



Department
of Health &
Social Care



Blood and Transplant

Framework agreement between the DHSC and NHS Blood and Transplant

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Introduction and background

Purpose of document

This framework document (the “framework document”) has been agreed between The Department of Health and Social Care (DHSC) and NHS Blood and Transplant (NHSBT) in accordance with HM Treasury's (HMT) handbook [Managing Public Money](#) (“MPM”) (as updated from time to time) and has been approved by HMT.

The framework document sets out:

- the broad governance framework within which NHSBT and DHSC operate
- NHSBT’s core responsibilities
- the governance and accountability framework that applies between the roles of DHSC and NHSBT
- how the day-to-day relationship works in practice, including in relation to governance and financial matters

The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.

References to NHSBT include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If NHSBT establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and NHSBT, agreed with DHSC.

Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the NHSBT website.

This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate, that have been agreed with HMT and the principal accounting officer of DHSC. The latest date for review and updating of this document is 2028.

Objectives

NHSBT is a special health authority for England and Wales, and also operates within Scotland and Northern Ireland. DHSC and NHSBT share the common objective of delivering critical substances of human origin and related clinical services to the NHS within a highly regulated environment. To achieve this NHSBT and DHSC will work together in recognition of each other's roles and areas of expertise, providing an effective environment for NHSBT to achieve its objectives through the promotion of partnership and trust, and ensuring that NHSBT also supports the strategic aims and objectives of the department and wider government as a whole.

Classification

NHSBT has been classified as a central government organisation by the Office for National Statistics (ONS) and HMT Classifications Team.

It has been administratively classified by the Cabinet Office as a public corporation. In accordance with its legal status. It has also been administratively classified by ONS as a special health authority.

Purposes, aims and duties

Purposes

NHSBT has been established under [The NHS Blood and Transplant \(Establishment and Constitution\) Order 2005](#).

Powers and duties

NHSBT's powers and duties stem from the NHS Blood and Transplant (Establishment and Constitution) Order 2005.

NHSBT's statutory duties and functions are to include the promotion, or securing the effective provision, of services in connection with:

- collecting, screening, analysing, processing and supplying blood, blood products, plasma, stem cells and other tissues to the health service
- the preparation of blood components and reagents
- facilitating, providing and securing the provision of services to assist tissue and organ transplantation
- other functions as the Secretary of State may direct

Aims

NHSBT's strategic aims are set out in the [NHSBT strategy document](#). As at the date of this agreement, these are to:

- grow and diversify the donor base to meet clinical demand and reduce health inequalities
- modernise operations to improve safety, resilience and efficiency
- drive innovation to improve patient outcomes
- collaborate with partners to develop and scale new services for the NHS
- invest in people and culture to ensure a high performing, inclusive organisation

Governance and accountability

NHSBT shall operate corporate governance arrangements that, so far as reasonably practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.

In particular (but without limitation), NHSBT should:

- comply with the principles and provisions of the [corporate governance in central government department: code of good practice](#) (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
- comply with Managing Public Money
- in line with MPM, have regard to the relevant [functional standards](#) as appropriate and in particular those concerning finance, commercial and counter fraud
- take into account the codes of good practice and guidance set out in annex A of this framework document, as they apply to NHSBT

In line with MPM annex 3.1, NHSBT shall provide an account of corporate governance in its annual governance statement including the board's assessment of its compliance with the code with explanations of any material departures. To the extent that NHSBT does intend to materially depart from the code, the sponsor should be notified in advance.

Role of the department

The responsible minister

The Secretary of State for Health and Social Care is accountable to Parliament for all matters concerning NHSBT.

The minister's statutory powers in respect of NHSBT are set out in the National Health Service Act 2006 ('the act'), as amended. The minister:

- provides such services as they consider appropriate for the purpose of discharging any duty imposed on him by the act and to do any other thing whatsoever which is calculated to facilitate, or is conducive or incidental to, the discharge of such a duty

- is responsible for the policy framework within which NHSBT operates
- provides guidance and direction to ensure the strategic aims and objectives of NHSBT are consistent with those of the department and government
- approves NHSBT's business plan
- has a power of appointment in relation to NHSBT's chair and non-executive directors in line with the [Governance Code on Public Appointments](#)

Appointments to the board

The chair of NHSBT is appointed by the Secretary of State for Health and Social Care under section 2(1) of NHSBT Regulations 2005. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.

