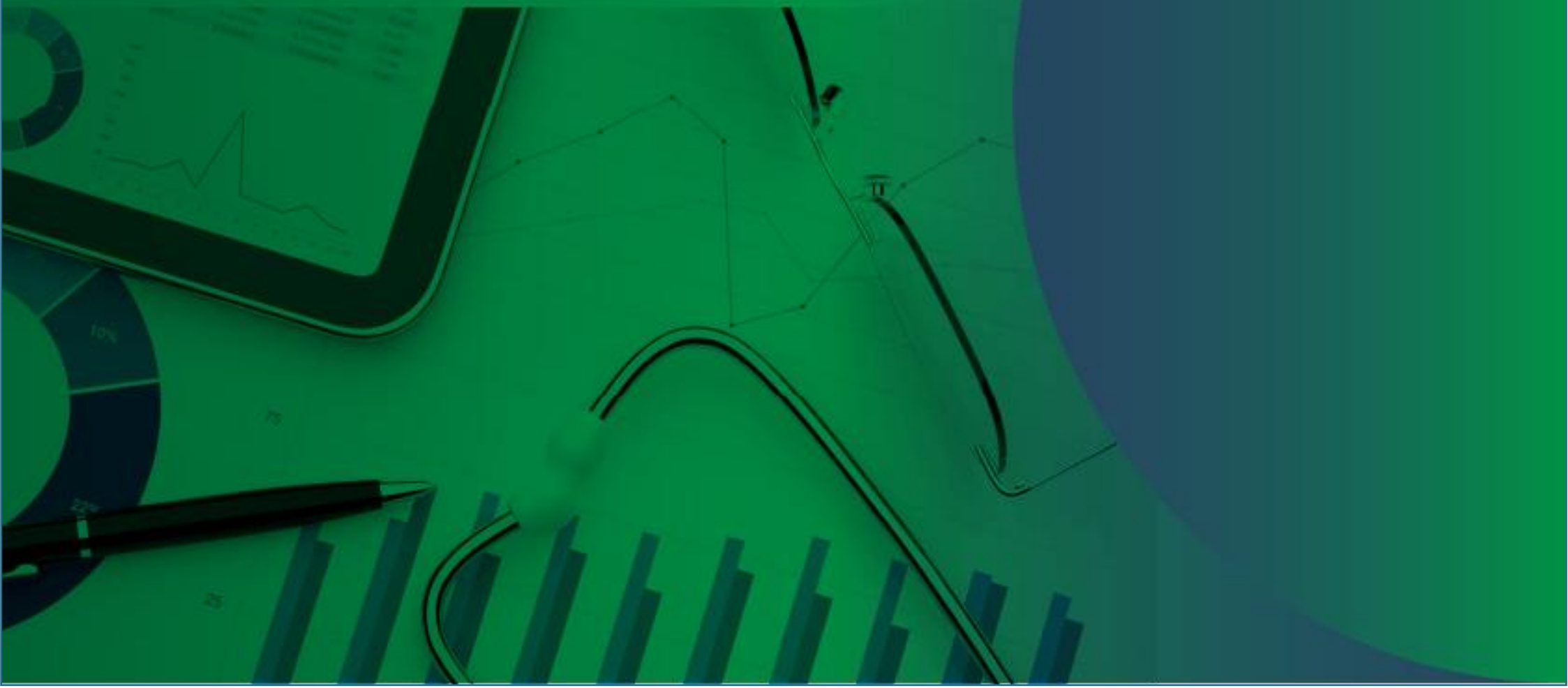




Losses and Single Tender Waivers - Benchmarking

April 2026



Introduction

This report presents a benchmarking review of key areas of financial governance across NHS provider organisations, focusing on losses and on the use of single tender waivers (and their successor terminology under the Procurement Act 2023). It summarises the nature, scale and year-on-year movement in reported items, highlights notable variation in practice and reporting, and draws out themes and questions to support effective Audit Committee oversight, transparency and value for money. To jump to [single tender waivers click here](#).

