

Annex 2.1

STANDING FINANCIAL INSTRUCTIONS FOR THE NHS WALES JOINT COMMISSIONING COMMITTEE

This Annex forms part of, and shall have effect as if incorporated in the NHS Wales Joint Commissioning Committee Standing Orders and the Local Health Board Standing Orders (incorporated as Schedule 2.1 of SOs).

Foreword

These Standing Financial Instructions are issued by Welsh Ministers to Local Health Boards using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006. Each Local Health Board (LHB) in Wales must agree Standing Financial Instructions (SFIs) for the regulation of the NHS Wales Joint Commissioning Committee's (the 'JCC' or the 'JCC') financial proceedings and business.

These JCC Standing Financial instructions (JCC SFIs) are an annex to the JCC Standing Orders (JCC SOs) which form a schedule to each LHBs own Standing Orders and have effect as if incorporated within them. They are designed to translate statutory and Welsh Government financial requirements for the NHS in Wales into day-to-day operating practice. Together with the adoption of a schedule of decisions reserved to the JCC; a scheme of delegations to officers and others; and JCC Standing Orders, they provide the regulatory framework for the business conduct of the JCC.

These documents, together with the following, are designed to ensure the achievement of the standards of good governance set for the NHS in Wales:

- Memorandum of Agreement which defines the governance arrangements for the Joint Committee and the agreed roles and responsibilities of the Chief Executive Officer of the constituent LHBs as individual members of the Joint Committee;
- Hosting Agreement which outlines the accountability arrangements and resulting responsibilities for Cwm Taf Morgannwg University Health Board (the Host Body) and the other 6 LHBs; and
- Cwm Taf Morgannwg University Health Board's Values and Standards of Behaviour Framework.

All JCC members, host LHB and the Joint Commissioning Committee Team (JCCT) staff must be made aware of these JCC Standing Financial Instructions and, where appropriate, should be familiar with their detailed content. The JCC's Committee Secretary or the Director of Finance will be able to provide further advice and guidance on any aspect of the JCC SFIs or the wider governance arrangements for the JCC. Further information on governance in the NHS in Wales may be accessed at <https://nwssp.nhs.wales/all-wales-programmes/governance-e-manual/>

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NHS Wales Joint Commissioning Committee

1. INTRODUCTION

1.1 General

- 1.1.1 These Model Standing Financial Instructions are issued by Welsh Ministers to Local Health Boards using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006. Each Local Health Board (LHB) in Wales must agree Standing Financial Instructions (SFIs) for the regulation of the NHS Wales Joint Commissioning Committee's (the 'JCC' or the 'JCC') financial proceedings and business. The Standing Financial Instructions shall apply equally to members off the Joint Commissioning Committee (JCC) and staff of the JCC Team.
- 1.1.2 These SFIs shall have effect as if incorporated in the JCC Standing Orders (SOs) (incorporated as Annex 2 of SOs), and both should be used in conjunction with the host body SOs and SFIs.
- 1.1.3 These SFIs detail the financial responsibilities, policies and procedures adopted by the JCC. They are designed to ensure that the JCC's financial transactions are carried out in accordance with the law and with Welsh Government policy in order to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability. They should be used in conjunction with the Schedule of matters reserved to the JCC and the Delegation of Powers and Scheme of Delegation to others.
- 1.1.4 These SFIs identify the financial responsibilities which apply to member of the JCC, including members its joint sub-Committees, and the JCCT staff. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and Financial Control Procedure notes.
- 1.1.5 The general principle is that financial control procedures used by the JCC and the JCCT will normally be those of the host unless otherwise approved by the appropriate process. In some cases, the financial control procedures of the Host Body may need to be amended to take into account the nature of the business of the JCC. In these exceptional circumstances, the financial control procedures must be scrutinised and recommended by the Director of Finance of the JCCT (as referred to as the Director of Finance within these SFIs) for approval by the Audit and Risk Committee that deals with the JCC matters. Prior to consideration by the Audit and Risk Committee, the Director of Finance will discuss any proposed changes to Financial Control Procedures with the Executive Director of Finance of the Host Body.

- 1.1.6 Should any difficulties arise regarding the interpretation or application of these SFIs the advice of the Committee Secretary or Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of the JCC's SOs.

1.2 Overriding Standing Financial Instructions

Full details of any non-compliance with these SFIs, including an explanation of the reasons and circumstances must be reported in the first instance to the Director of Finance and the Committee Secretary, who will ask the Audit and Risk Committee that deals with the JCC matters to formally consider the matter and make proposals to the JCC on any action to be taken. LHB Boards should be notified of any material non-compliance and the action taken, as determined by the Committee Secretary.

- 1.2.1 All JCC members, members of joint sub-Committees and the JCCT staff have a duty to report any non-compliance to the Director of Finance and the Committee Secretary as soon as they are aware of any circumstance that has not previously been reported.

- 1.2.2 Ultimately, failure to comply with JCC SFIs is a disciplinary matter.

1.3 Financial provisions and obligations of LHBs and the JCC

- 1.3.1 The financial provisions and obligations for LHBs are set out under Sections 174 to 177 of, and Schedule 8 to, the National Health Service (Wales) Act 2006 (c. 42). The JCC exists for the purpose of jointly exercising those functions relating to the planning and securing a defined range of services on a national All-Wales basis, on behalf of each of the seven LHBs in Wales. Each LHB shall be bound by the decisions of the JCC in the exercise of its delegated functions. The JCC must agree an appropriate level of funding for the provision of these services and determine the contribution from each LHB to allow the JCC to plan and secure those services, including the running costs of the JCCT. The JCC will prepare an Integrated Medium-Term Plan (IMTP) which shall outline the funding requirements in relation to the relevant services. The JCC will also be responsible for developing a risk sharing framework which sets out the basis on which each LHB will contribute to the IMTP and any variation from the agreed IMTP.

2. RESPONSIBILITIES AND DELEGATION

2.1 The JCC

- 2.1.1 The JCC exercises financial supervision and control by:
- a) Formulating and approving the Medium-Term Financial Plan (MTFP) as part of developing and approving the Integrated Medium-Term Plan (IMTP)
 - b) Requiring the submission and approval of balanced budgets within approved allocations/overall funding

- c) Defining and approving essential features in respect of important financial policies, systems and financial controls (including the need to obtain value for money and sustainability), and
- d) Defining specific responsibilities placed on JCC members and the Chief Commissioner, and joint sub-Committees, as indicated in the JCC's Scheme of Delegation and Reservation of Powers.

2.1.2 The JCC has adopted the JCC SOs and resolved those certain powers and decisions may only be exercised by the JCC in formal session. The JCC, subject to any directions that may be made by Welsh Ministers, shall make appropriate arrangements for certain functions to be carried out on its behalf so that the day-to-day business of the JCC may be carried out effectively, and in a manner that secures the achievement of the JCC's aims and objectives.

2.1.3 LHBs are responsible for those people who are resident in their areas. Whilst the Joint Committee acts on behalf of the seven LHBs in undertaking its functions, the duty on individual LHBs remains, and they are ultimately accountable to citizens and other stakeholders for the provision of services for residents within their area.

2.2 The Chief Commissioner

2.2.1 The Chief Commissioner and Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain ultimately responsible for financial control.

2.2.2 The Joint Committee will delegate certain functions to the Chief Commissioner. For these aspects, the Chief Commissioner, when compiling the Scheme of Delegation, shall set out proposals for those functions they will perform personally and shall nominate other officers to undertake the remaining functions. The Chief Commissioner will still be accountable to the Joint Committee for all functions delegated to them irrespective of any further delegation to other officers.

