

Standing Financial Instructions

Table of Contents

[Standing Financial Instructions 1](#_Toc173326615)

[Introduction 4](#_Toc173326616)

[Purpose 4](#_Toc173326617)

[Scope 4](#_Toc173326618)

[Definitions 4](#_Toc173326619)

[Roles and responsibilities 5](#_Toc173326620)

[The board 5](#_Toc173326621)

[Chief executive and accounting officer 6](#_Toc173326622)

[Director of finance and chief financial officer 6](#_Toc173326623)

[Audit 7](#_Toc173326624)

[Audit and risk assurance committee 7](#_Toc173326625)

[Internal audit 8](#_Toc173326626)

[External audit 9](#_Toc173326627)

[Resource limits, financial strategy and budgetary control 9](#_Toc173326628)

[Expenditure limit control 9](#_Toc173326629)

[Preparation and approval of the business plan and budget 9](#_Toc173326630)

[Budgets 9](#_Toc173326631)

[Delegated budgets 9](#_Toc173326632)

[Budget holders and contract managers 10](#_Toc173326633)

[Budgetary Control and Reporting 10](#_Toc173326634)

[Annual report and accounts 11](#_Toc173326635)

[Bank accounts 12](#_Toc173326636)

[General 12](#_Toc173326637)

[Bank and online merchant accounts 12](#_Toc173326638)

[Banking procedures 12](#_Toc173326639)

[Income, fees and charges and security of cash, cheques and other negotiable instruments 12](#_Toc173326640)

[Income systems 12](#_Toc173326641)

[Fees and charges 13](#_Toc173326642)

[Debt recovery 13](#_Toc173326643)

[Security of cash, cheques and other negotiable instruments 13](#_Toc173326644)

[Tendering and contract procedures 14](#_Toc173326645)

[Duty to comply with standing orders 14](#_Toc173326646)

[Public contract regulations 14](#_Toc173326647)

[Formal competitive tendering 14](#_Toc173326648)

[Quotations and tenders 15](#_Toc173326649)

[Where tendering or competitive quotation is not required 16](#_Toc173326650)

[Contracts 16](#_Toc173326651)

[Employee contracts and engagement of agency or temporary staff. 17](#_Toc173326652)

[Consultancy and professional services spend 17](#_Toc173326653)

[Disposals 18](#_Toc173326654)

[Terms of service and payment of directors and employees 19](#_Toc173326655)

[Remuneration and terms of service 19](#_Toc173326656)

[Employee appointments 19](#_Toc173326657)

[Processing of payroll 20](#_Toc173326658)

[Contract of employment 21](#_Toc173326659)

[Non-pay expenditure 21](#_Toc173326660)

[Delegation of authority 21](#_Toc173326661)

[Requisitioning, ordering, receipt and payment for goods and services 22](#_Toc173326662)

[Capital investment, private financing, fixed asset registers and security of assets 25](#_Toc173326663)

[Capital investment 25](#_Toc173326664)

[Private finance 26](#_Toc173326665)

[Asset registers 26](#_Toc173326666)

[Security of assets 28](#_Toc173326667)

[Stores and receipt of goods 28](#_Toc173326668)

[Disposals and condemnations, losses and special payments 29](#_Toc173326669)

[Disposals and condemnations 29](#_Toc173326670)

[Losses and special payments 30](#_Toc173326671)

[Financial data 31](#_Toc173326672)

[Funds held on trust 32](#_Toc173326673)

[Appendix A 33](#_Toc173326674)

[Scheme of Financial Delegation 33](#_Toc173326675)

[Introduction 34](#_Toc173326676)

[Scheme of delegation and financial limits 34](#_Toc173326677)

[Tendering and contracts 41](#_Toc173326678)

[Agreements 41](#_Toc173326679)

[Income 42](#_Toc173326680)

[Employment 43](#_Toc173326681)

[Transparency 43](#_Toc173326682)

[Version control 44](#_Toc173326683)

# Introduction

## Purpose

1. These Standing Financial Instructions (SFI) are issued in accordance with the Financial Delegations Letter issued by the Secretary of State for Health and Social Care, for the regulation of the conduct of NICE in relation to all financial matters. These SFI incorporate the delegated authorities from the Department of Health and Social Care (DHSC) giving NICE standing authorisation to commit resources or incur expenditure without specific prior approval from the DHSC, Cabinet Office and/or HM Treasury in specific areas and within specific limits, through NICE’s own internal delegations, approvals and governance processes. They shall have effect as if incorporated in the Standing Orders (SO) of NICE and should be read in conjunction with them.
2. These SFI detail the financial responsibilities, policies and procedures to be adopted by NICE. They are designed to ensure that NICE’s financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

## Scope

1. All executive and non-executive directors and all NICE staff should be aware of the existence of these documents and be familiar with their detailed provisions. The SFI will be made available to all staff on NICE Space and the NICE website.
2. Should difficulties arise regarding the interpretation or application of the SFI, advice must be sought from the director of finance or a member of their team, before any action is taken.
3. Failure to comply with SFI may be regarded as a disciplinary matter which, following investigation under the disciplinary policy and procedure, could result in dismissal.
4. If for any reason SFI are not complied with, full details of the non-compliance and any justification shall be reported to the next formal meeting of the audit and risk assurance committee for referring action or ratification. All members of the board and staff have a duty to disclose any non-compliance with SFI to the director of finance as soon as possible.

## Definitions

1. Any expression to which a meaning is given in the Health and Social Care Act 2012 will have the same meaning in this interpretation and in addition:

**“NICE”** means the organisation known as the National Institute for Health and Care Excellence

**“Board”** means the board of NICE

**“Budget”** means a resource, expressed in financial terms, proposed by NICE for the purpose of carrying out, for a specific period, any or all of the functions of NICE

“**Budget holder**” means the director or employee of NICE, with delegated authority to manage finances (income and expenditure) for a specific area of the organisation

“**Chief executive**” means the chief officer of NICE, and Accounting Officer

**"Executive director"** means an officer member of the NICE board

“**Director of finance**” means the chief financial officer of NICE

**“Non-executive directors”** means a non-officer member of the NICE board, appointed by the Secretary of State for Health and Social Care

**“Redundancy”** means a type of dismissal in UK legislation. An employee is dismissed for redundancy if either 1) the employer has ceased, or intends to cease, continuing the business, or 2) the requirements for employees to perform work of a specific type, or to conduct it at the location in which they are employed, has ceased or diminished, or are expected to do so.

1. Wherever the title chief executive, director of finance, or other nominated officer is used in these instructions, it shall be deemed to include such other director or employees who have been formally authorised to represent them.
2. For ease of reference, wherever the term “employee” is used it includes the following groups of people working for or on behalf of NICE:

* agency workers and contractors on temporary contracts
* secondees (those who are seconded to NICE from other organisations)
* unpaid students, volunteers or individuals on a work placement

(the use of the term “employee” does not affect the rights and status of individuals).

1. With the exception of non-executive directors, individuals who are not directly employed by NICE may not exercise any power on behalf of NICE, including in a deputising capacity. This includes taking a decision about the outcome of NICE’s statutory functions, such as appraising technologies or giving advice, and entering into significant contracts or committing to significant expenditure.

