



**Norfolk and Suffolk**  
Integrated Care Board

**NHS Norfolk and Suffolk Integrated Care  
Board**

**Combined Losses and Special Payments  
Policy**



# 1. Version Control

Version	Date	Author and Role	Detail of Change
0.1	01/02/2026	James Thompson (Head of Financial Accounting & Controls)	Initial draft
1.0	01/04/2026	Board	Approved

Policy Owner: James Thompson, Head of Financial Accounting & Controls

Responsible Committee: Audit and Risk Committee

# 2. Next Review Date

The date this policy is due for review is: 1 April 2029

# 3. Contents

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## 4. Statement of Overarching Principles

- 4.1. All Policies, Procedures, Guidelines and Protocols of the Norfolk and Suffolk Integrated Care Board (ICB) are formulated to comply with the overarching requirements of legislation, policies or other standards relating to equality and diversity

## 5. Introduction

- 5.1. NHS England (NHSE) produces the guidance for which ICB's must follow in respect of Special Payments and Losses. In addition to the guidance produced by NHSE, the ICB is required to adhere to the principles as set out in the Managing Public Money [guidance](#), as well as the standards outlined in the Public Sector Exit Payments [Guidance](#) which states the process for Special Severance Payments for which the ICB has no delegated authority.
- 5.2. The combined NHS Integrated Care Board (hereafter referred to as the ICB) has a responsibility and takes steps to minimise the risk of losses of money or property belonging to the ICB. However, at times there may arise the need to make payments in respect of Losses and Special Payment items which fall outside the standard day to day business of the ICB.
- 5.3. The ICB is required to have procedures in place and to record details of all Losses incurred and any Special Payments made. As such a register of Losses and Special Payments must be kept and is updated by the Finance Directorate. This register forms part of the ICB's Annual Accounts which are subject to scrutiny by the ICB's Audit and Risk Committee and the External auditors.
- 5.4. As part of the new compliance and control procedures, ICBs must submit an assurance statement four times a year confirming the following:
- Details of all exit packages (including special severance payments, employment related payments and settlement payments) that have been paid during the year.
  - That NHS England and HMT approvals have been obtained before any offers, whether verbally or in writing, are made; and
  - Adherence to the special severance payments guidance as published by NHS England.
  - Special Payments & Losses form part of the Standing Financial Instructions of the ICB, so therefore the Executive Director of Finance and Contracts is accountable for any transactions that meet the definition.
  - All Special Payments or Losses within the ICB's delegated limit can be approved via the Board and/or the executive Director of Finance & Contracts. They should undergo the relevant scrutiny prior to considering transacting as a Special Payment or Loss, with other avenues being exhausted or appropriate justifications provided if not.

- In the exceptional cases of personal debt, for example as a result of an employee overpayment for a member of staff who has left the organisation, the ICB reserves the right to write-off any debt up to the value of £200 immediately with the approval of the Executive Director of Finance and Contracts or the Director of Operational Finance. All cases will follow the standard SBS write off procedure and will be recorded on the ICB's Special Payments & Losses register.
- The Special Payments & Losses register will be circulated to the audit and risk committee as a standing agenda item alongside the Gifts & Hospitality Register and Governance Logs.

5.5. This policy informs all ICB employees of what constitutes a Loss or Special Payment, and what to do if they discover either of these items.

5.6. The purpose of the document is to ensure that:

- a) Losses and Special Payments are identified and actioned in a timely manner.
- b) A transparent and consistent approach is followed with regard to the ICB treatment of Losses and Special Payments.

5.7. This policy supplements guidance contained in the Group Accounting Manual (GAM) which is published annually by the Department of Health and Social Care (DHSC).

## 6. Scope

6.1. This document applies to all employees of the ICB, any staff that are seconded to the ICB, contract and agency staff and any other individual working on ICB premises including embedded employees

6.2. For the purposes of this policy, the following definitions are used within this policy:

**Losses:** Relate to the loss of money or property belonging to the ICB (e.g., theft, damage to buildings, loss of cash, bad debts and loss or obsolescence of stock).

**Special Payments:** Are payments outside the normal day to day business of the ICB or where no statutory authority exists (e.g., compensation payments for clinical negligence, employer's liability claims and ex gratia payments to staff).

6.3. All employees are entitled to access to this policy which is located on the ICB's Intranet.

## 7. Cross Reference to Other Policies

7.1. Detail Detailed Delegated Financial Limits (DDFL)

7.2. Salary Overpayments Policy

7.3. Disciplinary Policy

7.4. **Links to external reference documents:**

- [HM Treasury – Managing Public Money](#)
- [Department of Health and Social Care – Group Accounting Manual \(GAM\).](#)

## **8. Losses Guidance**

8.1. **Prevention of Loss**

8.2. The prevention of loss is a prime requirement of sound financial control, and control systems should be designed to achieve this need. Losses do nevertheless occur, and internal checks, regular supervision and internal audit must be used to ensure these are minimised.

