guidance "The Procurement and Management of Consultants within the NHS".

Capital Investment

13.46 For every capital expenditure proposal the Accountable Officer 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
- that the Chief Financial Officer has professionally certified the costs and revenue consequences detailed in the business case.

13.47 For capital schemes where the contracts stipulate stage payments, the Accountable Officer will issue procedures for their management, incorporating the recommendations of ESTATECODE.

13.48 The Chief Financial Officer shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

13.49 The approval of a capital programme shall not constitute approval for expenditure on any scheme. The Accountable Officer shall issue to the manager responsible for any scheme:

- specific authority to commit expenditure
- authority to proceed to tender (see overlap with Financial Instruction 7 Procurement and purchasing)
- approval to accept a successful tender (see overlap with Financial 7 Procurement and purchasing)

13.50 The Accountable Officer will issue a scheme of delegation for capital investment management in accordance with ESTATECODE guidance and the NHS Somerset Integrated Care Board's Standing Orders.

13.51 The Chief Financial Officer shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes included in Annex C of HSC (1999) 246.

Asset Registers

13.52 NHS Somerset Integrated Care Board shall maintain an asset register recording fixed assets.

13.53 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
- lease agreements in respect of assets held under a finance lease and capitalised

13.54 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).

13.55 The Chief Financial Officer shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

13.56 The value of each asset shall be indexed to current values in accordance with methods specified in Accounting Policies.

13.57 The value of each asset shall be depreciated using methods and rates as specified in the Accounting Policies.

13.58 The Chief Financial Officer of the NHS Somerset Integrated Care Board shall calculate and pay capital charges as specified by the Department of Health.

Security of Assets

13.59 The overall control of fixed assets is the responsibility of the Accountable Officer.

13.60 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Chief Financial Officer. 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

13.61 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Chief Financial Officer.

13.62 Whilst each employee and officer has a responsibility for the security of property of the NHS Somerset Integrated Care Board, it is the responsibility of ICB Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the ICB Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

13.63 Any damage to the NHS Somerset Integrated Care Board's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by ICB Board members and employees in accordance with the procedure for reporting losses.

13.64 Where practical, assets should be marked as NHS Somerset Integrated Care Board property.

Grants

13.65 The Chief Financial Officer 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.

13.66 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.

14 Stores and receipt of goods

General position

14.39 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- kept to a minimum
- subjected to annual stock take
- valued at the lower of cost and net realisable value

Control of Stores and Stocktaking, Condemnations and Disposal

14.40 Subject to the responsibility of the Chief Financial Officer for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Accountable Officer. The day-to-day responsibility may be delegated by him/her to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Chief Financial Officer. The control of any fuel oil and coal shall be the responsibility of a designated estates manager.

14.41 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as health service property.

14.42 The Chief Financial Officer shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores and losses.

14.43 Stocktaking arrangements shall be agreed with the Chief Financial Officer and there shall be a physical check covering all items in store at least once a year.

14.44 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Chief Financial Officer.

14.45 The designated Manager shall be responsible for a system approved by the Chief Financial Officer for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Chief Financial Officer any evidence of significant overstocking and of any negligence or malpractice (see also Financial Instruction 15 - Disposals and condemnations). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

15 Disposals and Condemnations

15.39 The Chief Financial Officer must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

15.40 When it is decided to dispose of an NHS Somerset Integrated Care Board asset, the Head of Department or authorised deputy will determine and advise the Chief Financial Officer of the estimated market value of the item, taking account of professional advice where appropriate.

15.41 All unserviceable articles shall be:

- condemned or otherwise disposed of by an employee authorised for that purpose by the Chief Financial Officer

- recorded by the Condemning Officer in a form approved by the Chief Financial Officer 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 Chief Financial Officer

16 Legal and insurance

16.39 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.

16.40 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.

17 Commissioning Responsibility

17.39 NHS Somerset Integrated Care Board will coordinate its work with NHS England and NHS Improvement, other Integrated Care Boards, local providers of services, local authority, patients and their carers and the voluntary sector and others as appropriate to develop robust commissioning plans.

17.40 The Accountable Officer will establish arrangements to ensure that regular reports are provided to the ICB Board detailing actual and forecast expenditure and activity for each contract.

17.41 The Chief Financial Officer will maintain a system of financial monitoring to ensure the effective accounting of expenditure under contracts. This should provide a suitable audit trail for all payments made under the contracts whilst maintaining patient confidentiality.

Role of the NHS Somerset Integrated Care Board in Commissioning Services

17.42 The NHS Somerset Integrated Care Board has responsibilities for commissioning services on behalf of the resident population. This will require the NHS Somerset Integrated Care Board to work in partnership with NHS England and NHS Improvement, NHS Trusts, FTs, local authority, users, carers and the voluntary sector to develop an Annual Operating Plan (AOP).

Role of the Accountable Officer

17.43 The Accountable Officer has responsibility for ensuring services are commissioned in accordance with the priorities agreed in the AOP. This will involve ensuring contracts are put in place with the relevant providers, based upon agreed care pathways.

17.44 Contracts will be the key means of delivering the objectives of the AOP. The NHS Somerset Integrated Care Board Accountable Officer will need to ensure that all contracts:

- meet the standards of service quality expected
- fit the relevant national service framework (if any)
- enable the provision of reliable information on cost and volume of services
- fit the NHS National Performance Assessment Framework
- build, where appropriate, on existing Joint Investment Plans
- are based upon cost-effective services

- are based on agreed care pathways

17.45 Where the NHS Somerset Integrated Care Board makes arrangements for the provision of services by non-NHS providers it is the Accountable Officer, as the Accountable Officer, who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided.

Role of Chief Financial Officer

17.46 A system of financial monitoring must be maintained by the Chief Financial Officer to ensure the effective accounting of expenditure under the contract. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.

17.47 The Chief Financial Officer must account for Out of Area Treatments and Non Contract Activity financial adjustments in accordance with national guidelines.