## Roles and responsibilities

### The board

1. The board exercises financial supervision and control by:

* ensuring there is a financial strategy/medium term financial plan that is regularly reviewed
* approving the financial plan within the business plan
* 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)
* defining specific responsibilities placed on directors and employees as indicated in the reservation of powers to NICE and delegation of powers document

1. The board will delegate responsibility for the performance of its functions in accordance with the reservation of powers and scheme of delegation adopted by NICE. The extent of delegation should be kept under review by the board.

### Chief executive and accounting officer

1. Within the SFI, it is acknowledged that the chief executive is ultimately accountable to the board, and as accounting officer to the Secretary of State for Health and Social Care, for ensuring that the board meets its obligation to perform its functions within the available financial resources. The chief executive has overall executive responsibility for NICE’s activities and is responsible to the board for ensuring that its financial obligations and targets are met and has overall responsibility for NICE’s system of internal control.
2. The chief executive and director of finance will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.
3. It is a duty of the chief executive to ensure that directors, employees and all new appointees are notified of and understand their responsibilities within these SFI.

### Director of finance and chief financial officer

1. The director of finance is responsible for:

* implementing NICE’s financial policies and procedures and for co-ordinating any corrective action necessary to further these policies
* ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions
* ensuring that sufficient records are maintained to show and explain NICE’s transactions, in order to disclose, with reasonable accuracy, the financial position of NICE at any time
* the provision of financial advice to NICE and its directors and employees and to prepare and maintain all necessary certificates, estimates, records and reports as NICE may require, to carry out its statutory obligations
* the design, implementation and supervision of systems of financial control
* ensuring effective controls are in place to manage the financial and payroll services from shared service providers (NHS Shared Business Services and NHS Business Services Authority) and that the services provide good value for money
* the preparation and maintenance of accurate accounts, certificates, estimates, records and reports as NICE may require for the purpose of carrying out its statutory duties.

1. All directors and employees, severally and collectively, are responsible for:

* the security of the property of NICE
* avoiding loss by fraud or error
* exercising economy and efficiency in the use of resources
* conforming with the requirements of SO, SFI and other financial and commercial policies and procedures

1. For any and all directors and employees who carry out a financial function, the form in which records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the director of finance.

# Audit

## Audit and risk assurance committee

1. In accordance with SO, the board shall formally establish an audit and risk assurance committee with clearly defined terms of reference which will provide an independent and objective view of internal control and the use of resources (including financial and human resources) by:

* overseeing internal and external audit services
* reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgements
* review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of NICE’s activities that supports the achievement of NICE’s objectives
* monitoring compliance with SO and SFI
* reviewing schedules of losses and compensations and making recommendations to the board.

1. The audit and risk assurance committee recommends approval of the annual report and accounts to the board.
2. Where the audit and risk assurance committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wishes to raise, the chair of the audit and risk assurance committee should raise the matter at a full meeting of the board. The Department of Health and Social Care sponsor team, who routinely attend the committee, should also consider which matters require reporting back to the Department.
3. It is the responsibility of the director of finance to ensure an adequate internal audit service is provided and the audit and risk assurance committee shall be involved in the selection process when/if an internal audit service provider is changed.
4. In line with their responsibilities, NICE’s chief executive and the director of finance shall monitor and ensure compliance with the Secretary of State’s directions on fraud, bribery and corruption.

## Internal audit

1. Internal audit adopts a risk-based approach to review, appraise and report on the effectiveness of the arrangements for governance, risk management and internal controls in relation to:

* policies, plans and procedures
* adequacy of financial and management controls
* suitability of financial and related management data
* effectiveness of risk management processes
* safeguards over NICE’s assets and interests in relation to:
  + fraud and other offences
  + waste, extravagance, inefficient administration
  + poor value for money or other causes

1. Internal audit shall also independently verify the assurance statements in accordance with guidance from the Department of Health and Social Care.
2. Internal audit will notify immediately the director of finance about any matter that might involve irregularities concerning cash, equipment, or other property or any other suspected financial irregularity.
3. The Head of Internal Audit (HIA) reports to both the chief executive as the Principal Accounting Officer for NICE and the audit and risk assurance committee. Decisions on the appointment, or removal, of the HIA are reserved to the Accounting Officer, who will be advised by the chair of the audit and risk assurance committee. Internal audit attend the audit and risk assurance committee and have a right of access to all board members, the chairman and chief executive. Internal audit may also attend meetings of the other committees and the board as appropriate.

## External audit

1. The external auditor is appointed by the comptroller and auditor general and paid for by NICE. The external auditor examines and certifies the financial statements and the annual report and accounts of NICE. The external auditor is invited to attend the audit and risk assurance committee and the committee ensures NICE receives an effective external audit service. Any issues should be raised with the director of finance and may be referred to the comptroller and auditor general. The external auditor may also attend meetings of the other committees and the board as appropriate.

# Resource limits, financial strategy and budgetary control

## Expenditure limit control

1. At the start of each fiscal year and as and when allocations are amended, NICE is advised by the Department of Health and Social Care of its revenue, capital and cash limits. NICE has a statutory responsibility not to exceed these limits and the director of finance is responsible for ensuring a system is in place that enables NICE to fulfil this responsibility. The director of finance will ensure that money is only drawn down from the Department of Health and Social Care for approved expenditure at the time when it is needed.
2. The director of finance will keep the chief executive informed of significant changes to the initial allocation and the uses of such funds.

## Preparation and approval of the business plan and budget

1. The chief executive compiles and submits to the board an annual business plan which will take into account financial targets and forecast limits of available resources. The plan sets out significant assumptions and major foreseen changes in workload or resources.

## Budgets

1. Prior to the start of the financial year the director of finance, on behalf of the chief executive, co-ordinates the preparation of the budget and submits the high-level allocation to the board for approval. The budget allocations are prepared following consideration of the resources required to deliver the organisational priorities in the business plan and the core guidance outputs, and discussion with appropriate budget holders and directors. They align with the funds contracted to NICE by the Department of Health and Social Care and other third parties.

## Delegated budgets

1. Following approval of the high level allocations by NICE’s board, the chief executive will delegate to members of the executive team the authority to manage budgets that fall within their respective areas of responsibility. Members of the executive team may then delegate authority to individual budget holders for their specific areas. Budget holders are required to operate within the limit of their delegated authority as attributed to their role.
2. Any major item of expenditure, which has not been included in the budgets, will require the preparation of either a small or full business case, depending on its size, for approval in line with the scheme of financial delegation. Any budgeted funds not required for their designated purposes revert to the immediate control of the chief executive, subject to any authorised use of virement.
3. Capital budgets may not be used to finance running costs (revenue expenditure) without the authority of the Department of Health and Social Care and the chief executive.
4. Every new contract agreed with a third party after the annual budgets have been approved by the board of NICE must have a designated contract manager, who is similarly responsible for ensuring that these SFI are followed.