2.2.3 The Chief Commissioner is accountable to the Committee Chair in relation to discharging the role and functions delegated by the Joint Committee, on behalf of the 7 LHBs, to the Commissioning Team for the planning, securing and commissioning of the relevant services, by the Joint Committee, on behalf of the 7 LHBs.

2.2.4 As an employee of the Host Body, the Chief Commissioner will be accountable to the Chief Executive of the Host Body in respect of the responsibilities delegated to the Chief Commissioner set out within the Hosting Agreement. As the employer, the Host Body is responsible for the Terms of Conditions and employment matters associated with the Chief Commissioner, informed by the Committee Chair.

- 2.2.5 The Chief Commissioner will hold Accountable Officer status for certain elements of their role, namely the propriety and regularity for public finances delegated to them by the LHBs and will be accountable to the Director General/NHS Wales Chief Executive in this regard. Further detail on this accountability relationship is set out in an Accountable Officer Memorandum and an Interface Agreement between the Chief Commissioner and the Chief Executive of the Host Body.
- 2.2.6 The Chief Commissioner is responsible for ensuring that financial obligations and targets are met and has overall responsibility for the JCCT's system of internal control.
- 2.2.7 It is a duty of the Chief Commissioner to ensure that JCC and JCCT members, and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.

2.3 The Director of Finance of the JCCT

- 2.3.1 The Director of Finance is responsible for:
- a) Implementing the JCC's financial policies and for co-coordinating any corrective action necessary to further these policies
 - b) Maintaining an effective system of internal financial control including ensuring that detailed financial control procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions
 - c) Recommending to the relevant Audit and Risk Committee any Financial Control Procedures for the JCC, where the Host Body's cannot be applied, for approval
 - d) Ensuring that sufficient records are maintained to show and explain the JCC's transactions, in order to disclose, with reasonable accuracy, the financial position of the JCC at any time, and
 - e) Without prejudice to any other functions of the JCC, and employees of the host LHB and JCCT, the duties of the Director of Finance include:
 - (i) The provision of financial advice to members of the JCC, joint sub-Committees, Advisory Groups, and the JCCT;
 - (ii) The design, implementation and supervision of systems of internal financial control, and
 - (iii) The preparation and maintenance of such accounts, certificates, estimates, records and reports as the JCC may require for the purpose of carrying out its delegated responsibilities.
- 2.3.2 The Director of Finance is responsible for ensuring an ongoing training and communication programme is in place to affect these SFIs.

2.4 JCC members, members of joint sub-Committees, and JCCT staff

2.4.1 All members of the JCC, its joint sub-Committees, (including those employed to perform JCCT functions), severally and collectively, are responsible for:

- a) The security of the property of the JCC and host LHB where these are used by the JCCT
- b) Avoiding loss
- c) Exercising economy and efficiency and sustainability in the use of resources, and
- d) Conforming to the requirements of SOs, SFIs, Financial Control Procedures and the Scheme of Delegation and Reservation of Powers.

2.4.2 For all JCC members and JCC Team staff, and joint sub-Committees who carry out a financial function, the form in which financial records are kept and the manner in which members of the JCC, joint sub-Committee and JCCT discharge their duties must be to the satisfaction of the Director of Finance.

2.5 Contractors and their employees

2.5.1 Any contractor or employee of a contractor who is empowered by the host LHB to commit the JCC to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Commissioner to ensure that such persons are made aware of this.

3. AUDIT, FRAUD AND CORRUPTION, AND SECURITY MANAGEMENT

3.1 Audit and Risk Committee

3.1.1 An independent Audit and Risk Committee is a central means by which the JCC ensures effective internal control arrangements are in place. In addition, the Audit and Risk Committee that deals with JCC matters provides a form of independent check upon the Team supporting the JCC.

3.1.2 The governance and issues relating to the hosting of the JCC will be incorporated into the standard business of the existing Host Body's Audit and Risk Committee. Assurance on the governance and issues relating to the hosting of the JCC will be reported to the Host Body's Board.

3.1.3 Issues relating to the functions of the JCC delegated from LHBs will be reported into a separate Host Body Audit and Risk Committee for the JCC specifically, operating within its own work cycle as required. The assurance from this will be reported to the LHB Boards. Detailed terms of reference and operating arrangements for this are set out in Annex 3 to the JCC's SOs. This Audit and Risk Committee will follow the guidance set out in the NHS Wales Audit and Risk Committee Handbook.



3.2 Chief Commissioner

3.2.1 The Chief Commissioner is responsible for ensuring arrangements are in place within the JCCT to review, evaluate and report on the effectiveness of internal control, in-line with the requirements of the Host Body's audit arrangements, as set out within the Hosting Agreement.

3.3 Chief Executive of the Host Body

The responsibilities of the Chief Executive of the host LHB are set out within the Host Body's [SFIs](#).

3.2.1 The designated internal and external audit representatives are entitled (subject to provisions in the Data Protection Act 2018 and the UK General Data Protection Legislation) without necessarily giving prior notice to require and receive:

- a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature
- b) Access at all reasonable times to any land or property owned or leased by the host LHB
- c) Access at all reasonable times to JCC members and the JCCT
- d) The production of any cash, stores or other property of the host LHB under a JCC member or a member of the JCCT's control, and
- e) Explanations concerning any matter under investigation.

3.4 Internal and External Audit

3.3.1 CTMUHB, as the Host Body, has responsibility for ensuring that appropriate internal and external audit of the activities of the JCC are in place. Details of these arrangements will be further set out within the Hosting Agreement.

3.5 Fraud and Corruption

3.5.1 In line with their responsibilities, the Chief Commissioner and Director of Finance shall monitor and ensure compliance with Directions issued by the Welsh Ministers on fraud and corruption.

3.5.2 The Chief Commissioner and Director of Finance shall report to the JCC and the host LHBs Local Counter Fraud Specialist any matters relating to fraud or corruption.

3.5.3 More detailed information about counter fraud can be found in section 3.5 of the host LHBs SFIs.

3.6 Security Management

- 3.6.1 The Chief Executive of the host LHB has overall responsibility for controlling and coordinating security. The Chief Commissioner will ensure that adequate processes are in place to comply with the requirements.
- 3.6.2 In line with their responsibilities, the Chief Executive of the host LHB will monitor and ensure compliance with Directions issued by Welsh Ministers on NHS Security management.

4. FINANCIAL DUTIES

4.1 Legislation and Directions

- 4.1.1 Whilst the JCC is not a statutory body, the JCC exists for the purpose of jointly exercising functions on behalf of each of the seven LHBs in Wales which means it must operate in a way which supports delivery of the Local Health Boards two statutory financial duties, the basis for which is section 175 of the National Health Service (Wales) Act 2006, as amended by the National Health Service Finance (Wales) Act 2014. Those duties are then set out and retained in the Welsh Health Circular “WHC/2016/054 - Statutory Financial Duties of Local Health Boards and NHS Trusts.”

