

## Financial Limits

### 1 Introduction

The purpose of this report is to set out the refreshed North Durham CCG financial limits. These financial limits form an integral element of the financial governance arrangements for the CCG as part of the detailed operational policies which support the scheme of reservation and delegation and prime financial policies contained within the CCG's Constitution.

This paper supersedes the financial limits approved in May 2015 and reflects the delegation of responsibility for primary care commissioning alongside the remainder of the CCG's commissioning responsibilities.

The limits outlined below are consistent with the requirements of the Integrated Single Financial Environment (ISFE) system and **Appendix 1** outlines the delegated limits to be provided to staff in North of England Commissioning Support (NECS) to ensure effective processing of transactions whilst managing any related financial risk to the CCG. In addition, for completeness, **Appendix 2** highlights the journal authorisation limits for individual CCG and NECS officers.

### 2 Expenditure Authorisation Limits

#### ***General principles:***

All delegations noted below relate only to the use of budgets approved by the Governing Body and within the individual's own areas of responsibility.

The identity of individuals holding delegated authority under this scheme is recorded and confirmed through the maintenance of an authorised signatory list, maintained by the CCG finance team.

Additional authorisation or procedure may be required for non-financial aspects of any planned expenditure or where exceptional arrangements are contemplated. It is the responsibility of the budget holder to ensure that any such authorisation has been obtained or procedure completed in advance of any financial commitment. Examples would be:

- expenditure requiring quotations, tenders or business case approval,
- service change requiring clinical approval,

- contracts of unusually long duration,
- non-employed individuals where there may be taxation or employment rights issues requiring expert Human Resources (HR) advice,
- ex gratia or compensation payments, which have specific procedural requirements.

Where possible, ability to authorise in accordance within these limits will be controlled through the financial system. Where this is not possible it is the responsibility of the delegate's line manager to clarify and communicate the limits of authority and it is the responsibility of the delegate to comply with these limits.

The limits below relate to total cumulative expenditure on each individual contract, including where relevant any VAT's not recoverable by the CCG.

## 2.1 General expenditure

Budget managers and other officers will be assigned limits, selected from the predetermined range for the authorisation of general invoices and requisitions. These limits are designed to reflect the role and responsibilities of the member of staff to whom they are assigned.

These limits are also applicable for the approval of tenders, provided the relevant tender process has been fully complied with, as described in the Standing Orders (SOs) / Standing Financial Instructions (SFIs).

Limit	Authoriser
Over £5m	Governing Body
Up to £5m	Management Executive <b>or</b> <b>two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer (and then ratified at the next Management Executive meeting)
Up to £1m	<b>Two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer
Up to £250k	Very Senior Manager (VSM) officer / Band 9
Up to £50k	Band 8a - d
Up to £10k	Band 7
The above limits relate to total cumulative expenditure on each individual contract.	

## 2.2 Healthcare Commissioning Invoices

Contracts will be agreed at the start of the year and signed off in accordance with the limits below. Related requisitions will then be processed on the ISFE system for the agreed contract value and relevant invoices will then be processed without further authorisation being required (up to the requisition value).

Each March the Chief Finance Officer will provide the Management Executive with a summary of the main healthcare contracts and any changes to these. At the start of each year the Management Executive will then be advised of the contracts agreed by the CCG together with the final contract values.

Within this framework the following authorisation limits operate, provided the contract value remains within the approved budget:

### Original or annual contract/service level agreement

Limit	Authoriser
Over £10m	Clinical Chief Officer and <b>either</b> Chief Operating Officer <b>or</b> Chief Finance Officer
Up to £10m	<b>Two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer
Up to £1m	<b>Either</b> Chief Operating Officer <b>or</b> Chief Finance Officer <b>and</b> relevant VSM officer / Band 9
Up to £250k	VSM officer / Band 9

### Contract variations

Limit	Authoriser
Greater than or equal to £5m	Management Executive <b>or</b> <b>two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer (and then ratified at the next management executive meeting)
Financial value over £1m and less than £5m	Clinical Chief Officer and <b>either</b> Chief Operating Officer <b>or</b> Chief Finance Officer
Financial value over £250k and less than £1m	<b>Either</b> Chief Operating Officer <b>or</b> Chief Finance Officer <b>and</b> relevant VSM officer / Band 9
Financial value to a max of £250k	Nominated VSM director / Band 9
Financial value to a max of £50k	NECS (refer to Appendix 1)

### Other charges / credits on agreed contract values (e.g. over / under performance on contract)

Any additional charges / credits on healthcare expenditure will be validated by NECS. Any charges/credits up to £50k in value may be authorised by NECS staff in accordance with the delegated limits outlined in Appendix 1.

Any charges/credits up to £250k in value may be authorised by the Chief Clinical Officer or authorised deputy. Any charges or credits over £250k in value will be approved in line with the authorisation limits for general expenditure set out in section 2.1 above.

