

**Framework Agreement  
between the Department of Health and Monitor**

**Annex E: Summary of Monitor's accountability arrangements**

2014

## **Annex D: Summary of Monitor's accountability arrangements.**

- i. As highlighted in section 5.1 of the Framework Agreement, Monitor is accountable to Parliament, the Secretary of State, and to the Department of Health's Principal Accounting Officer (PAO) for different aspects of its functions.
- ii. This annex provides a high-level summary of how those accountability flows work.

### **Monitor's accountability to Parliament**

- i. As an independent economic regulator, Monitor is directly accountable to Parliament for its operational and regulatory functions. The need for independent economic regulators to have this primary line of accountability directly to Parliament is set out in the *Principles for Economic Regulation*<sup>1</sup>.
- ii. In practice, this means that Monitor is required to submit its accounts to Parliament, and, it is required to account for its overall performance as an organisation to Parliament. The latter often taking the form of appearances before the Health

1

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/31623/11-795-principles-for-economic-regulation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31623/11-795-principles-for-economic-regulation.pdf)

Select Committee and the Public Accounts Committee.

### **Monitor's accountability to the Secretary of State**

- i. The Secretary of State for Health has overall responsibility for the performance of the health and care system. This includes being accountable to Parliament for how the Department of Health's arm's length bodies perform.
- ii. This accountability means that the Secretary of State needs to be kept up to date with the work of all the arm's length bodies, even where they have independence over regulatory or operational decisions. To achieve this, the Secretary of State has established clear accountability arrangements that are set out in section 5 of the main Framework Agreement.
- iii. In addition to this, the Health and Social Care Act 2012 provides the Secretary of State with powers to direct Monitor in cases of significant failure to perform its functions.
- iv. The same legislation also gives the Secretary of State the power to appoint the Chair and Non-Executive Director.
- v. Further details on these arrangements can be found in the main body of the Framework Agreement.

## **Monitor's accountability to the Principal Accounting Officer**

- i. As Monitor is funded by the Department of Health, it needs to account for its use of public funds to the Department's PAO. This is achieved in two ways. Firstly, the PAO approves Monitor's budget. Secondly, the PAO can request evidence from Monitor to demonstrate that public money is being used appropriately and that governance standards are being met. This may take a variety of forms such as (but not limited to) regular financial management reporting, or annual governance statements. The details of this accountability arrangement are set out in more detail in section 5.8 of the main document.
- ii. Finally, the PAO will also need to assure themselves that Monitor's future activities should be funded by the Department. The PAO will therefore review, and may provide comments on, Monitor's strategy and business plan.
- iii. Further details on these arrangements can be found in the main body of the Framework Agreement.