NHS
South East London

NHS South East London Integrated Care Board Standing Financial Instructions

July 2026 revision

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1. Purpose and statutory framework

1.1.1 These Standing Financial Instructions (SFIs) shall have effect as if incorporated into the NHS South East London Integrated Care Board's (ICB) constitution. In accordance with the National Health Service Act 2006, as amended by the Health and Care Act 2022, the ICB must publish its constitution.

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

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

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

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

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

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

1.1.8 Should any difficulties arise regarding the interpretation or application of any of these SFIs, the advice of the Chief Executive or the Chief Finance and Compliance 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.

2. Scope

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

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

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

2.1.4 Unless a contrary intention is evident, or the context requires otherwise, words or expressions contained in this document, will have the same meaning as set out in the applicable Act.

3. Roles and Responsibilities

3.1 Staff

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

- abiding by all conditions of any delegated authority
- the security of the statutory organisation's 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 Chief Executive Officer

3.2.1 The ICB constitution provides for the appointment of the chief executive officer by the ICB chair. The chief executive is the accountable officer for the ICB and is personally accountable to NHS England for the stewardship of the ICB's allocated resources.

3.2.2 The Chief Finance and Compliance officer reports directly to the ICB chief executive officer and is professionally accountable to the NHS England regional finance director.

3.2.3 The chief executive will delegate to the Chief Finance and Compliance officer the following responsibilities in relation to the ICB:

- preparation and audit of the annual accounts
- adherence to the directions from NHS England in relation to accounts preparation
- ensuring that the allocated annual revenue and capital resource limits are not exceeded, jointly, with system partners
- ensuring that there is an effective financial control framework in place to support accurate financial reporting, safeguard assets and minimise risk of financial loss
- meeting statutory requirements relating to taxation
- ensuring that there are suitable financial systems in place (see Section 6)
- meeting the financial targets set for it by NHS England
- use of incidental powers such as management of ICB assets, entering commercial agreements
- ensuring that the Governance statement and annual accounts & reports are signed
- planned budgets are approved by the relevant Board; developing the funding strategy for the ICB to support the board in achieving ICB objectives, including consideration of place-based budgets
- making use of benchmarking to make sure that funds are deployed as effectively as possible
- executive members (partner members, ordinary members and non-executive members) and other officers are notified of and understand their responsibilities within the SFIs
- specific responsibilities and delegation of authority to specific job titles are confirmed

- financial leadership and financial performance of the ICB
- identification of key financial risks and issues relating to robust financial performance and leadership and working with relevant providers and partners to enable solutions and
- the Chief Finance & Compliance Officer will support a strong culture of public accountability, probity, and governance, ensuring that appropriate and compliant structures, systems, and processes are in place to minimise risk

3.3 Audit, Risk and Assurance Committee

3.3.1 The Board and Chief Executive Officer should be supported by an Audit, Risk and Assurance Committee, which should provide proactive support to the board in advising on:

- the management of key risks
- the strategic processes for risk
- the operation of internal controls
- control and governance and the governance statement
- the accounting policies, the accounts, and the annual report of the ICB
- the process for review 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
- Seeking assurance that the ICB has adequate arrangements in place for countering fraud and bribery, and compliance with NHS Counter Fraud Authority (NHS CFA) requirements. This will include but is not limited to reports from the Local Counter Fraud Specialist (LCFS), the annual self-assessment submission to NHS CFA Counter Fraud Functional Standard Return, NHS CFA inspection reports and actions resulting from counter fraud activity including NHS CFA quality assessment reports will be monitored.
- The Audit, Risk and Assurance Committee is also responsible for approving the annual counter fraud work plan and the outcomes of all anti-fraud and bribery work within the ICB.The ICB will be liable to prosecution if a person associated with it bribes another person intending to obtain or retain business or an advantage in the conduct of business for the ICB, unless it can show that despite a particular case of bribery it nevertheless had adequate procedures in place to prevent persons associated with it from bribing.