Losses

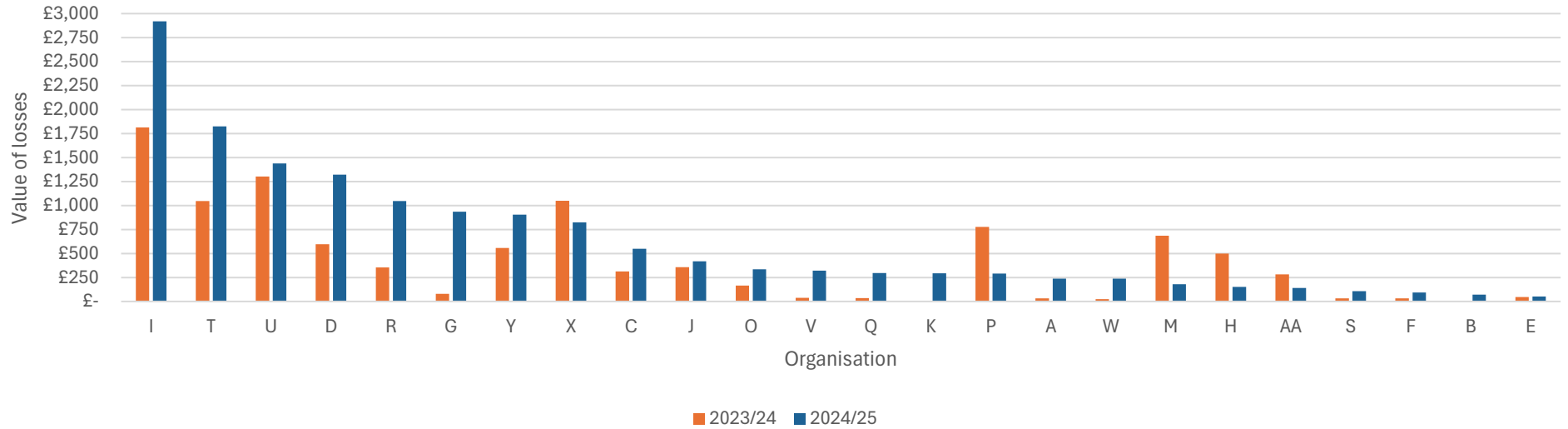
The NHS operates under a structured system for losses, compensation and special payments. They must be reported and recorded in a register maintained by the finance office and form part of the organisation’s annual statements. Technically, losses and special payments are items that Parliament would not have contemplated when it agreed funds. By their nature they are items that ideally should not arise.

Losses and special payments are required to be disclosed in the financial statements where these exceed the limit, prescribed in Managing Public Money, of £300,000. This benchmarking focuses on the ‘losses’ only. We compared the losses disclosed in the financial statements note to the accounts of 24 provider organisations for financial years 2023/24 and 2024/25. Results are shown in the table and charts below. With the exception of four organisations, losses are reported through to the Audit Committee for information.

There are mandated categories to be disclosed as follows:

| Category | Observations |
|--|---|
| Cash losses | In 24/25, 15 of the Trusts disclosed cash losses. Of these, 10 were £1k or less in total value, with 5 organisations disclosing cash losses in excess of £18k, up to the largest value of £46k. The total cash losses disclosed across all the organisations is £277k, a minor increase of £2k when compared to 23/24. |
| Fruitless payments and constructive losses | In 24/25, 6 Trusts disclosed payments in this category, 2 of which were £1k or less. 3 organisations were in the range £4k to £24k, with one organisation at £163k. Note: One Trust incurred an unusually high value loss in 24/25 that has been removed from this benchmarking to enable comparison |
| Bad debts and claims abandoned | In 24/25, 23 of the Trusts disclosed losses in this category. 14 were less than £100k, 5 in the range £100k to £500k, 4 in excess of £500k. The total value of this loss type across the Trusts in 24/25 was £6,560k, an increase from £4,464k in 23/24. The increase in the number of cases year on year was 193. |
| Stores losses and damage to property | In 24/25, 17 Trusts disclosed values: 11 with a total value below £100k, 6 in excess of £100k, up to the highest value of £1,228k. Total value of this category in 24/25 was £4,344k, an increase of £161k on the 23/24 value of £4,183k. |

Value of losses per £1m operating expenditure



Number of losses per £1m operating expenditure



| Items for consideration by Trusts: |
|--|
| Do you receive regular losses reporting (not just those over the £300k disclosure threshold), and does it cover all mandated categories? |
| Are losses reported to you for information only, or do you also see themes, root causes, and management actions? |
| Do you see trend analysis year-on-year (volume and value), and explanations for notable movements (eg, the rise in bad debts; any unusual items)? |
| Bad debts: Do you understand the top drivers (commissioner disputes, overseas visitors, private patient billing, SLA gaps, data quality, timeliness)? |
| How are losses used to drive organisational learning and control improvement (eg, debt recovery processes, stock control, property damage prevention)? |
| Store losses: What are the largest drivers (theft, expiry/wastage, damage, stock miscounts), and which sites/services contribute most? |