18 Information technology

18.39 The Chief Financial Officer is responsible for the accuracy and security of NHS Somerset Integrated Care Board's computerised financial data and shall:

- devise and implement any necessary procedures to ensure adequate (reasonable) protection of NHS Somerset Integrated Care Board's data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018

- ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system

- ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment

- ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Chief Financial Officer may consider necessary are being carried out

18.40 In addition the Chief Financial Officer shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

Accounting Systems

18.41 The Chief Financial Officer will ensure:

- the NHS Somerset Integrated Care Board has suitable financial and other software to enable it to comply with these policies and any consolidation requirements of NHS England and NHS Improvement.

- 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

18.42 Where another health organisation or any other agency provides a computer service for financial applications, the Chief Financial Officer shall periodically seek assurances that adequate controls are in operation.

18.43 The Accountable Officer shall publish and maintain a Freedom of Information (FOI) Publication Scheme or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our NHS Somerset Integrated Care Board that we make publicly available.

Responsibilities and Duties of Other Directors and Officers in relation to Computer Systems of a General Application

18.44 In the case of computer systems which are proposed General Applications (i.e. normally those applications which the majority of NHS Integrated Care Boards in the Region wish to sponsor jointly) all responsible directors and employees will send to the Chief Financial Officer:

- details of the outline design of the system
- in the case of packages acquired either from a commercial organisation, from the NHS, or from another public sector organisation, the operational requirement

Contracts for Computer Services with other Health Bodies or Outside Agencies

18.45 The Chief Financial Officer shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

18.46 Where another health organisation or any other agency provides a computer service for financial applications, the Chief Financial Officer shall periodically seek assurances that adequate controls are in operation.

Requirements for Computer Systems which have an Impact on Corporate Financial Systems

18.47 Where computer systems have an impact on corporate financial systems the Chief Financial Officer shall need to be satisfied that:

- systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy
- data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists
- Finance Directorate staff have access to such data
- such computer audit reviews as are considered necessary are being carried out

19 Acceptance of gifts by staff and Standards of Business Conduct

19.39 The Chief Financial Officer shall ensure that all staff are made aware of the NHS Somerset Integrated Care Board policy on acceptance of gifts and other benefits in kind by staff. This policy follows the guidance contained in the Department of Health Standards of Business Conduct Policy for NHS Staff'; the Code of Conduct for NHS Managers; and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry and is also deemed to be an integral part of these Standing Financial Instructions.

20 Retention of records

20.39 The Accountable Officer shall:

- be responsible for maintaining all records required to be retained in accordance with NHS Records Management Code of Practice 2021 and other relevant notified guidance

- ensure that arrangements are in place for effective responses to Freedom of Information requests

- publish and maintain a Freedom of Information Publication Scheme

20.40 The records held in archives shall be capable of retrieval by authorised persons.

20.41 Records held in accordance with Department of Health guidance shall only be destroyed at the express instigation of the Accountable Officer. Detail shall be maintained of records so destroyed.

21 Risk Management

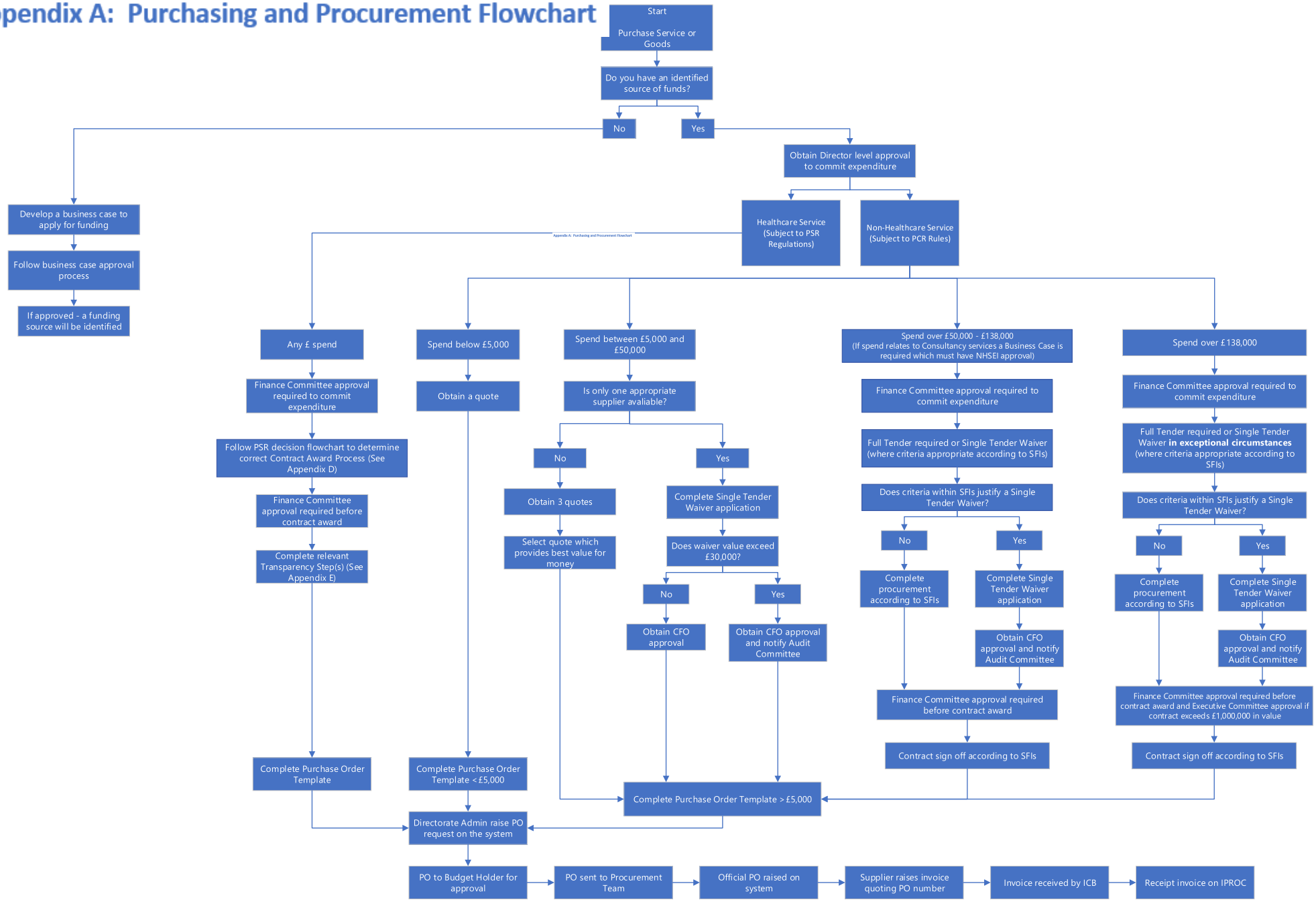
21.39 The Accountable Officer will ensure the Integrated Care Board has a programme of risk management which will be approved and monitored by the ICB Board.

