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Standing Financial Instructions NHS North Central London Integrated Care Board

V1.0 Final

NHS England may update or supplement this document. Elements of this guidance are subject to change. We also welcome feedback from system and stakeholders to help us continually improve our guidance and learn from implementation. The latest versions of all NHS England guidance relating to the development of ICSs can be found at [ICS Guidance](#).

Version Control Sheet

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0.2	9 June 2022	R Booker & Helen Ndlovu	Changes following RB review
0.3	14 June	Andy Spicer	Governance amendments
0.4	15 June	Phill Wells	Accepted AS editorial comments. Left AS substantive changes and comments unchanged as track changes
0.5	16 June	EMT	
0.6	20 June	Frances O'Callaghan and Phil Wells	Updates following feedback from 1) AS re PW's debt mgt proposal, 2) RSM on audit plan 3) inclusion of non-healthcare procurement process from current SFIs at AS's suggestion 4) Sarah Morgan re CPO role 5) acceptance of AS drafting amendments reviewed by PW and presented at EMT
0.7	24 June	ICB Board	Presented to Board for Approval
1.0	04 July		Final version ("draft" removed but no changes from version 0.7)

Distribution History

Version number	Date	Distributed to	Reason for distribution	Action
0.1	1 June	Rebecca Booker	Review of the first draft of the document	Amendments made
0.2	9 June	Andy Spicer	Review and Governance input	
0.3		Sarah Rothenberg	Returned with Governance comments	
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0.5	16 June	EMT	Review and comment	
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0.7	27 June	NCL ICB Board	Consideration for approval at Board meeting on 4 July 2022	Approved
1.0	4 July	NCL ICB	Accessible for ICB staff	Upload to intranet

ICS implementation guidance

Integrated care systems (ICSs) are partnerships of health and care organisations that come together to plan and deliver joined up services and to improve the health of people who live and work in their area.

They exist to achieve four aims:

- **improve outcomes** in population health and healthcare
- **tackle inequalities** in outcomes, experience and access
- enhance **productivity and value for money**
- help the NHS support broader **social and economic development**.

Following several years of locally-led development, and based on the recommendations of NHS England and NHS Improvement, the government has set out plans to put ICSs on a statutory footing.

To support this transition, NHS England and NHS Improvement are publishing guidance and resources, drawing on learning from all over the country.

Our aim is to enable local health and care leaders to build strong and effective ICSs in every part of England.

Collaborating as ICSs will help health and care organisations tackle complex challenges, including:

- improving the health of children and young people
- supporting people to stay well and independent
- acting sooner to help those with preventable conditions
- supporting those with long-term conditions or mental health issues
- caring for those with multiple needs as populations age
- getting the best from collective resources so people get care as quickly as possible.

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1. Purpose and statutory framework

1.1.1 These are the Standing Financial Instructions (SFIs) for North Central London (NCL) Integrated Care Board (ICB).

1.1.2 In accordance with the Act, as amended, NHS England is mandated to publish guidance for ICBs, to which each ICB must have regard, in order to discharge their duties.

1.1.3 The purpose of this governance document is to ensure that NCL ICB fulfils its statutory duty to carry out its functions effectively, efficiently and economically. The SFIs are part of NCL ICB's control environment for managing the organisation's financial affairs as they are designed to ensure regularity and propriety of financial transactions.

1.1.4 SFIs define the purpose, responsibilities, legal framework and operating environment of the ICB. They enable sound administration, lessen the risk of irregularities and support commissioning and delivery of effective, efficient and economical services.

1.1.5 NCL ICB is established under Chapter A3 of Part 2 of the National Health Service Act 2006, as inserted by the Health and Care Act 2022 and has the general function of arranging for the provision of services for the purposes of the health services in England in accordance with the Act.

1.1.6 Each ICB is to be established by order made by NHS England for an area within England, the order establishing an ICB makes provision for the constitution of the ICB.

1.1.7 All members of the NCL ICB (its board) and all other Officers should be aware of the existence of these documents, be familiar with and adhere to their detailed provisions. The ICB SFIs will be made available to all Officers on the intranet and internet website for each statutory body.

1.1.8 Should any difficulties arise regarding the interpretation or application of any of these SFIs, the advice of the Chief Executive or the Chief Finance Officer must be sought before acting.

1.1.9 Failure to comply with the SFIs may result in disciplinary action in accordance with the ICB's applicable disciplinary policy and procedure in operation at that time.

1.1.10 All decisions under these Standing Financial Instructions must be made in accordance with the Conflicts of Interest Policy, ensuring conflicts of interest are managed robustly.

2. Scope

2.1.1 All officers of NCL ICB, without exception, are within the scope of the SFIs without limitation. The term officer includes permanent employees, secondees and contract workers.