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- 4.3.2 To support the LHB’s statutory duty, the JCC is required to prepare an Integrated Medium-Term Plan. The Integrated Medium-Term Plan (IMTP) must reflect longer-term planning and delivery objectives for the ongoing development of those services commissioned on behalf of the seven health boards, in conjunction with the Welsh Ministers. The Integrated Medium-Term Plan should be continually reviewed based on latest Welsh Government policy and national and local priority requirements. The Integrated Medium-Term Plan, produced and approved annually, will be 3 year rolling plans. In particular, the Integrated Medium-Term Plan must reflect the Welsh Ministers’ priorities and commitments as detailed in the NHS Planning Framework published annually by Welsh Government.
- 4.3.3 The NHS Planning Framework directs health boards and trusts to develop, approve and submit an Integrated Medium-Term Plan (IMTP) for approval by Welsh Ministers. Whilst there is not a statutory duty upon the JCC to develop an IMTP it is a requirement. The plan must:
- describe the context, including population health needs, within which the JCC will deliver key policy directives and operational targets from Welsh Government
 - demonstrate how the JCC are:

Standing Orders, Reservation and Delegation of Powers for LHBs
Schedule 4.1, Annex 2.1: JCC Standing Financial Instructions

- a) delivering their well-being objectives, including how the five ways of working have been applied,
 - b) contributing to the seven Well-being Goals,
 - c) establishing preventative approaches across all care and services,
 - demonstrate how the JCC will utilise its existing commissioned services and resources, and planned service changes, to deliver improvements in population health and clinical services, and at the same time demonstrate improvements to the quality and efficiency of services
 - demonstrate how financial breakeven is to be achieved over a rolling three-year period.
- 4.3.4 Integrated Medium-Term Plans should be based on a reasonable expectation of future service changes, performance improvements, workforce changes, demographic changes, capital, quality, funding, income, expenditure, cost pressures and savings plans to ensure that the Integrated Medium-Term Plan (including a balanced Medium-Term Financial Plan) is balanced and sustainable and supports the safe and sustainable delivery of patient centred quality services.
- 4.3.5 The Integrated Medium-Term Plan will be the overarching planning document enveloping component plans and service delivery plans. The Integrated Medium-Term Plan will incorporate the balanced Medium-Term Financial Plan and will incorporate the JCC's response to delivering the
- NHS Planning Framework
 - Quality, governance and risk frameworks and plans, and
 - Outcomes Framework.
- 4.3.6 The Integrated Medium-Term Plan will be developed in line with the Integrated Planning Framework and include:
- A statement of significant strategies and assumptions on which the plans are based
 - Details of major changes in activity, commissioned service delivery, service and performance improvements, workforce, revenue and capital resources required to achieve the plans
 - Profiled activity, service, quality, workforce and financial schedules
 - Detailed plans to deliver the NHS Planning Framework and quality, governance and risk requirements and outcome measures.
- 4.3.7 The JCC will, in respect of those functions delegated to it by LHBs:
- a) Identify and evaluate existing, new and emerging treatments and services and advise on the designation of such services
 - b) Develop national policies for the equitable access to safe and sustainable, high quality services across Wales, whether planned, funded and secured at national, regional or local level, and

- c) Agree annually those services that should be planned on a national basis and those that should be planned locally.
- 4.3.8 The Chief Commissioner is responsible for the development of the plan and submission to the JCC, on an annual basis, the rolling 3 year Integrated Medium-Term Plan. The JCC's approved Integrated Medium-Term Plan will be submitted to Local Health Boards and Welsh Government in line with the requirements set out in the NHS Planning Framework.
- 4.3.9 The JCC will:
- a) Approve the Integrated Medium-Term Plan prior to the beginning of the financial year of implementation and in accordance with the guidance issued annually by Welsh Government. Following Committee approval, the Plan will be submitted to Local Health Boards and Welsh Government prior to the beginning of the financial year of implementation
 - b) Approve a balanced Medium-Term Financial Plan as part of the Integrated Medium-Term Plan, which meets all financial duties, probity and value for money requirements
 - c) Agree the appropriate level of funding for the provision of those services delegated to the JCC , and determining the contribution from each LHB for those services (which will include the running costs of the JCC and the JCCT) in accordance with any specific directions set by the Welsh Ministers
 - d) Prepare and agree with the Local Health Boards a robust and sustainable recovery plan in accordance with Welsh Ministers' guidance where the Committee plan is not in place or in balance.

5. FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

5.1 Budget Setting

- 5.1.1 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Commissioner, prepare and submit budgets for approval and delegation by the JCC. Such budgets will:
- a) Be in accordance with the aims and objectives set out in the JCC Integrated Medium-Term Plan, and Medium-Term Financial Plan, and focussed on delivery of improved population health, safe patient centred quality services
 - b) Be in line with Revenue, Capital, Commissioning, Activity, Service, Quality, Performance, and Workforce plans contained within the JCC approved balanced IMTP
 - c) Take account of approved business cases and associated revenue costs and funding
 - d) Be produced following discussion with appropriate Directors and budget holders
 - e) Be prepared within the limits of available funds

- f) Take account of ring-fenced, specified and non-recurring allocations and funding
- g) Include both financial budgets (£) and workforce establishment budgets (budgeted whole time equivalents)
- h) Take account of the principles of Well-being of Future Generations (Wales) Act 2015 including the seven Well-being Goals and the five ways of working; and
- i) Identify potential risks and opportunities.

5.2 Budgetary Delegation

5.2.1 The Chief Commissioner may delegate the management of a budget to permit the performance of a defined range of activities,. This delegation must be in writing, in the form of a letter of accountability, and be accompanied by a clear definition of:

- a) The amount of the budget
- b) The purpose(s) of each budget heading
- c) Individual or committee responsibilities
- d) Arrangements during periods of absence
- e) Authority to exercise virement
- f) Achievement of planned levels of service, and
- g) The provision of regular reports.

The budget holder must sign the accountability letter formally delegating the budget.

5.2.2 The Chief Commissioner, Director of Finance and delegated budget holders must not exceed the budgetary total or virement limits set by the JCC.

5.2.3 Budgets must only be used for the purposes designated, and any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Commissioner, subject to any authorised use of virement.

5.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Commissioner, as advised by the Director of Finance.

5.2.5 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled and managed appropriately.

5.2.6 All budget holders will sign up to their allocated budgets at the commencement of the financial year.

5.2.7 The Director of Finance has a responsibility to ensure that appropriate and timely financial information is provided to budget holders and that adequate training is delivered on an on-going basis to assist budget holders managing their budgets

successfully.

5.3 Financial Management, Reporting and Budgetary Control

5.3.1 The Director of Finance shall monitor financial performance against budget and plans and report the current and forecast position on a monthly basis and at every JCC meeting. Any significant variances should be reported to JCC as soon as they come to light and the JCC shall be advised on any action to be taken in respect of such variances.

5.3.2 The Director of Finance will devise and maintain systems of financial management performance reporting and budgetary control. These will include:

- a) Regular financial reports, for revenue and capital (where applicable), to the JCC in a form approved by the JCC containing sufficient information for the JCC to:
- Understand the current and forecast financial position
 - Evaluate risks and opportunities
 - Use insight to make informed decisions
 - Be consistent with other JCC reports, and as a minimum the reports will cover:
 - Details of variations from the Medium-Term Financial Plan showing the contributions to be made by each LHB under the risk sharing framework
 - Actual income and expenditure to date compared to budget and showing trends and run rates
 - Forecast year end positions
 - A statement of assets and liabilities, including analysis of cash flow and movements in working capital
 - Explanations of material variances from plan
 - Capital expenditure and projected outturn against plan (where applicable)
 - Investigations and reporting of variances from financial, activity and workforce budgets
 - Details of any corrective action being taken as advised by the relevant budget holder and the Chief Commissioner's and/or Director of Finance's view of whether such actions are sufficient to correct the situation
 - Statement of performance against savings target
 - Key workforce and other cost drivers
 - Income and expenditure run rates, historic trends, extrapolation and explanations, and
 - Clear assessment of risks and opportunities.
 - Provide a rounded and holistic view of financial and wider JCC performance.
- b) The issue of regular, timely, accurate and comprehensible advice and financial reports to each delegated budget holder, covering the areas for which they are responsible
- c) An accountability and escalation framework to be established for the JCCT to formally address material budget variances

- d) Investigation and reporting of variances from financial, activity and workforce budgets
- e) Monitoring of management action to correct variances
- f) Arrangements for the authorisation of budget transfers and virements.