Limit	Authoriser
Up to £250k	Chief Clinical Officer <b>or</b> authorised deputies within delegated responsibility
Up to £50k	NECS (refer to Appendix 1)

### Non Contract Activity

Non contract activity invoices will continue to be validated by NECS (where the charge is in excess of £1,000) and authorised as follows:

Limit	Authoriser
Up to £250k	Chief Finance Officer
Up to £10k	NECS (refer to Appendix 1)

Any non contract activity invoices in excess of £250k will be authorised in line with the general expenditure limits set out in section 2.1 above.

### 2.3 Primary Care Commissioning Expenditure

*Note – the CCG has received delegated responsibility for certain primary care expenditure budgets. This incorporates all healthcare commissioned under primary care contracts and includes any related non- recurring expenditure.*

Contracts will be agreed at the start of the year and signed off in accordance with the limits shown in section 2.2 above. This will include a schedule of payments to be made under the contract and relevant invoices will then be processed without further authorisation being required (up to the agreed contract value).

At the start of each year the Chief Finance Officer will provide the Primary Care Committee with a summary of the contracts agreed by the CCG together with the final contract values.

Management of Conflicts of Interest:

Where CCG directors or officers identified in Section 2.2 have identified a conflict of interest, then non-conflicted directors will be required to authorise this expenditure. The CCG’s standards of business conduct and declarations of interests policy should be followed at all times.

**NHS England approval**

Under the delegation agreement which transfers responsibility for the commissioning of relevant primary care services, certain decisions in respect of the ‘delegated functions’ can only be taken following the approval of NHS England as set out in Table 1 below.

NHS England may, from time to time, update Table 1 by sending a notice to the CCG of amendments to Table 1. Any such amendments will then be reflected in the CCG’s financial limits.

Decision	Person / Individual	NHS England Approval
<b>General:</b>		
Taking any step or action in relation to the settlement of a Claim, where the value of the settlement exceeds £100,000	CCG Accountable Officer <b>or</b> Chief Finance Officer <b>or</b> Chair	NHS England Head of Legal Services <b>and</b> Local NHS England Team Director <b>or</b> Director of Finance
Any matter in relation to the Delegated Functions which is novel, contentious or repercussive	CCG Accountable Officer <b>or</b> Chief Finance Officer <b>or</b> Chair	Local NHS England Team Director or Director of Finance <b>or</b> NHS England Region Director or Director of Finance <b>or</b> NHS England Chief Executive or Chief Financial Officer
<b>Revenue Contracts:</b>		
The entering into of any Primary Medical Services Contract which has or is capable of having a term which exceeds five (5) years	CCG Accountable Officer <b>or</b> Chief Finance Officer <b>or</b> Chair	Local NHS England Team Director or Director of Finance

The CCG shall ensure that any decisions in respect of the Delegated Functions and which exceed the financial limits set out above are only taken:

- a) by the individuals set out in column 2 of Table 1 above; and  
 b) following the approval of NHS England (if any) as set out in column 3 of Table 1 above.

### 3 Virements and variations to approved budgets

#### 3.1 Items previously earmarked in CCG reserves

Variations to budgets for items previously earmarked in CCG reserves may be authorised, up to the amount earmarked, by the Chief Finance Officer or his nominated representative. In exceptional circumstances the Chief Clinical Officer or Chief Operating Officer may authorise.

#### 3.2 Items not previously earmarked in reserves

Additional allocations to any budgets or service agreements not previously approved within reserves may be required to be made from within any available CCG contingency reserves. The limits and authorisation for such variations in respect of all budgets, contracts and service agreements are as set out in the table below.

All items not previously earmarked in reserves with a value in excess of £250k will be reported to the Risk and Audit Committee on a quarterly basis.

Variations to a budget or service agreement in relation to inflation or other general/technical adjustment to the cash limit will be authorised by the Chief Finance Officer.

Financial limit	Authority
Over £5m	Governing Body <b>or</b> Clinical Chief Officer <b>and</b> Clinical Chair (and then ratified at the next Governing Body meeting)
Up to £5m	Management Executive <b>or</b> <b>two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer (and then ratified at the next Management Executive meeting)
Up to £1m	<b>Two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer
Up to £250k	VSM officer / Band 9

#### 3.3 Virements

Virements between previously approved budgets or service agreements will be authorised according to the following limits:

<b>Financial limit</b>	<b>Authority</b>
Over £5m	Governing Body <b>or</b> Clinical Chief Officer <b>and</b> Clinical Chair (and then ratified at the next Governing Body meeting)
Up to £5m	Management Executive <b>or</b> <b>two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer (and then ratified at the next Management Executive meeting)
Up to £1m	<b>Two</b> signatures from either Clinical Chief Officer <b>or</b> Chief Operating Officer <b>or</b> Chief Finance Officer
Up to £250k	VSM officer / Band 9

All virements over £250k will be reported to the Risk and Audit committee on a quarterly basis.

## **GLOSSARY**

### **VSM – very senior manager**

This includes all directors paid under this DH arrangement plus clinical directors within the CCG executive team.