### Budget holders and contract managers

1. Budget holders and contract managers must ensure that goods and services procured from third parties have been provided in line with contract specification, prior to authorising a payment to be made, in line with SFI 118.
2. Contracts will be authorised in accordance with the delegations set out in paragraph 7 of the scheme of financial delegation. Additional controls apply in relation to contracts for consultancy, professional services, contingent labour, digital and technology, facilities, property, and communications. See SFIs 84 - 87 for further information.

## Budgetary Control and Reporting

1. The director of finance maintains a budgetary control system, the main features of which are:

* timely and informative monthly management reports to the executive team and regular reports to the board detailing year to date performance and forecasting full year performance against budget
* timely and informative advice and management reports to each budget holder
* recording of all budgets and financial transactions in the Oracle system provided by NHS Shared Business Services
* investigation and reporting of variances on pay and non-pay budgets
* recommendation and monitoring of management action to correct variances
* arrangements for the authorisation of budget transfers.

1. Budget holders must approve all items of expenditure and account for all income within their delegated budgets. Whilst they remain accountable, they have the right to delegate the approval of expenditure payments to other permanent members of NICE’s staff. Such delegations do not become effective until they have been reported to the finance team and the relevant permissions have been put into effect. Breaches of SFI may result in such delegations being removed.
2. Each budget holder is responsible for ensuring that:

* these SFI and appropriate financial procedures are followed in all areas where they have delegated budget responsibility
* any likely overspend or reduction of income which cannot be offset within the same directorate budget should receive the prior consent of the director of finance
* their approved budget is not used in whole or in part for any purpose other than that authorised, subject to the budget transfer rules (underspends on allocated budgets can be redirected to other activities with the prior approval of the director of finance)
* where authority is delegated, all authorised signatories are clearly recorded in the finance team.

# Annual report and accounts

1. The director of finance, on behalf of NICE, will:

* prepare financial accounts in accordance with the Accounts Direction given by the Secretary of State for Health and Social Care, NICE’s accounting policies and the Government’s Financial Reporting Manual (FReM) and the DHSC Group Accounting Manual (GAM)
* prepare, certify and submit annual financial reports to the secretary of state in accordance with current guidelines
* submit the annual report and accounts to Parliament each financial year in accordance with the timetable prescribed by the Department of Health and Social Care.

1. NICE’s annual accounts must be audited by an auditor appointed by the comptroller and auditor general and approved by the board. The annual accounts must be laid in Parliament.
2. NICE will publish an annual report in accordance with guidelines on local accountability and present it at a public board meeting. The document will include:

* the annual accounts of NICE
* a Governance statement
* details of relevant directorships and other significant interests held by board members
* composition of the remuneration committee
* remuneration of the chairman, highest-paid director, and other directors and highly paid employees, in accordance with guidance provided in FReM

# Bank accounts

## General

1. The director of finance is responsible for managing NICE’s banking arrangements as directed by the Department of Health and Social Care.

## Bank and online merchant accounts

1. The director of finance is responsible for:

* bank accounts and online merchant accounts
* establishing separate bank accounts for NICE’s non-exchequer funds, where necessary
* ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made
* only draw down into NICE’s bank account the amount required to pay liabilities associated with allocated funding, as per Managing Public Money guidance (section 5.11 cash management)
* reporting to the board all arrangements made with NICE’s bankers for accounts to be overdrawn

## Banking procedures

1. The director of finance will prepare detailed instructions on the operation of bank and online merchant accounts which must include:

* the conditions under which each bank and online merchant account is to be operated
* the limit to be applied to any overdraft
* those authorised to sign cheques or other orders drawn on NICE’s accounts
* access for NHS Shared Business Services to process bank transactions, payments and reconciliations on NICE’s behalf

1. The director of finance must advise NICE’s bankers in writing of the conditions under which each account will be operated.

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

## Income systems

1. The director of finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due. The accounts receivable function is provided by NHS Shared Business Services.
2. The director of finance is also responsible for the prompt banking of all monies received.

## Fees and charges

1. Fees and charges, other than those determined by Statute, will be approved and regularly reviewed by finance and the relevant budget holder, in line with the scheme of delegation. Independent professional advice on matters of valuation shall be taken as necessary. Technology appraisal (TA) and Highly Specialised Technologies (HST) fees and charges will be approved by the director of finance and the medicines evaluation director, subject to the executive team agreeing any changes, and informing the board.
2. All employees must inform finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements and other transactions.

## Debt recovery

1. The director of finance is responsible for the appropriate recovery action on all outstanding debts. Debt recovery services are provided by NHS Shared Business Services.
2. Income not received should be dealt with in accordance with losses procedures.
3. Overpayments should be detected (or preferably prevented) and recovery initiated. All overpayments made in error must be reported to the Anti Fraud Unit at the Department of Health and Social Care via the quarterly consolidated data return (CDR), in line with the requirements of the Government Functional Standard – counter fraud.

## Security of cash, cheques and other negotiable instruments

1. The director of finance is responsible for:

* approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable
* ordering and securely controlling any such stationery or software
* the provision of adequate facilities and systems for employees whose duties include collecting and holding cash
* prescribing systems and procedures for handling cash and negotiable securities on behalf of NICE

1. Official money shall not under any circumstances be used for the encashment of private cheques.
2. All cheques, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the director of finance.
3. The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that NICE is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving NICE from responsibility for any loss.

# Tendering and contract procedures

## Duty to comply with standing orders

1. The procedure for entering into contracts by or on behalf of NICE shall comply with these SFI.
2. All staff must ensure that any conflicts of interest are identified, declared and appropriately mitigated or resolved in accordance with the policy on declaring and managing declaration of interests and NICE’s standards of business code of conduct policy.

## Public contract regulations

1. Public Contract Regulations 2015, and any relevant updates thereof, shall have effect as if incorporated in these SFI as will notices issued by the Treasury and the Crown Commercial Service prescribing procedures for awarding all forms of contracts.

## Formal competitive tendering

1. NICE shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles and for the rendering of services including all forms of management consultancy, design, construction and maintenance of buildings and engineering works (including construction and maintenance of grounds and gardens), and for disposals, in accordance with the following limits:

£0 à £10,000 (excluding VAT) - 1 written quotation

£10,001 (excluding VAT) à £50,000 (excluding VAT) - 3 written quotations

£50,001 (excluding VAT) à Public Procurement threshold formal tenders

(the threshold is currently £214,904 **including VAT**)

(Above the Public Procurement threshold, the Public Contracts Regulations 2015 will apply).

1. Evaluation criteria must be set before tenders are obtained. Cost should normally be given a 20 - 50% assessment weighting in comparison to the other selection criteria which are being applied. Some tenders may set criteria of an acceptable minimum standard of quality before evaluation against cost and other factors.
2. Formal tendering procedures may be waived as set out below upon the recommendation of a budget holder and with suitable commercial advice:

* the chief executive or director of finance may approve waivers of a value up to the procurement tender limit, currently £214,904 including VAT. Waivers above that limit require approval from the chief executive in consultation with the chair of the audit and risk assurance committee.