8.3. In considering Losses and Special Payments, it is always important to look beyond the proposed write off or payment. The need for corrective action must also be carefully assessed to minimise the number (and cost) of future cases.

8.4. As such it is best practice that once a Loss or Special Payments has been identified the facts surrounding each case should be thoroughly investigated. This will allow the ICB to establish how the issue arose and enable it to plan the appropriate action to be taken, to try and prevent a recurrence.

8.5. This action may include:

- Advice to employees and/or managers.
- Review of ICB policy.
- Review of the Losses and Special Payments process.
- Issuing of ICB wide advice.

8.6. **Categories of Loss**

8.7. The Department of Health and Social Care (DHSC) requires an outline of all Losses to be detailed within the ICB Statutory Accounts. The specific presentation required within this document classifies losses into seven categories.

8.8. These categories are discussed in more detail below:

**(i) Administrative Write-Offs (Including Bad Debts)**

An expense incurred in controlling and directing an organisation.

Typically within the ICB, Administrative Write-offs will normally be in respect of bad debts.

## **(ii) Fruitless Payments**

A fruitless payment is one which cannot be avoided because the recipient is entitled to it even though nothing of use to the ICB will be received in return.

A fruitless payment is one for which liability ought not to have been incurred, or where the demand for the goods and services in question could have been cancelled in time to avoid liability.

Examples are as follows:

- Forfeitures under contracts because of an error or negligence by the ICB.
- Extra costs arising from failure to allow for foreseeable changes in circumstances.
- Payment for travel tickets or hotel accommodation wrongly booked or no longer needed, or for goods wrongly ordered or accepted.

## **(iii) Store's Losses**

Losses of accountable stores may be due to:

- Culpable causes, e.g., theft, fraud, arson or sabotage, neglect of duty or gross carelessness.
- Other causes, e.g., fire (excluding arson), weather damage, deterioration in use or in store due to some defect in administration, retention of excess or obsolete stock.

## **(iv) Bookkeeping Losses**

Bookkeeping losses are defined as un-vouched or incompletely vouched payments, including missing items or inexplicable or erroneous debit balances.

## **(v) Constructive Losses**

A constructive loss is a similar form of payment to stores losses and fruitless payments but differ from these payments in that there was no element of blame, i.e. one where the procurement action itself caused the loss.

For example, stores or services might be correctly ordered, delivered, or provided, then paid for as correct; but later, perhaps because of a change of policy, they might prove not to be needed or to be less useful than when the order was placed.

## **(vi) Losses of Cash**

Losses of Cash may be due to:

- Theft, fraud, arson, sabotage, neglect of duty or carelessness.

- Overpayment of salaries, wages, fees, and allowances.
- Other causes, including overpayments other than those included above, physical losses of cash and cash equivalents (e.g. Stamps) due to fire (other than arson), accident or similar causes.

**(vii) Claims Waived or Abandoned**

Losses may arise if claims are waived or abandoned because, though properly made, it is decided not to present or pursue them.

Examples are as follows:

- Claims dropped on legal advice, or because the amounts of liabilities could not be determined.
- Claims made and then reduced in negotiations or for policy reasons.

8.9. Discovery of Loss

8.10. With the exception of suspected fraud, any individual discovering or suspecting a loss of any kind should immediately inform their Line Manager. Subsequent action on discovering a loss is outlined in the Responsibilities of Line Managers section, as detailed in [Section 6](#).

## 9. Special Payments Guidance

9.1. **Prevention of Special Payment**

9.2. Special payments should only be authorised after a careful appraisal of the circumstances. In particular, the authorising officer as nominated in the ICB’s Detailed Delegated Financial Limits (DDFL) must be sure that there is no feasible alternative to making such a payment and satisfy themselves that the best course of action has been identified.

9.3. In dealing with individual cases the causes underlying the need for a Special Payment must also be considered to ensure that any lessons learnt are identified and acted upon.

9.4. As such, it is good practice for the ICB to routinely consider:

- The soundness of its control systems.
- The efficiency with which they have operated.
- Any necessary steps required to put matters right.

9.5. The DHSC has classified Special Payments into five categories and reporting requirements will vary dependent on the category.

9.6. These categories are discussed in more detail below.

9.7. **Categories of Special Payments**

**(i) Extra-Contractual Payments**

Payments which, though not legally due under contract, appear to place an obligation on the ICB which the courts may uphold.

Typically, these arise from the organisation's action or inaction in relation to a contract. Payments may be extra-contractual even where there is some doubt about the organisation's liability to pay e.g. where the contract provides for arbitration, but a settlement is reached without it.