The minister shall have the following appointment and approval rights in relation to NHSBT's board:

- the chairperson is appointed by the Secretary of State for Health and Social Care under section 2(1) of [NHSBT Regulations 2005](#). This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments
- non-executive members are appointed by the Secretary of State for Health and Social Care under section 2(1) of NHSBT Regulations 2005. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments
- all such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds

Other ministerial powers and responsibilities

The minister is also responsible for:

- the policy framework within which NHSBT operates

- setting the performance framework within which NHSBT will operate, including approving NHSBT's strategy and business plan
- providing guidance and direction to ensure the strategic aims and objectives of NHSBT are consistent with those of the department and government
- matters regarding spending approvals, acquisitions, disposals and joint ventures in line with delegations as set out in the delegation letter

The Principal Accounting Officer

The Principal Accounting Officer (PAO) is the Permanent Secretary of the department.

PAO's specific accountabilities and responsibilities

The PAO of DHSC designates the chief executive as NHSBT's accounting officer (AO) and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.

The respective responsibilities of the PAO and AOs for NHSBT are set out in chapter 3 of MPM.

The PAO is accountable to Parliament for the issue of any grant-in-aid to NHSBT.

The PAO is also responsible, usually through the sponsorship team, for advising the responsible minister on:

- an appropriate framework of objectives and targets for NHSBT in the light of the department's wider strategic aims and priorities
- an appropriate budget for NHSBT in the light of DHSC's overall public expenditure priorities
- how well NHSBT is achieving its strategic objectives and whether it is delivering value for money
- the exercise of the ministers' statutory responsibilities concerning NHSBT as outlined above

The PAO, through the sponsorship team, is also responsible for ensuring arrangements are in place in order to:

- monitor NHSBT's activities and performance
- address significant problems in NHSBT, making such interventions as are judged necessary
- periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the department and NHSBT's objectives and activities in line with the wider departmental risk assessment process
- inform NHSBT of relevant government policy in a timely manner
- bring ministerial or departmental concerns about the activities of NHSBT to the full (NHSBT) board, and, as appropriate to the departmental board, requiring explanations and assurances that appropriate action has been taken

The role of the sponsorship team

The NHSBT sponsorship team in the department is the primary contact for NHSBT. The responsible senior civil servant for this relationship is the director of the directorate the sponsorship team is a part of. They are the main source of advice to the responsible minister on the discharge of their responsibilities in respect of NHSBT. They also support the PAO on their responsibilities toward NHSBT.

Officials of the sponsorship team in DHSC will liaise regularly with NHSBT officials to review performance against plans, achievement against targets and expenditure against its departmental expenditure limit and annual managed expenditure allocations. The sponsorship team will also take the opportunity to explain wider policy developments that might have an impact on NHSBT.

Information will be provided to DHSC by NHSBT including (not an exhaustive list):

- quarterly business score cards that show performance against agreed key performance indicators and monthly budgetary performance returns to finance
- monthly updated strategic risk register
- annual governance statement

The process in place to enable DHSC and NHSBT to review performance includes:

- quarterly accountability meetings between NHSBT and the sponsorship team

- attendance of officials from DHSC, as observers, of the full authority and NHSBT Audit, Risk and Governance Committee
- NHSBT will also prepare an annual report of the 12 months ending on 31 March, setting out its activities, how it has discharged its statutory duties and what progress it has made towards its objectives

Resolution of disputes between the NHSBT and DHSC

Any disputes between the department and NHSBT will be resolved in as timely a manner as possible. The department and NHSBT will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior sponsor, will be used to resolve the issue. Failing this, the senior sponsor will ask the relevant policy director general to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the department's board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

Freedom of Information requests

Where a request for information is received by either party under the [Freedom of Information Act 2000](#) or the [Data Protection Act 1998](#) or [Data Protection Act 2018](#), the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

Reporting on legal risk and litigation

NHSBT shall provide a quarterly update to the sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsor in a timely manner.