4. Management accounting and business management

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

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

4.1.3 The Chief Finance and Compliance Officer will ensure:

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

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

- the ICB , in conjunction with its partner NHS trusts and NHS foundation trusts, should exercise its functions with a view to ensuring that, in respect of each financial year:
  - local capital resource use does not exceed the limit specified in a direction by NHS England
  - local revenue resource use does not exceed the limit specified in a direction by NHS England
  - the duty of the ICB to perform its functions as to secure that its expenditure does not exceed the aggregate of its allotment from NHS England and its other income and
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4.1.5 The Chief Finance and Compliance 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)(a), (b) and (e) to (h) of the Health and Medicines Act 1988 for the purpose of making additional income available for improving the health service.

5.1.2 The Chief Finance and Compliance 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 co-operatively
- ensuring the debt management strategy reflects the debt management objectives of the ICB and the prevailing risks

5.2 Banking

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

5.2.2 The Chief Finance and Compliance Officer will ensure that:

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

5.3 Debt management

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

5.3.2 This includes:

- a debt management strategy that covers end-to-end debt management from debt creation to collection or write-off in accordance with the losses and special payment procedures;
- ensuring the debt management strategy covers a minimum period of 3 years and must be reviewed and endorsed by the Audit,Risk and Assurance Committee every 12 months to ensure relevance and provide assurance
- accountability to the SMT that debt is being managed effectively
- accountabilities and responsibilities are defined with regards to debt management to budget holders and
- responsibility to appoint an 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 and Compliance Officer is responsible for ensuring systems and processes are designed and maintained for the recording and verification of finance transactions such as payments and receivables for the ICB.

6.1.2 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 and Compliance Officer will, in relation to financial systems:

- promote awareness and understanding of financial systems, value for money and commercial issues
- ensure that transacting is carried out efficiently in line with current best practice – e.g. e-invoicing
- ensure that the ICB meets the required financial and governance reporting requirements as a statutory body by the effective use of finance systems
- enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records
- ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable
- ensure publication and implementation of all ICB business rules and ensure that the internal finance team is appropriately resourced to deliver all statutory functions of the ICB
- ensure that risk is appropriately managed
- ensure identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers
- ensure the ICB has suitable financial and other software to enable it to comply with these policies and any consolidation requirements of the ICB
- ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes and
- where another health organisation or any other agency provides a computer service for financial applications, the Chief Finance and Compliance Officer shall periodically seek assurances that adequate controls are in operation.

7. Procurement and purchasing

7.1 Principles

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

7.1.2 The ICB must ensure that procurement activity is in accordance with the Public Contracts Regulations 2015 (PCR) and Healthcare Service Provider Selection Regime Regulations 2023 (PSR), as well as any associated statutory requirements whilst securing value for money and sustainability.

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

7.1.4 The ICB will have a procurement policy which sets out all of the legislative requirements.

7.1.5 All revenue and non-pay expenditure must be approved, in accordance with the ICB Scheme of Reservation and Delegation , prior to an agreement being made with a third party that enters a commitment to future expenditure.

7.1.6 All officers must ensure that any conflicts of interest are identified, declared and appropriately mitigated or resolved in accordance with the ICB standards of business conduct policy.

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

7.1.8 Undertake any contract variations or extensions in accordance with PCR 2015, Provider Selection Regime 2023, and the ICB procurement policy.

7.1.9 Retrospective expenditure approval should not be permitted. Any such retrospective breaches require approval from any committee responsible for approvals before the liability is settled. Such breaches must be reported to the Audit,Risk and Assurance Committee.

8. Staff costs and staff related non pay expenditure

8.1 HR service

8.1.1 The HR service, outsourced to a partner provider, will lead the development and delivery of the long-term people strategy of the ICB ensuring this reflects and integrates the strategies of all relevant partner organisations within the ICS.

8.1.2 Operationally the HR function 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 HR function 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 HR function shall proactively manage this supplier through effective contract management.

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

9. Annual reporting and Accounts

9.1.1 The Chief Finance and Compliance Officer (responsibility for the annual accounts) and Director of Communications (responsibility for the annual report) will ensure, on behalf of the Chief Executive Officer and ICB board, that:

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

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

- discharged its duties in relation 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 plans and capital resource use plan and
- review any steps that the board has taken to implement any joint local health and wellbeing strategy

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

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

9.2 Internal audit

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

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

9.3 External Audit

9.3.1 The Chief Finance and Compliance Officer is responsible for:

- liaising with external audit colleagues to ensure timely delivery of financial statements for audit and publication in accordance with statutory, regulatory requirements
- ensuring that the ICB appoints an auditor in accordance with the Local Audit and Accountability Act 2014; in particular, the ICB must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year. The ICB must appoint a local auditor at least once every 5 years, and
- ensuring that the appropriate and effective financial control arrangements are in place for the ICB and that accepted external audit recommendations are actioned in a timely manner
- should any suspicion of fraud, bribery or corruption be identified by External Audit, these must be referred to the LCFS immediately.