5.3.3 Each Budget Holder will:

- be held to account for managing their responsibilities within the delegated budget
- investigate causes of expenditure and budget variances using information from activity, workforce and other relevant sources
- develop plans to address adverse budget variances.

5.3.4 Each Budget Holder is responsible for ensuring that:

- a) Any likely overspending or reduction of income that cannot be met by virement is not incurred without the prior consent of the Chief Commissioner subject to the JCC's scheme of delegation;
- b) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised, subject to the rules of virement; and
- c) No permanent employees are appointed without the approval of the Chief Commissioner other than those provided for within the available resources and workforce establishment as approved by the JCC.

5.3.5 The Chief Commissioner is responsible for identifying and implementing cost and efficiency improvements and income generation initiatives in accordance with the requirements of the Integrated Medium-Term Plan and Medium-Term Financial Plans.

5.4 Capital Financial Management, Reporting and Budgetary Control

5.4.1 The JCC is not normally allocated any capital expenditure. In the event that there is an allocation the general rules applying to revenue Financial Management, Reporting and Budgetary Control delegation and reporting shall also apply to capital plans, budgets and expenditure subject to any specific reporting requirements required by the Welsh Ministers and host procedures and processes.

5.5 Reporting to Welsh Government - Monitoring Returns

5.5.1 The Chief Commissioner is responsible for ensuring that the appropriate monitoring returns for the JCC are submitted to the Welsh Ministers in accordance with published guidance and timescales.

5.5.2 All monitoring returns must be supported by a detailed commentary signed by the Director of Finance and Chief Commissioner. This commentary should also highlight and quantify any significant risks with an assessment of the impact and

likelihood of these risks maturing.

- 5.5.3 All information made available to the Welsh Ministers should also be made available to the JCC. There must be consistency between the Medium-Term Financial Plan, budgets, expenditure, forecast position and risks as reported in the monitoring returns and monthly JCC reports.

6. ANNUAL ACCOUNTS AND REPORTS

- 6.1 The JCC is not a corporate body and does not therefore have a statutory duty to prepare annual accounts and reports.
- 6.2 However, the JCC is hosted by the host LHB and therefore the Chief Executive of the host LHB is required to ensure that the financial results of the JCC are consolidated into its own financial statements and disclosed as appropriate. Details of what is required is set out in the Hosting Agreement and will be communicated to the JCC and JCCT by the Executive Director of Finance of the Host Body.

7. BANKING ARRANGEMENTS

7.1 General

- 7.1.1 The JCC is legally hosted by the host LHB and therefore all banking arrangements are the responsibility of the host LHB. Further details of the banking arrangements can be found in section 7 of the host LHBs [SFIs](#).

8. CASH, CHEQUES, PAYMENT CARDS AND OTHER NEGOTIABLE INSTRUMENTS

- 8.1.1 The JCC is generally only an expenditure incurring segment of the host LHB. Any cash requirements for the JCC is likely to be incidental to its main activities.
- 8.1.2 All aspect relating to the recording, handling and collection of cash will be the responsibility of the host LHB.
- 8.1.3 Further details of the processes and responsibilities can be found in section 8 of the host LHBs [SFIs](#).

9. INCOME, FEES AND CHARGES

9.1 General

- 9.1.1 The JCC is generally only an expenditure incurring segment of the host LHB. Any income generated by the JCC is likely to be incidental to its main activities, including recovery of contract underperformance or the cost of drug therapies under agreed rebate arrangements.

9.1.2 All aspects relating to the recording, handling and collection of income will be the responsibility of the host LHB.

9.1.3 Further details of the processes and responsibilities can be found in section 9 of the host LHBs [SFIs](#).

10. NON PAY EXPENDITURE

10.1 Scheme of Delegation, Non Pay Expenditure Limits and Accountability

10.1.1 The Chief Commissioner will approve the level of non-pay expenditure and the operational scheme of delegation and authorisation to budget holders and managers within the parameters set out in the JCC's Scheme of Reservation and Delegation of Powers.

10.1.2 The Chief Commissioner will set out in the operational scheme of delegation and authorisation:

- a) The list of managers who are authorised to place requisitions for the supply of goods and services, and
- b) The maximum level of each requisition and the system for authorisation above that level.

10.2 The Director of Finance's responsibilities

10.2.1 The Director of Finance will:

- a) Advise the JCC regarding the NHS Wales national procurement and payment systems thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs
- b) Prepare procedural instructions or guidance within the Scheme of Delegation on non-pay expenditure
- c) Ensure systems are in place for the authorisation of all accounts and claims
- d) Ensure Directors and officers (staff) strictly follow NHS Wales' system and procedures of verification, recording and payment of all amounts payable
- e) Maintain a list of Directors and officers (including specimens of their signatures) authorised to certify invoices
- f) Be responsible for ensuring compliance with the Public Sector Payment policy ensuring that a minimum of 95 percent of creditors are paid within 30 days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed
- g) Ensure that where consultancy advice is being obtained, the procurement of such advice must be in accordance with applicable procurement legislation, guidance issued by the Welsh Ministers and SFIs, and
- h) Be responsible for Petty Cash system, procedures, authorisation and record

keeping, and ensure purchases from petty cash are restricted in value and by type of purchase in accordance with procedures.

10.3 Duties of Budget Holders and Managers

10.3.1 Budget holders and managers must ensure that they comply fully with the Scheme of Delegation, guidance and limits specified by the Director of Finance and that:

- a) All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of both any commitment being made and NWSSP Procurement Services being engaged
- b) Contracts above specified thresholds are advertised and awarded, through NWSSP Procurement Services, in accordance with EU and HM Treasury rules on public procurement
- c) Contracts above specified thresholds are approved by Welsh Ministers prior to any commitment being made
- d) goods have been duly received, examined and are in accordance with specification and order
- e) 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
- f) No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to JCC members, members of the Host Body or any employee of the Host Body, including JCCT staff, other than:
 - (i) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
 - (ii) Conventional hospitality, such as lunches in the course of working visits. This provision needs to be read in conjunction with Standing Order 8.5, 8.6 and 8.7. of the host LHBs Standing Orders and the JCC's Standing Order 8.9.
- g) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Commissioner
- h) All goods, services, or works are ordered on official orders except works and services executed in accordance with a contract and purchases from petty cash
- i) Requisitions/orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds
- j) Goods are not taken on trial or loan in circumstances that could commit the JCC to a future uncompetitive purchase
- k) Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance.

10.3.2 The Chief Commissioner and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance issued by the Welsh Ministers. The technical audit of these contracts shall be the responsibility of the relevant Director as set out in the scheme of delegation.

10.4 Departures from SFI's

10.4.1 Departing from the application of Chapters 10 and 11 of these SFI's is only possible in very exceptional circumstances. The JCC must consult with NWSSP Procurement Services, Host Body Executive Director of Finance, Director of Finance and Committee Secretary prior to any such action undertaken. Any expenditure committed under these departures must receive prior approval in accordance with the Scheme of Delegation.

10.5 Accounts Payable

10.5.1 NWSSP Finance, shall on behalf of the JCC, maintain and deliver detailed policies, procedures systems and processes for all aspects of accounts payable.

10.6 Prepayments

10.3.1 Prepayments should be exceptional and should only be considered if a good value for money case can be made for them (i.e. that "need" can be demonstrated). Prepayments are only permitted where either:

- The financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to Net Present Value (NPV) using the National Loans Fund (NLF) rate plus 2%)
- It is the industry norm e.g. courses and conferences
- It is in line with requirements of Managing Welsh Public Money
- There is specific Welsh Ministers' approval to do so e.g. voluntary services compact
- The prepayment is part of the routine cash flow system agreed by the Directors of Finance.