In respect of each substantial piece of litigation involving NHSBT, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- material developments in the litigation are communicated to the sponsor in an appropriate and timely manner
- legally privileged documents and information are clearly marked as such
- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
- circulation of privileged information within government occurs only as necessary

NHSBT governance structure

Chief Executive

Appointment

The chair and non-executive directors of NHSBT are responsible for appointing the chief executive of NHSBT, with the responsible minister's approval. In consultation with the department, they set performance objectives and remuneration terms linked to these objectives for the chief executive which give due weight to the proper management and use and utilisation of public resources.

Responsibilities of NHSBT's chief executive as accounting officer

The chief executive as AO is personally responsible for:

- safeguarding the public funds for which they have charge
- ensuring propriety, regularity, value for money and feasibility in the handling of those public funds
- the day-to-day operations and management of NHSBT

In addition, they should ensure that NHSBT as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of DHSC.

Responsibilities for accounting to Parliament and the public

Responsibilities to Parliament and the public include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State
- preparing and signing a governance statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts

- ensuring that effective procedures for handling complaints about NHSBT in accordance with [Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling](#) are established and made widely known within NHSBT and published on GOV.UK or NHSBT's website
- acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the department, HMT and the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation
 - this framework document
 - any delegation letters
 - any elements of any settlement letter issued to DHSC that is relevant to the operation of NHSBT
 - any separate settlement letter that is issued to NHSBT from DHSC
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on NHSBT's stewardship of public funds

Responsibilities to DHSC

Responsibilities to DHSC include:

- establishing, in agreement with the department, NHSBT's business plan in the light of the department's wider strategic aims and agreed priorities
- informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the department, and:

- that the department is notified promptly if over or under spends are likely and that corrective action is taken
- that any significant problems whether financial or otherwise (and whether detected by internal audit or by other means) are notified to the department in a timely fashion

Responsibilities to the board

The chief executive is responsible for:

- advising the board on the discharge of their responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the board on NHSBT's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed

Managing conflicts

The chief executive should follow the advice and direction of the board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.

If the board, or its chairperson, is contemplating a course of action involving a transaction:

- which the chief executive considers would infringe the requirements of propriety or regularity
- does not represent prudent or economical administration, efficiency or effectiveness
- is of questionable feasibility
- is unethical

the chief executive in their role as AO should reject that course of action and ensure that the board has a full opportunity to discuss the rationale for that rejection.

Such conflicts should be brought to the attention of the PAO and the responsible minister as soon as possible.

Furthermore, and if agreed with the responsible minister, the AO must write a letter of justification to the chair of the NHSBT board setting out the rationale for not following the advice and recommendation of the board and copy that letter to the Treasury Officer of Accounts.

If the responsible minister agrees with the proposed course of action of the board it may be appropriate for the minister to direct the AO in the manner as set out in MPM paragraph 3.6.6 onwards.

The board

Composition of the board

NHSBT will have a board in line with good standards of corporate governance and as set out in its establishing statute, and in guidance as set out in annex A. The role of the board shall be to run NHSBT, and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory, common law duties and their responsibilities under this framework document. Detailed responsibilities of the board shall be set out in the board terms of reference. Remuneration of the board will be disclosed in line with the guidance in the [Government Financial Reporting Manual](#) (FReM).

The board will consist of a chairperson and no more than 8 executive members who are not officers of NHSBT that have a balance of skills and experience appropriate to directing NHSBT's business - this includes the chief executive and medical director. For NHSBT there should be members who have experience of its business, operational delivery, corporate services such as HR, technology, property asset management, estate management, communications and performance management. This will include as an executive and voting board member, an appropriately qualified finance director as described in annex 4.1 of MPM. The board should include a majority of independent non-executive members (but no more than 8 in addition to the chair) to ensure that executive members are supported and constructively challenged in their role, including one member with particular experience suited to the interests of Wales.

Board committees

The board may set up such committees as necessary for it to fulfil its functions. As is detailed below, at a minimum this should include an audit and risk assurance committee chaired by an independent and appropriately qualified non-executive member of the board.

While the board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration, it retains responsibility for, and endorses, final decisions in all of these areas. The chair should ensure that sufficient time is allowed at the board for committees to report on the nature and content of discussion, on recommendations and on actions to be taken.

Where there is disagreement between the relevant committee and the board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsorship team, PAO and responsible minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.

The chair should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the board. The chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.