1. All waivers must have at least one of the following conditions applying:

* where the process for tender or quotations has failed to result in any submitted bids, or in any usable tenders
* where a reasonable assumption can be made that there is only one source of supply, or one source of specialist expertise is available throughout the EU and WTO countries. This does not mean only one manufacturer – it means only one supplier.
* there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits must be greater than the possible benefits of competitive tendering and must not materially alter the original contract scope or terms
* for reasons of extreme urgency brought about by events that could not be reasonably foreseen.

1. Where it is decided that competitive tendering is not applicable and should be waived by virtue of any of the criteria set out above, the fact of the waiver and the reasons should be documented and reported by the director of finance to the audit and risk assurance committee in a formal meeting.
2. The limited application of the single tender rules 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.
3. Except where SFI 65 applies, NICE shall ensure that invitations to tender are sent to a sufficient number of potential suppliers to provide fair and adequate competition as appropriate, as detailed within the SFI and other financial and commercial policies and procedures, having regard to their capacity to supply the goods or materials or to undertake the services or works required.
4. Tendering procedures are set out in NICE’s financial and commercial policies and procedures, which have the effect of being included within these SFI.

## Quotations and tenders

1. Subject to SFI 77 and 78, quotations or tenders are required for all expenditure, and they should be obtained in accordance with the directions set out in NICE’s financial and commercial policies and procedures in the numbers required by the level of expenditure and based on specifications or terms of reference prepared by, or on behalf of, NICE.
2. Quotations or tenders should be in writing unless the chief executive or their nominated officer determines that it is impractical to do so, in which case quotations may be obtained by telephone. Written confirmation of telephone quotations should be obtained as soon as possible and reasons why the telephone quotation was obtained should be set out in a permanent record.
3. Quotations shall be sent to the relevant requisitioning officer of NICE who will be responsible for their opening and custody.
4. All quotations or tenders should be treated as confidential and should be passed to the commercial team either directly or via an Iproc attachment who will retain them for inspection.
5. Quotations and tenders will be evaluated upon best value for money basis, and acceptable minimum standards of quality may be considered before cost and other factors. Evaluation criteria must be set before competitive quotations and tenders are obtained and cost should normally be given a 20 - 50% weighting in comparison to the other factors being evaluated.
6. Any quotations or tenders that are received after the appointed deadline shall be notified to the chief executive or their nominated officer and shall only be accepted upon their decision. The reasons for the inclusion of a late submission of a quotation or tender should be set out in a permanent record.

## Where tendering or competitive quotation is not required

1. Tendering or competitive quotations are not required when using a supplier that has been appointed for that particular type of supply by a public sector body that exists to supply the entire public sector, eg Crown Commercial Services (CCS) for procurement of all goods and services unless the chief executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
2. The chief executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided under contract or in-house. NICE may determine from time to time that in-house services should be market tested by competitive tendering (SFI 64 - 71).

## Contracts

1. NICE may only enter into contracts within the statutory powers delegated to it by the Secretary of State and shall comply with:
2. these SFI
3. NICE’s SO
4. Public Contracts Regulations 2015 and other statutory provisions
5. HM Treasury publication “Managing Public Money” and Cabinet Office controls framework
6. DHSC ALB Schedule of Delegations
7. any other relevant directions and legislation
8. 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.
9. In all contracts made by NICE, NICE shall endeavour to obtain best value for money. Each contract will have a designated ‘contract manager’ to oversee and manage each contract on behalf of NICE. Contract managers must ensure they have read and understood these SFI and undertaken the required contract manager training.
10. The director of finance will receive reports on procurement and contract management and will update the ET, board and audit and risk assurance committee as appropriate.

## Employee contracts and engagement of agency or temporary staff

1. Subject to Cabinet Office and Department of Health and Social Care spend controls on contingent labour, the chief executive shall nominate officers with a delegated authority to enter into contracts of employment regarding permanent or temporary (fixed-term contract) staff and contracts for the engagement of agency staff or temporary staff within agreed budgets and in compliance with intermediaries’ regulations (IR35). See the scheme of financial delegation at paragraph 7 in the appendix for more detail on the specific spend controls and approval mechanisms for contingent labour.

## Consultancy and professional services spend

1. Any proposed consultancy or professional services spend is subject to specific spend controls, including DHSC and Cabinet Office approval. See the scheme of financial delegation at paragraph 7 in the appendix for more detail.
2. Consultancy services are services:

* that provide advice to fill a knowledge gap. This can be to identify options and recommendations, or advice to assist with implementing solutions; it will usually be related to business change or transformation, so will be time-limited
* where the individuals (consultants) delivering the service (output) will operate outside of the client organisation’s structure and staffing establishment
* where payment is based on the delivery of a defined service (output). This may require a team of consultants working for an extended period of time, or could require a single consultant whose fee will be calculated based on the time taken to deliver the output
* that should not involve the individuals (consultants) working in a Business as Usual environment (e.g. advising on legal risk or technical matters). Such contracts should usually be categorised as professional services, rather than consultancy services

1. Professional services are services:

* that are not defined as consultancy
* that are not purely or mostly advisory (unless the advice is part of a formal report that is required to undertake business as usual activities e.g. a legal opinion or technical report)
* where the individuals delivering the service (output) will operate outside the client organisation’s structure and staffing establishment
* where payment is generally based on the delivery of defined outputs or outcomes (e.g. task and finish work)
* that, as with consultancy, deliver a service (output) that may require a team working for an extended period of time, or may be provided by an individual whose fee will be calculated based on the time taken to deliver the service
* that are often delivered in a BAU environment but may relate to the delivery of a project or programme
* that seek to fill gaps to assist the procuring organisation to deliver or implement an operational service, including those that are BAU. As such, professional services should not be purely (or mostly) advisory, and contracts should be defined according to the delivery of outputs and deliverables rather than the number of days of effort utilised
* where for the purposes of the control there is no need for individuals to demonstrate any specific skills, qualifications or experience
* where contractors can be paid according to time worked or for delivery of a defined output or service

1. NICE is required to inform DHSC on a monthly basis of the spend incurred on consultancy and professional services. In addition, the director of finance will keep the board, via the audit and risk assurance committee, informed of such spend.

## Disposals

1. Competitive tendering or quotation procedure 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 predetermined in a reserve) by the chief executive or his/her nominated officer
* obsolete or condemned items and stores
* items to be disposed of with an estimated sale value of less than £1,500 (this figure is to be reviewed annually)
* 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 DHSC guidance has been issued but subject to compliance with such guidance

# Terms of service and payment of directors and employees

## Remuneration and terms of service

1. The board should formally agree and record in the minutes of its meetings the precise terms of reference of the remuneration committee, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.
2. The remuneration committee will:

* under delegated responsibility from the board, and in line with the Department of Health and Social Care remuneration committee and HM Treasury requirements, confirm the appropriate remuneration and terms of service for the chief executive, members of the executive team, and any other staff on the Executive and Senior Manager (ESM) pay framework, including:
  + all aspects of salary
  + performance related pay
  + provisions for other benefits, including pensions

to ensure they are fairly rewarded for their individual contribution to NICE, having proper regard to NICE’s circumstances and performance and to the provisions of any national arrangements for such staff where appropriate

* oversee and agree appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

1. Minutes of the committee’s meetings should record their decisions and the basis for these.
2. The board will approve proposals presented by the chief executive for setting of remuneration and conditions of service for those employees not covered by the committee.
3. NICE will remunerate the chairman and non-executive directors in accordance with instructions issued by the Secretary of State.

