



# Framework agreement between DHSC and NHS Resolution 2026 to 2029

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## Introduction

This document has been agreed between the Department of Health and Social Care (DHSC) and NHS Resolution 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 agreement sets out:

- the broad governance framework within which NHS Resolution and DHSC operate
- NHS Resolution's core responsibilities
- the governance and accountability framework that applies between the roles of DHSC and NHS Resolution
- 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.

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 GOV.UK.

This framework agreement 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 April 2029.

## **Objectives**

DHSC and NHS Resolution share the common objective of ensuring they work in partnership to serve patients, the public and the taxpayer. To achieve this, NHS Resolution and DHSC will work together providing an effective environment for NHS Resolution to achieve its objectives through the promotion of partnership and trust.

## **Purposes, duties and aims**

### **Purposes**

NHS Resolution is a special health authority of DHSC. NHS Resolution's legal name is the NHS Litigation Authority. It was established in 1995 for the purposes of establishing and administering indemnity schemes for meeting the liabilities of health service bodies.

### **Powers and duties**

NHS Resolution's statutory functions (including functions set out in directions) are to:

- administer, on behalf of the Secretary of State for Health and Social Care, the NHS indemnity schemes established under regulations made under section 71 of the National Health Service Act 2006. A list of current schemes is in annex B
- provide a primary care appeals unit to assist in resolving disputes and appeals involving GPs, dentists, opticians and other healthcare professionals with a view to supporting effective primary care contracting, in accordance with the NHS Litigation Authority (Functions) (England) Directions 2005 and other associated directions
- administer, in accordance with the National Health Service (Performers Lists) (England) Regulations 2013, a list of healthcare performers who have had action taken against them by primary health commissioners
- provide, in accordance with the NHS Litigation Authority Directions 2013, an advice service to help improve and promote patient safety by resolving concerns about the professional practice of doctors, dentists and pharmacists. The advice service provides expert advice, support, interventions and training to the NHS, devolved governments and other healthcare partners
- issue health professional alert notices to NHS bodies and others about healthcare professionals whose performance gives rise to concerns in accordance with the NHS Litigation Authority (Amendment) Directions 2019
- ensure that the lessons learned from claims and the other activities of NHS Resolution are appropriately shared to help reduce adverse incidents in the future, in accordance with the NHS Litigation Authority (Safety and Learning) Directions 2019

## **Aims**

### **Strategic aim 1: fair resolution**

NHS Resolution will focus on fair and timely resolution as far as possible, keeping patients and healthcare staff out of litigation, and other formal processes to minimise distress and cost.

### **Strategic aim 2: data and insights**

NHS Resolution will contribute unique data and insights to learn from harm and the response to harm across the health and justice systems, as a catalyst for improvement.

### **Strategic aim 3: maternity and neonatal care**

NHS Resolution will complete independent evaluations of the Early Notification Scheme and the Maternity Incentive Scheme and use this learning to evolve each scheme.

# Governance and accountability

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

In particular (but without limitation), NHS Resolution will:

- comply with the principles and provisions of the [Corporate governance in central government departments 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 MPM
- in line with MPM, have regard to the relevant [Functional standards](#) as appropriate, and particularly 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 agreement, as they apply to NHS Resolution
- in line with MPM annex 3.1, 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 NHS Resolution does intend to materially depart from the code, DHSC 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 NHS Resolution.

As NHS Resolution is a special health authority, the Secretary of State has the power to direct NHS Resolution in relation to the exercise of its functions under section 8(2)(d) of the National Health Service Act 2006.

The Secretary of State may also direct NHS Resolution to perform other functions on the Secretary of State's behalf under:

- section 7 of the National Health Service Act 2006

- article 3 of the National Health Service Litigation Authority (Establishment and Constitution) Order 1995/2800

### **Appointments to the board**

The Secretary of State shall have the following appointment and approval rights in relation to NHS Resolution's board:

- the chairperson is appointed by the Secretary of State under the National Health Service Litigation Authority Regulations 1995/2801. This appointment is subject to the Public Appointments Order in Council and as such must comply with the [Governance Code on Public Appointments](#)
- under the National Health Service Litigation Authority Regulations 1995/2801, the Secretary of State may appoint at least 3 but no more than 5 non-executive members. These appointments are 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, non-voting, associate board and non-board members may also attend the board at the discretion of the chair.