10.6.2 In **exceptional** circumstances prepayments can be made subject to:

- a) The appropriate JCCT Director providing, 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 the host LHB or JCC if the supplier is at some time during the course of the prepayment agreement unable to meet his/her commitments
- b) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the Public Contracts Regulations where the contract is above a stipulated financial threshold), and
- c) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Commissioner if problems are encountered.

11. PROCUREMENT AND CONTRACTING FOR GOODS AND SERVICES

General Information

11.1 Procurement Services

11.1.1 While the Chief Commissioner is responsible for procurement, as delegated by the Host Body, the service is delivered by NWSSP Procurement Services.

11.1.2 Procurement staff are employed by NHS Wales Shared Services Partnership (NWSSP) and provide a procurement support function to all health organisations in NHS Wales. Although NWSSP is responsible for the provision of a Procure to Pay service and provision of appropriate professional procurement and commercial advice, ultimate responsibility for compliance with legislation and policy guidelines remains with the Host Body. Where the term Procurement staff or department is used in this chapter it should be read as equally applying to those departments where the procurement function is undertaken locally and outside of NWSSP Procurement Department, for example pharmacy and works who undertake procurement on a devolved basis.

11.2 Policies and Procedures

11.2.1 NWSSP Procurement Services shall, on behalf of the Host Body, maintain detailed policies and procedures for all aspects of procurement including tendering and contracting processes. The policies and procedures shall comply with these SFIs, Procurement Manual, and the Revised General Consent to enter Individual Contracts.

11.2.2 The Chief Commissioner is ultimately responsible for ensuring that the JCC Members and JCCT staff strictly follow procurement, tendering and contracting procedures.

11.2.3 NWSSP Director of Procurement Services is responsible for ensuring that procurement, tendering and contracting policies and procedures:

- Are kept up to date
- Conform to statutory requirements and regulations
- Adhere to guidance issued by the Welsh Ministers
- Are consistent with the principles of sustainable development.

11.2.4 All procurement guidance issued by the Welsh Ministers should have the effect as if incorporated in these SFIs.

11.3 Procurement Principles

11.3.1 The term "procurement" embraces the complete process from planning, sourcing to taking delivery of all works, goods and services required by the JCCT to

perform its functions, and furthermore embrace all building, equipment, consumables and services including health services. Procurement further embraces contract and/or supplier management, including market engagement and industry monitoring.

11.3.2 The main legal and governing principles guiding public procurement and which are incorporated into these SFIs are:

- Transparency: public bodies should ensure that there is openness and clarity on procurement processes and how they are implemented
- Non-discrimination: public bodies may not discriminate between suppliers or products on grounds of their origin
- Equal treatment: suppliers should be treated fairly and without discrimination, including in particular equality of opportunity and access to information
- Proportionality: requirements and conditions in the procurement should be reasonable in proportion to the object of procurement and measures taken should not go beyond what is necessary
- Legality: public bodies must conform to legal requirements
- Integrity: there should be no corruption or collusion with suppliers or others;
- Effectiveness and efficiency: public bodies should meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement
- Efficiency: procurement processes should be carried out as cost effectively as possible and secure value for money.

11.4 Legislation Governing Public Procurement

11.4.1 Prior to January 2021 a range of EU Directives which set out the EU legal framework for public procurement were implemented into UK law by statutory regulations, the primary statutory regulations in Wales being 'The Public Contracts Regulations 2015 No. 102. From 1 January 2021 no further amendments or developments of EU related procurement law are to be incorporated into domestic law. Following the Health Service Procurement (Wales) Act 2024 coming into force, it is expected that secondary legislation governing NHS Wales procurement will be in place by late 2024. The Welsh Government policy framework and the Wales Procurement Policy Statement (WPPS) also govern this area. One of the key objectives of governing legislation is to ensure public procurement markets are open and that there is free movement of supplies, services and works. Legislation, policy and guidance setting out procedures for awarding all forms of regulated contracts shall have effect as if incorporated in the JCC's SFIs.

11.4.2 The main Regulations (the Public Contracts Regulations (2015 No. 102)) cover the whole field of procurement, including thresholds above which special and demanding procurement protocols and legal requirements apply. All Directors and their staff are

responsible for seeing that those Regulations are understood and fully implemented. The protocols set out in the Regulations, and any Procurement Policy Notices, are the model upon which all formal procurement shall be based.

11.4.3 Procurement advice should be sought in the first instance from Procurement Services. The commissioning of further specialist advice shall be jointly agreed between the Chief Commissioner (JCCT) and Procurement Services e.g. Engagement of NWSSP Legal and Risk Services prior to 3rd party Legal Service providers.

11.4.4 Other relevant legislation and policy include:

- The Well-being of Future Generations (Wales) Act 2015
- Welsh Language (Wales) Measure 2011
- Modern Slavery Act 2015
- Bribery Act 2010
- Equality Act 2010
- Welsh Government's Code of Practice for Ethical Employment in Supply Chains.
- The Producer Responsibility Obligations (Packaging Waste) Regulations 2007
- Welsh Government 'Towards zero waste: our waste strategy'
- The Welsh Government Policy Framework
- The Wales Procurement Policy Statement (WPPS).

11.5 Procurement Procedures

11.5.1 To ensure that the JCCT is fully compliant with UK Procurement Regulations, and Welsh Ministers' guidance and policy, the JCCT shall, through NWSSP Procurement Services, ensure that it shall have procedures that set out:

- a) Requirements and exceptions to formal competitive tendering requirements
- b) Tendering processes including post tender discussions
- c) Requirements and exceptions to obtaining quotations
- d) Evaluation and scoring methodologies
- e) Approval of firms for providing goods and services.

11.5.2 All procurement procedures shall reflect the Welsh Ministers' guidance and the JCC's delegation arrangements and approval processes.

11.6 Procurement Consent

11.6.1 Paragraph 13(3) of Schedule 2 to the National Health Service (Wales) Act 2006 places a requirement on NHS Wales to obtain the consent of the Welsh Ministers before:

- Acquiring and disposing of property
- Entering into contracts, and

- Accepting gifts of property (including property to be held on trust, either for the general or any specific purposes of the JCCT or for any purposes relating to the health service).

The provision allows the Welsh Ministers to give consent, which may be given in general terms covering one or more descriptions of case.

11.6.2 General Consent has been granted to LHBs by the Welsh Ministers for individual contracts up to the value of £1 million in each case, with the exception of those contracts specified in 11.6.3. All contracts exceeding this delegated limit, all acquisitions and disposals of land of any limit, and the acceptance of gifts of property, must receive the written approval of the Welsh Ministers before being entered into. In addition, Health Board's must provide a contract summary to Welsh Government for contracts between £500,000 and £1 million prior to the contract being entered let.

11.6.3 The requirement for consent does not apply to any contracts entered into pursuant to a specific statutory power, and/or Welsh Ministers direction, and therefore does not apply to:

- i) Contracts of employment between LHBs and their staff
- ii) Transfers of land or contracts effected by Statutory Instrument following the creation of the LHBs
- iii) Out of Hours contracts
- iv) All NHS contracts, that is where one health service body contracts with another health service body
- v) Wales Public Sector Framework Agreements, through direct award or mini competition
- vi) Third Party Public Sector Framework Agreements as established by Crown Commercial Services or NHS supply chain

No further approval is required to award contracts under these Frameworks through a direct award. Approval will, however, be required for award of contracts under these Framework Agreements through mini competition or where the specification of the product or service required is modified from that stated within the Framework Agreement.