## Employee appointments

1. No director 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 within the limit of their approved budget and funded establishment and with the correct approval from finance and the people team.
2. The chief people officer will ensure procedures are in place for the determination of commencing pay rates and conditions of service for employees.
3. Any staff re-structuring proposals presented to the Operational Management Committee for review, or the executive team for approval, must comply with NICE’s organisational change policy and should not be written or co-written by any individual who could benefit from the changes, to avoid the potential (perceived or actual) of them having exercised undue influence.

## Processing of payroll

1. NICE’s payroll service is provided by the NHS Shared Business Services, and NICE has an internal payroll officer who liaises with the shared service provider. Payroll information is stored in the Electronic Staff Record (ESR) system provided by NHS Business Services Authority. The director of finance is responsible for ensuring effective controls are in place to manage the payroll process and that the service provides good value for money.
2. The director of finance is responsible for:

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

1. The director of finance will issue instructions regarding:

* verification and documentation of data
* the timetable for receipt and preparation of payroll data and the payment of employees
* maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay
* security and confidentiality of payroll information
* checks to be applied to completed payroll before and after payment
* release of payroll data under the provisions of the GDPR and Freedom of Information Act
* methods of payment available to employees
* procedures for payment by bank credit, or cash to directors and employees
* procedures for the recall of bank credits
* pay advances and their recovery
* maintenance of regular and independent reconciliation of pay control accounts
* separation of duties of preparing records and handling cash
* a system to ensure the recovery from leavers of sums of money and property due by them to NICE.

1. Appropriately nominated managers have delegated responsibility for:

* submitting time records (where required) and other notifications in accordance with agreed timetables
* completing time records and other notifications in accordance with the director of finance’s instructions and in the form prescribed by the director of finance
* submitting termination forms in the prescribed form immediately upon knowing the effective date of a director’s or employee’s resignation, termination or retirement.

1. Where a director or employee fails to report for duty in circumstances that suggest they have left without notice, the director of finance must be informed immediately.
2. For the avoidance of doubt, failure to complete termination forms resulting in overpayments is regarded as a breach of SFI and may result in disciplinary action.
3. Regardless of the arrangements for providing the payroll service, the director of finance shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
4. Any new staff payments or allowances implemented at NICE should be approved by the Operational Management Committee, and only after assurances and operating procedures have been provided by people, finance and payroll functions.

## Contract of employment

1. The board shall delegate responsibility to a manager for:

* ensuring that all employees are issued with a contract of employment in a form approved by the board, and which complies with employment legislation
* dealing with variations to, or termination of, contracts of employment.

# Non-pay expenditure

## Delegation of authority

1. The board will approve the level of non-pay expenditure on an annual basis and the chief executive will determine the level of delegation to budget holders, as set out in the scheme of delegation appended to these SFI.
2. The director of finance will agree NICE’s list of authorised signatories which will be maintained by the finance team. It will include:

* 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

## Requisitioning, ordering, receipt and payment for goods and services

1. The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for NICE. In so doing, the advice of the commercial team on supply shall be sought. Where this advice is not acceptable to the requisitioner, the director of finance (and/or the chief executive) shall be consulted.
2. The requisitioner shall raise a purchase order in the iProc system, under a valid contract, or seek the use of a Corporate Credit card, for all requisitions.
3. The director of finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with public sector guidance. NHS Shared Business Services provides an accounts payable service to NICE, including twice weekly BACS payment runs. The director of finance will report to the audit and risk assurance committee, on behalf of the board, NICE’s public sector payment performance on a regular basis, and not less than twice per year.
4. The director of finance will:

* advise the board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in standing financial instructions and regularly reviewed
* prepare procedural instructions on the obtaining of goods, works and services incorporating the thresholds
* be responsible for the prompt payment of all properly authorised accounts and claims
* be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  + a list of directors/employees authorised to certify invoices for payment
  + a timetable and system for submission to the director of finance 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 team
* be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below)

1. Prepayments are only permitted with the prior authorisation of the budget holder, and in compliance with Managing Public Money, for the payment of:

* leases
* subscriptions
* software licences
* travel and accommodation
* training events and conferences.

1. Any other prepayments are only permitted with the prior approval of the director of finance or their nominated deputy. In such instances the following shall apply:

* the budget holder 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 NICE if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments
* the director of finance or their nominated deputy will need to be satisfied with the proposed arrangements before contractual arrangements proceed
* the budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the appropriate director and director of finance if problems are encountered

1. Official orders must:

* be allocated a purchase order or contract number
* be in a form approved by the director of finance
* state NICE’s terms and conditions of trade
* only be used by those duly authorised by the chief executive

1. Managers must ensure that they comply fully with the guidance and limits specified by the director of finance and that:

* all contracts, leases, tenancy agreements and other commitments which may result in a liability are notified to the director of finance in advance of any commitment being made
* contracts above specified thresholds are advertised and awarded in accordance with Cabinet Office spend controls and rules on public procurement
* where consultancy advice is being obtained, the procurement of such skills must be in accordance with guidance issued by HM Treasury “Managing Public Money” and the Public Contracts Regulations 2015 and the spend controls issued by Cabinet Office and Department of Health and Social Care from time to time
* 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 those which are deemed to be acceptable as set out in NICE’s gifts and hospitality policy, including
  + 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
* 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 chief executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked “confirmation order”
* orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds
* goods are not taken on trial or loan in circumstances that could commit NICE to a future uncompetitive purchase
* changes to the list of authorised signatories authorised to certify invoices are notified to the director of finance
* purchases using corporate credit cards are in accordance with the purposes of the card which is restricted in value and by type of purchase as per the instructions issued by the director of finance. Government procurement cards (GPC) can be used when this offers a better approach to an invoice in compliance with the GPC policy
* corporate credit card records are maintained with all receipts and returned complete with approval to the finance team

1. When managing supplies to NICE and authorising payments, budget holders and contract managers shall confirm that:

* the expenditure is in accordance with regulations and all necessary authorisations have been obtained
* 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 work undertaken for NICE, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price
* the account is arithmetically correct
* the account is in order for payment
* the supplier has complied with relevant, employment, environmental and health and safety legislation

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

## Capital investment

1. The chief executive shall delegate authority to the director of finance to:

* ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans
* be responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost
* ensure that the capital investment is not undertaken without confirmation of purchaser support and the availability of resources to finance all revenue consequences, including capital charges

1. For every capital expenditure proposal, the director of finance shall ensure:
2. that where required a business case (in line with the guidance contained within the capital investment manual and NICE’s thresholds) is produced setting out:

* the rationale for the proposed expenditure
* an options appraisal detailing costs and benefits associated with the proposed expenditure
* appropriate project management and control arrangements
* an appropriate procurement and commercial strategy to ensure value for money and compliance with relevant governance and controls
* that the assumptions and costs of the business case have been reviewed and professionally certified by the capital review board, including ensuring that any revenue consequences of the capital spend are appropriately detailed in the business case
* that the capital spend has been authorised by the capital review board and within the CDEL envelope for the year.

