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House of Commons  
London  
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25<sup>th</sup> March 2024

Dear Chair,

### **Response to Health and Care Committee Recommendations – 17 November 2023**

In the Treasury Minute published on 15<sup>th</sup> February 2024 in response to the Public Accounts Committee's report on the New Hospital Programme (NHP) of 17<sup>th</sup> November 2023, the Department agreed to write to the Committee to respond to Recommendation 7: *'the Department of Health and Social Care (DHSC) should work with HM Treasury (HMT) and Cabinet Office (CO) to develop a strategy for attracting into the Civil Service and retaining there the skills it needs to run a rolling programme of hospital construction; it should write to the Committee by March 2024 setting out what it will do differently in future'*.

The NHP is an important major government programme and the Government recognises that there is a need to ensure it recruits, develops and retains people with the specialist skills necessary to deliver the Programme's strategic objectives.

This letter sets out the Programme's approach to that challenge. It explains the NHP's organisational model and then sets out the current position with respect to both internal and external resourcing.

#### **The New Hospital Programme's organisational model**

The NHP is a complex programme set up to transform the way new healthcare infrastructure is delivered in the NHS. Since the middle of last year it has comprised a Sponsor team in DHSC and a Delivery team in NHSE, each of which hold distinct accountabilities and have a need for numerous different capabilities.

As is usual for major government programmes of this type, the NHP currently uses - and expects to continue to use - a combination of internal resource and external professional and technical expertise to ensure that it has the right capabilities available to it at the right time.

Enabling the Programme to move forward at the same time as recruiting to permanent posts has inevitably involved external resource to fill resource gaps. As the programme matures over the next three years, the intention is for internal resource to increase to target, and for this to be maintained for the remainder of the Programme.

In order to support that shift and ensure that it is managed in a sustainable way, the Programme is currently developing a detailed People Strategy that sets out the skills it will need and includes action plans for attracting, retaining, developing and sustaining those skills. The NHP's People Committee is accountable for this Strategy, as well as monitoring progress.

The NHP is also developing an Organisational Readiness Framework (overseen by the Organisational Readiness Steering Group (ORSG)) which will set out the different levels of organisational readiness that the NHP should achieve over time, including the composition of the team and the balance of in-house and outsourced staff.

Finally, the NHP is also developing a Knowledge and Skills Transfer (KST) Strategy to embed the self-sustaining knowledge and skills required to deliver the programme, ensuring that as the balance within the team changes, the appropriate transfers take place and that the very best value is achieved for the taxpayers' money that will have been spent on external resource. This will be critical in supporting the Programme to grow its in-house skills, knowledge and capabilities, and is aligned with the Government Consultancy Playbook.

### **Current NHP progress on internal recruitment**

The NHP is making progress on filling in-house vacancies in line with its current plans. The Programme has quantified and costed recruitment plans for each NHP directorate and progress against these is being tracked and monitored carefully.

For 2023-24, the NHP estimated that 544 NHP Full Time Equivalent (FTE) roles were required overall. Of those 544, it had plans to fill 235 with internal resource and the remainder with external resource. Further detail of the NHP's resourcing profile is set out at Annex A.

As of December 2023, 148 of these roles had been filled with internal resource. The remainder are filled with outsourced resource while work continues at pace to recruit to them. A summary of NHP's latest resourcing split is set out in Annex B, illustrating the breakdown of functions and FTE roles across NHP directorates. NHP internal recruitment is subject to DHSC and NHSE recruitment policies and controls, but to support recruitment efforts, action is being taken to increase the speed of internal recruitment including considering redeployment of resources and bringing additional Human Resources capacity into the NHP.

Many of the issues the programme has faced with recruiting appropriate individuals to internal roles are, as the Committee has recognised, also faced by many other programmes on the GMPP. The Cabinet Office has published a Government Project Delivery Function Strategy on [gov.uk](https://www.gov.uk), which aims to build project delivery skills across Government. This strategy sets out the government's aim to have 2,000 project delivery professionals accredited by the end of March 2025, including a third of major project directors. This is key for raising professional standards and equipping people working in project delivery to improve skills, capability and job satisfaction. Creating better career pathways will help to attract, retain and develop a richer diversity of talent and expertise, helping the Civil Service to grow and maintain its project delivery capability for the future.

We are working closely with the Cabinet Office as it undertakes this work and anticipate that we will benefit through the additional skills this will make available to programmes such as NHP.

### **Current position on external expertise**

As noted above, flexible use of external expertise alongside in-house resources means that the NHP can leverage industry knowledge and mitigate risks, by ensuring it has the right specialist expertise at the right time. The number of externally sourced roles is, and will remain, directly dependent on the technical demands and skills required by the Programme and the ability to recruit to in-house posts.

