# **Standing Financial Instructions**

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1. Purpose and statutory framework
	* 1. These Standing Financial Instructions (SFIs) shall have effect as if incorporated into the Coventry and Warwickshire Integrated Care Board’s (CWICB) constitution. In accordance with the National Health Service Act 2006, as amended by the Health and Care Act 2022, Coventry and Warwickshire Integrated Care Board must publish its constitution.
		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.
		3. The purpose of this governance document is to ensure that the Coventry and Warwickshire Integrated Care Board fulfils its statutory duty to carry out its functions effectively, efficiently, and economically. The SFIs are part of the Coventry and Warwickshire Integrated Care Board’s control environment for managing the organisation’s financial affairs as they are designed to ensure regularity and propriety of financial transactions.
		4. SFIs define the purpose, responsibilities, legal framework and operating environment of Coventry and Warwickshire Integrated Care Board. They enable sound administration, lessen the risk of irregularities and support commissioning and delivery of effective, efficient, and economical services.
		5. Coventry and Warwickshire Integrated Care Board 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.
		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.
		7. All members of Coventry and Warwickshire Integrated Care Board (its board) and all other Officers should be aware of the existence of these documents and be familiar with their detailed provisions. The Coventry and Warwickshire Integrated Care Board SFIs will be made available to all Officers on the intranet and internet website for each statutory body.
		8. Should any difficulties arise regarding the interpretation or application of any of these SFIs, the advice of the Chief Executive Officer or the Chief Finance Officer must be sought before acting.
		9. Failure to comply with the SFIs may result in disciplinary action in accordance with the Coventry and Warwickshire Integrated Care Board applicable disciplinary policy and procedure in operation at that time.
2. Scope
	* 1. All officers of the Coventry and Warwickshire Integrated Care Board, without exception, are within the scope of the SFIs without limitation. The term officer includes, permanent employees, secondees and contract workers.
		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.
		3. Any reference to an enactment is a reference to that enactment as amended.
		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
	1. Staff
		1. All Coventry and Warwickshire Integrated Care Board 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.
	1. Accountable Officer
		1. The Coventry and Warwickshire Integrated Care Board constitution provides for the appointment of the Chief Executive Officer by the Coventry and Warwickshire Integrated Care Board Chair. The Chief Executive Officer is the Accountable Officer for the Coventry and Warwickshire Integrated Care Board and is personally accountable to NHS England for the stewardship of Coventry and Warwickshire Integrated Care Boards allocated resources.
		2. The Chief Finance Officer reports directly to the Coventry and Warwickshire Integrated Care Board Chief Executive Officer and is professionally accountable to the NHS England regional Finance director
		3. The Chief Executive Officer will delegate to the Chief Finance Officer the following responsibilities in relation to the Coventry and Warwickshire Integrated Care Board:
* 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 Coventry and Warwickshire Integrated Care Board 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 Coventry and Warwickshire Integrated Care Board 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 Coventry and Warwickshire Integrated Care Board;
* 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 Finance 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.
	1. Audit Committee
		1. The Board and Chief Executive 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 Coventry and Warwickshire Integrated Care Board;
* the process for reviewing of the accounts prior to submission for audit, management’s letter of representation to the external auditors; and the planned activity and results of both internal and external audit.
1. Management accounting and business management
	* 1. The Chief Finance Officer is responsible for maintaining policies and processes relating to the control, management and use of resources across Coventry and Warwickshire Integrated Care Board.
		2. The Chief Finance Officer will delegate the budgetary control responsibilities to budget holders through a formal documented process.
		3. The Chief Finance 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.
	+ 1. In addition, the Chief Finance Officer should have financial leadership responsibility for the following statutory duties:
* 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 Coventry and Warwickshire Integrated Care Board 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 Coventry and Warwickshire Integrated Care Board, 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.
	+ 1. The Chief Finance Officer and any senior officer responsible for finance within Coventry and Warwickshire Integrated Care Board 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.
1. Income, banking arrangements and debt recovery
	1. Income
		1. Coventry and Warwickshire Integrated Care Board 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.
		2. The Chief Finance 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 Coventry and Warwickshire Integrated Care Board and the prevailing risks;
	1. Banking
		1. The Chief Finance Officer (CFO) is responsible for ensuring Coventry and Warwickshire Integrated Care Board complies with any directions issued by the Secretary of State with regards to the use of specified banking facilities for any specified purposes.
		2. The Chief Finance Officer will ensure that:
* Coventry and Warwickshire Integrated Care Board holds the minimum number of bank accounts required to run the organisation effectively. These should be raised through the government banking services contract; and
* Coventry and Warwickshire Integrated Care Board has effective cash management policies and procedures in place.
	1. Debt management
		1. The Chief Finance Officer is responsible for Coventry and Warwickshire Integrated Care Board’s debt management strategy.
		2. This includes:
* a debt management strategy that covers end-to-end debt management from debt creation to collection or write-off in accordance with the losses and special payment procedures;
* ensuring the debt management strategy covers a minimum period of 3 years and must be reviewed and endorsed by Coventry and Warwickshire Integrated Care Board every 12 months to ensure relevance and provide assurance;
* accountability to Coventry and Warwickshire Integrated Care Board’s board that debt is being managed effectively;
* accountabilities and responsibilities are defined with regards to debt management to budget holders; and
* responsibility to appoint a senior officer responsible for day to day management of debt.
1. Financial systems and processes
	1. Provision of finance systems
		1. The Chief Finance 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 Coventry and Warwickshire Integrated Care Board.
		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.
		3. As part of the contractual arrangements for ICBs officers will be granted access where appropriate to the Integrated Single Financial Environment (“ISFE”). This is the required accounting system for use by ICBs, access is based on single access log on to enable users to perform core accounting functions such as to transacting and coding of expenditure/income in fulfilment of their roles.
		4. The Chief Finance 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 Coventry and Warwickshire Integrated Care Board 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 of Coventry and Warwickshire Integrated Care Board business rules and ensure that the internal finance team is appropriately resourced to deliver all statutory functions of the Coventry and Warwickshire Integrated Care Board;
* 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 that Coventry and Warwickshire Integrated Care Board 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 Finance Officer shall periodically seek assurances that adequate controls are in operation.
1. Procurement and purchasing
	1. Principles
		1. The Chief Finance Officer will take a lead role on behalf of Coventry and Warwickshire Integrated Care Board to ensure that there are appropriate and effective financial, contracting, monitoring and performance arrangements in place to ensure the delivery of effective health services.
		2. Coventry and Warwickshire Integrated Care Board must ensure that procurement activity is in accordance with the Public Contracts Regulations 2015 (PCR) and associated statutory requirements whilst securing value for money and sustainability.
		3. Coventry and Warwickshire Integrated Care Board must consider, as appropriate, any applicable NHS England guidance that does not conflict with the above.
		4. Appendix 1 sets out the Procurement Policy which outlines the tendering policies and rules which shall be applied where Coventry and Warwickshire Integrated Care Board wishes to obtain goods, services or works from a third-party external to the ICB. These policies and rules will be regularly updated by the Chief Financial Officer and approved by the Board.
		5. All revenue and non-pay expenditure must be approved, in accordance with Coventry and Warwickshire Integrated Care Board’s business case policy, prior to an agreement being made with a third party that enters a commitment to future expenditure.
		6. All officers must ensure that any conflicts of interest are identified, declared, and appropriately mitigated or resolved in accordance with Coventry and Warwickshire Integrated Care Board’s standards of business conduct policy.
		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.
		8. Undertake any contract variations or extensions in accordance with PCR 2015 and Coventry and Warwickshire Integrated Care Board’s procurement policy.
		9. Retrospective expenditure approval should not be permitted. Any such retrospective breaches require approval from any committee responsible for approvals before the liability is settled. Such breaches must be reported to the Audit Committee.
2. Staff costs and staff related non pay expenditure
	1. Chief People Officer
		1. The Chief People Officer [CPO] will lead the development and delivery of the long-term people strategy of Coventry and Warwickshire Integrated Care Board ensuring this reflects and integrates the strategies of all relevant partner organisations within the ICS.
		2. Operationally the CPO will be responsible for;
* defining and delivering the organisation’s overall human resources strategy and objectives; and
* overseeing delivery of human resource services to Coventry and Warwickshire Integrated Care Board employees.
	+ 1. The CPO will ensure that the payroll system has adequate internal controls and suitable arrangements for processing deductions and exceptional payments.
		2. Where a third-party payroll provider is engaged, the CPO shall closely manage this supplier through effective contract management.
		3. The CPO is responsible for management and governance frameworks that support Coventry and Warwickshire Integrated Care Board employees’ life cycle.
1. Annual reporting and Accounts
	* 1. The Chief Finance Officer will ensure, on behalf of the Chief Executive Officer and Coventry and Warwickshire Integrated Care Board, that:
* Coventry and Warwickshire Integrated Care Board is in a position to produce its required monthly reporting, annual report, and accounts, as part of the setup of the new organisation; and
* Coventry and Warwickshire Integrated Care Board, in each financial year, prepares a report on how it has discharged its functions in the previous financial year.