21.40 The programme of risk management will include:

- a process for identifying and quantifying risk and potential liabilities
- engendering among all levels of staff a positive attitude towards the control of risk
- management processes to ensure all significant risk 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
- arrangements to review the risk management programme.

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

Appendix A: Purchasing and Procurement Flowchart



**Please note supplier set-up on Oracle takes 5-7 days and should be completed as soon as the supplier is known.

Appendix B: Request for waiver of Standing Orders

REQUEST FOR WAIVER OF STANDING ORDERS

As stated in NHS Somerset ICB's Scheme of Reservation and Delegation, it is the responsibility of all staff to conform to financial policies and financial procedures. These policies are available for reference on our website and, where assistance is required as to the appropriate course of action, the Finance Team are available for help and advice.

Before submitting a Single Tender Waiver

NHS Somerset ICB Standing Financial Instructions (SFIs) state at Section 7.39: "The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure."

The table below has been adapted from information available in the NHS Somerset ICB SFIs and defines the route/method required to ensure value for money is achieved on goods and services purchased. A further column has been added around process timescales. Further information can be obtained by SCW CSU procurement team.

TENDERING/QUOTATION THRESHOLDS/DELEGATION SCHEDULE			**Timeframes for completion**
Value of Goods/Services including VAT for the life (including full extension period) of the contract or products	**Route/Method**	**Number of formal written Quotes**	
£5,000-£50,000	Formal Written Quotation	3	A three quote process can be completed in 1-2 weeks
Over £50,000	Formal Tender	3	A lower value formal tender can be completed in 2-6 weeks (if frameworks* are available this could be reduced)
Over £138,000 full tender	Full tender or competition via frameworks*	Minimum of 3	Depending on complexity, a full tender can be completed in 2-3 months

***frameworks** are nationally procured goods and services that are compliant routes to market. Some frameworks allow direct award to specific suppliers whilst others require further competition.

To help support you to meet our requirements, for ease of reference, please find links to NHS Somerset ICB's SFIs and Financial Policies below:

- Tendering and contracting procedures – Section 7
- Exceptions and instances where formal tendering need not be applied – Section 7.39 to 7.43
- Procuring goods or services between the values of £5,000 and £50,000 (including VAT) – Section 7.87 – 7.93

When does a single tender waiver not apply?

Where quotations/tenders or frameworks are utilised as these are compliant to the NHS Somerset ICB Standing Financial Instructions.

When would I need to complete a single tender waiver?

Following a review of the SFIs and "*Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in an appropriate NHS Somerset Integrated Care Board record. Waivers for the value of £30,000 and above must be reported to the ICB Audit Committee. Waivers below the value of £30,000 can be approved by the Chief Finance Officer.".*

Please find attached a copy of our 'request for waiver of standing orders' form which **MUST** be completed in all circumstances where a competitive quotation or tendering process is to be waived.

REQUEST FOR WAIVER OF STANDING ORDERS

Reference Number:	

Note for Completion:

1. Please **ask for support** from the **Finance Team** if required.
2. This form is to be completed in all circumstances **where the requestor has fully established** that the competitive quotation/tendering procedure required under the **NHS Somerset Integrated Care Board Standing Financial Instructions are to be waived.**
3. The requestor is responsible for obtaining all signatures for each section (as detailed below) and submitting to the Chief Finance Officer for approval:
    a. **Section 1** of this form must be completed in full, by the **Requestor.**
    b. **Section 2** of this form must be completed in full by the **Budget Holder.**
    c. **Section 3** to be completed by **Procurement Team**.
4. The completed and signed waiver should be e-mailed to *erin.tompkins@nhs.net* for Chief Finance Officer sign off. Jo will ensure that waiver requests are presented to the Audit Committee where required.
5. The form will be returned if incomplete, inconclusive or incorrectly completed.
6. Approved waiver requests will be returned to the Requestor for onward communication to all necessary parties in order to progress the procurement.

Section 1

REQUESTOR

Request Title			
Date of Request			
Details of Requestor: Name:			
Email:			
Department:			
Have these goods/services been ordered before?	YES/NO		
If Yes provide Req./Order number and value	Order Number	Value £	
Full Description of Goods and/or Service			
Reason for Waiver of Standing Orders request, rather than following a procurement exercise			
Proposed Supplier			
Total spend/contract value	Excluding VAT	VAT	Total including VAT
	£	£	£
Has this good/service been subject to a Waiver of Standing Orders before?	YES/NO	Date DD/MM/YYYY	
Contract Dates of this Waiver of Standing Order request	Start Date: DD/MM/YYYY	End Date: DD/MM/YYYY	
What do you propose to do after the end of the contract term?			
Signature			
Name			
Job Title			
Date of Signature			

Section 2		
BUDGET HOLDER	Using the reasoning given in the Standing Financial Instructions and Financial Policies provide information and reasoning to support Waiver Request	
	Signature	
	Name	
	Job Title	
	Date of Signature	
Section 3		
PROCUREMENT	Approval /Rejection, including Comments	
	Signature	
	Name	
	Job Title	
	Date of Signature	
Section 4		
APPROVAL	Approved/ Rejected Comments (if applicable)	
	Signature	
	Name	
	Job Title	
	Date of Signature	

SOMERSET SYSTEM TRIPLE LOCK PROCESS PROPOSAL

1 CONTEXT AND PURPOSE

1.1 Somerset ICB and Somerset NHS Foundation Trust have a collective responsibility for managing the Somerset system financial position and has a statutory obligation to ensure that it operates within the allocated funding. The system has delivered its 2023/24 financial position, however delivery of the 2024/25 financial position is expected to be more challenging, although the system has submitted a balanced financial plan.