## APPENDIX 1 – NECS Delegated Limits

### Healthcare spend

Under the ISFE system, formal requisitions should be processed for healthcare payments in order for any payments to be made to providers. It is essential that we agree the boundaries in terms of what NECS can authorise on behalf of the CCG to ensure efficient processing of transactions whilst managing any potential financial risk to the CCG.

The scheme of delegation for the following key areas is as follows:

<b>Contract Type</b>	<b>Signed contract by CCG?</b>	<b>Authorisation of requisition and receipting of service on a monthly basis</b>	<b>Contract Over / Under Performance</b>
Acute / Community / Mental Health / 999 / patient transport services (PTS) / contracts	Yes - Signed standard NHS contract is in place, which includes an agreed monthly payment profile	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from CCG.	NECS can authorise additional payment / credit up to £50,000 without additional authorisation from CCG for each contract. Amounts above £50,000 would require CCG approval.  Excluded from the above is where a service is currently not commissioned from the provider. A variation, authorised by the CCG is required.
Any Qualified Provider (AQP)	Yes - Signed standard NHS contract is in place with zero activity and financial value	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from CCG.	NECS can authorise additional payment / credit up to the overall budget agreed by CCG. Budgets will be reviewed monthly and reset where appropriate.  If budget is exceeded, CCG approval will be required for payment above 2% or £50,000 whichever is the lowest for each service line, e.g. AQP Adult Hearing (not provider level).
Non-contract awards (NCAs) including PTS NCAs (all other PTS will be covered above)	No signed contract in place.	Requisition not required.	NECS can authorise additional payment / credit up to the overall budget agreed by the CCG. Budgets will be reviewed monthly and reset where appropriate.  NCAs with an individual value above £10,000 will require CCG approval.

Contract Type	Signed contract by CCG?	Authorisation of requisition and receipting of service on a monthly basis	Contract Over / Under Performance
			<p>Individual charges below £1,000 will not be checked and processed.</p> <p>Emergency air ambulances / decompression chambers above £50,000 will require CCG approval.</p> <p>PTS air ambulance/transport above £10,000 will require CCG approval.</p>
Enhanced Services	Yes – signed enhanced service agreement in place	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from CCG.	<p>NECS can authorise additional payment / credit up to the overall budget agreed by CCG. Budgets will be reviewed monthly and reset where appropriate.</p> <p>If budget is exceeded, CCG approval will be required for payment above £10,000 for each service line, e.g. minor ailments (not provider level).</p>
Continuing Healthcare Agreements	Yes - Signed standard NHS contract is in place with zero activity and financial value	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from CCG.	<p>NECS can authorise additional payment / credit up to the overall budget agreed by the CCG. Budgets will be reviewed monthly and reset where appropriate.</p> <p>Individual continuing care packages above £50,000 will require individual CCG approval.</p>
Local Authority Agreements	Yes - Signed section 256 or section 75 in place	All requisitions can be processed by contract manager in line with rules as identified in the ISFE. This does not require additional authorisation from CCG.	<p>NECS can authorise additional payment / credit up to the overall monthly budget agreed by CCG. Budgets will be reviewed monthly and reset where appropriate.</p> <p>Only if the section 75 covers continuing health care, any individual continuing care packages above £50,000 will require individual CCG approval.</p>

**Non-healthcare spend**

It is suggested that the CCG delegates to NECS sufficient authority to allow NECS to make low value non-healthcare payments on behalf of the CCG. The proposed areas and levels of payment are as follows:

<b>Payment Type</b>	<b>Value of delegated authority</b>
Collaborative fees, blue badges, adoption forms etc	NECS can authorise individual payments up to £100.
Childcare vouchers	NECS can authorise individual payments where the cost to the CCG is up to £100.
Any other incidental expenditure	NECS can authorise individual payments up to a value of £1,000.

## APPENDIX 2 – Journal Authorisation

The limits highlighted above all relate to the authorisation of expenditure or to the approval of budget transfers. In addition, the CCG's scheme of delegation confirms the authority of individual CCG and NECS officers to approve journals. These limits are confirmed below for completeness, as they currently stand.

The Chief Finance Officer will be authorised to approve changes to the individuals listed below as required (e.g. if staff move roles) within the financial limits outlined below for each role.

The limits set out below are solely for the authorisation of journals to be posted within the CCG's ledger (the ISFE). This does not provide any authorisation to approve actual expenditure and all transactions reflected within the journals must be approved in line with the limits highlighted above.

Authoriser	Financial Limit
<b>CCG Officers:</b>	
Chief Finance Officer	£999,999,999.99
Finance and Performance Manager	£999,999,999.99
<b>NECS Officers:</b>	
Head of Controlling Finance	£999,999,999.99
Head of Commissioning Finance	£999,999,999.99
Senior Finance Manager	£999,999,999.99
Finance Manager	£5,000,000.00
Finance Manager	£500,000.00
Senior Finance Officer	£50,000.00
Senior Finance Officer	£50,000.00
Senior Finance Officer	£50,000.00