An annual report must, in particular, explain how Coventry and Warwickshire Integrated Care Board 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.
	+ 1. NHS England may give directions to Coventry and Warwickshire Integrated Care Board as to the form and content of an annual report.
		2. Coventry and Warwickshire Integrated Care Board 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.
	1. Internal audit

The Chief Executive Officer, as the Accountable Officer, is responsible for ensuring there is appropriate internal audit provision in Coventry and Warwickshire Integrated Care Board. For operational purposes, this responsibility is delegated to the Chief Finance Officer to ensure that:

* all internal audit services provided under arrangements proposed by the Chief Finance Officer are approved by the Audit Committee, on behalf of Coventry and Warwickshire Integrated Care Board’s Board;
* Coventry and Warwickshire Integrated Care Board must have an internal audit charter. The internal audit charter must be prepared in accordance with the Public Sector Internal Audit Standards (PSIAS);
* Coventry and Warwickshire Integrated Care Board’s internal audit charter and annual audit plan, must be endorsed by Coventry and Warwickshire Integrated Care Board’s Chief Executive Officer, Audit Committee and Board;
* the Head of Internal Audit must provide an annual opinion on the overall adequacy and effectiveness of Coventry and Warwickshire Integrated Care Board’s framework of governance, risk management and internal control as they operated during the year, based on a systematic review and evaluation;
* the Head of Internal Audit should attend Audit Committee meetings and have a right of access to all Audit Committee members, the Chair and Chief Executive Officer of Coventry and Warwickshire Integrated Care Board;
* the appropriate and effective financial control arrangements are in place for Coventry and Warwickshire Integrated Care Board and that accepted internal and external audit recommendations are actioned in a timely manner.
	1. External Audit

The Chief Finance 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 Coventry and Warwickshire Integrated Care Board appoints an auditor in accordance with the Local Audit and Accountability Act 2014; in particular, Coventry and Warwickshire Integrated Care Board must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year; Coventry and Warwickshire Integrated Care Board must appoint a local auditor at least once every 5 years (ICBs will be informed of the transitional arrangements at a later date); and
* ensuring that the appropriate and effective financial control arrangements are in place for Coventry and Warwickshire Integrated Care Board and that accepted external audit recommendations are actioned in a timely manner.
1. Losses and special payments
	* 1. HM Treasury (HMT) 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.
		2. The Chief Finance 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.
		3. NHS England has the statutory power to require an integrated care board to provide NHS England with information. The information, is not limited to losses and special payments, must be provided in such form, and at such time or within such period, as NHS England may require.
		4. As part of the new compliance and control procedures, Coventry and Warwickshire Integrated Care Board must submit an annual assurance statement confirming the following:
* details of all exit packages (including special severance payments) that have been agreed and/or made during the year;
* that NHS England and HMT approvals have been obtained before any offers, whether verbally or in writing, are made; and
* adherence to the special severance payments guidance as published by NHS England.
	+ 1. All losses and special payments (including special severance payments) must be reported to Coventry and Warwickshire Integrated Care Board Audit Committee and NHS England noting that Coventry and Warwickshire Integrated Care Board do not have a delegated limit to approve losses or special payments.
		2. For detailed operational guidance on losses and special payments, please refer to the ICB losses and special payment guide.
1. Fraud, bribery and corruption (Economic crime)