1.2 During 2023/24 ICS' who were unable to deliver financial plans were expected to enact internal processes in line with those set out in the triple-lock process. It is now expected that all ICS' enact these additional controls on expenditure from 1 April 2024, to support 2024/25 financial planning and delivery, and work towards a more sustainable underlying financial position. This document sets out the process for the management and approval of expenditure across the system to support this, as well as a vacancy control framework.

1.3 This process is for adoption by the following organisations that make up the Somerset NHS system:

- Somerset NHS Foundation Trust (SFT)
- NHS Somerset Integrated Care Board (ICB)

1.4 The process implements a 'triple-lock' to review and agree all expenditure proposals and source of funding for expenditure >£50k for 2024/25. All revenue commitments included in the 2024/25 plan, will have been through the triple-lock process as part of the 2024/25 Operational Planning Process. Approval to incur any expenditure, in addition to that planned for during 2024/25, will then need to go through the triple lock process. A double lock applies to agreements to utilise reserves and contingencies in year.

1.5 The approval process is set out to take account of non-financial risk aspects (especially performance, safety, and quality) to ensure that the broader performance obligations of the system are considered in exercising control over the financial position.

1.6 The triple-lock does not override the obligation of all NHS bodies to secure good value from every pound that is spent. It is an additional control, so it does not replace existing organisational approval/review processes. The triple-lock process is supplementary to them, in view of the existing financial pressures. This will mean that any proposals being brought forward for approval will require senior organisational sign-off, prior to consideration at system level.

2 SCOPE

Triple Lock

2.1 As a general principle, this process is applicable to all new financial commitments in the NHS Somerset system >£50k in 2024/25, (or as a 'full-year effect' into the future), unless explicitly excluded. It implies any expenditure included in the 2024/25 plan has already gone through a process and therefore would not need to be reviewed again. This therefore means that any expenditure in addition to that planned for during 2024/25 would be subject to the triple-lock process.

2.2 Exclusions mainly relate to expenditure areas where other existing (or planned) control processes are in place, already providing scrutiny over commitments and risks. A list of excluded areas is set out in **Appendix 1**. This list will be subject to ongoing review in the context of both application of the triple-lock process and any emerging risks in the excluded expenditure areas.

2.3 It is not feasible to define every possible investment scenario for the scope of the triple-lock process – in instances where additional clarity is sought, it is proposed that the process is followed initially to determine the most appropriate way forward as part of the decision making.

2.4 It is expected that the process will be subject to regular review during implementation, to ensure it operates effectively in practice, and delivers the controls required.

2.5 To illustrate the key elements of the process, a high-level "Investment Process Decision Flowchart" is included at **Appendix 2**.

Discretionary spend

2.6 Most discretionary spend is likely to be less than the triple lock threshold, however the Somerset system will seek assurance that there are effective organisational controls in place to consider all discretionary spend.

Workforce controls

2.7 The system will implement a 'vacancy review' which effectively caps contracted WTE for substantive staff and worked WTE for bank and agency, plus adjustments as at month 7 2023/24. Appendix 3 details the vacancy control framework.

2.8 The system will develop its monthly reporting to include data on monthly monitoring, analysed between contracted substantive WTE, and worked locum and agency.

2.9 Each organisation is responsible for operating the vacancy review process effectively. If the workforce reporting does not demonstrate that the 2024/25 workforce plan is being delivered, then a further discussion and review of workforce controls across the system will be required.

2.10 The system will reduce the amount of off-framework agency month on month until July 2024, at which point it will cease using any from July 2024 unless there are clear 'break glass' exceptions.

2.11 The system will reduce aggregate agency spending to 3.2% as a proportion of the total NHS pay bill (assuming pay inflation in line with the current planning assumption).

3 EXPENDITURE PROPOSAL PANEL

3.1 To establish the triple-lock process for financial commitments >£50k and minimise the additional burden, submissions will be accepted in a short-form expenditure proposal format (see Appendix 4), reporting to the Expenditure Proposal Panel (EPP).

3.2 In addition, a complete log of submissions will be maintained to support reporting back to System Assurance Forum (SAF) or other appropriate meetings, and to track future commitments for medium-term planning purposes.

Timeliness of process

3.3 To be effective and workable, the process needs to operate smoothly and swiftly. As the system is not anticipating many funding requests over and above the 2024/25 agreed plan values the EPP will be convened on an as is basis but within 5 working days of any request being received.

3.4 Expenditure proposals entering the process will already have achieved sign-off from the lead/proposing organisation. If submitted proposals or approvals give rise to further queries not addressed within the submission, these queries will be expedited wherever possible, to minimise the risk of further delays in decision making.

Clinical and operational focus

3.5 In delivering the best possible outcomes for the people of Somerset, it is critical that actions in respect of the financial position take appropriate account of the wider risk, safety, and delivery obligations of the local NHS.

3.6 The short-form expenditure proposal format has been developed to ensure risk and performance delivery factors are built into the submission.

3.7 In establishing decisions within the triple-lock process, the composition of any Expenditure Proposal Panel used to evaluate expenditure proposals or vacancy requests, will be deliberately developed to ensure clinical and/or operational perspectives are represented as well as an NHSE regional representative.

Decision making group – Expenditure Proposal Panel

3.8 Expenditure proposals submitted to the triple-lock process will be reviewed by an executive led panel, with decisions fed back to both the originating organisation and other system partners.