1. For capital schemes where the contracts stipulate stage payments, this must be detailed and approved in the relevant business case to ensure its conditions are managed and complied with.
2. The director of finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
3. The approval of a capital programme shall not constitute approval for expenditure on any scheme. All expenditure must be approved in line with the scheme of delegation.
4. The director of finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

## Private finance

1. When NICE proposes to use finance, which is to be provided other than through its allocations, the following procedures shall apply:

* the director of finance shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector
* where the sum involved exceeds delegated limits, the business case must be treated as per current guidelines
* the proposal must be specifically agreed by the board

## Asset registers

1. The chief executive is responsible for the maintenance of registers of assets, taking account of the advice of the director of finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
2. NICE shall maintain an asset register recording fixed assets.
3. Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

* properly authorised and approved agreements, professional certificates of quality acceptance, supplier invoices and other documentary evidence in respect of purchases from third parties
* lease agreements in respect of assets held under a finance lease and capitalised and recognised on NICE's balance sheet in compliance with IFRS 16

1. 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).
2. The director of finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
3. The value of each asset shall be indexed to current values, in line with NICE’s accounting policies.
4. The value of each asset shall be depreciated.
5. The director of finance shall calculate and pay capital charges if applicable.

## Security of assets

1. The overall control of fixed assets is the responsibility of the chief executive.
2. Asset control procedures (including for fixed assets, cash, cheques and negotiable instruments, and donated assets) must be approved by the director of finance. 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

1. All discrepancies revealed by verification of physical assets to the fixed asset register shall be notified to the director of finance.
2. Whilst each employee has a responsibility for the security of NICE’s property, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to NICE’s as may be determined by the board. Any breach of agreed security practices must be reported in accordance with instructions.
3. Any damage to NICE’s premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses.
4. Where practical, assets should be marked as NICE’s property.

## Stores and receipt of goods

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

* kept to a minimum
* secure and with controlled access
* subjected to annual stocktake
* valued at the lower of cost and net realisable value

1. Subject to the responsibility of the director of finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the chief executive. The day-to-day responsibility may be delegated by them to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the director of finance.
2. The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as NICE’s property.
3. The director of finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
4. Stocktaking arrangements shall be agreed with the director of finance and there shall be a physical check covering all items in store at least once a year.
5. Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the director of finance.
6. The designated manager shall be responsible for a system approved by the director of finance 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 director of finance any evidence of significant overstocking and of any negligence or malpractice (disposals and condemnations, losses and special payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

# Disposals and condemnations, losses and special payments

## Disposals and condemnations

1. The director of finance must prepare detailed procedures for the disposal of assets including condemnations and ensure that these are notified to managers.
2. When it is decided to dispose of a NICE asset, the head of department or authorised deputy will determine and advise the director of finance of the estimated market value of the item, taking account of professional advice where appropriate.
3. All unserviceable articles shall be:

* condemned or otherwise disposed of by an employee authorised for that purpose by director of finance (in most cases, any disposal of a NICE asset will be carried out by the DIT or facilities team)
* recorded by the duly authorised officer in a form approved by the director of finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the director of finance
* any disposal of assets should be reported immediately to the finance team for updating the Fixed Asset Register

1. The duly authorised officer shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the director of finance who will take the appropriate action.

## Losses and special payments

1. The director of finance must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments. The director of finance must also prepare a fraud response plan that sets out the action to be taken both by persons detecting a suspected fraud and those persons responsible for investigating it. This is outlined in NICE’s counter-fraud, bribery and corruption strategy and policy and response plan.
2. Any director or employee discovering or suspecting a loss of any kind must immediately inform their line manager or other senior manager, who must immediately inform the director of finance. Where a criminal offence is suspected (such as theft or arson), the director of finance must immediately inform the DDHSC Anti-Fraud Unit, the chair of the audit and risk assurance committee, and the police, as appropriate.
3. For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the director of finance must immediately notify:

* the chief executive and the chair of the audit and risk assurance committee
* NICE board
* the external auditor

1. Within limits delegated to it by the Secretary of State, the audit and risk assurance committee shall approve the writing-off of losses on behalf of the board.
2. The director of finance shall be authorised to take any necessary steps to safeguard NICE’s interests in bankruptcies and company liquidations.
3. For any loss, the director of finance should consider whether any insurance claim can be made against insurers.
4. The director of finance shall maintain a losses and special payments register in which write-off action is recorded.
5. No special payments exceeding delegated limits shall be made without the prior approval of the DHSC.

## Financial data

1. The director of finance, who is responsible for the accuracy and security of the computerised financial data of NICE, shall in conjunction with the chief information officer, where necessary:

* devise and implement any necessary procedures to ensure adequate (reasonable) protection of NICE’s data, programs and computer hardware for which he/she is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the General Data Protection Regulation and 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 he/she may consider necessary are being carried out

1. The director of finance 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 will be obtained from them prior to implementation. Financial data is currently held in Oracle (service provided by NHS Shared Business Services) and ESR (provided by NHS Business Services Authority).
2. The director of finance, in consultation with the chief information officer, shall ensure that contracts for IT/digital 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.
3. Where another health organisation or any other agency provides an IT/digital service for financial applications, the director of finance shall periodically seek assurances that adequate controls are in operation.
4. Where IT/digital systems have an impact on corporate financial and commercial systems the director of finance, in consultation with the chief information officer, shall ensure 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
* relevant staff within the finance, corporate and commercial directorate staff have access to such data
* such IT/digital service audit reviews as are considered necessary are being carried out

# Funds held on trust

1. NICE does not hold any funds on trust.

## Appendix A

Scheme of Financial Delegation

# Introduction

1. This scheme of delegation forms part of NICE’s Standing Orders and Standing Financial Instructions.
2. The chief executive has overall responsibility, as Accounting Officer (AO), for all aspects of NICE’s performance. It is not possible for one individual to discharge those responsibilities personally and therefore the AO has devised this scheme of delegation.
3. Principles on which delegation is based:
   1. Authorisation of expenditure delegated to the most appropriate level – ie to the person most able to influence value for money decisions.
   2. Ensuring that delegated financial authorities are respected and complied with at all times.
   3. Emphasis of roles as stewards of public funds.
   4. All staff, individually and collectively, are responsible for achieving best value and avoiding loss; and operating within the set delegated limits.
   5. Separation of duties is required for every transaction.
   6. Requirement for confirmation that goods/services purchased from third parties have been received as ordered prior to payment being made.
4. The scheme of delegation is based on four tiers of management:

|  |  |
| --- | --- |
| **Level one** | Individual budget holders whose responsibility covers a discrete area |
| **Level two** | Senior managers responsible for all or part of a function and may have several level one budget holders reporting to them. They typically report to a director and include programme directors and associate directors |
| **Level three** | Directors reporting directly to the chief executive |
| **Level four** | The chief executive. In the absence of the chief executive, the deputy chief executive (if one has been designated) and the director of finance can each operate as level four. |

# Scheme of delegation and financial limits

1. Expenditure: Contracts and purchase orders

For expenditure **within** the allocations set out in the approved budget

|  |  |
| --- | --- |
| **Orders up to1:** | **Management tier** |
| £25,000 | Level one 2 |
| £100,000 | Level two 2 |
| Above £100,000 | Level three or four |

1 Limits exclude VAT

2 Thedirector of finance has authority to agree variations to these approval levels on a case by case basis, which should be formally documented.