2.1.2 Within this document, words imparting any gender include any other gender, words in the singular include the plural and words in the plural include the singular.

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

3. Roles and Responsibilities

3.1 Staff

3.1.1 All NCL ICB Officers are severally and collectively responsible to their employer for:

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

3.2 Accountable Officer

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

3.2.2 The Chief Financial Officer reports directly to the NCL ICB Chief Executive and is professionally accountable to the NHS England regional finance director.

3.2.3 The NCL Chief Executive has overall responsibility for NCL ICB's system of internal control and 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)
- meeting the financial targets set by NHS England;
- use of incidental powers such as management of ICB assets, entering commercial agreements;
- ensuring the Governance statement and annual accounts & reports are signed;
- ensuring planned budgets are approved by the relevant Board; developing the funding strategy for the ICB to support the board in achieving ICB objectives, including consideration of place-based budgets. The Chief Finance Officer will prepare and submit in accordance with meeting the national financial planning timetable.
- 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 as prescribed in Annex 1;
- 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 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.

3.3 Audit Committee

3.3.1 The board and Accountable Officer should be supported by an audit committee, which should provide proactive support to the board in advising on:

- The risk management framework;
- the operation of internal controls;
- control and governance and the governance statement;
- the accounting policies, the accounts, and the annual report of the ICB;
- the process for reviewing of the accounts prior to submission for audit, management's letter of representation to the external auditors; and the planned activity and results of both internal and external audit; and
- retrospectively reviewing losses and special payments

4. Management accounting and business management

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

4.1.2 The Chief Finance Officer will delegate the budgetary control responsibilities to budget holders through a formal documented process. The Chief Finance Officer will ensure:

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

4.1.3 In addition, the Chief Finance Officer should have financial leadership responsibility for the following statutory duties:

- the duty of the ICB to perform its functions as to ensure 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 NHS trusts and foundation trusts, to seek to achieve any joint financial objectives set by NHS England for NCL ICB and its partner trusts and foundation trusts.

4.1.4 The Chief Finance 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.

5. Income, banking arrangements and debt recovery

5.1 Income

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

5.1.2 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 NCL ICB and the prevailing risks;

5.2 Banking

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

5.2.2 The Chief Finance Officer will ensure that:

- NCL 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
- NCL ICB has effective cash management policies and procedures in place.

5.3 Debt management

5.3.1 The Chief Finance Officer is responsible for the NCL ICB debt management strategy.

5.3.2 This includes:

- a debt management strategy that covers end-to-end debt management from debt creation to collection or write-off in accordance with the losses and special payment procedures;
- ensuring the debt management strategy covers a minimum period of 3 years and must be reviewed and endorsed by the Audit Committee every 12 months to ensure relevance and provide assurance;
- accountability to the ICB board that debt is being managed effectively;
- accountabilities and responsibilities are defined with regards to debt management to budget holders; and
- responsibility to appoint a senior officer responsible for day to day management of debt.

6. Financial systems and processes

6.1 Provision of finance systems

6.1.1 The 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 NCL ICB.

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

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

6.1.4 The 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 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 NCL ICB business rules and ensure that the internal finance team is appropriately resourced to deliver all statutory functions of the ICB;
- ensure that financial risk is appropriately managed;

- ensure identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers;
- ensure NCL 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 Finance Officer shall periodically seek assurances that adequate controls are in operation.

7. Procurement and purchasing

7.1 Principles

7.1.1 The Chief Finance Officer will take a lead role on behalf of NCL ICB to ensure that there are appropriate and effective financial, contracting, monitoring and performance arrangements in place to ensure the delivery of effective health services.

7.1.2 NCL ICB must ensure that procurement activity is in accordance with the Public Contracts Regulations 2015 (PCR) and associated statutory requirements whilst securing value for money and sustainability.

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

7.1.4 NCL ICB must have a Procurement Policy which sets out all the legislative requirements.

7.1.5 All revenue and non-pay expenditure must be approved, in accordance with NCL ICB's SFIs, prior to an agreement being made with a third party that enters a commitment to future expenditure.

7.1.6 All officers must ensure that any conflicts of interest are identified, declared and appropriately mitigated or resolved in accordance with NCL ICB's Conflicts of Interest Policy.

7.1.7 Budget holders are accountable for obtaining the necessary approvals and oversight of all expenditure incurred on the cost centres they are responsible for. This includes obtaining the necessary internal and external approvals which vary based on the type of spend, prior to procuring the goods, services or works.

7.1.8 Undertake any contract variations or extensions in accordance with PCR 2015 and NCL ICB's procurement policy.

7.1.9 Retrospective expenditure approval should not be encouraged. 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.

