National Institute for Health and Care Excellence

Revisions to Standing Orders and Standing Financial Instructions

This report presents revisions to the standing orders and standing financial instructions following review by the audit and risk committee in September.

The Board is asked to approve the revised governance documents.

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Background

The 2021/22 business plan includes an objective around developing revised governance arrangements to empower staff and streamline decision making. As part of this, NICE's standing orders (SO), standing financial instructions (SFI) and scheme of reservation and delegation have been comprehensively reviewed and updated. This has been informed by advice from South Central and West Commissioning Support Unit and a review of other health ALBs.

The resulting work has led to a reduced number of documents, which has enabled removal of duplication. The delegations have also been increased in line with the aim of empowering staff and streamlining decision-making.

The audit and risk committee reviewed the proposed revisions at its meeting in September and supported the changes subject to consideration of three queries which are covered in paragraph 10 below.

With support from the audit and risk committee, the board agreed to implement two changes in the revised documents with immediate effect as this would aid the efficient utilisation of funding while maintaining appropriate safeguards: the revised thresholds for seeking quotes and tenders, and changes to the internal approval mechanism for consultancy expenditure.

Standing orders (SO)

The SO have been updated using modern language. They are now focussed on governance arrangements and the board, and include the powers reserved for the board as an appendix. The procurement and tendering sections have been moved into the SFI where they sit more appropriately alongside the other aspects of financial control and management. This has enabled the removal of duplicated content.

Reservation of powers for the board

A proposed key change to highlight is to increase the level at which board approval is required for (a) the introduction or discontinuance of any significant activity or operation outside of the business plan (para 28); and (b) supplementary capital or revenue expenditure outside of the business plan (para 29); from £250k to £500k.

Scheme of financial delegations

A new section has been included in SFIs for the scheme of financial delegation which sets out clearly what staff have authority to approve. The scheme of delegation previously formed part of SO and did not provide this level of clarity and empowerment of staff beneath the Executive Team level.

Contract approval levels have been increased (para 7). The approval level of the chief executive for expenditure which falls outside of the approved annual budget has been increased from £250k to £500k. Expenditure above £500k which is outside of the approved business plan requires the approval of the board. The finance, strategy and transformation director has been increased to the same level as the chief executive. The deputy director – finance, strategy and commercial has been aligned with the approval limit of directors (up to £250k).

Additionally, new sections have been added to clarify who has authority to sign agreements on behalf of NICE (para 10), agree fees and charges (para 11) and approve recruitment proposals (para 12).

Feedback from the audit and risk committee

As noted above, the audit and risk committee extensively reviewed the documents. In response to the feedback received:

* 1. SFI 22 has been amended in relation to the arrangements for escalating matters from the audit and risk committee to the Department of Health and Social Care.
  2. The SFIs have been updated to reference the NHS Shared Business Services’ role in processing invoices on behalf of NICE.

1. There was also a suggestion to replace the references to the Finance, Strategy and Transformation Director with Chief Financial Officer to future proof any changes in job title. It is proposed to retain the current FST Director job title throughout the documents as this reflects the current role and the references can be amended as a factual change without escalation to the board if necessary.

The committee queried the need to increase the level at which board approval is required for expenditure that sits outside of the business plan and budget from £250k to £500k. It was reported that this level was not out of line with other similar sized ALBs, and it was agreed that the limit is kept under review and the committee be advised for an interim period when expenditure within this range, which would have previously come to the board, is approved. This will be addressed through adding a standing item to the ARC agenda on any £250k plus expenditure approved by the CEO which is outside of the approved budget.

Conclusion

The Board is asked to approve the revisions to the standing orders and standing financial instructions. The table in appendix 1 outlines the main changes in more detail.

Appendices

Appendix 1 – Table of revisions

Appendix 2 – Standing Orders

Appendix 3 – Standing Financial Instructions

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