For expenditure **outside** of the allocations set out in the approved budget. This includes:

* expenditure with a future year impact
* expenditure using the unallocated strategic reserve
* new funding received outside of the budget/business plan

|  |  |
| --- | --- |
| **Orders up to1:** | **Management tier** |
| £25,000 | Level one 2  Plus, approval from the associate director, finance or director of finance (using the investment summary template) |
| £100,000 | Level two 2  Plus, approval from the director of finance (using the investment summary template) |
| £250,000 | Level four  Plus, approval from the director of finance (using the business case template) |
| £350,000 | Level four  Plus, approval of the executive team (using the business case template) |
| Above £350,000 | Level four and the board (using the business case template) |

1 Limits exclude VAT

2 Thedirector of finance has authority to agree variations to these approval levels on a case by case basis, which should be formally documented.

All business cases should be accompanied by a completed assurance return confirming review by relevant NICE teams including finance, commercial, people and DIT prior to submission to the relevant approver.

1. All orders must comply with NICE’s financial and commercial policies and procedures.
2. Specific areas where delegated levels vary from those in section 5 above:
3. **Consultancy and professional services expenditure** (This includes surveys, data collection and evaluations and any reports commissioned through Think Tanks, Charities and other external bodies). All professional services (including consultancy) spend should be thoroughly scrutinised before progressing, and in line with NICE’s delegations from DHSC, non-essential professional services (including consultancy) spend should not be progressed. A business case using the template for submissions to DHSC should be completed and submitted to the director of finance for all proposed consultancy and professional services expenditure (including for cases that do not require DHSC approval).

Executive team members are authorised to enter into contracts for consultancy and professional services deemed essential and are less than £100k (excluding non-recoverable VAT), subject to approval from the director of finance and in line with prevailing DHSC guidance.

Any proposed essential consultancy or professional services expenditure of £100k or more (excluding non-recoverable VAT) is also subject to DHSC spend controls in line with the prevailing DHSC guidance and requires prior approval from the executive team member and director of finance before submission to DHSC for approval.

Any proposed consultancy or professional services expenditure which exceeds £250k in total should be submitted to the executive team for approval and is subject to DHSC spend controls in line with the prevailing DHSC guidance.

1. **Contingent labour** – A business case using the template for submissions to DHSC should be completed and submitted to the director of finance for all proposed contingent labour expenditure (including for cases that do not require DHSC or Cabinet Office approval).

Executive team members are authorised to enter into contracts for contingent labour up to a day rate limit of less than £500 (including extensions, agency fees and non-recoverable VAT) and less than 6 months in duration, subject to approval from the director of finance, and in line with prevailing DHSC guidance.

Any proposed contingent labour expenditure of £500 per day or more or is 6 months or greater in duration is also subject to DHSC spend controls in line with the prevailing DHSC guidance and requires prior approval from the executive team member and director of finance before submission to DHSC for approval. Cases at or above £1,000 per day (excluding agency fees but including non-recoverable VAT) will also require Cabinet Office approval.

In the event a contract is extended and the rate per day or duration exceeds the next threshold, additional approvals will need to be sought in advance of any extension being agreed or worked. This includes contracts already in scope of the controls, for example, a contract for 14 months being extended a further 3 months. Any worker who is rehired within a 3-month period will be seen as a continued tenure and will require approval by DHSC.

Director of finance and DHSC approval is also required for contingent labour bulk recruitment campaigns (defined as recruiting more than one person in a single campaign) with total costs of £100k or over (including non-recoverable VAT and agency fees), regardless of individual day rates.

1. **Digital and technology expenditure** – All technology and digital expenditure requires approval of the DIT Assurance Board. All Digital spend cases irrespective of value and any technology cases over £100k require approval from the Standards and Assurance Team in the DHSC Digital Policy Unit.
2. **Communications, advertising and marketing expenditure** – Up to £100k requires DHSC Director of Communications approval via DHSC marketing team. Expenditure of £100k and above must go through the Government Communication Service’s (GCS) advertising, marketing and communications Professional Assurance Spend Submission (PASS) process.
3. **Capital expenditure** – Requires the approval of the director of finance.
4. **Losses and special payments** – Require the approvals as set out below.

|  |  |  |  |
| --- | --- | --- | --- |
| Expenditure type | Threshold | NICE approval | DHSC approval |
| Losses and write-offs | >£300k | Approval of the audit and risk assurance committee; and record in the losses and compensation register | HMT via DHSC |
| Special payment – novel, contentious, repercussive. | £0 | HMT via DHSC |
| Special payment – consolatory (where ex-gratia payments) are made to individuals by NICE in respect of incidents which do not involve financial loss and are greater than £500. | >£500 | DHSC Senior Sponsor |
| Special payment – compensation (Non-HR related) Extra-contractual, extra-statutory/ extra-regulatory, compensation and ex-gratia. | >£95k | HMT |
| Special payment – compensation (HR cases) payments, extra-contractual or ex-gratia payments, and any payment made without specific identifiable legal power. | >£20k | Approval of the Board | DHSC Governance and Assurance Committee  and HMT |
| Special severance payments. | £0 | Approval of the Remuneration Committee | DHSC Governance and Assurance Committee and HMT  Ministerial approval is also required where:   * the payment is £100k or more, or * the individual involved is on a salary of over £150k per annum regardless of the value of the payment |

1. **Recruitment** – Executive and senior manager (ESM) recruitment requires the approval of the NICE Remuneration Committee and the DHSC Remuneration Committee as set out below.

|  |  |
| --- | --- |
| NICE Remuneration Committee only | DHSC Remuneration Committee |
| Replacements for existing roles at ESM 1 and ESM 2 to be filled up to the operational maximum[[1]](#footnote-2) (including secondment extensions). | * All new ESM roles. * ESM 1 and ESM 2 replacements with a salary above the operational maximum (including secondment extensions). * Clinical appointments with a salary package of £150,000 and above. * All ESM 3 and ESM 4 roles. * All Chief Executive roles. * All ESM retire/return cases. * Organisational restructures involving ESMs (including substantial changes to ESM job descriptions/job title changes and/or the creation of new ESM roles). * ESM pay awards. * Salary increases for ESM employees “in role” that are not part of the annual pay award. |

1. **Secondments** – All secondment proposals involving ESMs must be discussed in advance with the DHSC Sponsor and HR teams.
2. **Redundancy and compensation** – Redundancies will only be considered after a formal Management of Change process has taken place, and it is agreed there is no suitable alternative employment for the individual, as set out in the redeployment and redundancy policies.