Coventry and Warwickshire Integrated Care Board is committed to identifying, investigating and preventing economic crime.

Coventry and Warwickshire Integrated Care Board’s Chief Finance Officer is responsible for ensuring appropriate arrangements are in place to provide adequate counter fraud provision which should include reporting requirements to the Board and Audit committee, and defined roles and accountabilities for those involved as part of the process of providing assurance to the board.  These arrangements should comply with the NHS Requirements the [Government Functional Standard 013 Counter Fraud](https://cfa.nhs.uk/government-functional-standard/NHS-requirements) as issued by NHS Counter Fraud Authority and any guidance issued by NHS England and NHS Improvement.

1. Capital Investments & security of assets and Grants
	* 1. The Chief Finance Officer is responsible for:
* ensuring that at the commencement of each financial year, Coventry and Warwickshire Integrated Care Board and its partner NHS trusts and NHS foundation trusts prepare a plan setting out their planned capital resource use;
* ensuring that Coventry and Warwickshire Integrated Care Board 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 Coventry and Warwickshire Integrated Care Board has a documented property transfer scheme for the transfer of property, rights or liabilities from Coventry and Warwickshire Integrated Care Board’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 Finance Officer is responsible for ensuring there are processes in place to ensure that a business case is produced.
	+ 1. 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.
	+ 1. Advice should be sought from the Chief Finance Officer or nominated officer if there is any doubt as to whether any proposal is a capital commitment requiring formal approval.
		2. For operational purposes, Coventry and Warwickshire Integrated Care Board shall have nominated senior officers accountable for Coventry and Warwickshire Integrated Care Board’s property assets and for managing property.
		3. Coventry and Warwickshire Integrated Care Board shall have a defined and established property governance and management framework, which should:
* ensure Coventry and Warwickshire Integrated Care Board’s asset portfolio supports its business objectives; and
* comply with NHS England policies and directives and with this standard.
	+ 1. 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.
	1. Grants
		1. The Chief Finance Officer is responsible for providing robust management, governance and assurance to the Coventry and Warwickshire Integrated Care Board 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.
	+ 1. 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.
1. Legal and insurance
	* 1. This section applies to any legal cases threatened or instituted by or against Coventry and Warwickshire Integrated Care Board. Coventry and Warwickshire Integrated Care Board 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 Coventry and Warwickshire Integrated Care Board’s revenue resources in relation to settling legal matters.
	+ 1. Coventry and Warwickshire Integrated Care Board 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 Chief Executive Officer.

**APPENDIX 1** **Coventry and Warwickshire Integrated Care Board - Procurement policy**

**1. Introduction**

1.1 Procurement is the process by which public bodies purchase goods, services and works. Procurement applies to purchases of low value, generic items such as stationery through to high value, complex services.

1.2 Public bodies must apply the highest professional standards when they spend public money. In addition, directors must take into account HM Treasuries publication, “Managing Public Money”, which will apply to Coventry and Warwickshire Integrated Care Board.

1.3 Procurement law and good procurement practice promote good purchasing practice, public accountability and act as a guard against corruption.

