

## Spire Healthcare Limited

3 Dorset Rise  
London  
EC4Y 8EN

**Licence Number: 200006**

**Date of Issue**

01/04/2014

**Version Number**

1.0



Dr David Bennett, Chief Executive  
Monitor

# Version History

| Version No. | Date          | Comments         |
|-------------|---------------|------------------|
| 1.0         | 01 April 2014 | Document Created |

# NHS Provider Licence Standard Conditions

## CONTENTS

### Section 1 – General Conditions

- G1: Provision of information
- G2: Publication of information
- G3: Payment of fees to Monitor
- G4: Fit and proper persons
- G5: Monitor guidance
- G6: Systems for compliance with licence conditions and related obligations
- G7: Registration with the Care Quality Commission
- G8: Patient eligibility and selection criteria
- G9: Application of Section 5 (Continuity of Services)

### Section 2 – Pricing

- P1: Recording of information
- P2: Provision of information
- P3: Assurance report on submissions to Monitor
- P4: Compliance with the National Tariff
- P5: Constructive engagement concerning local tariff modifications

### Section 3 – Choice and competition

- C1: The right of patients to make choices
- C2: Competition oversight

### Section 4 – Integrated care

- IC1: Provision of integrated care

### Section 5 – Continuity of Services

- CoS1: Continuing provision of Commissioner Requested Services
- CoS2: Restriction on the disposal of assets
- CoS3: Standards of corporate governance and financial management
- CoS4: Undertaking from the ultimate controller
- CoS5: Risk pool levy
- CoS6: Cooperation in the event of financial stress
- CoS7: Availability of resources

### Section 6 – NHS foundation trust conditions

- FT1: Information to update the register of NHS foundation trusts
- FT2: Payment to Monitor in respect of registration and related costs
- FT3: Provision of information to advisory panel
- FT4: NHS foundation trust governance arrangements

### Section 7 – Interpretation and Definitions

- D1: Interpretation and Definitions

**Section 1 – General Conditions**

**Condition G1 – Provision of information**

1. Subject to paragraph 3, and in addition to obligations under other Conditions of this Licence, the Licensee shall furnish to Monitor such information and documents, and shall prepare or procure and furnish to Monitor such reports, as Monitor may require for any of the purposes set out in section 96(2) of the 2012 Act.
2. Information, documents and reports required to be furnished under this Condition shall be furnished in such manner, in such form, at such place and at such times as Monitor may require.
3. In furnishing information documents and reports pursuant to paragraphs 1 and 2 the Licensee shall take all reasonable steps to ensure that:
  - (a) in the case of information or a report, it is accurate, complete and not misleading;
  - (b) in the case of a document, it is a true copy of the document requested; and
4. This Condition shall not require the Licensee to furnish any information, documents or reports which it could not be compelled to produce or give in evidence in civil proceedings before a court because of legal professional privilege.

## Section 1 – General Conditions

### **Condition G2 – Publication of information**

1. The Licensee shall comply with any direction from Monitor for any of the purposes set out in section 96(2) of the 2012 Act to publish information about health care services provided for the purposes of the NHS and as to the manner in which such information should be published.
2. For the purposes of this condition “publish” includes making available to the public, to any section of the public or to individuals.

## Section 1 – General Conditions

### **Condition G3 – Payment of fees to Monitor**

1. The Licensee shall pay fees to Monitor in each financial year of such amount as Monitor may determine for each such year or part thereof in respect of the exercise by Monitor of its functions for the purposes set out in section 96(2) of the 2012 Act.
2. The Licensee shall pay the fees required to be paid by a determination by Monitor for the purpose of paragraph 1 no later than the 28<sup>th</sup> day after they become payable in accordance with that determination.

**Condition G4 – Fit and proper persons as Governors and Directors (also applicable to those performing equivalent or similar functions)**

1. The Licensee shall ensure that no person who is an unfit person may become or continue as a Governor, except with the approval in writing of Monitor.
2. The Licensee shall not appoint as a Director any person who is an unfit person, except with the approval in writing of Monitor.
3. The Licensee shall ensure that its contracts of service with its Directors contain a provision permitting summary termination in the event of a Director being or becoming an unfit person. The Licensee shall ensure that it enforces that provision promptly upon discovering any Director to be an unfit person, except with the approval in writing of Monitor.
4. If Monitor has given approval in relation to any person in accordance with paragraph 1, 2, or 3 of this condition the Licensee shall notify Monitor promptly in writing of any material change in the role required of or performed by that person.
5. In this Condition an unfit person is:
  - (a) an individual;
    - (i) who has been adjudged bankrupt or whose estate has been sequestrated and (in either case) has not been discharged; or
    - (ii) who has made a composition or arrangement with, or granted a trust deed for, his creditors and has not been discharged in respect of it; or
    - (iii) who within the preceding five years has been convicted in the British Islands of any offence and a sentence of imprisonment (whether suspended or not) for a period of not less than three months (without the option of a fine) was imposed on him; or
    - (iv) who is subject to an unexpired disqualification order made under the Company Directors' Disqualification Act 1986; or
  - (b) a body corporate, or a body corporate with a parent body corporate:

## Section 1 – General Conditions

- (i) where one or more of the Directors of the body corporate or of its parent body corporate is an unfit person under the provisions of subparagraph (a) of this paragraph, or
- (ii) in relation to which a voluntary arrangement is proposed under section 1 of the Insolvency Act 1986, or
- (iii) which has a receiver (including an administrative receiver within the meaning of section 29(2) of the 1986 Act) appointed for the whole or any material part of its assets or undertaking, or
- (iv) which has an administrator appointed to manage its affairs, business and property in accordance with Schedule B1 to the 1986 Act, or
- (v) which passes any resolution for winding up, or
- (vi) which becomes subject to an order of a Court for winding up.



