



Department of Health & Social Care

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Dame Meg Hillier MP
Chair, Committee of Public
Accounts
House of Commons
London SW1A 0AA

10 November 2022

Dear Chair,

FINANCE RESET PROGRAMME – PROGRESS ON IMPROVEMENT OF SPENDING CONTROLS

In the Committee's report on the Department of Health and Social Care's 2020-21 Annual Report and Accounts¹, you requested the Department write setting out the systems and processes established under the Finance Reset Programme (the Programme) to ensure the compliance of spending controls and regularity of expenditure going forward. This letter is in response to that request.

The two-year Finance Reset Programme began in June 2021 to reset the financial control and governance frameworks operating within the Department and its Arm's Length Bodies (ALBs) following the COVID pandemic and create a strong and sustainable finance function which supports and challenges the business.

The programme covers three broad areas: Processes, to ensure there is a robust risk-based control framework which optimises financial and business planning and performance; Systems, to establish strong control arrangements over processes and approvals with high quality data to drive value for money; and People, to build a high performing and diverse finance function with the right skills and capability needed.

Processes

The focus of the Programme is to strengthen finance disciplines and establish a financial control framework that ensures areas of spend subject to external controls, including those set by the Treasury and the Cabinet Office, are reviewed and approved as required by Managing Public Money.

The control framework has been reviewed with refreshed comprehensive guidance on spending controls reissued across the Department. The guidance is an important feature of the control framework and details the responsibilities and processes that must be followed to obtain spending approval. Updated financial delegations have been put in place across the

¹ Sixth Report of Session 2022-23 Department of Health and Social Care 2020-21 Annual Report and Accounts

Department and its ALBs, including NHS England (NHSE). In addition, a new mandatory training programme for all departmental senior civil servants has been rolled out aimed at building awareness and understanding of their responsibilities as budget holders. To date, more than 170 senior civil servants within the Department have attended the training with plans to roll out the training to ALBs.

The controls process over spending proposals has been reassessed and new business case templates and guidance have been issued to improve the quality of business cases. Arrangements for cases requiring Treasury approval have also been agreed and a new triage system and pipeline process is being established to improve efficiency, compliance and quality, and management information of cases. In addition, an associated training programme is under development to support business case authors and senior responsible officers.

The financial assurance process between the Department and NHSE has been refreshed and a new assurance mapping exercise will be undertaken periodically to assess assurance against the risk and control environment. Action will be taken where gaps in assurance are identified.

The Department is working with NHSE to develop an approvals pipeline for areas needing upcoming approval. This pipeline of upcoming spending decisions is intended to provide early engagement on issues needing departmental or Treasury approval, and that they are appropriately prioritised to reduce the risk of irregular expenditure and non-compliance with delegated authority limits.

A new management information pack has been developed with NHSE and agreed with the Treasury to increase transparency over NHS spending and risks. Reporting continues to be reviewed and developed as business-as-usual returns post pandemic.

Systems

The Department is improving the quality and timeliness of forecasting and management information being produced. By improving the accuracy of forecasting, the Department will be better equipped to provide more insight to support effective decision making and deliver value for money.

More system automation of forecasting processes has been introduced along with a new dashboard product (Power BI reporting tool) to provide budget holders with relevant and timely data about the budgets they manage, forecast spending and other financial metrics. By introducing this standardised approach to data production, we are also improving consistency of our forecasting processes throughout the financial year.

The accuracy of forecasting has significantly improved. This is enabling greater scrutiny and analysis by budget holders which also supports other improvements to the control environment. Work continues to reach the best practice target which would see ending each year within 1% of allocated budgets.

Further refinement to underlying forecasting data is planned and the Department continues to engage with the Treasury to continuously improve transparency and reporting between departments.

The system of processing payments has been assessed since returning to more normal levels of activity after the pandemic. The review has identified areas of improvement which are being implemented to create a stronger control environment with more automation and a new self-service option is being taken forward to improve the efficiency of processing.

People

The Programme includes a work stream to improve the capacity and capability of the finance function with the design of a new sustainable finance service delivery model to better meet the needs of the Department as it moves forward after the challenges of recent years.

The new team structure, with the first phase currently being implemented, will align with the Government Finance Function (GFF) best practice and better enable the function to support and challenge the business. It will consolidate similar activities within the same team(s) to improve expertise and facilitate consistency of service and allow ease of navigation of the function with roles and responsibilities being clearly defined and communicated.

Capability gaps within the function are being identified to allow for additional subject matter expertise to be provided where needed. A learning and development programme utilising the GFF career framework and job families structure is being developed to sit alongside the new design model. Lunch and learn sessions are regularly being held to upskill finance staff in the new products and processes introduced through the Programme.

Finance business partners (FBPs) play a crucial role within the Department providing financial insight and advice to other delivery functions to improve decision making. The new structure seeks to build capacity within this critical function ensuring FBPs focus on providing value adding advice.

Summary

The Programme is now more than halfway through and is transitioning to a programme of continual improvement to implement best practice, build capability and monitor performance, acting where it falls short of expectation. The Department will continue to give this priority alongside building stronger joint engagement with its ALBs and main stakeholders, including the Treasury, and expanding the new products and processes across the Group.

Yours sincerely,



Shona Dunn
Second Permanent Secretary

Department of Health and Social Care