Single tender waivers (STWs)

Single tender waivers (STWs) allow NHS organisations to procure goods and services without a full tendering process under certain circumstances. The use of STWs must be carefully controlled to prevent misuse and ensure they are only utilised when absolutely necessary, to avoid the potential for poor value for money which might arise when bypassing normal procurement routes.

This benchmarking covers the period from April 2023 to March 2025 and provides comparison of the number and value of STWs. However, it is **important to note** that the Public Contracts Regulations 2015 ceased on 24 February 2025 when the Procurement Act 2023 was introduced. The Provider Selection Regime (PSR) for healthcare services operates alongside the Act. STWs are no longer referred to as part of this new legislation with a focus on ‘competition first’, based on whole life cycle costs. Current terminology has, therefore, altered with the changed legislation referring to ‘Direct Awards’ when a public contract is awarded without a competitive tendering procedure. From a review of Audit Committee reporting in early 2026, just two of the providers in this benchmarking now reflect and use this terminology. Although organisations may waive their SFIs, there is still a requirement to comply with procurement legislation.

We compared data for 23 provider organisations compiled from the data reported to Audit Committees as shown in the charts below. Our observations are set out below:

| Category | Observations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------|---|------------------------------|------------------------------|----------|---------|------------|----|---|--|------|---|---|--|-------|---|----|--|-------|--|---|--|-------|--|---|--|-------|--|---|---|-------|--|--|---|-------|--|--|---|-------|--|--|----|-------|--|--|---|
| Variation in reporting | Sixteen of the organisations report to committee SFI waivers of quotes and tenders, whereas seven report on just the tenders waived. The table below shows the SFI requirements for obtaining quotes and tenders: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Value thresholds</th> <th>Quotes (informal and formal)</th> <th>3 Quotes</th> <th>Tenders</th> </tr> </thead> <tbody> <tr> <td>Not stated</td> <td>17</td> <td>1</td> <td></td> </tr> <tr> <td>>£5k</td> <td>5</td> <td>2</td> <td></td> </tr> <tr> <td>>£10k</td> <td>1</td> <td>11</td> <td></td> </tr> <tr> <td>>£12k</td> <td></td> <td>1</td> <td></td> </tr> <tr> <td>>£15k</td> <td></td> <td>2</td> <td></td> </tr> <tr> <td>>£25k</td> <td></td> <td>6</td> <td>6</td> </tr> <tr> <td>>£30k</td> <td></td> <td></td> <td>3</td> </tr> <tr> <td>>£35k</td> <td></td> <td></td> <td>3</td> </tr> <tr> <td>>£50k</td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>>£60k</td> <td></td> <td></td> <td>1</td> </tr> </tbody> </table> | Value thresholds | Quotes (informal and formal) | 3 Quotes | Tenders | Not stated | 17 | 1 | | >£5k | 5 | 2 | | >£10k | 1 | 11 | | >£12k | | 1 | | >£15k | | 2 | | >£25k | | 6 | 6 | >£30k | | | 3 | >£35k | | | 3 | >£50k | | | 10 | >£60k | | | 1 |
| | Value thresholds | Quotes (informal and formal) | 3 Quotes | Tenders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Not stated | 17 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | >£5k | 5 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | >£10k | 1 | 11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | >£12k | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | >£15k | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | >£30k | | | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | >£35k | | | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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|--------------------------------------|--|
| Reporting of VAT | <p>There is a split between organisations that report the values including VAT, and those that report exclusive of VAT and these are colour coded in the charts below as indicated. There are some organisations where the reports to their Audit Committee do not state if the values are inclusive or exclusive of VAT.</p> <ul style="list-style-type: none"> • 11 report excluding VAT (Trusts A, E, H, O, Q, T, U, V, W, Y and AA), • 8 report including VAT (B, C, D, F, G, I, M, R), and • 4 organisations we have been unable to determine if values reported include VAT or not (Trusts K, P, S and X). <p>The Procurement Act 2023 guidance produced by the Government Commercial Function, 'Guidance: Valuation of contracts' states: <i>'12. When calculating the estimated value of the contract, the contract value estimation should be inclusive of VAT. This change in practice has been in place since 1 January 2021 and is a result of the UK's independent membership of the WTO Government Procurement Agreement (GPA). Whilst the UK was a member of the EU, the value of contracts was calculated exclusive of VAT. The EU's GPA thresholds were reduced in comparison to other GPA members to take this into account. The UK is now subject to the standard GPA thresholds and shares the common GPA practice of valuing contracts inclusive of VAT.'</i></p> <p>A review of one provider's Standing Financial Instructions (SFIs) as an example, did not confirm if the contract values exceeding the stated threshold to be reported to Audit Committee were inclusive or exclusive of VAT.</p> <p>Organisations may want to reflect on the requirements of their SFIs and if they provide clarity.</p> |
| Reporting to AC | <p>One Trust includes the individual waiver reports specifically, others provide a summary schedule only that includes key information, for example, the waiver supplier and value, with an indication of the rationale for the waiver for the period. We identified two organisations that only provided a total value of the waivers in the period without the detail of the individual suppliers, contract values and rationale. This would seem to restrict the Audit Committee in maintaining effective oversight.</p> |
| Cumulative values by supplier | <p>There are three organisations that report a cumulative total awarded to a single supplier in addition to the value of the specific contract subject to the waiver for monitoring. This is considered best practice for full transparency.</p> |