## Section 1 – General Conditions

### **Condition G5 – Monitor guidance**

- 1 Without prejudice to any obligations in other Conditions of this Licence, the Licensee shall at all times have regard to guidance issued by Monitor for any of the purposes set out in section 96(2) of the 2012 Act.
- 2 In any case where the Licensee decides not to follow the guidance referred to in paragraph 1 or guidance issued under any other Conditions of this licence, it shall inform Monitor of the reasons for that decision.

**Condition G6 – Systems for compliance with licence conditions and related obligations**

1. The Licensee shall take all reasonable precautions against the risk of failure to comply with:
  - (a) the Conditions of this Licence,
  - (b) any requirements imposed on it under the NHS Acts, and
  - (c) the requirement to have regard to the NHS Constitution in providing health care services for the purposes of the NHS.
  
2. Without prejudice to the generality of paragraph 1, the steps that the Licensee must take pursuant to that paragraph shall include:
  - (a) the establishment and implementation of processes and systems to identify risks and guard against their occurrence; and
  - (b) regular review of whether those processes and systems have been implemented and of their effectiveness.
  
3. Not later than two months from the end of each Financial Year, the Licensee shall prepare and submit to Monitor a certificate to the effect that, following a review for the purpose of paragraph 2(b) the Directors of the Licensee are or are not satisfied, as the case may be that, in the Financial Year most recently ended, the Licensee took all such precautions as were necessary in order to comply with this Condition.
  
4. The Licensee shall publish each certificate submitted for the purpose of this Condition within one month of its submission to Monitor in such manner as is likely to bring it to the attention of such persons who reasonably can be expected to have an interest in it.

**Condition G7 – Registration with the Care Quality Commission**

1. The Licensee shall at all times be registered with the Care Quality Commission in so far as is necessary in order to be able lawfully to provide the services authorised to be provided by this Licence.
2. The Licensee shall notify Monitor promptly of:
  - (a) any application it may make to the Care Quality Commission for the cancellation of its registration by that Commission, or
  - (b) the cancellation by the Care Quality Commission for any reason of its registration by that Commission.
3. A notification given by the Licensee for the purposes of paragraph 2 shall:
  - (a) be made within 7 days of:
    - (i) the making of an application in the case of paragraph (a), or
    - (ii) becoming aware of the cancellation in the case of paragraph (b), and
  - (b) contain an explanation of the reasons (in so far as they are known to the Licensee) for:
    - (i) the making of an application in the case of paragraph (a), or
    - (ii) the cancellation in the case of paragraph (b).

**Condition G8 – Patient eligibility and selection criteria**

1. The Licensee shall:
  - (a) set transparent eligibility and selection criteria,
  - (b) apply those criteria in a transparent way to persons who, having a choice of persons from whom to receive health care services for the purposes of the NHS, choose to receive them from the Licensee, and
  - (c) publish those criteria in such a manner as will make them readily accessible by any persons who could reasonably be regarded as likely to have an interest in them.
  
2. “Eligibility and selection criteria” means criteria for determining:
  - (a) whether a person is eligible, or is to be selected, to receive health care services provided by the Licensee for the purposes of the NHS, and
  - (b) if the person is selected, the manner in which the services are provided to the person.

**Condition G9 – Application of Section 5 (Continuity of Services)**

1. The Conditions in Section 5 shall apply:
  - (a) whenever the Licensee is subject to a contractual or other legally enforceable obligation to provide a service which is a Commissioner Requested Service, and
  - (b) from the commencement of this Licence until the Licensee becomes subject to an obligation of the type described in sub-paragraph (a), if the Licensee is an NHS foundation trust which:
    - (i) was not subject to such an obligation on commencement of this Licence, and
    - (ii) was required to provide services, or was party to an NHS contract to provide services, as described in paragraph 2(a) or 2(b);

for the avoidance of doubt, where Section 5 applies by virtue of this subparagraph, the words “Commissioner Requested Service” shall be read to include any service of a description falling within paragraph 2(a) or 2(b).

2. A service is a Commissioner Requested Service if, and to the extent that, it is:
  - (a) any service of a description which the Licensee, being an NHS foundation trust with an authorisation date on or before 31 March 2013, was required to provide in accordance with condition 7(1) and Schedule 2 in the terms of its authorisation by Monitor immediately prior to the commencement of this Licence, or
  - (b) any service of a description which the Licensee, being an NHS foundation trust with an authorisation date on or after 1 April 2013, was required to provide pursuant to an NHS contract immediately before its authorisation date, or
  - (c) any other service which the Licensee has contracted with a Commissioner to provide as a Commissioner Requested Service.
3. A service is also a Commissioner Requested Service if, and to the extent that, not being a service within paragraph 2:

## Section 1 – General Conditions

- (a) it is a service which the Licensee may be required to provide to a Commissioner under the terms of a contract which has been entered into between them, and
  - (b) the Commissioner has made a written request to the Licensee to provide that service as a Commissioner Requested Service, and either
  - (c) the Licensee has failed to respond in writing to that request by the expiry of the 28<sup>th</sup> day after it was made to the Licensee by the Commissioner, or
  - (d) the Commissioner, not earlier than the expiry of the [28<sup>th</sup>] day after making that request to the Licensee, has given to Monitor and to the Licensee a notice in accordance with paragraph 4, and Monitor, after giving the Licensee the opportunity to make representations, has issued a direction in writing in accordance with paragraph 5.
4. A notice in accordance with this paragraph is a notice:
  - (a) in writing,
  - (b) stating that the Licensee has refused to agree to a request to provide a service as a Commissioner Requested Service, and
  - (c) setting out the Commissioner's reasons for concluding that the Licensee is acting unreasonably in refusing to agree to that request to provide a service as a Commissioner Requested Service
5. A direction in accordance with this paragraph is a direction that the Licensee's refusal to provide a service as a Commissioner Requested Service in response to a request made under paragraph 3(b) is unreasonable.
6. The Licensee shall give Monitor not less than [28] days' notice of the expiry of any contractual obligation pursuant to which it is required to provide a Commissioner Requested Service to a Commissioner for which no extension or renewal has been agreed.
7. If any contractual obligation of a Licensee to provide a Commissioner Requested Service expires without extension or renewal having been agreed between the Licensee and the Commissioner who is a party to the contract, the Licensee shall continue to provide that service on the terms of the contract (save as agreed with that Commissioner), and the service shall continue to be a Commissioner Requested

## Section 1 – General Conditions

Service, for the period from the expiry of the contractual obligation until Monitor issues either:

- (a) a direction of the sort referred to in paragraph 8, or
  - (b) a notice in writing to the Licensee stating that it has decided not to issue such a direction.
8. If, during the period of a contractual or other legally enforceable obligation to provide a Commissioner Requested Service, Monitor issues to the Licensee a direction in writing to continue providing that service for a period specified in the direction, then for that period the service shall continue to be a Commissioner Requested Service.
9. No service which the Licensee is subject to a contractual or other legally enforceable obligation to provide shall be regarded as a Commissioner Requested Service and, as a consequence, no Condition in Section 5 shall be of any application, during any period for which there is in force a direction in writing by Monitor given for the purposes of this condition and of any equivalent condition in any other current licence issued under the 2012 Act stating that no health care service provided for the purposes of the NHS is to be regarded as a Commissioner Requested Service.
10. A service shall cease to be a Commissioner Requested Service if:
  - (a) all current Commissioners of that service as a Commissioner Requested Service agree in writing that there is no longer any need for the service to be a Commissioner Requested Service, and Monitor has issued a determination in writing that the service is no longer a Commissioner Requested Service, or
  - (b) Monitor has issued a determination in writing that the service is no longer a Commissioner Requested Service; or
  - (c) it is a Commissioner Requested Service by virtue only of paragraph 2(a) above and 3 years have elapsed since the commencement of this Licence; or
  - (d) it is a Commissioner Requested Service by virtue only of paragraph 2(b) above and either 3 years have elapsed since 1 April 2013 or 1 year has elapsed since the commencement of this Licence, whichever is the later; or
  - (e) the contractual obligation pursuant to which the service is provided has expired and Monitor has issued a notice pursuant to paragraph 7(b) in relation to the service; or

## Section 1 – General Conditions

- (f) the period specified in a direction by Monitor of the sort referred to in paragraph 8 in relation to the service has expired.
- 11. The Licensee shall make available free of charge to any person who requests it a statement in writing setting out the description and quantity of services which it is under a contractual or other legally enforceable obligation to provide as Commissioner Requested Services.
- 12. Within [28] days of every occasion on which there is a change in the description or quantity of the services which the Licensee is under a contractual or other legally enforceable obligation to provide as Commissioner Requested Services, the Licensee shall provide to Monitor in writing a notice setting out the description and quantity of all the services it is obliged to provide as Commissioner Requested Services.
- 13. Unless it is proposes to cease providing the service, the Licensee shall not make any application to Monitor for a determination in accordance with paragraph 10(b):
  - (a) in the case of a service which is a Commissioner Requested Service by virtue only of paragraph 2(a) above, in the period of 3 years since the commencement of this Licence or
  - (b) in the case of a service which is a Commissioner Requested Service by virtue only of paragraph 2(b), in the period until the later of 1 April 2016 or 1 year from the commencement of this Licence.
- 14. In this Condition “NHS contract” has the meaning given to that term in Section 9 of the 2006 Act.



## Section 2 – Pricing

### Condition P1 – Recording of information

1. If required in writing by Monitor, and only in relation to periods from the date of that requirement, the Licensee shall:
  - (a) obtain, record and maintain sufficient information about the costs which it expends in the course of providing services for the purposes of the NHS and other relevant information, and
  - (b) establish, maintain and apply such systems and methods for the obtaining, recording and maintaining of such information about those costs and other relevant information,as are necessary to enable it to comply with the following paragraphs of this Condition.
2. From the time of publication by Monitor of Approved Reporting Currencies the Licensee shall maintain records of its costs and of other relevant information broken down in accordance with those Currencies by allocating to a record for each such Currency all costs expended by the Licensee in providing health care services for the purposes of the NHS within that Currency and by similarly treating other relevant information.
3. In the allocation of costs and other relevant information to Approved Reporting Currencies in accordance with paragraph 2 the Licensee shall use the cost allocation methodology and procedures relating to other relevant information set out in the Approved Guidance.
4. If the Licensee uses sub-contractors in the provision of health care services for the purposes of the NHS, to the extent that it is required to do so in writing by Monitor the Licensee shall procure that each of those sub-contractors:
  - (a) obtains, records and maintains information about the costs which it expends in the course of providing services as sub-contractor to the Licensee, and establishes, maintains and applies systems and methods for the obtaining, recording and maintaining of that information, in a manner that complies with paragraphs 2 and 3 of this Condition, and
  - (b) provides that information to Monitor in a timely manner.
5. Records required to be maintained by this Condition shall be kept for not less than six years.