### **Other ministerial powers and responsibilities**

The minister is also responsible for:

- the policy framework within which NHS Resolution operates
- setting the performance framework within which NHS Resolution will operate, including approving NHS Resolution's strategy and annual business plan
- matters regarding spending approvals, acquisitions, disposals and joint ventures in line with delegations as set out in the delegation letter
- such other matters as may be appropriate and proportionate

### **The principal accounting officer**

The principal accounting officer (PAO) is the Permanent Secretary of DHSC.

## **PAO's specific accountabilities and responsibilities**

The PAO of DHSC designates the chief executive as NHS Resolution'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 NHS Resolution are set out in chapter 3 of MPM.

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

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

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

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

- monitor NHS Resolution's activities and performance
- address significant problems in NHS Resolution, 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 DHSC's and NHS Resolution's objectives and activities in line with the wider departmental risk assessment process
- inform NHS Resolution of relevant government policy in a timely manner
- bring ministerial or departmental concerns about the activities of the NHS Resolution board to the DHSC departmental board, requiring explanations and assurances that appropriate action has been taken

## **The sponsorship team**

The responsible senior civil servant for this relationship is the senior departmental sponsor, who is the director general of the directorate that the sponsorship team is part of. However, in practice, this role is typically delegated to the director of the sponsorship team's division. They are the main source of advice to the responsible minister on the discharge of their responsibilities in respect of NHS Resolution and are supported by the DHSC sponsorship team. They also support the PAO on their responsibilities towards NHS Resolution.

The sponsorship team will liaise regularly with NHS Resolution officials to review:

- performance against plans
- achievement against the strategic targets set out in NHS Resolution's annual business plan and NHS Resolution's strategy - see the current [2025 to 2026 business plan](#) and [2025 to 2028 strategy](#)
- expenditure against its department expenditure limits and annual managed expenditure allocations

The sponsorship team monitors NHS Resolution's financial and operational performance and risks through formal quarterly accountability meetings supporting delivery of their objectives. The team is accountable to Parliament for its sponsorship of NHS Resolution through parliamentary questions and ministerial correspondence. DHSC's responses to these, where they relate to NHS Resolution, are handled by the team.

More widely, the team has an open and positive working relationship with NHS Resolution characterised by regular senior engagement and expert and constructive input from NHS Resolution at all levels across the full range of litigation policy development. This includes fixed recoverable costs, wider litigation cost reduction and any changes to the scope of NHS Resolution's indemnity schemes.

The sponsorship team and appointments team support recruitment to NHS Resolution positions that are public appointments, such as the chair and non-executive directors.

## **Resolution of disputes between NHS Resolution and DHSC**

Any disputes between DHSC and NHS Resolution will be resolved in as timely a manner as possible. The sponsorship team and NHS Resolution 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 DHSC'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 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**

NHS Resolution shall provide a quarterly update to the sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation; this excludes litigation handled under the indemnity schemes. 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 NHS Resolution, 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

## **NHS Resolution governance structure**

### **Chief executive**

#### **Responsibilities 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 NHS Resolution

In addition, they should ensure that NHS Resolution 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**

The chief executive's 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 NHS Resolution](#) in accordance with [Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling](#) are established, made widely known within NHS Resolution and published
- acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by DHSC, HMT and Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
  - any governing legislation
  - this framework agreement
  - any delegation letter issued
  - any elements of any settlement letter issued to DHSC that is relevant to the operation of NHS Resolution

- any separate settlement letter that is issued to NHS Resolution 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 NHS Resolution's stewardship of public funds

## **Responsibilities to DHSC**

The chief executive's responsibilities to DHSC include:

- establishing, in agreement with DHSC, NHS Resolution's corporate and business plans in the light of DHSC's wider strategic aims and agreed priorities (see the current 2025 to 2026 business plan and 2025 to 2028 strategy published on the NHS Resolution website)
- informing DHSC of progress in helping to achieve DHSC'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 DHSC
  - DHSC is notified promptly if over or under spends are likely and that corrective action is taken
  - any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DHSC in a timely fashion

## **Responsibilities to the board**

The chief executive is responsible for:

- advising the board on NHS Resolution'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 or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or 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 management board setting out the rationale for not following the advice and recommendation of the board and copy that letter to the HMT 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 composition of the board**

NHS Resolution 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 oversee the delivery of the objectives, in accordance with the purposes as set out above, its statutory, regulatory, common-law duties and its responsibilities under this framework agreement. Detailed responsibilities of the running of the board shall be set out in the [board standing orders](#). 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, together with the chief executive and executive and non-executive members that have a balance of skills and experience appropriate to directing the business of NHS Resolution. 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 non-executive members to ensure that executive members are supported and constructively challenged in their role.

## **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 Committee chaired by an 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 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.

There are 4 NHS Resolution board committees:

- Audit and Risk Committee (ARC)
- Reserving and Pricing Committee (RPC)
- Remuneration Committee (RemCo)
- People Committee (PC)

Details about NHS Resolution committees are on the [governance structures](#) page.

## **Duties of the board**

The board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of NHS Resolution consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State

- providing effective leadership within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the financial and human resources are in place for NHS Resolution to meet its objectives
- reviewing management performance
- ensuring that the board receives and reviews regular financial and management information concerning the management of NHS Resolution
- ensuring that the board is kept informed of any changes which are likely to impact on the strategic direction 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
- ensuring 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 considers guidance issued by DHSC
- ensuring that as part of the above compliance the board is familiar with:
  - this framework agreement
  - any delegation letter issued
  - any elements of any settlement letter issued to DHSC that is relevant to the operation of NHS Resolution
  - any separate settlement letter that is issued to NHS Resolution from DHSC
  - 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 NHS Resolution 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 critical financial and other risks
- unless the establishing legislation provides for other arrangements, appointing with the responsible minister's approval a chief executive and, in consultation with DHSC, set performance objectives and remuneration terms linked to these objectives for the chief executive which give due weight to the proper management and use of public resources
- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the chairperson by the independent non-executives, considering 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 NHS Resolution 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 HMT's [Orange Book management of risk - principles and concepts](#). The board must set up an Audit and Risk Assurance Committee chaired by an appropriately qualified non-executive member to:

- provide independent advice
- ensure that DHSC's Audit and Risk Assurance Committee is 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 DHSC
- the statutory authority governing NHS Resolution
- this document and the documents and guidance referred to within this document

Communications between NHS Resolution'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 [Nolan principles of public life](#).

In addition, the chair is responsible for:

- ensuring, by monitoring and establishing appropriate governance arrangements, that NHS Resolution'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 NHS Resolution

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 DHSC or the responsible minister
- 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 following consultation with DHSC

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, 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 NHS Resolution's business, and that all executive directors including the chair and chief executive continually update their skills, knowledge and familiarity with the work of NHS Resolution to fulfil their role both on the board and committees. This will include but not be 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
- the chair, together with the other board members, receives 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 NHS Resolution's needs when board vacancies arise
- there is a board operating framework (the [board standing orders](#)) in place setting out the role and responsibilities of the board consistent with the corporate governance code for central government
- 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 member 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 of public life 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 NHS Resolution
- 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**

NHS Resolution's delegated authorities are set out in the 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.

NHS Resolution shall get DHSC'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 NHS Resolution's annual budget as approved by DHSC
- 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 scheme previously approved by DHSC
- 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, NHS Resolution shall have authority to incur expenditure approved in the budget without further reference to DHSC, on the following conditions:

- NHS Resolution shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of DHSC and as agreed by HMT and Cabinet Office as appropriate
- NHS Resolution 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 DHSC approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed
- NHS Resolution shall provide DHSC with such information about its operations, performance, individual projects or other expenditure as DHSC may reasonably require

## Banking and managing cash

NHS Resolution must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by [Government Banking](#)).