There is a wide variety of threshold parameters utilised when reporting to Audit Committees. To reflect this and enable more meaningful comparison, Trusts have been allocated to one of three categories of charts below:

- i) Trusts that report quotations and tenders where SFIs waived starting below £10k
- ii) Trusts that start reporting quotations and tenders where SFIs waived between the range of £10k to £50k; and
- iii) Trusts that report waivers above £50k only.

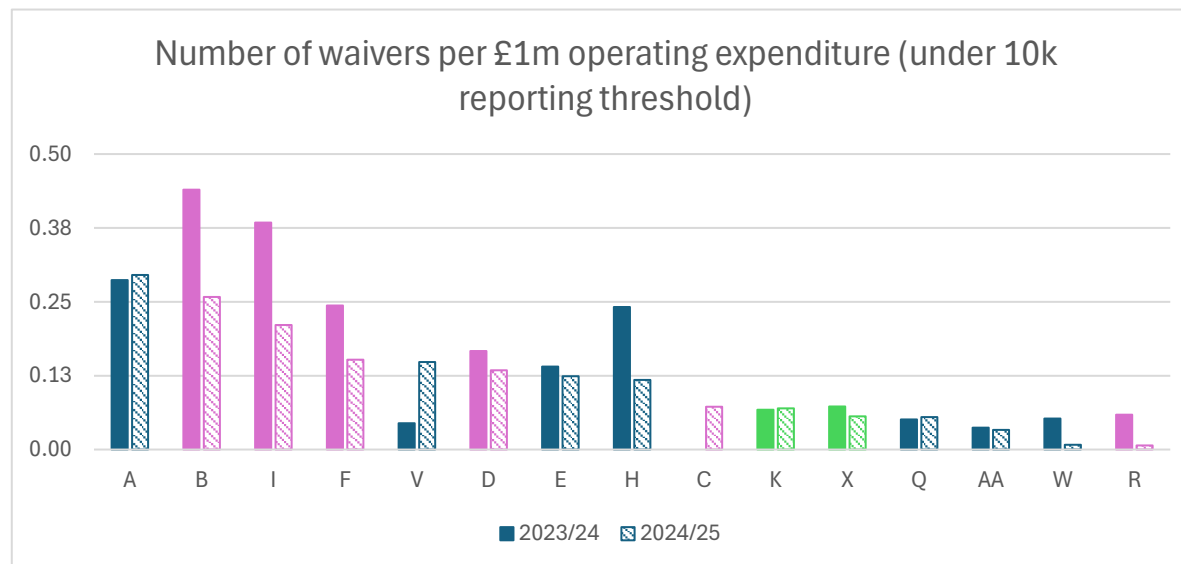
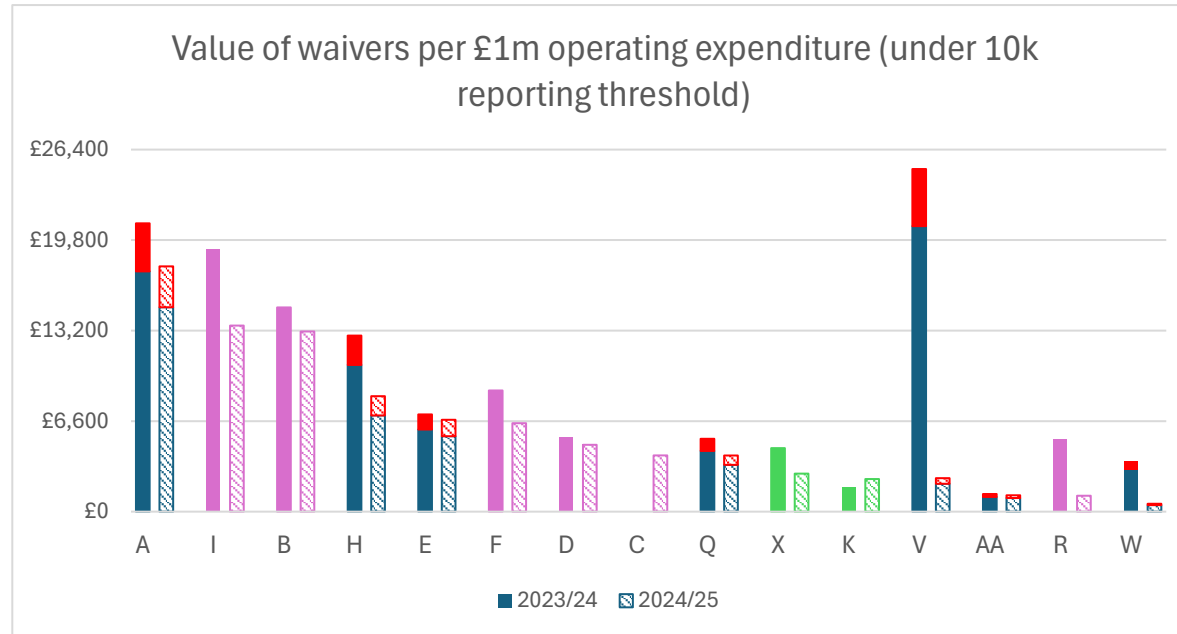
Each Trust will appear in one of the chart ranges only.