## Section 2 – Pricing

### 6. In this Condition:

|                                 |   |
|---------------------------------|---|
| “the Approved Guidance”         | means such guidance on the obtaining, recording and maintaining of information about costs and on the breaking down and allocation of costs by reference to Approved Reporting Currencies as may be published by Monitor; |
| “Approved Reporting Currencies” | means such categories of cost and other relevant information as may be published by Monitor;  |
| “other relevant information”    | means such information, which may include quality and outcomes data, as may be required by Monitor for the purpose of its functions under Chapter 4 (Pricing) in Part 3 of the 2012 Act.                                  |

## Section 2 – Pricing

### **Condition P2 – Provision of information**

1. Subject to paragraph 3, and without prejudice to the generality of Condition G1, the Licensee shall furnish to Monitor such information and documents, and shall prepare or procure and furnish to Monitor such reports, as Monitor may require for the purpose of performing its functions under Chapter 4 in Part 3 of the 2012 Act.
2. Information, documents and reports required to be furnished under this Condition shall be furnished in such manner, in such form, at such place and at such times as Monitor may require.
3. In furnishing information documents and reports pursuant to paragraphs 1 and 2 the Licensee shall take all reasonable steps to ensure that:
  - (a) in the case of information or a report, it is accurate, complete and not misleading;
  - (b) in the case of a document, it is a true copy of the document requested; and
4. This Condition shall not require the Licensee to furnish any information, documents or reports which it could not be compelled to produce or give in evidence in civil proceedings before a court because of legal professional privilege.

## Section 2 – Pricing

### **Condition P3 – Assurance report on submissions to Monitor**

1. If required in writing by Monitor the Licensee shall, as soon as reasonably practicable, obtain and submit to Monitor an assurance report in relation to a submission of the sort described in paragraph 2 which complies with the requirements of paragraph 3.
2. The descriptions of submissions in relation to which a report may be required under paragraph 1 are:
  - (a) submissions of information furnished to Monitor pursuant to Condition P2, and
  - (b) submissions of information to third parties designated by Monitor as persons from or through whom cost information may be obtained for the purposes of setting or verifying the National Tariff or of developing non-tariff pricing guidance.
3. An assurance report shall meet the requirements of this paragraph if all of the following conditions are met:
  - (a) it is prepared by a person approved in writing by Monitor or qualified to act as auditor of an NHS foundation trust in accordance with paragraph 23(4) in Schedule 7 to the 2006 Act;
  - (b) it expresses a view on whether the submission to which it relates:
    - (i) is based on cost records which have been maintained in a manner which complies with paragraph 2 in Condition P1;
    - (ii) is based on costs which have been analysed in a manner which complies with paragraph 3 in Condition P1, and
    - (iii) provides a true and fair assessment of the information it contains.

## Section 2 – Pricing

### **Condition P4 – Compliance with the National Tariff**

1. Except as approved in writing by Monitor, the Licensee shall only provide health care services for the purpose of the NHS at prices which comply with, or are determined in accordance with, the national tariff published by Monitor, in accordance with section 116 of the 2012 Act.
2. Without prejudice to the generality of paragraph 1, except as approved in writing by Monitor, the Licensee shall comply with the rules, and apply the methods, concerning charging for the provision of health care services for the purposes of the NHS contained in the national tariff published by Monitor in accordance with, section 116 of the 2012 Act, wherever applicable.

## Section 2 – Pricing

### **Condition P5 – Constructive engagement concerning local tariff modifications**

1. The Licensee shall engage constructively with Commissioners, with a view to reaching agreement as provided in section 124 of the 2012 Act, in any case in which it is of the view that the price payable for the provision of a service for the purposes of the NHS in certain circumstances or areas should be the price determined in accordance with the national tariff for that service subject to modifications.

### **Section 3 – Choice and Competition**

#### **Condition C1- The right of patients to make choices**

1. Subsequent to a person becoming a patient of the Licensee and for as long as he or she remains such a patient, the Licensee shall ensure that at every point where that person has a choice of provider under the NHS Constitution or a choice of provider conferred locally by Commissioners, he or she is notified of that choice and told where information about that choice can be found.
2. Information and advice about patient choice of provider made available by the Licensee shall not be misleading.
3. Without prejudice to paragraph 2, information and advice about patient choice of provider made available by the Licensee shall not unfairly favour one provider over another and shall be presented in a manner that, as far as reasonably practicable, assists patients in making well informed choices between providers of treatments or other health care services.
4. In the conduct of any activities, and in the provision of any material, for the purpose of promoting itself as a provider of health care services for the purposes of the NHS the Licensee shall not offer or give gifts, benefits in kind, or pecuniary or other advantages to clinicians, other health professionals, Commissioners or their administrative or other staff as inducements to refer patients or commission services.