NHS Resolution should only hold money outside Government Banking service 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 NHS Resolution has a banking policy as set out in MPM and ensuring that policy is complied with.

## Procurement

NHS Resolution shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules, and particularly the Procurement Act 2023.

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

In procurement cases, where NHS Resolution is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from DHSC.

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

Procurement by NHS Resolution 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).

NHS Resolution shall:

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

NHS Resolution shall comply with both:

- [commercial standards](#)
- [grants standards](#)

These standards apply to the planning, delivery and management of government commercial activity, including management of grants in all departments and NHS Resolution, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

## **Risk management**

NHS Resolution 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, the [Orange Book management of risk - principles and concepts](#).

## **Counter fraud and theft**

NHS Resolution should adopt and implement policies and practices to safeguard itself against fraud and theft. NHS Resolution should act in line with guidance as issued by the Government Counter Fraud Function and in compliance with the procedures and considerations as set out in MPM annex 4.9 and the government [counter fraud 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 a grant or grant-in-aid.

NHS Resolution should keep records of and prepare and forward to DHSC an annual report on any fraud and theft suffered by NHS Resolution and notify DHSC of any unusual or major incidents as soon as possible. NHS Resolution 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 standard.

## **Broad responsibilities for staff**

Within the arrangements approved by the responsible minister and HMT, NHS Resolution will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities towards 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 are based on merit
  - 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 NHS Resolution's 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 NHS Resolution's objectives
- proper consultation with staff takes place on 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 Cabinet Office's [Public bodies guidance](#)

## **Staff costs**

Subject to its delegated authorities, NHS Resolution 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**

NHS Resolution's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by DHSC and HMT.

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 DHSC to vary such rates.

Staff terms and conditions should be set out in an employee handbook, which should be provided to DHSC together with subsequent amendments. NHS Resolution shall abide by public sector pay controls, including the relevant approvals process dependent on the organisation's classification as detailed in the [senior pay guidance](#) and the [public sector pay guidance](#).

NHS Resolution shall operate its pay scheme 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 in accordance with departmental rates. 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.

NHS Resolution staff shall normally be eligible for a pension. Staff may opt out of the occupational pension scheme provided by NHS Resolution but employers' contribution to

any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

Any proposal by NHS Resolution to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of DHSC. Proposals on severance must comply with the rules in chapter 4 of MPM.

## **Business plans, financial reporting and management information**

### **Corporate and business plans**

NHS Resolution shall submit a draft of the business plan to DHSC each year covering the 12 months ahead. The draft should be submitted by the date agreed with DHSC. NHS Resolution shall agree with the sponsor department the issues to be addressed in the plan and the timetable for its preparation. The plan shall include NHS Resolution's statutory and/or other duties and, within those duties, the priorities set. The plan shall demonstrate how NHS Resolution contributes to the achievement of DHSC's medium-term plan and priorities and aligned performance metrics and milestones.

The business plan shall be updated to include essential 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 DHSC. Subject to any commercial considerations, a digest of the corporate and business plans should be published by NHS Resolution on its website and separately be made available to staff.

The following matters should be included in the plans:

- specific objectives and associated performance targets for the forward years, and the strategy for achieving those objectives
- specific non-financial performance targets
- a review of performance in the preceding financial year, together with comparable outturns for the previous 2 to 5 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
- other matters as agreed between DHSC and NHS Resolution

The current 2025 to 2026 business plan and 2025 to 2028 strategy are published on the NHS Resolution website.

## **Budgeting procedures**

Each year, in the light of decisions by DHSC on the updated draft business plan, DHSC will send the following to NHS Resolution by an agreed upon date, considering in-year activity factors:

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

The approved annual business plan will take into account both approved funding provision (where this applies) and forecast receipts (where this applies). 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 ringfenced grants**

Any grant-in-aid provided by DHSC for the year in question will be voted in DHSC's Supply Estimate and be subject to Parliamentary control.

The grant-in-aid will normally be paid in monthly instalments based on written applications showing evidence of need. NHS Resolution will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of NHS Resolution. 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 avoiding excess cash balances at the year-end, DHSC 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.