Duties of the board

The board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of NHSBT, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
- providing effective leadership of NHSBT within a framework of prudent and effective controls which enables risk to be assessed and managed in accordance with HMT guidance [Orange Book Management of Risk - Principles and Concepts](#)
- ensuring the financial and human resources are in place for NHSBT to meet its objectives
- reviewing management performance
- ensuring that the board receives and reviews regular financial and management information concerning the management of NHSBT
- ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of NHSBT board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such

matters to the attention of the responsible minister and PAO through the executive team, sponsorship team or directly

- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the board operates within the limits of its statutory authority and any delegated authority agreed with DHSC, and in accordance with any other conditions relating to the use of public funds
- ensuring that in reaching decisions, the board takes into account guidance issued by DHSC
- ensuring that as part of the above compliance they are familiar with:
 - this framework document
 - any delegation letter issued to NHSBT
 - any elements of any settlement letter issued to DHSC that is relevant to the operation of NHSBT
 - any separate settlement letter that is issued to NHSBT from DHSC
 - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the chief executive and NHSBT as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the board to address key financial and other risks
- appointing with the responsible minister's approval a chief executive and, in consultation with the department, set performance objectives and remuneration terms linked to these objectives for the chief executive which give due weight to the proper management and use and utilisation of public resources
- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the chairperson by the independent non-executives, taking into account the views of relevant stakeholders. The outcome of that evaluation should be made available to the responsible minister
- determining all such other things which the board considers ancillary or conducive to the attainment or fulfilment by NHSBT of its objectives

The board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

The board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk - Principles and Concepts. The board must set up an audit and risk assurance committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the department's audit and risk assurance committee are provided with routine assurances with escalation of any significant limitations or concerns. The board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

The chair's role and responsibilities

The chair is responsible for leading the board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their contract of employment or appointment letter, the priorities in the chair's letter issued to them by the sponsorship team, the statutory authority governing NHSBT, this document and the documents and guidance referred to within this document.

Communications between NHSBT's board and the responsible minister should normally be through the chair.

The chair is bound by the [code of conduct for board members of public bodies](#), which covers conduct in the role and includes [The Seven Principles of Public Life \(the Nolan principles\)](#).

In addition, the chair is responsible for:

- ensuring, including by monitoring and engaging with appropriate governance arrangements, that NHSBT's affairs are conducted with probity
- ensuring that policies and actions support the responsible minister's and, where relevant, other ministers' wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout NHSBT

The chair has the following leadership responsibilities:

- formulating the board's strategy

- ensuring that the board, in reaching decisions, takes proper account of guidance provided by the responsible minister or the department
- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and propriety
- representing the views of the board to the general public

The chair also has an obligation to ensure that:

- the work of the board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment
- in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered
- the board has a balance of skills appropriate to directing NHSBT's business, and that all directors including the chair and chief executive continually update their skills, knowledge and familiarity with NHSBT to fulfil their role both on the board and committees. This will include, but is not limited to, skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector
- board members are fully briefed on terms of appointment, duties, rights and responsibilities
- they, together with the other board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- the responsible minister is advised of NHSBT's needs when board vacancies arise
- there is a board operating framework in place setting out the role and responsibilities of the board, which is consistent with the Corporate governance in central government departments: code of good practice
- there is a code of practice for board members in place, consistent with the Cabinet Office code of conduct for board members of public bodies

Individual board members' responsibilities

Individual board members should:

- comply at all times with the code of conduct for board members of public bodies, which covers conduct in the role and includes the Nolan principles as well as rules relating to the use of public funds and to conflicts of interest
- demonstrate adherence to the [12 principles of governance for all Public Body Non-Executive Directors](#) as appropriate
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests, or those of connected persons or organisations
- comply with the board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of NHSBT
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HMT or wider government

Management and financial responsibilities and controls

Delegated authorities

NHSBT's delegated authorities are set out in the department's delegation letter. This delegation letter may be updated and superseded by later versions which may be issued by DHSC in agreement with HMT.

In line with MPM annex 2.2, these delegations will be reviewed on an annual basis.