1.4 Key principles

 The Coventry and Warwickshire Integrated Care Board procurements must:

 a) achieve value for money;

b) be consistent with the highest standards of honesty, integrity, impartiality and objectivity;

c) ensure fairness in allocating contracts;

d) be transparent and able to stand up to audit;

e) comply with all legal requirements and government controls; and

f) support the organisations corporate aims.

1.5 This policy (as updated from time to time) is incorporated into the SFIs of Coventry and Warwickshire Integrated Care Board.

1.6 In this policy, the following words have the following meanings:

 Budget holder - The employee with delegated authority to manage finances (income and expenditure) for a specific area of the Coventry and Warwickshire Integrated Care Board.

 Coventry and Warwickshire Integrated Care Board - The Chair, Non executive and voting executive directors of Coventry and Warwickshire Integrated Care Board collectively as a body.

Director - An executive director appointed to serve on the Board (whether voting or non-voting).

EU procurement directives - Directives issued by the EU Commission and adopted by the EU Council and European Parliament which relate to the regulation of public procurement, to the extent adopted into UK legislation.

EU threshold - The relevant threshold for the purposes of the EU Procurement Directives and which are amended from time to time. At the date of adoption of these SFIs, the relevant amounts are set out at:

https://www.gov.uk/government/publications/procurement-policy-note-0417-new-threshold-levels-2018

 Framework agreement - An agreement between purchaser/s and supplier/s which sets out the contractual terms and conditions for any future supply contracts (call offs) which can be entered into by the parties during the period in which the framework agreement applies. The benefit of a framework agreement is the ability to award call-offs to participating suppliers without having to go through to a full procurement exercise for each individual contract.

Regulations - From 1st January 2021 the UK is no longer bound by the EU Procurement Regulations; however, the directives remain part of UK law in the form of the Public Contracts Regulations 2015 (“PCR 2015”), as amended by The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 and will continue to be so until such time as the UK parliament decides to amend them. All UK regulations from time to time implementing EU Procurement Directives including, but not limited to, the Public Contracts Regulations 2006 (SI 2006/5) and the Utilities Contracts Regulations 2016 (SI 2016/6).

**2. Value for money**

2.1 Value for money is a key driver behind procurement processes.

2.2 Value for money may be demonstrated in a number of ways, including when goods or services are purchased from the supplier offering the lowest whole-life cost provided that the goods or services are fit-for-purpose and meet the required specification. As such, Directors must systematically evaluate and assess purchasing decisions so as to be able to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, judged for the public sector as a whole.

2.3 Where a supplier is chosen that has not offered the lowest whole-life cost, the reasons for the decision and the value for money benefits must be clear and justifiable.

2.4 Compliance with the procurement rules will assist directors to demonstrate value for money. Competitive tendering allows comparison of offerings from a number of sources both in terms of cost and quality. Adhering to the competitive process will provide a documented record of the procedures followed and the justification for the purchase decision for audit and legal purposes if necessary.

**3. Scope & Application**

3.1 This policy applies to directors and budget holders who are authorised and responsible for the purchase of goods or services on behalf of Coventry and Warwickshire Integrated Care Board.

3.2 This policy applies to all contracts that Coventry and Warwickshire Integrated Care Board proposes to enter into, including for:

a) the supply (including hire, rental or lease) or sale of goods including utilities; and

b) services (including information technology, accountancy, financial and consultancy services, coaching & facilitation services, travel, printing services, telecommunications).

3.3 This policy also applies where Coventry and Warwickshire Integrated Care Board is acting as the contracting organisation in a partnership or other collaborative arrangement with other public bodies or where it appoints or nominates a sub-contractor in connection with any contract already in existence.

3.4 This policy does not apply to:

a) contracts of employment or secondment;

b) In-house arrangements;

c) contracts for the acquisition of land or rights over land; or

d) contracts which are excluded from the EU procurement directives by the regulations.