**Condition C2 – Competition oversight**

1. The Licensee shall not:
    - (a) enter into or maintain any agreement or other arrangement which has the object or which has (or would be likely to have) the effect of preventing, restricting or distorting competition in the provision of health care services for the purposes of the NHS, or
    - (b) engage in any other conduct which has (or would be likely to have) the effect of preventing, restricting or distorting competition in the provision of health care services for the purposes of the NHS,
- to the extent that it is against the interests of people who use health care services.



## Section 4 – Integrated care

### Condition IC1 – Provision of integrated care

1. The Licensee shall not do anything that reasonably would be regarded as against the interests of people who use health care services by being detrimental to enabling its provision of health care services for the purposes of the NHS to be integrated with the provision of such services by others with a view to achieving one or more of the objectives referred to in paragraph 4.
2. The Licensee shall not do anything that reasonably would be regarded as against the interests of people who use health care services by being detrimental to enabling its provision of health care services for the purposes of the NHS to be integrated with the provision of health-related services or social care services by others with a view to achieving one or more of the objectives referred to in paragraph 4.
3. The Licensee shall not do anything that reasonably would be regarded as against the interests of people who use health care services by being detrimental to enabling it to co-operate with other providers of health care services for the purposes of the NHS with a view to achieving one or more of the objectives referred to in paragraph 4.
4. The objectives referred to in paragraphs 1, 2 and 3 are:
  - (a) improving the quality of health care services provided for the purposes of the NHS (including the outcomes that are achieved from their provision) or the efficiency of their provision,
  - (b) reducing inequalities between persons with respect to their ability to access those services, and
  - (c) reducing inequalities between persons with respect to the outcomes achieved for them by the provision of those services.
5. The Licensee shall have regard to such guidance as may have been issued by Monitor from time to time concerning actions or behaviours that might reasonably be regarded as against the interests of people who use health care services for the purposes of paragraphs 1, 2 or 3 of this Condition.

**Section 5 – Continuity of Services**

**Condition CoS1 – Continuing provision of Commissioner Requested Services**

1. The Licensee shall not cease to provide, or materially alter the specification or means of provision of, any Commissioner Requested Service otherwise than in accordance with the following paragraphs of this Condition.
2. If, during the period of a contractual or other legally enforceable obligation to provide a Commissioner Requested Service, or during any period when this condition applies by virtue of Condition G9(1)(b), Monitor issues to the Licensee a direction in writing to continue providing that service for a period specified in the direction, then the Licensee shall provide the service for that period in accordance with the direction.
3. The Licensee shall not materially alter the specification or means of provision of any Commissioner Requested Service except:
  - (a) with the agreement in writing of all Commissioners to which the Licensee is required by a contractual or other legally enforceable obligation to provide the service as a Commissioner Requested Service; or
  - (b) at any time when this condition applies by virtue of Condition G9(1)(b), with the agreement in writing of all Commissioners to which the Licensee provides, or may be requested to provide, the service as a Commissioner Requested Service; or
  - (c) if required to do so by, or in accordance with the terms of its authorisation by, any body having responsibility pursuant to statute for regulating one or more aspects of the provision of health care services in England and which has been designated by Monitor for the purposes of this condition and of equivalent conditions in other licences granted under the 2012 Act.
4. If the specification or means of provision of a Commissioner Requested Service is altered as provided in paragraph 3 the Licensee, within [28] days of the alteration, shall give to Monitor notice in writing of the occurrence of the alteration with a summary of its nature.
5. For the purposes of this Condition an alteration to the specification or means of provision of any Commissioner Requested Service is material if it involves the delivery

## Section 5 – Continuity of Services

or provision of that service in a manner which differs from the manner specified and described in:

- (a) the contract in which it was first required to be provided to a Commissioner at or following the coming into effect of this Condition; or
- (b) if there has been an alteration pursuant to paragraph 3, the document in which it was specified on the coming into effect of that alteration; or
- (c) at any time when this Condition applies by virtue of Condition G9(1)(b), the contract, or NHS contract, by which it was required to be provided immediately before the commencement of this Licence or the Licensee's authorisation, as the case may be.

**Condition CoS2 – Restriction on the disposal of assets**

1. The Licensee shall establish, maintain and keep up to date, an asset register which complies with paragraphs 2 and 3 of this Condition (“the Asset Register”)
2. The Asset Register shall list every relevant asset used by the Licensee for the provision of Commissioner Requested Services.
3. The Asset Register shall be established, maintained and kept up to date in a manner that reasonably would be regarded as both adequate and professional.
4. The obligations in paragraphs 5 to 8 shall apply to the Licensee if Monitor has given notice in writing to the Licensee that it is concerned about the ability of the Licensee to carry on as a going concern.
5. The Licensee shall not dispose of, or relinquish control over, any relevant asset except:
  - (a) with the consent in writing of Monitor, and
  - (b) in accordance with the paragraphs 6 to 8 of this Condition.
6. The Licensee shall furnish Monitor with such information as Monitor may request relating to any proposal by the Licensee to dispose of, or relinquish control over, any relevant asset.
7. Where consent by Monitor for the purpose of paragraph 5(a) is subject to conditions, the Licensee shall comply with those conditions.
8. Paragraph 5(a) of this Condition shall not prevent the Licensee from disposing of, or relinquishing control over, any relevant asset where:
  - (a) Monitor has issued a general consent for the purposes of this Condition (whether or not subject to conditions) in relation to:
    - (i) transactions of a specified description; or
    - (ii) the disposal of or relinquishment of control over relevant assets of a specified description, and

the transaction or the relevant assets are of a description to which the consent applies and the disposal, or relinquishment of control, is in accordance with any conditions to which the consent is subject; or

Section 5 – Continuity of Services

- (b) the Licensee is required by the Care Quality Commission to dispose of a relevant asset.