11.6.4 The Revised General Consent does not remove the requirement for LHBs to comply with SOs, SFIs or to obtain any other consents or approvals required by law for the transactions concerned.

Planning

11.7 Sustainable Procurement

11.7.1 To further nurture the Welsh economy, in support of social, environmental and

economic regeneration, Health Boards must also be mindful to structure requirements ensuring Welsh companies have the opportunity to transparently and fairly compete to deliver services regionally or across Wales where possible. The principles of the Well-being and Future Generations Act (Wales) 2015 (WBFGA 2015) should be adopted at the earliest stage of planning. Procurement solutions must be developed embracing the five ways of working described within the Act and capture how they will deliver against the seven goals set out in the Act.

11.7.2 The WBFGA 2015 requires that bodies listed under the Act must operate in a manner that embraces sustainability. The Act requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

11.7.3 The 7 Wellbeing goals are:

- a prosperous Wales
- a resilient Wales
- a healthier Wales
- a more equal Wales
- a Wales of cohesive communities
- a Wales of vibrant culture and thriving Welsh language
- a globally responsible Wales.

These goals have been put in place to improve the social, economic, environmental, and cultural well-being of Wales

11.7.4 Public bodies need to make sure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future. The Act expects them to:

- work together better
- involve people reflecting the diversity of our communities
- look to the long term as well as focusing on now
- take action to try and stop problems getting worse - or even stop them happening in the first place.

11.7.5 The JCCT is required to consider the Welsh Government Guidance on Ethical Procurement and the new Code of Practice on ethical employment in supply chains which commits public, private and third sector organisations to a set of actions that tackle illegal and unfair employment practices including blacklisting, modern slavery and living wage.

11.7.6 The JCCT shall make use of the tools developed by Value Wales in implementing the principles of the WBFGA 2015. The JCCT shall benchmark its performance against the WBFGA 2015. For all contracts over £25,000, the JCCT shall take

account of social, economic and environmental issues when making procurement decisions using the Sustainable Risk Assessment Template (SRA).

11.8 Small and Medium Sized Enterprises (SMEs), Third Sector Organisations (TSOs) and Supported Factories and Businesses (SFBs)

11.8.1 In accordance with Welsh Government commitments policy set out in the current WPPS and subsequent versions of this statement the JCCT shall ensure that it provides opportunities for these organisations to quote or tender for its business.

11.9 Planning Procurements

11.9.1 The Chief Commissioner must ensure that all staff with delegated budgetary responsibility or who are part of the procurement process for goods, services and works are aware of the legislative and policy frameworks governing public procurement and the requirement of open competition.

11.9.2 Depending on the value of the procurement, a process of planning the procurement must be undertaken with the Procurement Services and appropriate representative from the service and other appropriate stakeholders. The purpose of a planning phase is to determine:

- the likely financial value of the procurement, including whole life cost
- the likely 'route to market' which will consider the legislative and policy framework set out above
- The availability of funding to be able to award a contract following a successful procurement process
- That the procurement follows current legislative and policy frameworks including Value Based Procurement.

11.9.3 The procurement specification should factor in the 4 principles of prudent healthcare:

- Equal partners through co-production
- Care for those with the greatest health need first
- Do only what is needed, and
- Reduce inappropriate variation.

Value based outcome/experience/delivery principles must also be included where appropriate ensuring best value for money, sustainability of services and the future financial position. Value for money is defined as the optimum combination of whole-life cost and quality to meet the requirement.

11.9.4 Where free of charge services are made available to the JCCT, NWSSP Procurement Services must be consulted to ensure that any competition requirements are not breached, particularly in the case of pilot activity to ensure that the Host Body does not unintentionally commit itself to a single provider or

longer-term commitment. Regular reports on free of charge services provided to the JCCT should be submitted to the Host Body's Audit and Risk Committee.

11.9.5 The JCC is required to participate in all-Wales collaborative planning activity where the potential to do so is identified by the procurement professional involved in the planning process. Cross sector collaboration may also be required.

11.9.6 Joint or Collaborative Initiatives

Specialist advice should be obtained from Welsh Government and the opinions of NWSSP Procurement Services and NWSSP Legal and Risk prior to external opinion being sought where there is an undertaking to commence joint or collaborative initiatives which may be deemed as novel or contentious.

11.10 Procurement Process

11.10.1 Where there is a requirement for goods or services, the manager must source those goods or services from the Host Body's approved catalogue. Where a required item is not included within the catalogue, advice must be sought from the Procurement Services on opportunities to source those goods or services through public sector contract framework, such as National Procurement Service, NHS Supply Chain or Crown Commercial Services. The use of suitable Welsh frameworks where access is permissible shall take precedence over frameworks led by Public Sector Bodies outside of Wales.

11.10.2 In the absence of an existing suitable procurement framework to source the required item, a competition must be run in accordance with the table below. The Chief Commissioner must ensure the value of their requirement considers cumulative spend for like requirements and opportunity for collaboration with other Health Boards and Trusts.

11.10.3 Agreements awarded are required to deliver best value for money over the whole life of the agreement. Value for money is defined as the optimum combination of whole-life cost and quality to meet the requirement.

Competition Requirements

11.11 Procurement Thresholds

11.11.1 The following table summarises the minimum thresholds for quotes and competitive tendering arrangements. The total value of the contract, whole life cost, over its entire period is the qualifying sum that should be applied (except in specific circumstances relating to aggregation and contracts of an indeterminate duration) as set out below, and in EU Procurement Directives and UK Procurement Regulations.

Goods/Services/Works Whole Life Cost Contract value (excl. VAT)	Minimum competition ¹	Form of Contract
<£5,000	Evidence of value for money has been achieved	Purchase Order
>£5,000 - <£25,000	Evidence of 3 written quotations	Simple Form of Contract/Purchase Order
>£25,000 – Prevailing OJEU threshold	Advertised open call for competition. Minimum of 4 tenders received if available.	Formal contract and Purchase Order
>OJEU threshold	Advertised open call for competition. Minimum of 5 tenders received if available or appropriate to the procurement route.	Formal contract and Purchase Order
Contracts above £1 million	Welsh Government approval required ²	Formal contract and Purchase Order

¹ subject to the existence of suitable suppliers

² in accordance with the requirements set out in SFI 11.6.3.

11.11.2 Advice from the Procurement Services must be sought for all requirements in excess of £5,000.

11.11.3 The deliberate sub-dividing of contracts to fall below a specific threshold is strictly prohibited. Any attempt to avoid these limits may expose the Host Body to risk of legal challenge and could result in disciplinary action against an individual[s].

11.11.4 Deliberate re-engagement of a supplier, where the value of the individual engagement is less than £5,000, must not be undertaken where the total value of engagements taken as a whole would exceed £5,000 and require competition.

11.12 Designing Competitions

11.12.1 The budget holder or manager responsible for the procurement is required to engage with the Procurement team to ensure:

- Required timescales are achievable
- Specifications are drafted which:
 - are fit for inclusion in competition documents
 - are drafted in a manner encouraging innovation by the market
 - are capable of being responded to and do not narrow competition
 - deliver in line with legislative and policy frameworks
 - include robust performance measures to effectively measure and manage

- supplier performance, and
- consider the ability of the market to deliver.

11.12.2 Appropriate performance measures are included in agreements awarded, thus ensuring best value for money decisions taken that return maximum benefit for the JCC and ultimately the improvement of patient outcomes and wider health and social care communities.

11.12.3 Criteria for selecting suppliers and achieving an award recommendation must:

- be appropriately weighted in consideration of quality/price
- consider cost of change where relevant
- be transparent and proportionate
- deliver value for money outcomes
- fully explore complexity/risk, and
- consider whole life cost.