7.2 Procurement outside scope of clinical procurement policy

7.2.1 For any limits less than the Current EU Threshold, the below process should be followed:

- The value of the goods and services should be the total contract value not the annual value. Where the number of years is not specified or open ended (from year to year) a 3 year period should be assumed for the purpose of this calculation.
- The Accountable Officer or their nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation or payment to the CCG, then the choice made and the reasons why should be recorded in a permanent record.
- The relevant Director or his nominated officer will maintain a full audit trail of the process used to secure the supply, which will include a list of the suppliers contacted, their responses to that request for quotation, the evaluation criteria used and a record of the outcome of that evaluation.

Threshold	No. of Tender or Quotations Required	Lowest Authority of Sign Off
£0 - £5,000	One written quotation	Responsible Budget Holder
£5,001 - £10,000	Two written quotations	Responsible Budget Holder
£10,001 – £19,999	Three written quotations	Responsible Head of Service/Assistant Director
£20,000 – Current EU Threshold	Three written quotations	Responsible Director <u>and</u> Finance Director

8. Staff costs and staff related non pay expenditure

8.1 Chief People Officer

8.1.1 The chief people officer (CPO) will lead the development and delivery of the long-term people strategy of NCL ICB ensuring this reflects and integrates the strategies of all relevant partner organisations within the ICS.

8.1.2 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 ICB employees.

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

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

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

8.1.6 The CPO is responsible for ensuring the ICB's employment policies are compliant with legislation.

9. Annual reporting and Accounts

9.1.1 The Chief Finance Officer will ensure, on behalf of the Accountable Officer and NCL ICB board, that:

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

9.1.2 The annual report must, in particular, explain how NCL 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 forward plan and capital resource use plan; and
- review any steps that the board has taken to implement any joint local health and wellbeing strategy.

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

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

9.2 Internal audit

The Chief Executive, as the Accountable Officer, is responsible for ensuring there is appropriate internal audit provision in NCL ICB. 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 the NCL ICB board;

- NCL 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 NCL ICB internal audit charter and annual audit plan, must be endorsed by the NCL ICB Accountable Officer and presented to the Audit Committee for approval;
- the head of internal audit must provide an annual opinion on the overall adequacy and effectiveness of NCL ICB Board's framework of governance, risk management and internal control as they operated during the year, based on a systematic review and evaluation;
- the head of internal audit should attend audit and risk assurance committee meetings and have a right of access to all audit and risk assurance committee members, the Chair and Chief Executive of NCL ICB.
- the appropriate and effective financial control arrangements are in place for NCL ICB and that accepted internal and external audit recommendations are actioned in a timely manner.

9.3 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 NCL ICB appoints an auditor in accordance with the Local Audit and Accountability Act 2014; in particular, NCL ICB must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year; NCL 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 NCL ICB and that accepted external audit recommendations are actioned in a timely manner.

10. Losses and special payments

10.1.1 HM Treasury approval is required if a transaction exceeds the delegated authority, or if transactions will set a precedent, are novel, contentious or could cause repercussions elsewhere in the public sector.

10.1.2 The 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.

10.1.3 NHS England has the statutory power to require an integrated care board to provide NHS England with information. The information, is not limited to losses and special payments, must be provided in such form, and at such time or within such period, as NHS England may require.

10.1.4 NCL ICB 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

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

10.1.6 For detailed operational guidance on losses and special payments, please refer to the ICB losses and special payment guide which includes delegated limits.

10.1.7 The CFO will 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's audit committee based on existing reporting cycles.

10.1.8 The reporting cycle should also clarify the delegated sum that the Chief Finance 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.

11. Fraud, bribery and corruption (Economic crime)

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

11.1.2 The NCL ICB 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 as issued by NHS Counter Fraud Authority and any guidance issued by NHS England and NHS Improvement.

11.1.3 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.

12. Capital Investments & security of assets and Grants

12.1.1 The Chief Finance Officer is responsible for:

- ensuring that at the commencement of each financial year, NCL ICB and its partner NHS trusts and NHS foundation trusts prepare a plan setting out their planned capital resource use;
- ensuring that NCL 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 NCL ICB has a documented property transfer scheme for the transfer of property, rights or liabilities from the ICB's predecessor clinical commissioning group;
- 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.

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

- authority to spend capital or make a capital grant; and

- authority to enter into leasing arrangements.

12.1.3 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.

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

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

- ensure the ICB asset portfolio supports its business objectives; and
- complies with NHS England policies and directives and with this guidance

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

12.2 Grants

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

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

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

13. Legal and insurance

13.1.1 The Executive Director of Corporate Affairs shall ensure that the ICB has appropriate policies and procedures for legal services, the engagement of external legal advisors and the settlement of legal matters.

13.1.2 NCL ICB shall ensure it is a member of the NHS Litigation Authority indemnity scheme.

Annex 1: Delegated approvals limits



NCL ICB SFIs Annex
June 22 Final approve