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

## **Annual report and accounts**

The board must publish an annual report of its activities together with its audited accounts after the end of each financial year. NHS Resolution shall provide DHSC its finalised (audited) accounts by the date agreed with DHSC for the accounts to be consolidated within the department. A draft of the report should be submitted to DHSC 2 weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by DHSC as well as HMT's [financial reporting manual](#) (FReM).

The annual report must:

- cover any corporate, subsidiary or joint ventures under its control
- comply with the FReM and 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 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 the NHS Resolution website, in accordance with the guidance in the FReM.

## **Reporting performance to DHSC**

NHS Resolution 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.

NHS Resolution shall inform DHSC of any changes that make achievement of objectives difficult. It shall report financial and non-financial performance, including performance in helping to implement ministers' policies, and the achievement of critical objectives regularly through its quarterly meetings.

NHS Resolution's performance shall be formally reviewed by DHSC twice a year at a minimum.

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

The PAO will meet the chief executive at least once a year or in line with the previously agreed approach.

## Information sharing

DHSC has the right of access to all NHS Resolution records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

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

DHSC and HMT may request the sharing of data held by NHS Resolution 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, NHS Resolution shall provide DHSC with information on a regular basis that will enable DHSC satisfactorily to monitor:

- NHS Resolution's cashflow 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)
- data as required in respect of its compliance with any Cabinet Office Controls pipelines or as required to meet any condition as set out in any settlement letter

## Audit

### Internal audit

NHS Resolution shall:

- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with [Introduction of new Global Internal Audit Standards in the UK Public Sector](#), published on 31 March 2025
- in the event the body has its own internal audit service, ensure DHSC is satisfied with the competence and qualifications of the head of internal audit and the requirements for approving appointments in accordance with global internal audit standards (GIAS)

- set up an audit committee of its board in accordance with the corporate governance code for central government and the Audit and Risk Assurance Committee handbook
- forward the audit strategy, periodic audit plans and annual audit report, including NHS Resolution's 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 DHSC an annual report on fraud and theft suffered by NHS Resolution 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 DHSC's responsibilities in relation to financial systems within NHS Resolution

## **External audit**

The Comptroller and Auditor General audits NHS Resolution's annual accounts and lays them before Parliament, together with their report.

The Comptroller and Auditor General (C&AG):

- will consult DHSC and NHS Resolution on whom - the national Audit Office (NAO) or a commercial auditor - shall undertake the audits on C&AG's behalf, though the final decision rests with 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 NHS Resolution
- 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 DHSC's responsibilities in relation to financial systems within NHS Resolution
- will consider requests from other departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with C&AG's independent status, the provision of such reports is entirely at C&AG's discretion

C&AG may carry out examinations into the economy, efficiency and effectiveness with which NHS Resolution has used its resources in discharging its functions. For these

examinations, C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, NHS Resolution shall provide, in conditions to grants and contracts, for C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations. NHS Resolution shall use its best endeavours to secure access for C&AG to any other documents required by C&AG which are held by other bodies.

## Reviews and winding up arrangements

### Review of NHS Resolution's status

NHS Resolution will be reviewed in line with arrangements established to support reviews of arms' length bodies as directed from time to time.

### Arrangements in the event that NHS Resolution is wound up

DHSC shall put in place arrangements to ensure the orderly winding up (or closure) of NHS Resolution. It should ensure that the assets and liabilities of NHS Resolution 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, DHSC shall:

- have regard to Cabinet Office [Public bodies](#) guidance for departments on winding up of NHS Resolution
- ensure that procedures are in place to gain independent assurance on 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 NHS Resolution's assets and liabilities
- ensure that arrangements are in place to prepare closing accounts and pass them to C&AG for external audit, and that, for non-crown bodies, funds are in place to pay for such audits. It shall be for C&AG to lay the final accounts in Parliament, together with C&AG's report on the accounts
- arrange for the most appropriate person to sign the closing accounts. In the event that another body takes on the role, responsibilities, assets and liabilities, the succeeding NHS Resolution AO should sign the closing accounts. In the event that DHSC inherits the role, responsibilities, assets and liabilities, the AO should sign

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

## **Communications between DHSC and NHS Resolution**

This section sets out the basic principles guiding co-operation and collaborative working between DHSC and its arm's length bodies (ALBs), across all aspects of communication and marketing activities, to provide impactful and cost-effective communications in the context of our shared accountability to Parliament and the public.