NHSBT shall obtain the department's, and where appropriate, HMT's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in NHSBT's annual budget as approved by the department
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
- carrying out policies that go against the principles, rules, guidance and advice in MPM

Spending authority

Once the budget has been approved by DHSC, and subject to any restrictions imposed by statute, the responsible minister's instructions, this document, HMT settlement or delegation letters, NHSBT shall have authority to incur expenditure approved in the budget without further reference to DHSC, on the following conditions:

- NHSBT shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HMT and Cabinet Office, as appropriate

- NHSBT shall comply with MPM regarding novel, contentious or repercussive proposals
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed
- NHSBT shall provide DHSC with such information about its operations, performance, individual projects or other expenditure as DHSC may reasonably require

Banking and managing cash

NHSBT must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).

NHSBT should only hold money outside Government Banking accounts where a good business case can be made for doing so and HMT consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.

Commercial accounts where approved should be operated in line with the principles as set out in MPM.

The AO is responsible for ensuring NHSBT has a banking policy as set out in MPM and ensuring that policy is complied with.

Procurement

NHSBT shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular [The Public Contracts Regulations 2015](#) (for any existing contracts) and the [Procurement Act 2023](#) for any new agreements since February 2024.

NHSBT shall establish its procurement policies and document these in a procurement policy and procedures manual.

In procurement cases where NHSBT is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the department through the sponsorship team.

Goods, services and works should be acquired by competition. Proposals for single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the department.

Procurement by NHSBT of works, equipment, goods and services shall be based on a full option appraisal and value for money (VfM), that is, the optimum combination and whole life costs and quality (fitness for purpose).

NHSBT shall:

- engage fully with department and government-wide procurement initiatives that seek to achieve VfM from collaborative projects
- comply with all relevant [procurement policy notes](#) issued by Cabinet Office
- co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM

NHSBT shall comply with the [commercial operating standards](#) and [grants standards](#) as appropriate. These standards apply to the planning, delivery and management of government commercial activity, including management of grants in all departments and arm's length bodies (ALBs), regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

Risk management

NHSBT shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with HMT guidance Management of Risk: Principles and Concepts.

Counter fraud and theft

NHSBT should adopt and implement policies and practices to safeguard itself against fraud and theft.

NHSBT should act in line with guidance as issued by the counter fraud function and in compliance with the procedures and considerations as set out in MPM annex 4.9 and the [counter fraud functional standard](#). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

NHSBT should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by NHSBT and notify DHSC of any unusual or major incidents as soon as possible. NHSBT should also report detected loss from fraud, bribery,

corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in the counter fraud functional standard.

Staff

Broad responsibilities for staff

Within the arrangements approved by the Secretary of State for Health and Social Care and HMT, NHSBT will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued, appointment and advancement is based on merit and there is no discrimination against employees with protected characteristics under the [Equality Act 2010](#)
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
- the performance of its staff at all levels is satisfactorily appraised and NHSBT performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve NHSBT's objectives
- proper consultation with staff takes place on key issues affecting them
- adequate grievance and disciplinary procedures are in place
- whistleblowing procedures consistent with the [Public Interest Disclosure Act 1998](#) are in place
- a code of conduct for staff is in place based on the Cabinet Office's code of conduct for board members of public bodies

Staff costs

Subject to its delegated authorities, NHSBT shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

NHSBT's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the department and HMT. NHSBT has no delegated power to amend these terms and conditions.

If Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the [Civil Service management code](#) and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.

Most of NHSBT's staff are employed on Agenda for Change terms and conditions. Agenda for Change staff remuneration is subject to the government response to the recommendations of the NHS Pay Review Body. Remuneration for medical staff employed within NHSBT is subject to responses to the Doctors and Dentists Review Body and as notified through NHS Employers.

Staff terms and conditions are defined within the [NHS Terms and Conditions of Service Handbook](#) through NHS Employers and shall be set out in the standard contract template, which should be provided to the department together with subsequent amendments.

Executive and senior managers in NHSBT are subject to the department's pay framework for executive and senior managers in ALBs and may be subject to additional governance as specified by the department. Annual pay awards are subject to the annual pay award letter issued by the department.

NHSBT shall abide by public sector pay controls. Where appropriate, this will include the relevant approvals process dependent on the organisations classification as detailed in the [senior pay guidance](#) and the [public sector pay and terms guidance](#).

NHSBT may operate a performance-related pay scheme that shall form part of the general pay structure approved by the department and HMT and, where relevant, with due regard to the senior pay guidance.

The travel expenses of board members shall be tied to the rates allowed to senior staff of NHSBT. Reasonable actual costs shall be reimbursed.