The colour coding in the charts is as follows:

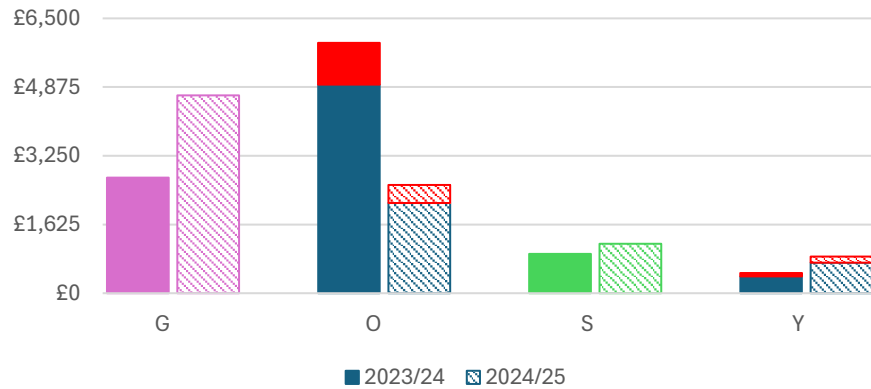
- **Blue** - report excluding VAT
- **Pink** - report including VAT
- **Green** - unable to determine if values reported include VAT or not

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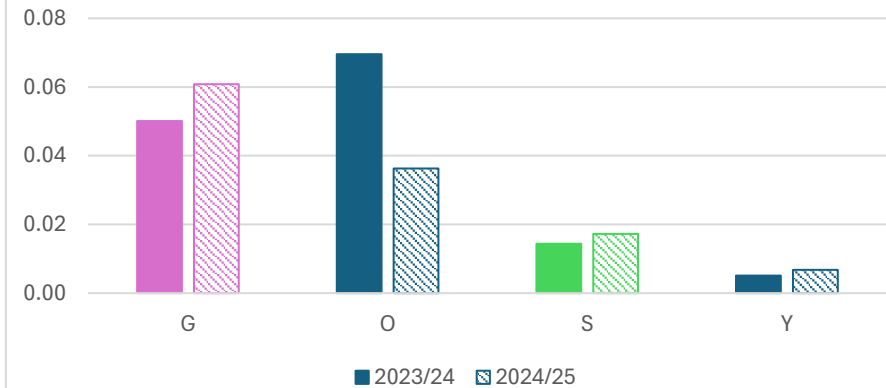
The red 'tips' on top of some bars reflect the value if VAT at 20% was added to the total value of the waivers reported to give an indication of where this would place the organisation against those that report inclusive if VAT.