For those redundancy and compensation schemes **not** covered by the Civil Service Compensation Scheme, (e.g. the NHS Pension scheme), DHSC Remuneration Committee approval is required for the following:

|  |  |
| --- | --- |
| Expenditure type | Approval requirement |
| * Redundancies with capitalised costs over £100k * 10 or more redundancies irrespective of capitalised costs * Payments in Lieu of Notice (PILON) of £50k or above * All special severance payments (including any extra contractual payments) also require Senior Sponsor support and HM Treasury approval irrespective of value * Financial incentive/retention payments * All novel, contentious or repercussive cases * Change programmes/ major restructuring * Voluntary redundancy schemes | DHSC sponsor team and Governance and Assurance Committee (GAC) approval  Refer to GAC submission guidance in advance of any payments being made. This can be obtained via DHReward@dhsc.gov.uk |

Fewer than 10 redundancies or individual redundancies under £100k do not require DHSC approval. However, the Sponsor Team and GAC should be informed of such redundancies in a timely manner, and NICE must ensure any cases that might generate external interest are discussed with the Sponsor Team prior to finalisation.

Any confidentiality clause requires approval from the chief executive, DHSC, Minister and Cabinet Office, and will only be approved in exceptional circumstances.

1. **Property** (facilities management and building investment spend) – All new leases, renewals of existing leases, the non-exercise of lease break options, any new property acquisitions, new build developments, sale and leaseback, and any freehold sales as part of national property controls, regardless of cost require DHSC approval.
2. **Facilities management** – Some assets may be exempt from controls and the DHSC Property Team will provide guidance on whether an asset is exempt.
3. **Building investment** – It is essential that approval for any investment in office buildings over £500k is obtained in advance with the Government Property Agency to ensure that, unless essential, money is not invested in buildings the Government may not keep longer term. Refer to the DHSC property contacts for more details on the process.
4. **External equality, diversity and inclusion (EDI) spend** – All external EDI spend must be authorised by the Accounting Officer, in consultation with the Board. All EDI activity undertaken internally or through approved external spend should be subject to robust evaluation.

## Tendering and contracts

1. Tenders and contracts will be agreed within the following limits and subject to the requirement set out in SFI 61-83 above:

|  |  |
| --- | --- |
| **Process** | **Approver** |
| Invitation to tender or quote | Relevant budget holder with agreement from associate director, procurement or commercial manager |
| Admission and acceptance of late tenders and quotations | Level three  Associate director, procurement or director of finance |
| Opening/receipt of tenders and quotations | Level two  Associate director, procurement |

Use of single tender action (waiver)

|  |  |
| --- | --- |
| Up to the procurement tender limit of £214,904 including VAT | Chief executive or director of finance  (The total number and value to be reported to the next audit and risk assurance committee) |
| Any amount permissible by law | Chief executive in consultation with chair of the audit and risk assurance committee (and reported to the audit and risk assurance committee for information) |

## Agreements

1. Authority to enter into non-standard contractual agreements on behalf of NICE that commit NICE to expenditure and / or liabilities:

|  |  |
| --- | --- |
| **Agreement type** | **Approver** |
| Memorandum of Understanding (MoUs)  Partnership Agreements  Collaboration Agreements  Service Level Agreements | Up to £250,000  Level three  Plus, approval from the director of finance (unless the agreement does not commit NICE to expenditure or liabilities) |
| Above £250,000  Level four |
| Memoranda of Terms of Occupation (MOTOs) | Director of finance |

## Income

1. All fees and charges are to be reviewed at least annually.

|  |  |
| --- | --- |
| **Fees and charges** | **Approver** |
| Technology appraisal and highly specialised technologies fees and charges | Relevant guidance director and director of finance (in compliance with the relevant Statutory Instruments and Managing Public Money)  ET to confirm any changes and the board to be advised |
| NICE Advice | NICE Advice director or director of HealthTech  Plus, approval from the director of finance |
| Research grants | Chief scientific officer and director of finance |
| Re-use of NICE content | Chief scientific officer and director of finance |
| Use of NICE office facilities | Chief people officer and director of finance |
| Agreements with Devolved Administrations1 | Chief Executive |
| Memoranda of Understanding (MOUs)  Partnership Agreements  Collaboration Agreements  Service Level Agreements | Up to £250,000  Level three  Plus, approval from the director of finance |
| Above £250,000  Level four |

1 Agreements with devolved administrations can take different forms such as an SLA, MOU or some other arrangement relating to specific legislation (e.g., under S.83 of the Government of Wales Act).

## Employment

1. Authority for recruitment:

|  |  |
| --- | --- |
| **Recruitment type** | **Approver** |
| Recruitment to existing funded post | Level one |
| Establishment of a new post or recruitment to a post not in the budgeted staffing | Level two, subject to agreement with people team and finance team |
| Regrading of an existing post | Level two, subject to approval by the Job Evaluation Panel |
| External secondment | Level three |
| Executive and Senior Managers (ESM) (see 7vii above) | NICE Remuneration Committee and DHSC Remuneration Committee |

# Transparency

1. In the interests of transparency, the following will be reported on the data.gov.uk website:
   1. All payments over £25,000
   2. Government Procurement Card expenditure over £500
   3. Better payment performance information
   4. Board member and director travel expenses
   5. Director and senior employee organogram

# Version control

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Version** | **Dates** | **Author** | **Replaces** | **Amendments** |
| 1 | **Approved on**:  November 2021 | Corporate governance and risk manager | N/A |  |
| 1.1 | December 2021 | Corporate governance and risk manager | 1.0 | Approval for digital and technology spend |
| 1.2 | January 2022 | Corporate governance and risk manager | 1.1 | EU procurement threshold |
| 1.3 | December 2022 | Corporate office | 1.2 | Updated job titles, included OMC approvals and the CO & DHSC spend controls |
| 1.4 | August 2023 | Corporate office | 1.3 | DHSC spend controls updated |
| 1.5 | November 2023  **Next review due**:  September 2024 | Corporate office | 1.4 | Additional DHSC spend controls added to the scheme of delegations at paragraphs 7 – 11 |
| 1.6 | May 2024  **Next review due**:  September 2024 | Corporate office | 1.5 | Amended Audit and Risk Committee to Audit and Risk Assurance Committee |
| 1.7 | November 2024  **Next review:**  January 2025 (deferred from September 2024) | Corporate office | 1.6 | Interim update to scheme of delegation to reflect updated DHSC delegations and spend controls |
| 1.8 | March 2025  **Next review:**  March 2026 | Corporate office | 1.7 | Amendments throughout following annual review |

1. Where Agenda for Change (AfC) Band 9 staff (from within the organisation and the wider NHS) secure an ESM1 role on promotion, an uplift of up to 10% can be awarded up to a maximum salary of £122,000 without having to seek additional approvals from DHSC Remuneration Committee [↑](#footnote-ref-2)