3.9 It is proposed that the panel is relatively small.

3.10 Proposed additional attendance:

- at least one Executive from each of the two partner organisations representing Clinical or Operational perspective, and one executive from each of the two partner organisations representing finance as a minimum. Nominated deputies or alternates will be permitted to ensure meetings can proceed fortnightly, to enable responsive decision making,

- at least one representative from NHSE South West region,

- quoracy would be at least one operational/clinical representative, one finance representative and at least one NHSE South West representative. Administrative support to the process will be provided by the ICB.

3.11 All submissions and decisions will be logged, to enable process scrutiny and development, and to enable reporting to relevant system groups and committees.

Triple-lock process development

3.12 Introduction of the triple-lock process is expected to identify practical issues in implementation, and areas for clarity and improvement. The process will be subject to ongoing review during the first month, to ensure effective delivery. Any practical amendments and modifications will be reported back to the System Assurance Forum, for ratification.

3.13 Finalised arrangements will be reflected in the 2024/25 System Collaboration and Financial Management Agreement, as part of the NHS Standard Contract 2024/25.

APPENDIX 1

Determining the Scope of the Process

As a guiding principle, this process is applicable to all new financial commitments in the NHS Somerset system more than £50,000 (in 2024/25, or as a 'full-year effect' into the future), unless explicitly excluded.

The following items are excluded, because of other agreed management processes providing assurance and governance over spend:

- Commitments in line with an agreed plan to deliver the Mental Health Investment Standard (once that plan is signed off).
- Commitments already explicitly made in 2024/25 financial plan – but an urgent review of the current implementation status of these items will be undertaken, which may result in some elements coming back into the triple-lock for actual implementation and a full review of the expected benefits from delivery will be carried out in-year.
- Elective delivery investments, where it is both consistent with agreed system objectives and the costs do not exceed the related Elective Recovery Fund expectations.
- Commitments funded by secure third-party income (e.g. R&D/education) where organisations can assure that an exit strategy exists that mitigates in-system risk of the loss of current or future funding.
- Immediate, urgent costs and short-term costs for the duration of a month to mitigate operational or safety risks – but the decision to continue any such actions should be brought back to the triple-lock process where the costs would exceed £50,000.
- Filling of individual posts as part of normal operational practice, within agreed budgets/establishment but plans for the expansion of staffing/services more than £50,000 would be subject to the process.
- Individual clinical placements/packages of care >£50,000 where appropriate internal approval processes have been undertaken.
- 'Cost pressures' arising from unavoidable inflationary/market pressures – although these will be logged, and scrutinised for potential mitigation, as part of in-year financial management and tracking. Note: potential cost pressures from expanding services/volumes should be subject to triple-lock approval, as these are direct investment decisions.
- Major capital schemes, where these are subject to other formal approval processes e.g. EPR, New Hospitals Programme.
- Operational capital (CDEL) decisions where the revenue cost of capital consequences is already factored into the 2024/25 Plans.

For the avoidance of doubt, the following are in scope of the triple-lock process:

- Continuation of investment/services > £50,000 threshold where an initial funding source has ended.
- Recurrent investments over the threshold where the funding source is time-limited, and a viable exit strategy is not in place to mitigate the risk of continuing costs.

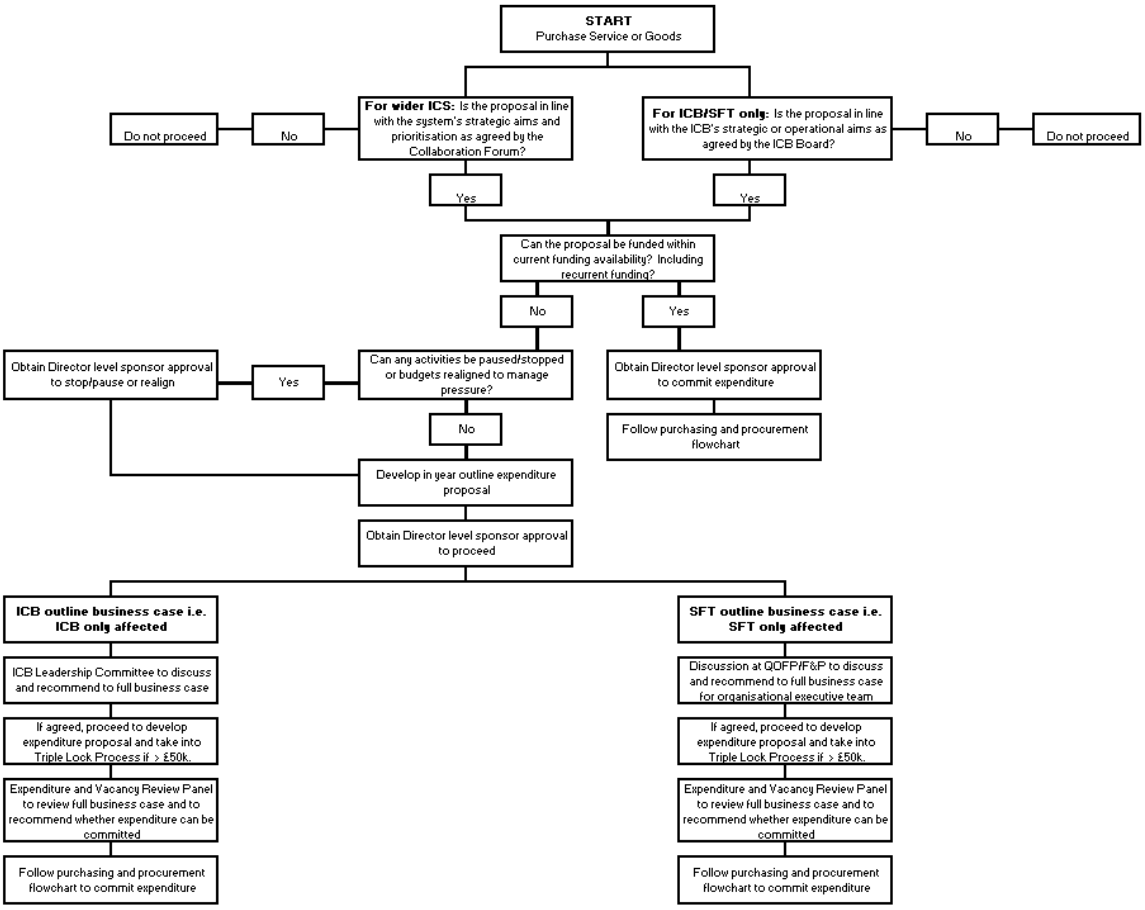
- Inter-related investments individually below the threshold but with a total impact of > £50,000 where a single decision is required.
- Investments that will incur less than £50,000 in 2024/25 but will exceed the threshold as a full-year impact.
- Additional capital investment with a revenue impact of >£50,000, where the revenue impact is not already within 2024/25 Plan (e.g. cost of capital and other revenue consequences).
- 'Spend to save' schemes where the investment exceeds £50,000.