9. In this Condition:

|                                    |   |
|------------------------------------|---|
| <p>“disposal”</p>                  | <p>means any of the following:</p> <p>(a) a transfer, whether legal or equitable, of the whole or any part of an asset (whether or not for value) to a person other than the Licensee; or</p> <p>(b) a grant, whether legal or equitable, of a lease, licence, or loan of (or the grant of any other right of possession in relation to) that asset; or</p> <p>(c) the grant, whether legal or equitable, of any mortgage, charge, or other form of security over that asset; or</p> <p>(d) if the asset is an interest in land, any transaction or event that is capable under any enactment or rule of law of affecting the title to a registered interest in that land, on the assumption that the title is registered,</p> <p>and references to “dispose” are to be read accordingly;</p> |
| <p>“relevant asset”</p>            | <p>means any item of property, including buildings, interests in land, equipment (including rights, licenses and consents relating to its use), without which the Licensee’s ability to meet its obligations to provide Commissioner Requested Services would reasonably be regarded as materially prejudiced;</p>  |
| <p>“relinquishment of control”</p> | <p>includes entering into any agreement or arrangement under which control of the asset is not, or ceases to be, under the sole management of the Licensee, and “relinquish” and related expressions are to be read accordingly.</p>  |

10. The Licensee shall have regard to such guidance as may be issued from time to time by Monitor regarding:

- (a) the manner in which asset registers should be established, maintained and updated, and

## Section 5 – Continuity of Services

- (b) property, including buildings, interests in land, intellectual property rights and equipment, without which a licence holder's ability to provide Commissioner Requested Services should be regarded as materially prejudiced.

**Condition CoS3 – Standards of corporate governance and financial management**

1. The Licensee shall at all times adopt and apply systems and standards of corporate governance and of financial management which reasonably would be regarded as:
  - (a) suitable for a provider of the Commissioner Requested Services provided by the Licensee, and
  - (b) providing reasonable safeguards against the risk of the Licensee being unable to carry on as a going concern.
  
2. In its determination of the systems and standards to adopt for the purpose of paragraph 1, and in the application of those systems and standards, the Licensee shall have regard to:
  - (a) such guidance as Monitor may issue from time to time concerning systems and standards of corporate governance and financial management;
  - (b) the Licensee's rating using the risk rating methodology published by Monitor from time to time, and
  - (c) the desirability of that rating being not less than the level regarded by Monitor as acceptable under the provisions of that methodology.

**Condition CoS4 – Undertaking from the ultimate controller**

1. The Licensee shall procure from each company or other person which the Licensee knows or reasonably ought to know is at any time its ultimate controller, a legally enforceable undertaking in favour of the Licensee, in the form specified by Monitor, that the ultimate controller (“the Covenantor”):
  - (a) will refrain for any action, and will procure that any person which is a subsidiary of, or which is controlled by, the Covenantor (other than the Licensee and its subsidiaries) will refrain from any action, which would be likely to cause the Licensee to be in contravention of any of its obligations under the 2012 Act or this Licence, and
  - (b) will give to the Licensee, and will procure that any person which is a subsidiary of, or which is controlled by, the Covenantor (other than the Licensee and its subsidiaries) will give to the Licensee, all such information in its possession or control as may be necessary to enable the Licensee to comply fully with its obligations under this Licence to provide information to Monitor.
2. The Licensee shall obtain any undertaking required to be procured for the purpose of paragraph 1 within 7 days of a company or other person becoming an ultimate controller of the Licensee and shall ensure that any such undertaking remains in force for as long as the Covenantor remains the ultimate controller of the Licensee.
3. The Licensee shall:
  - (a) deliver to Monitor a copy of each such undertaking within seven days of obtaining it;
  - (b) inform Monitor immediately in writing if any Director, secretary or other officer of the Licensee becomes aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached, and
  - (c) comply with any request which may be made by Monitor to enforce any such undertaking.
4. For the purpose of this Condition, subject to paragraph 5, a person (whether an individual or a body corporate) is an ultimate controller of the Licensee if:
  - (a) directly, or indirectly, the Licensee can be required to act in accordance with the instructions of that person acting alone or in concert with others, and



## Section 5 – Continuity of Services

- (b) that person cannot be required to act in accordance with the instructions of another person acting alone or in concert with others.
- 5. A person is not an ultimate controller if they are:
  - (a) a health service body, within the meaning of section 9 of the 2006 Act;
  - (b) a Governor or Director of the Licensee and the Licensee is an NHS foundation trust;
  - (c) any Director of the Licensee who does not, alone or in association with others, have a controlling interest in the ownership of the Licensee and the Licensee is a body corporate; or
  - (d) a trustee of the Licensee and the Licensee is a charity.

## Section 5 – Continuity of Services

### **Condition CoS5 – Risk pool levy**

1. The Licensee shall pay to Monitor any sums required to be paid in consequence of any requirement imposed on providers under section 135(2) of the 2012 Act, including sums payable by way of levy imposed under section 139(1) and any interest payable under section 143(10), by the dates by which they are required to be paid.
2. In the event that no date has been clearly determined by which a sum referred to in paragraph 1 is required to be paid, that sum shall be paid within 28 days of being demanded in writing by Monitor.

