

Health Transformation Programme Accounting Officer Assessment – October 2024

It is normal practice for accounting officers to scrutinise significant policy proposals or plans to start or vary major projects, and then assess whether they measure up to the standards set out in Managing Public Money. From April 2017, the Government has committed to making a summary of the key points from these assessments available to Parliament where it involves a project within the Government's Major Projects Portfolio (GMPP).

This Accounting Officer Assessment considers the Health Transformation Programme, which the Department for Work and Pensions (the Department) launched in July 2018 and is being published now following HMT approval of the Programme business case. It also considers the Functional Assessment Service and Functional Assessment Service IT which are discrete projects, with separate business cases, within the scope of the Health Transformation Programme.

Background and Context

The Health Transformation Programme (the Programme) will deliver an improved and shortened customer experience, with improved tailoring and evidence gather; introduce a new service to manage health assessments for those who need one; and reduce the barriers to employment for disabled people and those with health conditions.

The Programme business case was based on Government policy in August 2023 and as such, may not be reflective of current or future Government policy. Future iterations of the business case will be updated to reflect any changes in policy. HMT approved the Programme's updated business case in August 2024.

At the time the business case was developed, the intention was to deliver the Programme's objectives across three broad areas of work:

1. Transformation of the end-to end Personal Independence Payment (PIP) service, for all PIP claims by 2029/30.
2. Development of a new single Health Assessment Service (HAS) for all benefits that use a functional health assessment, that will fully commence in 2029/30.
3. Removal of the Work Capability Assessment (WCA) and implementation of other structural reforms as detailed in the Health and Disability White Paper published in March 2023.

In addition to the core scope outlined above, the Programme is also responsible for the new assessment service contracts and supporting IT service which commenced in September 2024.

The Functional Assessment Service Project (FAS) will deliver the procurement and implementation of new assessment service contracts for the period September 2024 to September 2029. These contracts represent an important step in delivering the Programme's ambitious longer-term service reforms. They will provide the foundation

for the new HAS, replacing the current Health and Disability Assessment Services and PIP assessments with joint services across PIP and WCA under a single contract for each geographic area. They will ensure continuity of service for claimants, while the Programme safely develops the new service, providing the flexibility to introduce the HAS gradually before it is rolled out nationally from 2029.

The Functional Assessment Service IT Project (FAS IT) is a critical enabler for FAS. It will deliver the procurement of a single PIP IT solution to the FAS suppliers as a managed service in a multi-tenanted environment. It will also make changes to the existing IT system used for WCA and specialist benefits.

Assessment against Accounting Officer Standards

Regularity

The Department can rely upon existing legislation (The Welfare Reform Act 2012 and delivered in accordance with The Social Security (PIP) Regulations 2013), to deliver the FAS and FAS IT Service and to develop and deliver a transformed PIP and Health Assessment Service.

Any structural reforms require primary legislation.

HMT approved the Programme's updated business case in August 2024, following earlier approvals of the FAS business case and the FAS IT business case.

The regularity test is met subject to approval of legislation for any structural reforms and HMT approval for funding beyond the current Spending Review 2021 period.

Propriety

The Programme is an important delivery vehicle for the Department as it looks to implement operational, digital and policy reforms for benefits that require health assessments.

The Programme supports the Department's ambition to improve employment outcomes, encouraging take up of wider support, in part by improving trust and transparency in the assessments process and by delivering structural reforms that aim to remove barriers to employment and provide tailored and relevant support.

The Department has been delivering PIP health assessments and WCAs for a number of years and there is a public and parliamentary expectation that it will provide a gateway to access to PIP, Universal Credit (UC) / Employment Support Allowance, and a number of other health related benefits.

The Programme is publishing, alongside this Accounting Officer Assessment the Programme business case approved by HMT in August 2024.

The propriety test is met.

Value for Money

As outlined in its updated business case, the Programme continues to deliver value for money with a net present value, after discounting and excluding potential benefits associated with White Paper reforms, of £1.5 billion.

The reforms set out in the Health and Disability White Paper looked at the experience of applying for and receiving benefits, as well as removal of barriers that can prevent people entering and remaining in employment.

The Programme's business case considers how different scenarios, based on numbers of claimants with Limited Capability for Work (LCW) and work-related activity (LCWRA) moving into work as a result of improved incentives and support, may change the benefits delivered by the Programme to illustrate the potential scale of the impact.

If 3% additional employment of UC LCW and LCWRA caseload were achieved, it would equate to a total of £8.4bn of real, discounted societal benefit from 2026/27 to 2036/37 being generated.

The FAS and FAS IT business cases compare investment and live running costs against existing services. Each case represents a net present value, £178m for FAS and £46m for FAS IT. It is important to note that the appraisal of value for money stated here for FAS and FAS IT is as at the time of their respective Full Business Cases. Work is on-going to update the FAS contracts which commenced in September 2024 and a revised assessment of value for money will be made in due course.

The value for money test is met.

Feasibility

The successful delivery of the Programme, including FAS and FAS IT, is inherently complex and risky. Robust planning, project and Programme management is in place to maximise the chances of success, with potential risks being identified and appropriate mitigation activity put in place. With planned mitigations, I am satisfied that the feasibility test is met, subject to legislation required for any structural reforms.

Conclusion

In conclusion I have prepared this summary to set out the key points which informed my decision.

My overall assessment is that the Programme continues to meet the requirements of the four accounting officer tests of regularity, propriety, value for money and feasibility.

If any of these factors change materially during the lifetime of this programme, I will prepare a revised summary, setting out my assessment of those factors.

This summary will be published on the government's website GOV.UK. Copies will be deposited in the library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Peter Schofield

Permanent Secretary