It is not feasible to define every possible investment scenario for the scope of the triple-lock process – in instances where additional clarity is sought, it is proposed that the process is followed initially to determine the most appropriate way forward as part of the decision making.

It is expected that the process will be subject to regular review during early implementation, to ensure it operates effectively in practice, and delivers the additional scrutiny and control required.

APPENDIX 2

In year expenditure proposal flow chart



Somerset Workforce
TRIPLE LOCK

2024-25

APPENDIX 3 – Vacancy Control Framework

Purpose

To implement a consistent recruitment control framework which:

- complies with the tighter recruitment control mechanisms, in response to the current financial position
- strives to ensure that care is safe and effective
- measures and reports recruitment activity
- prevents unnecessary growth in overall workforce
- reduces workforce costs
- reduces usage of temporary staffing

Scope

Due to the challenges of the financial position, all changes to establishment and expenditure will be subject to internal recruitment control measures, which will include peer review and system level reporting and monitoring. The scope includes all roles and all changes:

1. Recruitment to Vacancies (replacement and new)
2. Extension of Fixed Term Contract
3. Increase in hours
4. Acting up arrangements (if incurs additional costs)
5. Release of employee on external secondment (if incurs additional costs)
6. Internal Secondment (if incurs additional costs)
7. Request for review of grading (if incurs additional costs)
8. Change of contractual arrangement (e.g. temporary to permanent)
9. Use of an Independent Contractor (on a consultancy basis)
10. A worker personally providing a service for example their own company, an intermediary company, a partnership (including GP practice) or as a sole trader, freelancer, or consultant

NB: Any newly funded roles by NHSE do not need to go through VCP and will be included in the reporting to the ICB for triangulation and monitoring of Headcount.

Financial Operating Environment & Overarching Principles

Each organisation (SFT and ICB) has robust internal processes with executive responsibility & accountability to ensure that workforce capacity and capability decisions are made in line with the core purpose of the system recruitment control framework.

Financial Operating Environment

- All budget holders to operate on the basis that vacancies and external funding for roles provides the opportunity to reduce the System and Trust underlying deficit. Consideration to recruiting; to fill new or existing roles; or using funding to bring in additional roles should only be given if it is evidenced that to delay or defer recruitment would have a detrimental impact on patient safety, flow or activity, or the funding returned (see table on next slide).
- Agency and Bank controls for Nursing and Medical workforces are being strengthened so that a restriction on substantive recruitment does not lead to an increase in the use of Bank or agency staff as an alternative.

Principles and considerations for Vacancy Controls (Decision and Risk Framework)

- If the post has a direct impact on safety or patient flow or activity, then the post can be recruited to.
- If the post can generate income/revenue/pay for itself in year, then the case should be referred to VC Panel outlining the benefits.
- All posts require consideration whether the same quality of care/service be delivered in a different way which reduces workforce costs.
- Any roles that are not critical to patient safety, flow or activity will be reviewed and possibly held / removed as part of the Productive Care Programme plans within SFT.

Decision and Risk Framework

- To ensure an equitable approach all requests will be considered against an agreed criteria, to determine the critical level of the request:

Level of Critical Impact	Risk level	Financial Loss	Process	Likely Outcome	Example
A: Business Critical – High impact	Unable to function / meet activity; inability to fulfil statutory obligations; sign harm to patients	Severe / Major	A1: **Proceed** within existing establishment A2: additional to existing establishment move to **Level B**.	Fill the vacancy based on like for like or similar.	Porter / HCA / Cleaner Safeguarding roles ICP Safer Staffing Finance re accounts
B: Moderate Critical impact	Significant service impact; moderate risk of harm to patients (and staff)	Significant	Mini risk Assessment required. Clinical input.	Fill the vacancy based on like for like or similar OR Fill the vacancy with an alternative role (VfM)	
C: Marginal Critical Impact	Impact on services marginal; risk to patients of harm marginal	Moderate	Peer Review Panel (clinical). Full risk assessment required. Skill mix review.	Fill the vacancy with an alternative role (VfM) OR Hold the vacancy	
D: Limited Critical Impact	Little of no impact of service provision	Negligible	Skill Mix / Transformation	Hold the vacancy	Non patient critical

Process

The process will be organisational led, in line with the following assumptions:

- Somerset Foundation Trust have set up an internal vacancy control process
- Based on our 1 on 1 relationship within Somerset, we have agreed that this will act as the triple lock vacancy panel for Somerset *with external reporting to ensure that this is delivering*
- *Reporting information to system recovery group to include*
    - *Vacancies considered by the SFT vacancy control process and how many have been supported, paused or turned down within each of the categories within the decision and risk framework (slide 5) using a standardised template.*
- Requests outside of the agreed criteria may be escalated to the system recovery group for consideration
- Outcome Measures – reductions in headcount; reductions in agency spend and stop using off-framework (from July) - linked to delivery of CIP

Exceptional clinical circumstances: LEVEL A

EXAMPLES :

- Clinical roles where there would be a detrimental safety or financial impact of holding / removing the post due to temporary staffing requirements