The principles include regular collaboration and information sharing between DHSC and ALB communications teams to ensure communications are aligned and to amplify their impact. All ALBs have committed to undertaking this collaboration and information sharing in a timely manner ahead of content being shared with the public, media or other stakeholders. This will ensure that, as a system, we are communicating with the public, workforce and our stakeholders in a co-ordinated manner so as not to confuse or undermine another part of the system.

To achieve this, DHSC and the ALB communications teams will have regular check in points, including for the heads of communications and media and marketing teams, to agree communication plans. In particular, ALBs and DHSC will give each other sufficient advance notice of public facing communications to allow for necessary clearances with the relevant teams as set out in the Communications and Marketing Guidance annex of the ALB Schedule of Delegations.

## **Annex A: guidance**

NHS Resolution shall comply with the following guidance, documents and instructions.

### **Corporate governance**

This includes:

- this framework agreement
- [corporate governance code for central government](#) departments (relevant to ALBs) and supporting guidance
- [code of conduct for board members of public bodies](#)
- [code of practice for partnerships between departments and ALBs](#)

## Financial management and reporting

This includes:

- [managing public money \(MPM\)](#)
- [government financial reporting manual \(FReM\)](#)
- relevant [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](#)
- [approvals process for major projects above delegated limits](#)
- [National Cyber Strategy \(2022\)](#)
- [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](#)
- [PPN 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 \(2009\)](#)
- 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 NHS Resolution
- Cabinet Office [Public bodies](#) guidance for departments

- 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](#)
- [grants standards](#)
- [Code of Practice for Statistics](#)
- [accounting officer system statements guidance](#) (these are produced by government departments with input from NHS Resolution)

## Annex B: list of current indemnity schemes

Indemnity schemes managed by NHS Resolution as at December 2025.

### Clinical negligence schemes

NHS Resolution manages 7 clinical negligence schemes:

- Clinical Negligence Scheme for Trusts (CNST), which covers clinical negligence claims for incidents occurring on or after 1 April 1995
- Clinical Negligence Scheme for General Practice (CNSGP), which covers clinical negligence claims for incidents occurring in general practice on or after 1 April 2019.
- Existing Liabilities Scheme for General Practice (ELSGP), which covers clinical negligence claims made against current and former general practice members of medical defence organisations in respect of liabilities incurred before 1 April 2019
- Existing Liabilities Scheme is centrally funded by the Department of Health and Social Care (DHSC), and covers clinical negligence claims against NHS organisations for incidents occurring before 1 April 1995
- Ex-Regional Health Authority Scheme is a small scheme centrally funded by DHSC, covering clinical negligence claims against former regional health authorities, which were abolished in 1996

- DHSC Clinical Scheme covers clinical negligence liabilities that have transferred to the Secretary of State for Health and Social Care following the abolition of any relevant health bodies
- Clinical Negligence Scheme for Coronavirus (CNSC) is centrally funded by DHSC and covers clinical negligence claims arising from NHS activities provided as part of the coronavirus response which are not covered by an existing indemnity or insurance arrangement

## **Non-clinical schemes**

NHS Resolution manages 2 non-clinical schemes under the heading of the Risk Pooling Schemes for Trusts (RPST):

- Liabilities to Third Parties Scheme (LTPS), which covers non-clinical claims such as public and employers' liability, for incidents on or after 1 April 1999
- Property Expenses Schemes (PES), which covers 'first party' losses such as property damage and theft, for incidents on or after 1 April 1999

It also manages one other non-clinical scheme:

- DHSC Non-Clinical Scheme, which covers non-clinical negligence liabilities that have transferred to the Secretary of State for Health and Social Care following the abolition of any relevant health bodies