3.5 The EU procurement directives, the regulations and EU and UK case law set out when procurement law will apply. Coventry and Warwickshire Integrated Care Board must comply with a regulatory, legal and wider governance framework which includes:

a) EU procurement directives;

b) the regulations;

c) UK and EU case law (including any requirements imposed through the NHS Act 2006 (as amended);

d) UK guidance and other requirements relating to public procurement which is binding upon Coventry and Warwickshire Integrated Care Board;

e) general EU Treaty principles, which require, amongst other things, transparency, equal treatment and appropriate and fair competition;

f) Coventry and Warwickshire Integrated Care Board SFIs; and

g) this Coventry and Warwickshire Integrated Care Board procurement Policy, as amended and updated from time to time.

3.6 The UK guidance referred to above includes:

a) HM Treasury’s’ publication entitled “Managing Public Money” particularly Annex 4.4; and

b) best practice guidance and mandatory controls on procurement issued

 by the Cabinet Office or HM Treasury from time to time.

**4. Value of Contracts**

4.1 The estimated total value of the contract will determine:

 a) which procurement process Coventry and Warwickshire Integrated Care Board should consider following;

 b) the director or budget holder who is able to sign the contract on behalf of the Coventry and Warwickshire Integrated Care Board.

4.2 To determine the estimated total value of a contract, the whole of the potential expenditure over the life of the contract (net of VAT) must be ascertained and included. For example, if it is proposed that the contract should allow for the Coventry and Warwickshire Integrated Care Board to either purchase additional goods or services under the contract or to extend the contract period beyond its initial term, the cost to the Coventry and Warwickshire Integrated Care Board of exercising these rights must be included in the estimate of the total contract value.

4.3 Where a contract is for a duration of over 4 years, or where it provides for on-going payments over an indefinite duration, directors should estimate the monthly value of the contract and multiply by 48 to arrive at an estimated total contract value.

**5. Maximum term of contracts**

 No contract shall be for a period of longer than 4 years without the express written approval of the Chief Executive Officer.

**6. Thresholds & procurement process**

6.1 Below £10,000

 For expenditure below £10,000 (excluding VAT), directors and/or budget holders (as applicable) need not obtain written quotes or tenders but must be able to demonstrate value for money.

6.2 £10,000 to £30,000

 For expenditure in excess of £10,000 but below £30,000 (excluding VAT), directors and/or budget holders (as applicable) must obtain at least three written quotes from potential suppliers.

6.3 £30,000 to the EU Threshold

 a) For expenditure in excess of £30,000 but below the EU threshold, directors and/or budget holders (as applicable) must carry out a formal tender process and must, where reasonably possible, obtain at least three written tenders from potential suppliers.

 b) Where directors and/or budget holders intend to use a framework agreement, please refer to paragraph 6.5 below.

6.4 Over the EU Threshold

a) for expenditure over the EU threshold the EU procurement directives may apply;

b) there is a range of procurement routes under the regulations. The procedure to be followed in each case will largely depend on the type of goods or services being procured and the complexity of the procurement. Directors should also bear in mind that the Regulations set out stringent timescales which differ depending on the route being followed;

c) Directors must seek the advice of the Chief Financial Officer who will advise on the appropriate procedure to be followed in each case. Specifically, no director or budget holder may commission any work from suppliers whose services have been procured under the regulations, whether under a framework agreement or otherwise, unless and until the Chief Financial Officer has confirmed in writing to that director or budget holder that the agreement required under the Regulations is executed and has commenced; and

d) where directors and/or budget holders (as applicable) intend to use a framework agreement, please refer to paragraph 6.5 below.

6.5 Framework agreements

a) it is not always the case that a full tendering exercise needs to be conducted in order to comply with paragraphs 6.3 and 6.4. For example, if Coventry and Warwickshire Integrated Care Board purchases from a pre-tendered Framework Agreement or other collaborative procurement arrangement, the requirement to tender may have already been satisfied; and

b) the Chief Financial Officer will advise as to the availability of suitable Framework Agreements for a particular procurement and for the procedure to be followed under each agreement.