Pensions, redundancy and compensation

Compensation scheme rules and pension scheme rules should reflect legislative and HMT guidance requirements regarding exit payments.

NHSBT staff shall normally be eligible for a pension provided by the NHS Pensions Scheme. Staff may opt out of the occupational pension scheme provided by NHSBT, but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

Any proposal by NHSBT to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office outside of the delegated limits set out in the delegations letter, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of MPM.

Business plan, financial reporting and management information

Business plan

NHSBT shall submit annually to DHSC a draft of the annual business plan. NHSBT shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect NHSBT's statutory and/or other duties and, within those duties, the priorities set from time to time by the responsible minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how NHSBT contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones.

The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. Subject to any commercial considerations, the business plan should be published by NHSBT on its website and separately be made available to staff.

The following matters should be included in the plans:

- objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives
- non-financial performance targets
- a review of performance in the preceding financial year, together with comparable outturns for the previous 2 years, and an estimate of performance in the current year
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast
- the risks aligned with the plans, in accordance with HMT guidance Management of Risk: Principles and Concepts
- other matters as agreed between the department and NHSBT

Budgeting procedures

Each year, in the light of decisions by the department it will send to NHSBT by a specified date:

- a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department
- a statement of any planned change in policies affecting NHSBT

The approved annual business plan will take account both of approved funding provision and any forecast receipts. It will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

Grant-in-aid and any ring-fenced grants

Any grant-in-aid provided by the department for the year in question will be voted in the department's supply estimate and be subject to Parliamentary control.

The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. NHSBT will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds, shall be kept to a minimum level consistent with the efficient operation of NHSBT. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

In the event that the department provides NHSBT separate grants for specific (ring-fenced) purposes, it would issue the grant as and when NHSBT needed it on the basis of a written request. NHSBT would provide evidence that the grant was used for the purposes authorised by the department. NHSBT shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

Annual report and accounts

NHSBT's board must publish an annual report of its activities together with its audited accounts after the end of each financial year. A draft of the report should be submitted to the department 2 weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department, as well as HMT's [FReM](#).

The annual report must:

- cover any corporate, subsidiary or joint ventures under its control
- comply with the FReM and in particular have regard to the illustrative statements for a non-departmental public body
- outline main activities and performance during the previous financial year and set out in summary form forward plans

Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on GOV.UK in accordance with the guidance in the FReM.

Reporting performance to the department

NHSBT shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans.

NHSBT shall inform DHSC of any changes that make achievement of objectives more or less difficult. It shall regularly report financial and non-financial performance, including performance in helping to deliver ministers' policies and the achievement of key objectives.

NHSBT's performance shall be formally reviewed by the department twice a year.

The responsible minister will meet the chair and chief executive once a year.

The PAO will meet the chief executive at least once a year.

Information sharing

The department has the right of access to all NHSBT records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

NHSBT shall provide DHSC with such information about its operations, performance, individual projects or other expenditure as DHSC may reasonably require.

The department and HMT may request the sharing of data held by NHSBT in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.

As a minimum, NHSBT shall provide the department with information on a monthly basis, that will enable the department to monitor:

- NHSBT's cash management
- its draw-down of grant-in-aid
- forecast outturn by resource headings
- other data required for the [Online System for Central Accounting and Reporting \(OSCAR\) Tool](#)
- data as required in respect of its compliance with any [Cabinet Office controls](#) pipelines or required in order to meet any condition as set out in any settlement letter

Audit

Internal audit

NHSBT shall:

- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with the [Global Internal Audit Standards](#) (GIAS) as adopted by HMT
- ensure DHSC is satisfied with the competence and qualifications of the head of internal audit and the requirements for approving appointments in accordance with GIAS
- set up an audit committee of its board in accordance with the Code of Good Practice for Corporate Governance and the [Audit and Risk Assurance Committee Handbook](#)
- forward the audit strategy, periodic audit plans and annual audit report, including NHSBT head of internal audit opinion on risk management, control and governance as soon as possible to DHSC
- keep records of and prepare and forward to the department an annual report on fraud and theft suffered by NHSBT and notify DHSC of any unusual or major incidents as soon as possible
- share with DHSC information identified during the audit process and the annual audit opinion report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within NHSBT

External audit

The Comptroller and Auditor General (C&AG) audits NHSBT's annual accounts and the C&AG passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before Parliament.