A payment made because of an arbitration award is contractual.

**(ii) Extra-Statutory/Regulatory Payments**

These are payments considered to be within the broad intention of a statute or statutory/regulation, but which go beyond a strict interpretation of its terms.

**(iii) Compensation Payments**

Payments made for liability under a Court Order or legally binding arbitration award. Payments into court and out of court settlements are not payments made under legal obligation. This category can include compensation for injuries to persons, damage to property and unfair dismissal.

**(iv) Special Severance Payments (Including retention payments)**

Payments made to employees, contractors, and others, outside of normal statutory or contractual requirements when leaving employment with the ICB. These may be applicable whether they resign, are dismissed, or reach an agreed termination of contract.

**(v) Ex Gratia Payments**

Payments the ICB is not obliged to make, or which go beyond statutory cover, legal liability, or administrative rules. Such payments must be clearly related to and arise from the services which the ICB is authorised or required to provide and include:

- Made to meet hardship caused by official failure or delay;
- Out of court settlements to avoid legal action on grounds of official inadequacy; and,
- payments to contractors outside a binding contract, e.g. on grounds of hardship

## **10. Roles and Responsibilities**

- 10.1. All individuals have a responsibility to follow the general policy created to safeguard ICB property and to minimise the number of incidents of Losses

and Special Payments. In addition to this general requirement:

10.2. **Employees** are expected to ensure that:

- Any Losses identified, or Special Payments required, are reported following the correct ICB procedures.
- With the exception of suspected fraud, any employee discovering or suspecting a loss of any kind should immediately report it to their Line Manager and the Executive Director of Finance and Contracts.

10.3 **Line Managers** have responsibility for ensuring that this policy is fairly and consistently applied by all staff they manage. They are, furthermore, expected to:

- Immediately end a loss and attempt to recover it (other than where fraud is suspected).
- Investigate the cause and take appropriate corrective action e.g. correcting any weakness in controls or supervision.
- Establish responsibility in so far as it involves inadequate supervision, negligence or misconduct, and take appropriate disciplinary action.
- Ensure that any general lessons are picked up and applied in future.
- Notify the Senior Management Team / Finance of all recordable events. As such, if an item is not fully recovered at once, Line Managers should consider to prepare a written statement and maintain a comprehensive back up for each individual event.

This statement could include:

- a) The background of the case and the reasons why the loss arose.
- b) The amount involved.
- c) Steps taken to recover the loss.
- d) Possible failings in the actions of employees, or if there was a breakdown in procedures.
- e) If appropriate, actions taken to improve system weaknesses.
- f) Any suspected case of Fraud.

10.4 **Finance Team** are responsible for:

- Reviewing documentation and seeking clarification where required.
- Reporting a Loss or request for a Special Payment to the relevant signatory for review and authorisation.
- Entering claim details onto the ICB Losses and Special payments register along with full supporting documentation.
- Accurate coding of any accounting entries required.
- Ensuring the Executive Director of Finance and Contracts is immediately aware of the circumstances surrounding apparent losses for any of the following causes:

- a) Theft
- b) Criminal damage
- c) Arson
- d) Neglect of duty
- e) Gross carelessness.

- Presenting proposed Losses or Special Payments to the Audit and Risk Committee.
- If appropriate, processing and reporting on any resultant write offs and payment request and ensuring that the appropriate financial code is used.

10.5 **Executive Director of Finance and Contracts** has a responsibility to:

- Ensure that there is a robust process in place for the authorisation and reporting of Losses and Special Payments.
- Approve claims for Losses and Special Payments up to limits set out within the Detailed Delegated Financial Limits (DDFL) of the ICB.
- Ensure that all Losses and Special Payments reported have followed the procedure and been correctly approved and are reported to the Audit and Risk Committee.
- Immediately notify the Board and the External Auditor where Losses (except if trivial), are apparently caused by theft, arson, neglect of duty or gross carelessness.
- Consider informing the police if any level of theft or criminal damage is suspected.
- Inform the Local Counter Fraud Specialist in all cases of alleged fraud, bribery or corruption is suspected.

10.6 **Local Counter Fraud Service** are responsible for:

- Investigating any significant Losses and Special Payments.
- Ensuring any instances of suspected fraud or theft are appropriately followed up and confirm that appropriate action to ensure any weaknesses in the control environment have been addressed.
- Presenting any findings to the Audit and Risk Committee.

## 11. Authorisation of Losses and Special Payments

11.1. The ICB has set authorisation limits that apply to all Losses written off and Special Payments made by its officers. The power to write off Losses and make Special Payments is exercised by one or more nominated senior officer, acting solely or jointly, and working in line with the DDFL of the ICB.