**7. Exemption procedure**

7.1 Availability of exemption

a) In certain exceptional circumstances, directors (but, for the avoidance of doubt, not budget holders) may request an exemption from the requirements of this policy (request for exemption). However no exemption can be granted which would otherwise contravene UK or EU law;

b) for the avoidance of doubt, directors do not need to request an exemption where the goods or services are to be procured from an existing framework agreement to which Coventry and Warwickshire Integrated Care Board is already a party; and

c) a request for exemption must be requested in the following circumstances:

• single tender action where a contract is proposed to be awarded to a supplier without competition; or

• extension to an existing contract to change the scope or length of an existing contract without further competition.

7.2 Request for exemption form

a) all single tender action exemptions must be applied for using the request for exemption form in the annex to this policy and must be countersigned by the relevant director;

b) exemptions for contract extensions can also use the request for exemption form in the annex;

c) where a request for exemption form is being used, directors will be required to submit a written business case for the exemption in the space provided in the form. Exemptions may be granted on the grounds set out in the Regulations, or established by UK or EU case law. These grounds include;

• the goods or services can only be supplied by one supplier i.e. there is no market for the goods or services;

• disproportionate technical difficulties would be caused if no exemption were given;

• significant disruption to the carrying on of Coventry and Warwickshire Integrated Care Board business would occur in the absence of an exemption being granted; or

• other circumstances exist which are genuinely exceptional and merit the granting of an exemption; and

 d) failure to properly prepare and plan for a tendering exercise prior to the expiry of an existing contract is not an acceptable business case for exemption.

7.3 Exemption decision

a) requests for exemption will be considered by the Chief Financial Officer (or an appointed deputy in his/her absence);

b) the Chief Financial Officer will endeavour to ensure that a decision on a Request for Exemption is made within 5 working days of receipt of the Request for Exemption form;

c) requests for exemption will either be approved or rejected and the decision will be recorded on the Request for Exemption form. The approval of a request for exemption means that Directors may either:

• enter into a contract with a supplier without exposing the contract to

• competition; or

• extend an existing contract with a current supplier either by duration or by the range of goods and services to be purchased (subject to the agreement of the supplier).

d) all approvals will be time limited. Any exemptions granted for more than one year must be reviewed annually.

7.4 Storage of approved exemption forms

 If a request for exemption is approved, directors should store the fully authorised request for exemption form and the business case, together with the resulting supplier contract.

**8. General rules**

8.1 Existing contracts

Directors and/or budget holders (as applicable) must check whether a suitable contract is already in place in respect of the goods and services to be purchased before commencing any competitive procurement exercise. An up-to-date list of such contracts is maintained by the Finance Directorate and in each case must be used unless there is a clear and justifiable reason not to. If such an arrangement exists, directors do not need to undertake a competitive tender in accordance with this policy, nor request an exemption.

8.2 No splitting of contracts

A proposed contract must not be artificially “split” into smaller, separate lots to avoid the application of this policy either by reducing the volume or range of goods/services to be purchased or by reducing the term of the proposed contract.

8.3 No renewal or varying of existing contracts

Existing contracts must not be extended (e.g. by duration or by the range of goods and/or services purchased) or rolled over to avoid the application of this policy, unless this is expressly permitted under the contract terms. Directors and/or budget holders (as applicable) should seek legal advice in the event of any doubt about Coventry and Warwickshire Integrated Care Board rights under the contract.

8.4 No purchase outside of contract

Directors and/or budget holders (as applicable) must not accept goods, services or give any instructions to suppliers to commence work in advance of completion of a formal written contract between the parties.

8.5 No payment outside of contract

 Payments must not be made to any supplier other than in accordance with a formal contract between the parties.

8.6 No assurances to potential suppliers

 Directors and/or budget holders (as applicable) must not give assurances to potential suppliers, verbal or otherwise, that contracts will be placed with them (except by communicating a formal award decision).