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 and Compliance 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 As part of the new compliance and control procedures, ICBs must submit an annual assurance statement confirming the following:

- details of all exit packages (including special severance payments) that have been agreed and/or made during the year
- that NHS England and HMT approvals have been obtained before any offers, whether verbally or in writing, are made and
- adherence to the special severance payments guidance as published by NHS England

10.1.5 All losses and special payments (including special severance payments) must be reported to the ICB Audit, Risk and Assurance Committee and NHS England noting that ICBs do not have a delegated limit to approve losses or special payments.

10.1.6 For detailed operational guidance on losses and special payments, please refer to the ICB losses and special payment guide which is appended to this document.

11. Fraud, bribery and corruption (Economic crime)

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

11.1.2 The ICB Chief Finance and Compliance 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,Risk and Assurance Committee, and defined roles and accountabilities for those involved as part of the process of providing assurance to the Board.

11.1.3 The ICB Chief Finance and Compliance Officer should provide clear and demonstrable support and strategic direction for counter fraud, bribery and corruption work, and review the proactive management, control and the evaluation of counter fraud, bribery and corruption work.

11.1.4 The ICB has an Anti-Fraud and Bribery Policy in place, agreed by the Audit, Risk and Assurance Committee. The ICB is required to complete an annual Counter Fraud Functional Standard Return (CFFSR), a self-review tool developed by the NHS CFA, to measure the effectiveness of counter fraud processes and demonstrate the level of compliance with the Government Functional Standard for Counter Fraud - www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud, as issued by NHS CFA and any guidance issued by NHS England.. The ICB will ensure that policies and procedures for all work related to fraud and bribery are implemented. The ICB will consider the major findings of investigations and proactive work and respond accordingly.

11.1.5 The LCFS will provide written reports to the Audit, Risk and Assurance Committee on counter fraud work within the ICB.

11.1.6 Further information on fraud, bribery and corruption can be found in the ICB's Anti-Fraud and Bribery Policy.

12. Capital Investments & security of assets and Grants

12.1.1 The Chief Finance and Compliance Officer is responsible for:

- ensuring that at the commencement of each financial year, the ICB and its partner NHS trusts and NHS foundation trusts prepare a plan setting out their planned capital resource use
- ensuring that the ICB, in respect of each financial year, local capital resource use does not exceed the limit specified in a direction by NHS England
- 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, which 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 and Compliance 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
- authority to enter into leasing arrangements

12.1.3 Advice should be sought from the Chief Finance and Compliance 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, the ICB shall have nominated senior officers accountable for ICB property assets and for managing property.

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

- ensure the ICB asset portfolio supports its business objectives and
- comply with NHS England policies and directives and with this standard

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

12.2 Grants

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

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

13. Legal and insurance

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

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

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

14. Review

14.1 To ensure that these SFIs remain up-to-date and relevant, the Chief Finance and Compliance Officer will review them at least annually. Following consultation with the Chief Executive for the ICB and scrutiny by the ICB's Audit,Risk and Assurance Committee, the Chief Finance and Compliance Officer will recommend amendments, as fitting, to the ICB Board for approval.

Appendix 1 - ICB Losses and Special Payment Guidance

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1. Introduction and guidance statement

1.1.1 The Losses and Special Payments guidance is prepared as procedural guidance for integrated Care Boards (ICBs).

1.1.2 The purpose of this document is to establish best practice that can be incorporated into the ICB's Standing Financial Instructions.

1.1.3 It should be noted that the user of this procedural guidance should be compliant with the respective ICB's SFIs. If there is a need to interpret or difficulty in application of this guidance, please send an email to the NHS England Head of Assurance and Counter Fraud: england.assurance@nhs.net

1.1.4 HM Treasury retains the authority to approve losses and special payments which are classified as being either:

- novel or contentious
- contains lesson that could be of interest to the wider community
- involves important questions of principle
- might create a precedent and/or
- highlights the ineffectiveness of the existing control systems

1.1.5 Losses and special payments are therefore subject to special control procedures compared to the generality of payments, and special notation in the accounts to bring them to the attention of parliament. The annual accounts reporting requirements are detailed herein.