11.13 Single Quotation Application or Single Tender Application

11.13.1 In exceptional circumstances, there may be a need to secure goods / services / works from a single supplier. This may concern securing requirements from a single supplier, due to a special character of the firm, or a proprietary item or service of a special character. Such circumstances may include:

- Follow-up work where a provider has already undertaken initial work in the same area (and where the initial work was awarded from open competition)
- A technical compatibility issue which needs to be met e.g. specific equipment required, or compliance with a warranty cover clause
- a need to retain a particular contractor for genuine business continuity issues (not just preferences) or
- When joining collaborative agreements where there is no formal agreement in place. Request for such a departure must be supported by written evidence from the Procurement Service confirming local agreements will be replaced by an all Wales competition / national strategy.

11.13.2 Procurement Services must be consulted prior to any such application being submitted for approval. The Executive Director of Finance of the Host Body must approve such applications up to £25,000. The Host Body's Chief Executive is required to approve applications exceeding £25,000, in-line with the Host Body's [SFIs](#). The recording and reporting of applications will be in-line with the Host Body's Standing Financial Instructions and governance arrangements.

11.13.3 In all applications, through Single Quotation Application or Single Tender Application (SQA or STA) forms, the applicant must demonstrate adequate consideration to the Chief Commissioner and Director of Finance, as advised by the Head of Procurement, that securing best value for money is a priority. The

Head of Procurement will scrutinise and endorse each request to ensure:

- Robust justification is provided
- A value for money test has been undertaken
- No bias towards a particular supplier
- Future competitive processes are not adversely affected
- No distortion of the market is intended
- An acceptable level of assurance is available before presentation for approval in line with the JCC Scheme of Delegation, and
- An 'or equivalent' test has been considered proving the request is justified.

11.13.4 Under no circumstances will Procurement Services endorse a retrospective SQA / STA, where the JCCT has already entered into an arrangement directly.

11.13.2 The recording and reporting of SQA and STA will be in-line with the Host Body's Standing Financial Instructions and governance arrangements.

11.13.7 No SQA/STA is required where the seeking of competition is not possible, nor would the application of the SQA/STA procedure add value to the process/aid the delivery of a value for money outcome. Procurement Manual details schedule of departures from SQA/STA where competition not possible.

11.13.8 For performance monitoring purposes, the NWSSP Procurement Service will retain a central register of all such activity including SQA/STA's not endorsed by Procurement or any exceptional matters.

11.14 Disposals

11.14.1 Disposal of surplus, obsolete equipment/consumables is also subject to the competition rules.

11.14.2 Obsolete or condemned articles and stores, which may be disposed of in accordance with applicable regulations and law at the prevailing time (e.g. Waste Electrical and Electronic Equipment (WEEE)) and the procedures of the Health Board making use of any agreements covering the disposal of such items.

11.14.3 Disposals will be undertaken in-line with the requirements set out within the Host Body's Standing Financial Instructions.

Approval & Award

11.15 Evaluation, Approval and Award

11.15.1 The evaluation of competitions via quotation or tender, must be undertaken by a minimum of 2 evaluators from within the JCCT. Evaluation Teams for competitions of greater complexity and value must be multi-disciplinary and

reach a consensus recommendation for internal approval.

- 11.15.2 The internal approval of any recommendation to award a competition must follow the JCC's Scheme of Delegation.
- 11.15.3 The communication of the external notification to the market to award the contract must be managed by the Procurement Service.
- 11.15.4 Information throughout the process must be handled and retained as 'commercial in confidence' and not shared outside of staff directly involved in the competition process.
- 11.15.5 All associated communication throughout the competition process must also be managed by the Procurement Service.

Implementation & Contract Management

11.16 Contract Management

11.16.1 Contract Management is the process which ensures that both parties to a contract fully meet their respective obligations as effectively and efficiently as possible, in order to deliver the business and operational objectives required by the contract and in particular, to achieve value for money.

The relevant budget holder shall oversee and manage each contract on behalf of the JCCT so as to ensure that these implicit obligations are met. This contract management will include:

- Retaining accurate records
- Monitoring contract performance measures
- Engaging suppliers to ensure performance delivery
- Implementing contractual sanctions in the event of poor performance in conjunction with advice from Procurement Services, and
- Permitting stage payments as part of a formally agreed implementation / delivery plan which must be supported by written evidence issued by the budget holder.

11.16.2 Contract management on All Wales contracts will be provided by NWSSP Procurement Services.

11.16.3 Advice on best practice on Contract Management is available from NWSSP Procurement Services.

11.17 Extending and Varying Contracts

11.17.1 Extending, modifying or varying the scope of an existing contract is possible, if the provision to do so was included as an option in the original awarded contract,

e.g. scope of requirement, further expenditure due to unforeseen circumstances, change in regulatory requirements, etc.

- 11.17.2 If there is no such provision, the Public Contracts Regulations 2015 define such limitations.
- 11.17.3 The Public Contracts Regulations 2015 provide further constraints on this matter, under which modifications/variations/extensions are capped at 50% of the original award value.
- 11.17.4 Further approval is not required to extend an agreement beyond the original term/scope where prior approval was granted as part of the procurement process.
- 11.17.5 If there was no provision to extend, further approvals are required from the JCCT and the local Head of Procurement. The JCC Team must also be mindful of the threshold under which the original contract was awarded. Any increase in the contract value may require a more senior level of approval in line with the Scheme of Delegation.
- 11.17.6 This ensures an appropriate identification and assessment of potential risks to the compliance of approvals being granted within the Scheme of Delegation and assurance that value for money continues to be delivered from public funds.
- 11.17.7 The JCCT must seek advice from NWSSP Procurement Services in advance of committing further expenditure to ensure the contract is reflective of requirements. The JCC Team must assess whether there is sufficient evidence to support the justification and whether the budget is available to support the additional requirements.

Transactional Processes

11.18 Requisitioning

- 11.18.1 In choosing the item to be supplied (or the service to be performed) the JCCT shall always obtain the best value for money. The JCCT will source those goods or services from the approved catalogue. Where a required item is not included within the catalogue, advice must be sought from the Procurement Services on opportunities to source those goods or services through public sector contract framework, such as National Procurement Service, NHS Supply Chain or Crown Commercial Services.
- 11.18.2 Where a required item is not on catalogue or on framework contract the JCCT shall request the NWSSP Procurement Services to undertake quotation / tendering exercises on their behalf in line with SFI 11.11 thresholds.

11.18.3 All orders for goods and services must be accompanied by an official order number, available from the Procurement Department. In no circumstances must a requisition number be used as an order number.

11.19 No Purchase Order, No Pay

11.19.1 The JCCT will ensure compliance with the 'No Purchase Order, No Pay' policy, the All-Wales policy which was introduced to ensure that Procure to Pay continues to provide world-class services on a 'Once for Wales' basis.

11.19.2 The policy ensures that a purchase order is raised at the beginning of a purchase in circumstances where a purchase order is required under the policy. This follows industry standard best practice as it provides a commitment as to what is likely to be spent. The supplier must obtain a purchase order number for their invoice in order for it to be processed for payment.

11.20 Official orders

11.20.1 Official Orders, issued following approved requisition and sourcing, must:

- a) Be consecutively numbered
- b) State the terms and conditions of trade.

11.20.2 Official Orders will be issued on behalf of the JCCT by NWSSP Procurement Services.

12. HEALTH CARE AGREEMENTS AND CONTRACTS FOR HEALTH CARE SERVICES

12.1 Health Care Agreements

12.1.1 The JCC will commission healthcare services for the resident population of all Local Health Boards, both from the LHB provided services and from Trusts and other providers. The Chief Commissioner is responsible for ensuring the JCC enters into suitable Health Care Agreements, Individual Patient Commissioning Agreements and Contracts with service providers for health care services. These agreements will be entered into in the name of the Host Body and authorised in-line with the Host Body's Scheme of Delegation.