## Section 5 – Continuity of Services

### **Condition CoS6 – Co-operation in the event of financial stress**

1. The obligations in paragraph 2 shall apply if Monitor has given notice in writing to the Licensee that it is concerned about the ability of the Licensee to carry on as a going concern.
2. When this paragraph applies the Licensee shall:
  - (a) provide such information as Monitor may direct to Commissioners and to such other persons as Monitor may direct;
  - (b) allow such persons as Monitor may appoint to enter premises owned or controlled by the Licensee and to inspect the premises and anything on them, and
  - (c) co-operate with such persons as Monitor may appoint to assist in the management of the Licensee's affairs, business and property.

**Condition CoS7 – Availability of resources**

1. The Licensee shall at all times act in a manner calculated to secure that it has, or has access to, the Required Resources.
2. The Licensee shall not enter into any agreement or undertake any activity which creates a material risk that the Required Resources will not be available to the Licensee.
3. The Licensee, not later than two months from the end of each Financial Year, shall submit to Monitor a certificate as to the availability of the Required Resources for the period of 12 months commencing on the date of the certificate, in one of the following forms:
  - (a) “After making enquiries the Directors of the Licensee have a reasonable expectation that the Licensee will have the Required Resources available to it after taking account distributions which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate.”
  - (b) “After making enquiries the Directors of the Licensee have a reasonable expectation, subject to what is explained below, that the Licensee will have the Required Resources available to it after taking into account in particular (but without limitation) any distribution which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to provide Commissioner Requested Services”.
  - (c) “In the opinion of the Directors of the Licensee, the Licensee will not have the Required Resources available to it for the period of 12 months referred to in this certificate”.
4. The Licensee shall submit to Monitor with that certificate a statement of the main factors which the Directors of the Licensee have taken into account in issuing that certificate.
5. The statement submitted to Monitor in accordance with paragraph 4 shall be approved by a resolution of the board of Directors of the Licensee and signed by a Director of the Licensee pursuant to that resolution.

## Section 5 – Continuity of Services

6. The Licensee shall inform Monitor immediately if the Directors of the Licensee become aware of any circumstance that causes them to no longer have the reasonable expectation referred to in the most recent certificate given under paragraph 3.
7. The Licensee shall publish each certificate provided for in paragraph 3 in such a manner as will enable any person having an interest in it to have ready access to it.
8. In this Condition:

|                      |  |
|----------------------|--|
| “distribution”       | includes the payment of dividends or similar payments on share capital and the payment of interest or similar payments on public dividend capital and the repayment of capital;  |
| “Financial Year”     | means the period of twelve months over which the Licensee normally prepares its accounts;  |
| “Required Resources” | means such:<br><ol style="list-style-type: none"><li>(a) management resources,</li><li>(b) financial resources and financial facilities,</li><li>(c) personnel,</li><li>(d) physical and other assets including rights, licences and consents relating to their use, and</li><li>(e) working capital</li></ol> as reasonably would be regarded as sufficient to enable the Licensee at all times to provide the Commissioner Requested Services. |

**Section 6 – NHS Foundation Trust Conditions**

**Condition FT1 – Information to update the register of NHS foundation trusts**

1. The obligations in the following paragraphs of this Condition apply if the Licensee is an NHS foundation trust, without prejudice to the generality of the other conditions in this Licence.
2. The Licensee shall ensure that Monitor has available to it written and electronic copies of the following documents:
  - (a) the current version of Licensee’s constitution;
  - (b) the Licensee’s most recently published annual accounts and any report of the auditor on them, and
  - (c) the Licensee’s most recently published annual report,and for that purpose shall provide to Monitor written and electronic copies of any document establishing or amending its constitution within 28 days of being adopted and of the documents referred to in sub-paragraphs (b) and (c) within 28 days of being published.
3. Subject to paragraph 4, the Licensee shall provide to Monitor written and electronic copies of any document that is required by Monitor for the purpose of Section 39 of the 2006 Act within 28 days of the receipt of the original document by the Licensee.
4. The obligation in paragraph 3 shall not apply to:
  - (a) any document provided pursuant to paragraph 2;
  - (b) any document originating from Monitor; or
  - (c) any document required by law to be provided to Monitor by another person.
5. The Licensee shall comply with any direction issued by Monitor concerning the format in which electronic copies of documents are to be made available or provided.
6. When submitting a document to Monitor for the purposes of this Condition, the Licensee shall provide to Monitor a short written statement describing the document and specifying its electronic format and advising Monitor that the document is being sent for

## Section 6 – NHS Foundation Trust Conditions

the purpose of updating the register of NHS foundation trusts maintained in accordance with section 39 of the 2006 Act.

## Section 6 – NHS Foundation Trust Conditions

### **Condition FT2 – Payment to Monitor in respect of registration and related costs**

1. The obligations in the following paragraph of this Condition apply if the Licensee is an NHS foundation trust, without prejudice to the generality of the other conditions in this Licence.
2. Whenever Monitor determines in accordance with section 50 of the 2006 Act that the Licensee must pay to Monitor a fee in respect of Monitor's exercise of its functions under sections 39 and 39A of that Act the Licensee shall pay that fee to Monitor within 28 days of the fee being notified to the Licensee by Monitor in writing.