1.1.6 For the avoidance of doubt, as NHS England, has not delegated authority to ICBs for the approval of losses and special payments, all cases relating to ICB losses and special payments must be submitted to NHS England for approval.

1.1.7 NHS England cannot delegate any authority to ICBs as this would result in "double delegation".

1.1.8 This should be clearly reflected in the detailed financial policies for all ICBs.

1.1.9 For losses that indicate or give rise to suspicion of fraud or corruption, please follow the guidance as provided by your local counter fraud specialist.

1.1.10 In dealing with individual cases, ICBs must consider the soundness of their internal control systems, the efficiency with which they have been operated, and take any necessary steps to put failings right.

1.1.11 The outcome of the review of the case under consideration (1.1.10) must be clearly indicated when submitting cases to NHS England as part of the account's consolidation process at year end or as part of the approval process.

2. Scope

2.1.1 This procedural document is applicable to the following NHS bodies:

- Integrated Care Boards

3. Definitions

3.1.1 Unless a contrary intention is evident or the context requires otherwise, words or expressions contained in this document will have the same meaning as set out in HMT managing public money. As per the DHSC Group Accounting Manual, Managing Public Money applies to all DHSC group bodies.

3.2 Losses

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

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

3.3 Special Payment

3.3.1 Special Payments relate to the following:

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

3.4 Special Severance and retention payments

3.4.1 ICBs have not been delegated a limit to approve special severance or retention payments. For detailed guidance, please refer to the ICB special severance payments document as published on the NHSEI SharePoint finance library.

3.4.2 For clarity, any special severance payments that are being considered for approval must be submitted to NHS England (england.assurance@nhs.net) prior to settlement.

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

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

Ex gratia payments	Special Payment	Go beyond statutory cover, legal liability, or administrative rules, including payments: • made to meet hardship caused by official failure or delay • out of court settlements to avoid legal action on grounds of official inadequacy and • payments to contractors outside a binding contract, e.g. on grounds of hardship
Retention payments	Special Payment	Payments, designed to encourage staff to delay their departures, particularly where transformations of ALBs are being negotiated, are also classified as novel and contentious. Such payments always require explicit Treasury approval, whether proposed in individual cases or in groups. Treasury approval must be obtained before any commitment, whether oral or in writing, is made.

3.5 Annual assurance statements

3.5.1 As part of the new compliance and control procedures, ICBs must submit an annual assurance statement confirming the following:

- details of all exit packages (including special severance payments) that have been agreed and/or made during the year
- that NHS England and HMT approvals have been obtained (in relation to non-contractual pay elements or amounts that exceed the ICB delegated limits) before any offers, whether verbally or in writing, are made, and
- adherence to the special severance payments guidance as published by NHS England

3.6 Interpretation

3.6.1 Should any difficulties arise regarding the interpretation or application of any part of this losses and special payments guidance, the advice of the Head of Assurance and Counter Fraud (england.assurance@nhs.net) must be sought before acting.

3.7 Delegation of Function, Duties and Powers

3.7.1 The ICB Constitution must have a governing body that makes provision for the appointment of the Audit & Risk Committee.

3.7.2 The ICB Standing Financial Instructions should clearly indicate the role that the Audit & Risk Committee has in reviewing and approving losses and special payments.

3.7.3 The ICB Schedule of Matters Delegated to Officers should indicate the delegated limits that have been agreed by the Board for operational purposes, however, it should be noted that they are localised limits and not delegated from NHS England or the Department of Health and Social Care.

4. Integrated care board reporting requirements

4.1 Capturing of losses and special payments

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

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

4.2 Parliamentary accountability and audit report

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

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

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

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

5. Roles and responsibilities

5.1 Financial Control

5.1.1 Chief Financial Officer

5.1.2 It is noted and acknowledged that the roles and responsibilities for the chief financial officer vary in all the ICBs. The chief financial officer should implement a system of internal control that details the process for reporting losses, recording losses, monitoring and reporting the losses and special payments to the ICB's Audit & Risk Committee based on existing reporting cycles.

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