APPENDIX 4

Short-form expenditure proposal format

Expenditure Proposal Form (for any commitment >£50k)	
Subject	
Requestor	
Date	

SITUATION – Reason investment required / issue(s)
Current Position **Cause(s)** **Impact**
BACKGROUND - context of the investment / issue(s)
ASSESSMENT - Options considered
OPTION 0 – e.g. Do Nothing **Option Outline** **Costs** **Recurrent** ☐ **Non-recurrent** ☐

CYE £000	FYE £000

Workforce impact: Yes ☐ No ☐

If yes, WTE info by grade & staff type:

RECOMMENDATIONS

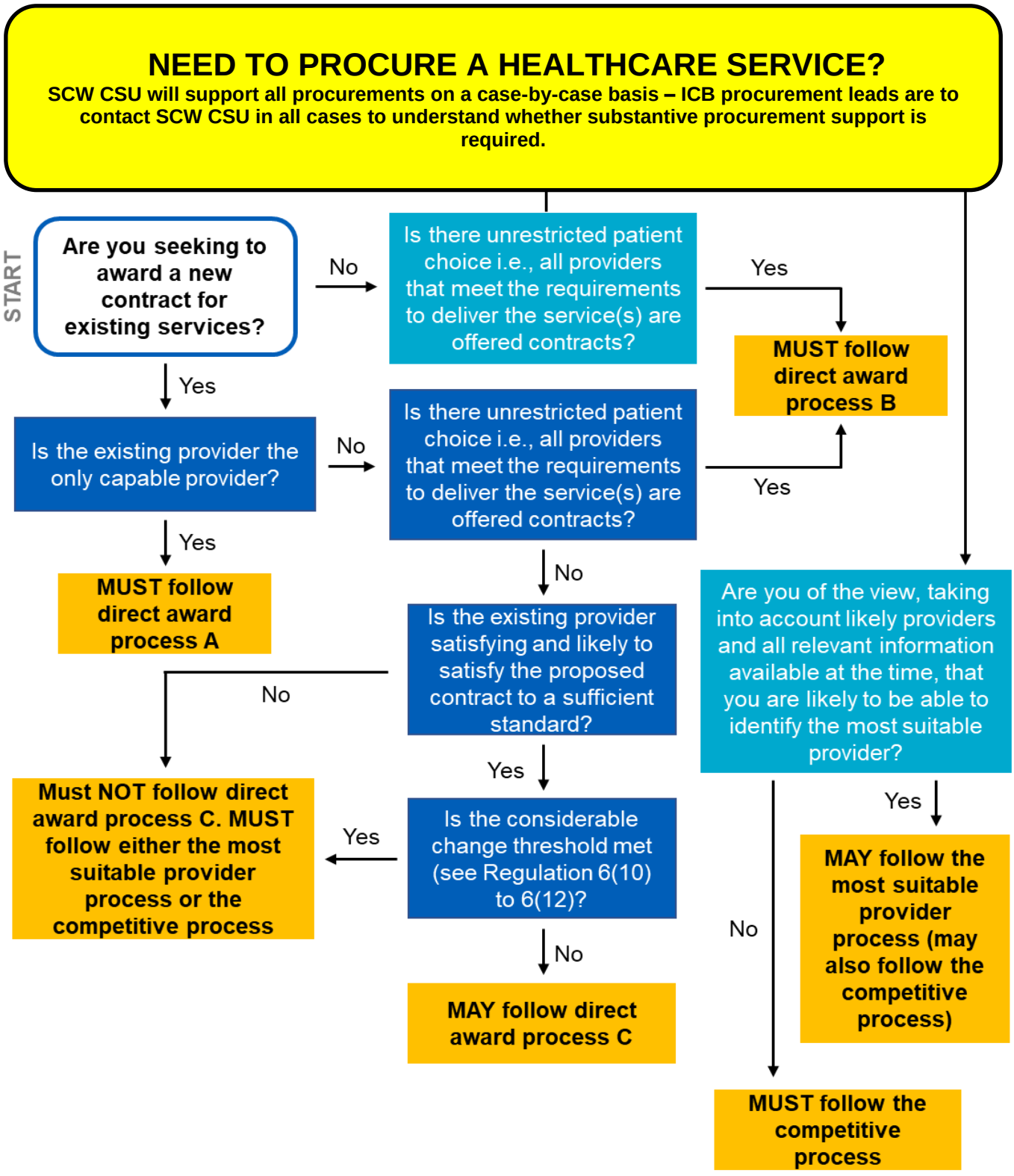
Preferred Option

Rationale

Conclusion

Appendix D: Provider Selection Regime – Decision Flow Chart

"Getting to the Right Decision"