## Section 6 – NHS Foundation Trust Conditions

### **Condition FT3 – Provision of information to advisory panel**

1. The obligation in the following paragraph of this Condition applies if the Licensee is an NHS foundation trust, without prejudice to the generality of the other conditions in this Licence.
2. The Licensee shall comply with any request for information or advice made of it under Section 39A(5) of the 2006 Act.

## Section 6 – NHS Foundation Trust Conditions

### **Condition FT4 – NHS foundation trust governance arrangements**

1. This condition shall apply if the Licensee is an NHS foundation trust, without prejudice to the generality of the other conditions in this Licence.
2. The Licensee shall apply those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.
3. Without prejudice to the generality of paragraph 2 and to the generality of General Condition 5, the Licensee shall:
  - (a) have regard to such guidance on good corporate governance as may be issued by Monitor from time to time; and
  - (b) comply with the following paragraphs of this Condition.
4. The Licensee shall establish and implement:
  - (a) effective board and committee structures;
  - (b) clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and
  - (c) clear reporting lines and accountabilities throughout its organisation.
5. The Licensee shall establish and effectively implement systems and/or processes:
  - (a) to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;
  - (b) for timely and effective scrutiny and oversight by the Board of the Licensee's operations;
  - (c) to ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions;
  - (d) for effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern);

## Section 6 – NHS Foundation Trust Conditions

- (e) to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making;
  - (f) to identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence;
  - (g) to generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and
  - (h) to ensure compliance with all applicable legal requirements.
6. The systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure:
- (a) that there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided;
  - (b) that the Board's planning and decision-making processes take timely and appropriate account of quality of care considerations;
  - (c) the collection of accurate, comprehensive, timely and up to date information on quality of care;
  - (d) that the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care;
  - (e) that the Licensee including its Board actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and
  - (f) that there is clear accountability for quality of care throughout the Licensee's organisation including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.
7. The Licensee shall ensure the existence and effective operation of systems to ensure that it has in place personnel on the Board, reporting to the Board and within the rest of the Licensee's organisation who are sufficient in number and appropriately qualified to ensure compliance with the Conditions of this Licence.

## Section 6 – NHS Foundation Trust Conditions

8. The Licensee shall submit to Monitor within three months of the end of each financial year:
  - (a) a corporate governance statement by and on behalf of its Board confirming compliance with this Condition as at the date of the statement and anticipated compliance with this Condition for the next financial year, specifying any risks to compliance with this Condition in the next financial year and any actions it proposes to take to manage such risks; and
  - (b) if required in writing by Monitor, a statement from its auditors either:
    - (i) confirming that, in their view, after making reasonable enquiries, the Licensee has taken all the actions set out in its corporate governance statement applicable to the past financial year, or
    - (ii) setting out the areas where, in their view, after making reasonable enquiries, the Licensee has failed to take the actions set out in its corporate governance statement applicable to the past financial year.

**Section 7 – Interpretation and Definitions**

**Condition D1 – Interpretation and Definitions**

1. In this Licence, except where the context requires otherwise, words or expressions set out in the left hand column of the following table have the meaning set out next to them in the right hand column of the table.

|                                  |  |
|----------------------------------|--|
| “the 2006 Act”                   | the National Health Service Act 2006 c.41;   |
| “the 2008 Act”                   | the Health and Social Care Act 2008 c.14;  |
| “the 2009 Act”                   | the Health Act 2009 c.21;  |
| “the 2012 Act”                   | the Health and Social Care Act 2012 c.7;   |
| “the Care Quality Commission”    | the Care Quality Commission established under section 1 of the 2008 Act;   |
| “clinical commissioning group”   | a body corporate established pursuant to section 1F and Chapter A of Part 2 of the 2006 Act;   |
| “Commissioner Requested Service” | a service of the sort described in paragraph 2 or 3 of condition G9 which has not ceased to be such a service in accordance with paragraph 9 of that condition;  |
| “Commissioners”                  | includes the NHS Commissioning Board and any clinical commissioning group;   |
| “Director”                       | includes any person who, in any organisation, performs the functions of, or functions equivalent or similar to those of, a director of:<br><br>(i) an NHS foundation trust, or<br><br>(ii) a company constituted under the Companies Act 2006; |
| “Governor”                       | includes any person who, in any organisation, performs the functions of, or functions equivalent or  |

## Section 7 – Interpretation and Definitions

|                           |  |
|---------------------------|--|
|                           | similar to those of, a Governor of an NHS foundation trust as specified by statute;                  |
| “the NHS Acts”            | the 2006 Act, the 2008 Act, the 2009 Act and the 2012 Act;   |
| “NHS Commissioning Board” | the body corporate established under section 1E of, and Schedule A1 to, the 2006 Act;                |
| “NHS foundation trust”    | a public benefit corporation established pursuant to section 30 of, and Schedule 7 to, the 2006 Act. |

2. Any reference in this Licence to a statutory body shall be taken, unless the contrary is indicated, to be a reference also to any successor to that body.
3. Unless the context requires otherwise, words or expressions which are defined in the 2012 Act shall have the same meaning for the purpose of this Licence as they have for the purpose of that Act.
4. Any reference in the Licence to any provision of a statute, statutory instrument or other regulation is a reference, unless the context requires otherwise, to that provision as currently amended.