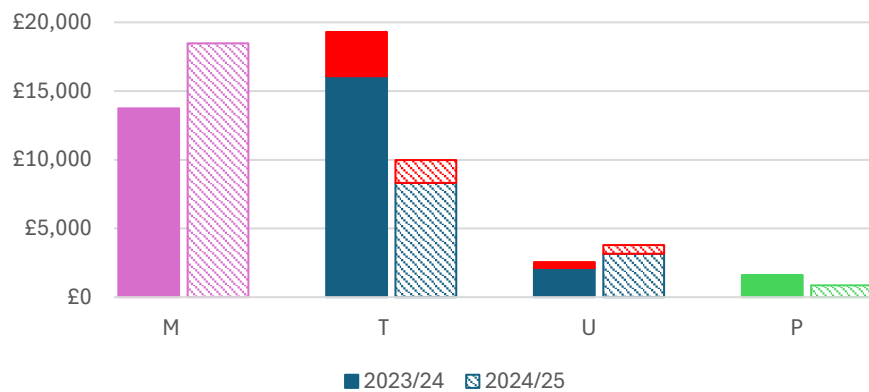
Value of waivers per £1m operating expenditure
(10-50k reporting threshold)



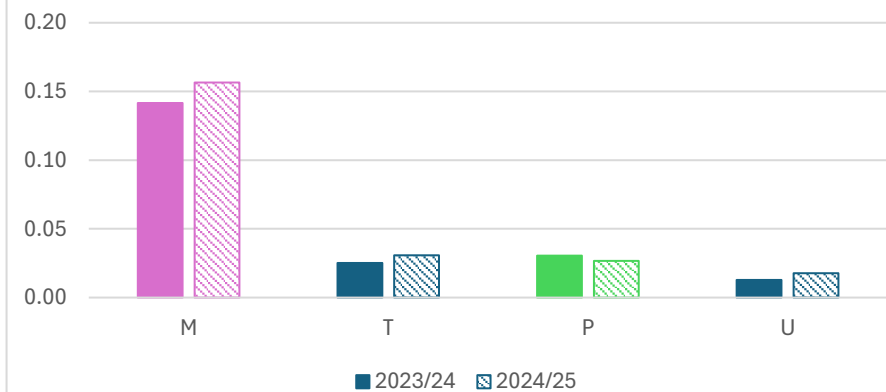
Number of waivers per £1m operating expenditure
(10-50k reporting threshold)



Value of waivers per £1m operating expenditure
(Over 50k reporting threshold)



Number of waivers per £1m operating expenditure
(Over 50k reporting threshold)



| Items for consideration by Trusts: |
|---|
| Is reporting fit for purpose given requirements of the Procurement Act 2023, encouraging “competition first” and reflecting whole-life costs? |
| Have your Standing Financial Instructions (SFIs) and procurement policies been updated for the Procurement Act 2023 (including the shift away from STWs to “Direct Awards (Non-Framework)”)? |
| Are you satisfied management understand that waiving SFIs does not waive procurement law? |
| Are your internal reporting thresholds to the Audit Committee still appropriate (given wide variation across organisations)? |
| Do you receive reports on direct awards? And if so, for each direct award, do you see the supplier, value, rationale/justification, approving officer, dates/term, and procurement route? |
| Do you see what matters (eg, high-risk or repeat awards), not just high-value items? |
| Do you receive only a total summary schedule, or individual waiver/direct award summary details—and is that sufficient to challenge value-for-money and compliance? |
| Do you see cumulative spend by supplier (as some organisations do) to spot repeat awards, and potential circumvention? |
| Are the values reported inclusive of VAT or exclusive of VAT—and is that stated clearly every time? |
| Do your SFIs/policies explicitly state how contract values should be valued for thresholds and whole-life costs (and are they aligned to current guidance that valuation should be inclusive of VAT)? |