11.2. Any recommendation made is presented to any of the below nominated ICB senior officers for final approval. The nominated officers per the DDFL are:

Chief Executive

- Executive Director of Finance and Contracts
- Director of Operational Finance (Personal Debt up to £200)
- ICB Chair

11.3. Consequently, before a Loss is written off or a Special Payment is made, authorisation by an appropriate officer/s must have been given. The ICB's DDFL document containing details of the levels of authorisation stipulated by the ICB. The DDFL is available on the ICB's intranet.

11.4. Delegated limits apply to the loss, net of any amount recovered or covered by insurance. Where there is a series of payments, the limits apply to the total payments in the series.

11.5. The ICB Audit and Risk Committee must be informed of all Losses written off or Special Payments made, including those approved by individual officers under their delegated authority. This will be achieved by the ICB maintaining the register detailing Losses and Special Payments and ensuring cases are entered promptly as they become known.

11.6. In addition to the above all Losses and Special Payments may also be subject to Internal and/or External Audit review.

11.7. If during the authorisation process any general lessons emerge which would be of interest to other NHS bodies, then the DHSC should be informed.

11.8. The delegated limits to ICBs are shown below:

11.9. Table of Expenditure and Delegated limits

<b>Expenditure Type</b>	<b>Delegated Limit</b>
All Losses	Up to £300k
Special Payments including Extra Contractual/ Statutory/ regulatory/ compensation & Ex gratia	Up to £95k
Special Severance & Retention Payments	£0
Consolatory Payments	£500

## **12. Accounting for Losses and Special Payments**

- 12.1. With regard to individual Losses and Special Payments, accounting treatment will depend on the nature of the individual circumstances of each case.
- 12.2. A separate section in the Chart of Accounts relates to Losses and Special payments. It is very important that this coding is correct to ensure that the expenditure is picked up and reported on appropriately in the Annual Accounts.
- 12.3. Where Losses involve transfer of costs within the financial ledger, this will be actioned via a completed write-off form, created by the Financial Services team but actioned by the Shared Business Service (SBS), immediately on final approval of the Loss or Special Payment.

## 13. Annual Accounts Reporting

- 13.1. Losses and Special Payments are items that Parliament would not have contemplated when it agreed funds for the NHS and by their nature are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments, and special notation within the accounts.
- 13.2. As previously outlined, the ICB is required to maintain a Losses and Special Payments Register in which details of Losses and Special Payments are entered as they become known. For all cases, an audit trail must be maintained with full supporting documentation of the reason for the Losses and Special Payments needing to be made.
- 13.3. Register entries must be reviewed annually and analysed to enable the ICB to complete the necessary templates required for inclusion within the Annual Accounts documentation.
- 13.4. The GAM identifies that, if the ICB has not already reported details of Losses and Special Payments in its annual report, this information must be disclosed by way of a note to the accounts.
- 13.5. Specifically, such a note must include:
  - Separately the total number and total value of Losses and Special Payments
  - A brief description of individual Losses and Special Payments over £300,000, including those relating to clinical negligence, fraud, personal injury, compensation under legal obligation and fruitless payments.
  - A statement that these amounts are reported on an accruals basis but excluding provisions for future losses.
  - Any other explanation considered necessary.
- 13.6. Losses over £300,000 must be listed under the following categories:

- Cash and other losses (including overpayments, physical losses, unvouched payments and theft).
  - Fruitless payments and constructive losses.
  - Claims waived or abandoned (excluding cases between DHSC group bodies).
  - Store's losses and damage to property.
- 13.7. For bad debts, each case is an individual debtor and not each invoice. For stores losses, the total net losses revealed at any one store within the year must be aggregated and treated as one case (for example, pharmaceutical stores). Losses of property must be aggregated to produce a total loss per case.

## 14. Exclusions

- 14.1. Losses linked to another NHS organisation are not included. Although the decision may be taken for the ICB to 'write-off' debts owed by other NHS bodies, this is to be undertaken by issuing credit notes to reverse entries in the Debtor's ledger unwinding the income previously recognised.

## 15. Equality Statement

- 15.1 This Policy will operate alongside the ICBs Equal Opportunities, Diversity at Work Policy, and Equality Delivery System. The ICB values the diversity of its employees, volunteers and people who are entitled to our services, irrespective of their race, disability, age, gender including sexual orientation, religion or belief, status, or grade.
- 15.2 The ICB assures employees, volunteers and people entitled to our services are treated fairly, equally and with respect and dignity. The ICB will challenge discriminatory attitudes and provide rules and standards of behaviour.
- 15.3 The use of this Policy will not discriminate directly or indirectly on the grounds of race, gender, sexual orientation, ethnic or national origin, religion, culture, disability, age, membership of a trade union or staff organisation or political affiliation.
- 15.4 The ICB will monitor the use of this Policy, as far as it is able, and take action if it appears that it has a disproportionate effect.