12.1.2 All Health Care Agreements, Individual Patient Commissioning Agreements and Contracts should aim to implement the agreed priorities contained within the Integrated Medium-Term Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience. In discharging this responsibility, the Chief Commissioner should take into account:

- The standards of service quality expected
- The relevant quality, governance and risk frameworks and plans
- The relevant national service framework (if any)

- The provision of reliable information on quality, volume and cost of service and
- That the agreements are based on integrated care pathways.

All agreements must be in accordance with the functions delegated to the JCC by the Welsh Ministers.

12.2 Statutory provisions

12.2.1 The National Health Service (Wales) Act 2006 (c.42) enables Health Boards to commission certain healthcare services. The JCC commissions services on behalf of the seven health Boards, and the Host Body enters into these contracts. Further information is available in paragraph 12.2 of the Local Health Board [SFI's](#) and these provisions may extend to the JCC with regard to those services delegated to the JCC.

12.3 Reports to Committee on Health Care Agreements (HCAs)

12.3.1 The Chief Commissioner will need to ensure that regular reports are provided to the JCC detailing performance, quality and associated financial implications of all health care agreements. These reports will be linked to, and consistent with, other Committee reports on commissioning and financial performance.

12.4 Tendering for supply of health care services

12.4.1 Where the JCC is required or elects to invite quotes or tenders for the supply of healthcare services, the host LHBs [SFIs](#) in relation to procurement shall apply in relation to such competitive exercises.

12.4.2 The procurement arrangements surrounding the provision of healthcare services is a complex area and as such legal advice must be secured where there is doubt over the applicability or not of applying competitive processes. Further guidance is provided in the Host Body's [SFIs](#), Annex A.

13. GRANT FUNDING

13.1 Policies and procedures

13.1.1 The host LHB shall be responsible for all aspects of the grant funding process on behalf of the JCC. Further details can be found in section 13 of the host LHBs [SFIs](#).

14. PAY EXPENDITURE

14.1 Appointments and Remuneration

14.1.1 Appointments to the JCC shall be in accordance with section 6 of the JCC SOs and the [NHS Wales Joint Commissioning Committee \(Wales\) Regulations 2024](#).

14.1.2 All other appointments or recruitments to the JCCT (including the Chief Commissioner) and any remuneration or employment contract related matters shall be dealt with by the host LHB on behalf of the JCC in accordance with the host LHBs own [SOs](#) and [SFIs](#).

14.1.3 Further details of the host LHBs responsibilities can be found in section 14 of the host LHBs [SFIs](#).

15. CAPITAL PLAN, CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

15.1 General

15.1.1 The funding delegated by the JCC is mostly revenue in nature, however in the event that it is required all Capital plans, and annual capital programmes, must be approved by the JCC before the commencement of a financial year and should be in line with the objectives set out in the approved Integrated Medium-Term Plan (IMTP) for the organisation. The actual capital plan and programmes must be delivered within capital finance resource limits.

15.1.2 Any capital plans, and capital investment and expenditure incurred, by the JCC or the JCCT shall be dealt with in accordance with section 15 of the host LHBs [SFIs](#). This includes the recording and safeguarding of assets.

16. LOSSES AND SPECIAL PAYMENTS

16.1 Losses and Special Payments

16.1.1 Losses and special payments are items that the Welsh Government would not have contemplated when it agreed funds for NHS Wales or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments, and special notation in the accounts to draw them to the attention of the Welsh Government.

16.1.2 The Director of Finance is responsible for ensuring procedural instructions on the recording of and accounting for losses and special payments are in place; and that all losses or special payments cases are properly managed in accordance with the guidance set out in the Welsh Government's Manual for Accounts.

16.1.3 Any officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Commissioner and/or the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or the Chief Commissioner.

- 16.1.4 Where a criminal offence is suspected, the Director of Finance must liaise with the Executive Director of Finance of the host and the host LHB's Counter Fraud Service to determine the next immediate action including when to inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the host LHBs Local Counter Fraud Specialist (LCFS) and the Counter Fraud Service (CFS) Wales Team in accordance with Directions issued by the Welsh Ministers on fraud and corruption.
- 16.1.5 The Director of Finance or the host LCFS must notify the Audit and Risk Committee dealing with JCC matters, the Auditor General for Wales' representative and the fraud liaison officer within the Welsh Government's Health and Social Services Group Finance Directorate of all frauds.
- 16.1.6 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must notify:
- a) The Audit and Risk Committee on behalf of the JCC,
 - b) The host body Executive Director of Finance and LCFS, and
 - c) An Auditor General for Wales' representative.
- 16.1.7 The Director of Finance shall be authorised to take any necessary steps to safeguard the JCC's and the host LHBs interests in bankruptcies and company liquidations.
- 16.1.8 The Director of Finance shall ensure all financial aspects of losses and special payments cases are properly registered and maintained on the centralised Losses and Special Payments Register and that 'case write-off' action is recorded on the system (i.e. case closure date, case status, etc.). The Director of Finance must consult with and notify the Executive Director of Finance of the Host body on all losses and special payments.
- 16.1.9 The Host Body's Audit and Risk Committee shall approve the writing-off of losses or the making of special payments within delegated limits determined by the Welsh Ministers and as set out by Welsh Government in its Losses and Special Payments guidance as detailed in in Annex 3 of the JCC SOs.
- 16.1.10 For any loss or special payments, the Director of Finance should consider whether any indemnity claim could be made from the Welsh Risk Pool or from other commercial insurance arrangements.
- 16.1.11 No losses or special payments exceeding delegated limits shall be authorised or made without the prior approval of the Executive Director of Finance of the Host Body and the Health and Social Services Group's Director of Finance.

- 16.1.12 All novel, contentious and repercussive cases must be notified to the Executive Director of Finance of the Host Body and referred to the Welsh Government's Health and Social Services Group's Finance Directorate, irrespective of the delegated limit.
- 16.1.13 The reporting of all losses and special payments will be in-line with the Host Body's Standing Financial Instructions and governance arrangements.
- 16.1.14 The JCC must obtain approval of the Executive Director of Finance of the Host Body and the Health and Social Services Group Director General's approval for special severance payments. Where this relates to employment, the Host Body's Remuneration and Terms of Service must provide approval.
- 16.1.15 The Host LHB must notify the JCCT of any changes to the reporting and approval requirements in respect of losses and special payments in order to facilitate full compliance with the hosts [SFIs](#).

17. DIGITAL, DATA and TECHNOLOGY

17.1 Digital Data and Technology

- 17.1.1 The JCC and the JCCT shall operate within the guidance set out in section 18 of the host LHBs [SFIs](#).

18. RETENTION OF RECORDS

18.1 Responsibilities of the Chief Commissioner and Host Body Chief Executive

- 18.1.1 The Host Chief Executive is the accountable officer for the retention of records and the associated statutory duties. The Chief Commissioner is responsible to the Host Chief Executive in respect of retention of records in order for the Host Chief Executive to discharge their statutory body accountability for this function.
- 18.1.2 The Chief Commissioner shall have delegated responsibility from the Host Body in respect of maintaining archives for all records in respect of JCC matters, in-line with the Host Body's Policy on Records Management.
- 18.1.3 The records held in archives shall be capable of retrieval by authorised persons.
- 18.1.4 Records held in accordance with regulation shall only be destroyed in-line with the Host Body's Policy on Records Management and Schedule for the Retention and Destruction of Records.