8.7 No reliance on sole supplier

 Where possible, Coventry and Warwickshire Integrated Care Board should avoid becoming dependent on one supplier for the supply of particular goods or services.

8.8 Gifts and hospitality/conflicts of interest

a) every director and/or budget holder (as applicable) involved in a procurement process shall comply fully with SOs and SFIs in relation to not inviting or accepting any gifts or rewards in connection with any part of the procurement process; and

b) every director and/or budget holder (as applicable) who has a personal financial interest in a contract shall comply with the provisions of the SOs and SFIs relating to conflicts of interest, and

c) every member of staff shall ensure compliance with the Management of Conflicts of Interest Policy.

8.9 Seek advice

At all stages of the procurement process, directors and/or budget holders (as applicable) are responsible for seeking legal, financial and procurement advice as appropriate.

**9. Contract formalities**

9.1 Terms and conditions of contract

a) suppliers must be required to submit a draft of their proposed contract terms together with their quote or tender as appropriate;

b) contracts valued at £30,000 (excluding VAT) or more must be reviewed by the manager responsible for procurement within the Finance Directorate before signature and completion. A contract of this value or more must not be entered into based solely on the suppliers terms and conditions without having obtained the advice of the Chief Financial Officer. Contracts under this value will only be reviewed on request, for example where the contract is considered to be sensitive or high risk; and

c) each contract must be sufficiently certain in at least the following respects: name and address of the supplier;

• the legal status of the supplier i.e. company, charity, partnership, sole trader;

• duration of the contract and any extension periods;

• description of goods or services in sufficient detail;

• price;

• payment terms e.g. monthly in arrears, on achievement of milestones;

• the suppliers obligations in relation to insurance;

• whether the supplier is permitted to sub-contract;

• the governance arrangements e.g. quarterly meetings, procedure for

• supplier defaults; and

• termination rights.

9.2 Signing of contracts

Once the contract terms and conditions have been finalised, directors and/or budget holders (as applicable) should request that an authorised representative of the supplier signs, but does not date, the contract. The contract must then be signed by a director and/or budget holder (as applicable) with delegated authority. Following signature by both parties the contract must then be completed i.e. dated and sent back to the other party.

9.3 Storage of contracts and contract register

a) upon completion of the contract, a photocopy of the original contract must be passed to the manager responsible for procurement. The contracts will be given a reference number by the Finance Directorate.

b) the Finance Directorate shall maintain a central register of contracts obtaining the following information;

• contract number;

• name of supplier;

• contract description;

• start date;

• period of contract;

• end date;

• termination notice;

• total contract value;

• payment terms;

• timing of payments;

• review date;

• special terms;

• name of the signatory.

9.4 Change in law and review

In the event of a change in the applicable UK law, the applicable UK law will prevail over this policy until such time as the policy can be updated.

This policy was revised in March 2022. It will be reviewed by the Chief Executive Officer with the advice of the Chief Financial Officer as and when necessary or appropriate.

**ANNEX – Procurement Exemption Request Form**

**Full Description of Goods and/or Services:**

**Reasons for the request i.e. the business case as to why the contract should not be exposed to competition:**

|  |
| --- |
|  |

**Total Contract Value:**

|  |
| --- |
| £ (excluding VAT) |

**Contract Term:**

|  |
| --- |
|  |

**Commencing:**

|  |
| --- |
|   |

**Proposed Contracting Arrangements:**

|  |
| --- |
|  |

N**ew Supplier Contract/s or Extension of Existing Supplier Contract:**

|  |
| --- |
|  |

**Proposed Supplier/s**:

|  |
| --- |
|  |

|  |  |
| --- | --- |
| **Director**  |  |
| **Signature** |  |
| **Date** |  |

 *Please return to Chief Finance Officer for decision.*

**DECISION**

|  |  |
| --- | --- |
| **Approved (delete as applicable):**  | YES/NO |
| **Time Limit of Approval:** |  |
| **Name** |  |
| **Signature** |  |
| **Date** |  |