In the event that NHSBT has set up and controls subsidiary companies, NHSBT will in the light of the provisions in the [Companies Act 2006](#) ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. NHSBT shall discuss with DHSC the procedures for appointing the C&AG as auditor of the companies.

The C&AG:

- will consult the department and NHSBT on who - the National Audit Office or a commercial auditor - shall undertake the audits on his or her behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents, including by virtue of [section 25\(8\) of the Government Resources and Accounts Act 2000](#), held by another party in receipt of payments or grants from NHSBT
- will share with DHSC information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within NHSBT
- will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion

The C&AG may carry out examinations into the economy, efficiency and effectiveness with which NHSBT has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under [section 8 of the National Audit Act 1983](#). In addition, NHSBT shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Reviews and winding up arrangements

Review of NHSBT's status

NHSBT may be reviewed as part of a [Public Bodies Review Programme](#), at a time determined by the department's ministers and their PAO.

Arrangements in the event that NHSBT is wound up

DHSC shall put in place arrangements to ensure the orderly winding up of NHSBT. In particular it should ensure that the assets and liabilities of NHSBT are passed to any successor organisation and accounted for properly (in the event that there is no successor organisation, the assets and liabilities should revert to DHSC). To this end, the department shall:

- have regard to Cabinet Office guidance on winding up of ALBs
- ensure that procedures are in place in NHSBT to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
- specify the basis for the valuation and accounting treatment of NHSBT's assets and liabilities
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies, funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his or her report on the accounts
- arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, DHSC's AO should sign

NHSBT shall provide the department with full details of all agreements where NHSBT or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to NHSBT.

Annex A: guidance

NHSBT shall comply with the following guidance, documents and instructions:

Corporate governance

This includes:

- this framework document
- [Corporate governance in central government departments: code of good practice](#) (relevant to ALBs) and supporting guidance
- [code of conduct for board members of public bodies](#)
- [Partnerships between departments and arm's length bodies: code of good practice](#)

Financial management and reporting

This includes:

- [MPM](#)
- [Government Financial Reporting Manual \(FReM\)](#)
- relevant HMT [‘Dear Accounting Officer’ \(DAO\) letters](#)
- relevant guidance and instructions issued by HMT in respect of [Whole of Government Accounts](#)
- the most recent letter setting out the delegated authorities, issued by DHSC

Management of risk

This includes:

- [The Orange Book: Management of Risk - Principles and Concepts](#)
- [Management of risk in government: framework](#)
- [Global Internal Audit Standards](#)
- [HM Treasury Approvals Process for major projects above delegated limits](#)

- the government's [National Cyber Strategy](#) and [Cyber security guidance for business](#)

Commercial management

This includes:

- [Procurement policy notes](#)
- [Cabinet Office spend controls](#)
- [Transparency in supply chains: a practical guide](#)

Public appointments

The following are relevant where public bodies participate in public appointments processes:

- guidance from the [Commissioner for Public Appointments](#)
- [Governance Code on Public Appointments](#)
- [Procurement policy note 08/15: tax arrangements of public appointees](#)

Staff and remuneration

This includes:

- [HMT guidance on senior pay and reward](#)
- [Civil Service pay guidance](#)
- [Public sector pay and terms: guidance note](#)
- [Whistleblowing: guidance and code of practice for employers](#)
- [Equality Act 2010: guidance](#)

General

This includes:

- the [Freedom of Information Act 2000](#) and accompanying [Information Commissioner's Office guidance and instructions](#)

- the Parliamentary and Health Service Ombudsman's [Principles of Good Administration](#)
- other relevant instructions and guidance issued by central government departments (such as the Cabinet Office and HMT)
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the government and are relevant to NHSBT
- guidance from the [public bodies](#) team in Cabinet Office
- the [Civil Service diversity and inclusion strategy](#) (outlines the ambition to which ALBs can contribute)
- guidance produced by the [National Infrastructure and Service Transformation Authority](#) on the management of major projects
- [Government Digital Service](#)
- [Government Functional Standard GovS 015: Grants](#)
- [Code of Practice for Statistics](#)
- [Accounting officer system statements guidance](#) (these are produced by government departments with input from ALBs)