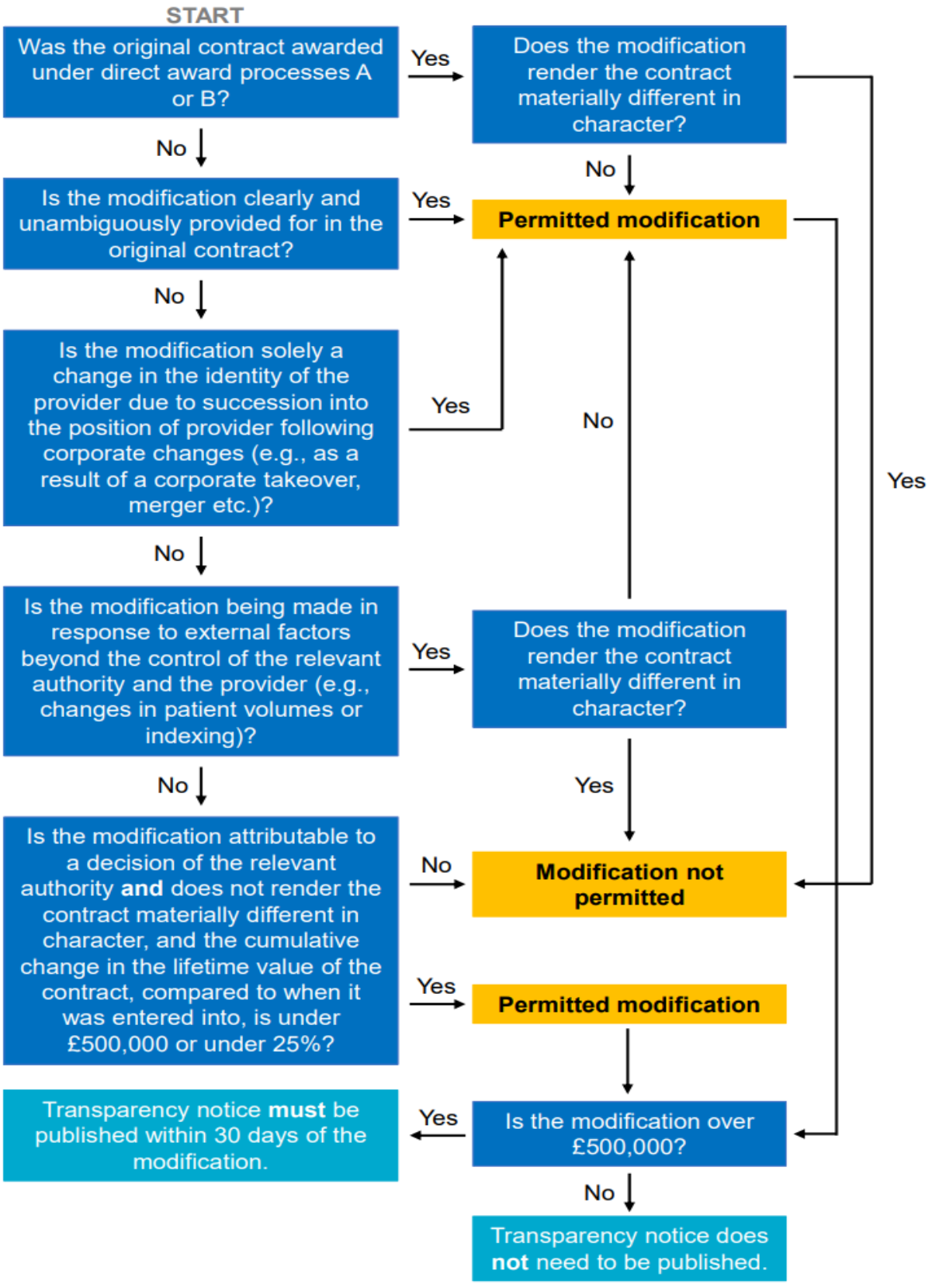
Appendix D cont'd: Overview of decision-making approach to PSR process

Direct Award A	Continuation of existing arrangements –there is no realistic alternative to the existing provider (for example for Type 1 and 2 urgent and emergency services). Not used to establish framework agreement. **Must** be used if applicable. Transparency award notice published within 30 days of contract award.
Direct Award B	The ICB wishes to provide, or currently provides an 'unrestricted patient choice' service (for example, consultant led elective care services). The number of providers cannot be restricted. Providers utilise Expression of Interest process. Contracts issued to all eligible providers. **Must** be used if applicable. Transparency award notice published within 30 days of contract award.
Direct Award C	Existing provider for the healthcare services, and their contract is ending – ICB decides by assessing key decision-making criteria that the provider is doing a sufficiently good job (satisfying original contract and is likely to satisfy new contract to a sufficient standard) and the service is not changing considerably (change is over £500,000 and is over 25% of the original lifetime value of the contract). Not required to follow Direct award processes A or B above. Cannot be used to establish a framework. Key and Basic Selection criteria to be considered. 8 working day standstill period must be observed. Multiple transparency notices published.
Most Suitable Provider	Identifying the most suitable provider when the decision-maker wants to use a new provider or for new/considerably changed arrangements and considers that it can identify the most suitable provider without a competitive process. Thorough knowledge of the provider landscape is crucial and goes beyond just knowing provider base. Not required to follow Direct Award process A or B and does not wish or cannot follow Direct Award Process C. Cannot be used to establish a framework. Key and Basic Selection criteria to be considered. 8 working day standstill period must be observed. Multiple transparency notices published, including allowing interested providers to ask to be considered as the 'most suitable provider'.
Competitive	Competitive procurement process. Not required to follow Direct Award process A or B. Does not wish to or cannot follow Direct Award process C and does not wish to use or is unable to identify the most suitable provider using the Most Suitable Provider route. Competitive route is required to establish a framework. Key and Basic Selection criteria to be considered. No financial thresholds. 8 working day Standstill period must be observed. Multiple transparency notices published.

Appendix E: Summary of the Transparency steps under the Provider Selection Regime

PSR Process	Direct Award A	Direct Award B	Direct Award C	Most Suitable Provider	Competitive
Details on intended approach (PIN)				Notice published at least 14 calendar days before assessing providers	**Optional**
Contract Notice for procurement					On FTS website
Internal record of decision-making process & rationale	Internal record	Internal record	Internal record	Internal record	Internal record
Responding to unsuccessful bidders					Outcome letter
Intention to Award			On FTS website	On FTS website	On FTS website
Standstill & Resolution period (If representation received within 5 working days standstill period remains open until resolution)			8 working day 'Standstill' period. ICB review. Indicative 25 working days for Panel review 5 working days for bidder to consider final outcome	8 working day 'Standstill' period. ICB review Indicative 25 working days for Panel review 5 working days for bidder to consider final outcome	8 working day 'Standstill' period. ICB review Indicative 25 working days for Panel review 5 working days for bidder to consider final outcome
Confirmation of Award	Within 30 days	Within 30 days	Within 30 days	Within 30 days	Within 30 days
Contract Modification	Within 30 days of modification	Within 30 days of modification	Within 30 days of modification	Within 30 days of modification	Within 30 days of modification

Appendix F: PSR Contract Modifications Flow Chart



Appendix G: Provider Selection Regime – 'Standstill Process' Flow Chart

Applies to Direct Award Process C, Most Suitable Provider Process and The Competitive Process

(includes call offs from frameworks via mini competition).