The Programme's principal third party support comes in the form of an Interim Delivery Partner (IDP) and Interim Commercial Partner (ICP) who deliver elements of technical services, programme delivery and commercial capabilities. Current interim partner arrangements will transition later this year to more permanent Programme Delivery Partner (PDP) arrangements and, in the longer term, some of the capabilities offered by the PDP will - through the mechanisms described above - transition to be provided by a higher proportion of in-house staff.

The Programme estimates that from April 2023 to November 2023, 84% (£61.4m) of the NHP's day-to-day expenditure was spent on external expertise procured by the Programme. This includes, for example, technical designers, commercial functions, programme delivery capabilities, architects and other specialist skills. This is similar to the figure reported in the NAO report on the NHP in July 2023, which sets out that during the longer time period between April 2021 to March 2023, 79% (£70m) of the NHP's day-to-day expenditure went towards external expertise. Given the relatively early stage of Programme development this is not surprising. However, we would expect the central Programme's day-to-day spend on external expertise as a proportion of total NHP costs to come down rapidly over the coming years, as total programme spend increases. Between 2023/24 and 2030/31, we estimate that the central Programme will spend £824m on external specialist expertise or approximately 4% of total NHP expenditure. This needs to be seen in the context of reduced fees on individual programmes due to the investment in standardising many of the design features and commercial approaches for building new hospitals.

The delivery partner approach is necessary to ensure flexibility of service provision as the NHP progresses and provide the NHP with:

- access to the technical and specialist resources needed to deliver a programme of this nature, including capabilities such as design, standardisation and delivery;
- agility to scale specialist capability to address the needs of the Programme;
- the volume of resources required to deliver a programme of this size; and,
- the ability to adapt the support it is procuring to reflect the long-term nature of the programme.

I hope this letter is helpful in setting out the government's approach to NHP resourcing and capability. I am of course more than happy to provide the Committee with further updates in future if that would be helpful.

A copy of this letter is also being sent to Rt Hon Steve Brine, Chair of the Health and Social Care Committee, Gareth Davies, Comptroller and Auditor General and to the Treasury Officer of Accounts.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Shona Dunn', written in a cursive style.

**SHONA DUNN**  
DHSC Second Permanent Secretary

## Annex A – Current NHP Resourcing Profile (as of December 2023)

Team	NHP Establishment FTE roles for FY2023/24	In-house FTE Resource	Vacancies FTE	Outsourced FTE Resource****	Total FTE Resource (in-house and outsourced)
NHSE Delivery*	235	126	109	279	405
NHSE People Team**	15	8	7	7	15
DHSC Sponsor***	29	14	15	7	21
<b>Total</b>	<b>279</b>	<b>148</b>	<b>131</b>	<b>293</b>	<b>441</b>

\*NHP NHSE Delivery Team could recruit up to 235 FTE posts in FY2023/24 – some existing vacancies will be covered by outsourced contractors.

\*\*15 NHSE posts funded by the NHP were required to establish the NHP People team for the NHP who will provide ongoing and dedicated resourcing, business partnering and social value support.

\*\*\*DHSC-based Sponsor team could recruit up to 29 FTE posts in FY2023/24.

\*\*\*\*This is not consistent with other columns because it includes additional roles beyond 'NHP Establishment FTE Roles' figure.

## Annex B – NHP Resource Snapshot (as of December 2023)

		Previous Resourcing Split (Nov 2023)				Current Resourcing Split				Target from FY25/26 (PDP onboard and effective)			
		In-House		Outsource		In-House		Outsource		In-House %	Outsource %		
		FTE	%	FTE	%	FTE	%	FTE	%				
NHP Directorate	Programme Office	16	40	24	60	18	53	↑	16	47	↓	70%	30%
	Transformation	61	46	71	54	68	50	↑	70	50	↓	90%	10%
	Technical Services	11	7	141	93	12	9	↑	124	91	↓	20%	80%
	Programme Delivery												
	Commercial	13	13	83	87	13	21	↑	48	79	↓	70%	30%
	Finance	15	53	13	47	13	62	↑	8	38	↓	100%	0%
	People	7	58	5	42	8	53	↓	7	47	↑	100%	0%
	Chief Programme Officer Team (CPO) & Cross Programme	2	25	6	75	2	13	↓	13	87	↑		
	Sponsor Team (in DHSC)	15	52	14	48	14	67	↑	7	33	↓		
			<b>140</b>	<b>28</b>	<b>357</b>	<b>72</b>	<b>148</b>	<b>34</b>		<b>293</b>	<b>66</b>		

