

Committee of Public Accounts

DHSC Annual Report and Accounts 2023-24

Twenty-Fifth Report of Session 2024-25

HC 639

Committee of Public Accounts

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Summary

The work of the Department of Health and Social Care and its organisations touches the lives of an average of 1.7 million patients per day and costs the taxpayer around £187.3 billion per year. The health system faces significant financial pressures on numerous fronts, which means that strong financial management and decision-making, and efficiency improvements, are essential for the NHS's long-term sustainability.

While the Department has made progress, significant issues remain with its financial management and oversight of its arms-length bodies. We are concerned that it lacks a grip of the financial pressures it faces and therefore lacks adequate plans for key areas of spend and activity. The Department's annual report is late again and contains too little information on areas of interest to Parliament, including plans for social care, plans to move to prevention of ill health, and on how to harness technological advances to improve the NHS's productivity.

The Department simply cannot afford poorly devised and poorly overseen infrastructure programmes. One such programme is the modernisation of high containment laboratories. These are critical to the UK's public health infrastructure and a key defence against a future pandemic. We are deeply concerned that there is no long-term plan for ensuring that the UK continues to have this capability since, despite the UK Health Security Agency spending nearly £400 million developing a site at Harlow, this project is now on hold due to expected costs spiralling from £530 million to £3.2 billion. The UK Health Security Agency has little time left to decide how it will continue to protect public health as existing facilities rapidly approach the end of their operational lives.

Both patients and public money need to be better protected by the Department. Far too many patients still suffer clinical negligence which can cause devastating harm to those affected. It also results in large sums of public money being spent on legal fees and compensation, drawing resources from the wider health service. In 2023–24 the Department paid out over £2.8 billion to claimants due to clinical negligence. In total it has needed to set aside an astounding £58.2 billion to pay for the potential estimated future cost of claims (or almost a third of health and social care total annual spend). The Department must also act firmly to stop the flow of unapproved exit packages going out the door, with five such payments by NHS Trusts totalling £180,868 in 2023–24.

The scale of the challenges facing the Department arising both from historic issues and upcoming structural changes is significant and should not be underestimated. The Department is facing a period of upheaval following the announcement of the abolition of NHS England. At the time of our evidence session, during which this announcement was made, the Department and NHS England did not yet have any firm plans about how they would simultaneously abolish NHS England and reduce headcount by 50%, whilst maintaining and improving patient services. It will be essential that they formulate these plans quickly to ensure a smooth transition and provide certainty for patients and staff as soon as possible.

Introduction

The Department leads the health and social care system in England. The Department and its group spent £187.3 billion in 2023–24. The C&AG has qualified ¹ his opinions on the Department’s accounts for the last five years due to a number of different issues within both the Department itself and its wider group of organisations that form part of its accounts. Whilst some of these issues were due to the COVID–19 pandemic, the range and scale of them has highlighted issues with oversight across the group, including financial and compliance issues.

NHS England leads the NHS in England and sets the national direction for the NHS. It commissions services from NHS Trusts and Foundation Trusts, and from other healthcare providers, runs national NHS IT systems, and is responsible for the education and training of the NHS workforce. NHS England spent £180.0 billion in 2023–24, of which £153.6 billion was on the commissioning of health and social care services for patients. The government announced on 13 March 2025 that NHS England will be abolished and its functions merged into the Department.

Parliament expects Departments’ accounts to be published before the summer recess each year, which the Department has not met since 2019. The Department published its accounts covering 2019–20 to 2022–23 in January each year, six months after this deadline. It published its 2023–24 accounts in December 2024, marking an improvement on the previous four years, but still five months after the pre–summer recess deadline. The 2023–24 accounts were delayed as a result of ongoing issues at UKHSA following the C&AG’s disclaimed opinions on its 2021–22 and 2022–23 accounts and because of delays to local NHS audits. The Department’s Annual Report and Accounts needs assurance from NHS England’s accounts and the Consolidated NHS Provider Accounts because they account for over £100 billion of expenditure. Those accounts in turn rely on assurance from the audits of NHS commissioners and NHS providers.

¹ Qualified accounts are accounts which are considered by the auditor to be in some way deficient, incomplete or unsupported fully by evidence, and which the auditor has been unable fully to consider as presenting a true and fair view of the organisation’s affairs.

Conclusions and recommendations

1. **The announcement of the abolition of NHS England, and staff cuts across the Department, NHS England, and Integrated Care Boards, has created high levels of uncertainty for patients and for staff.** During our evidence session the government announced that it would abolish NHS England and centralise its functions into the Department. This is a major structural and operational change for the Department and its organisations, but it has not yet set out how this will impact key services and targets to improve patient care. With over 1.7 million patient interactions per day and 1.5 million staff in the NHS, we are concerned about the impact that this uncertainty may have on both patients and staff. It is disappointing that the Department and NHS England do not have a clear plan for how they will achieve the required reductions in headcount, and are unable to articulate the costs involved. The reductions have been announced prior to the finalisation of the NHS' 10-Year Health Plan, and therefore we do not yet know how these fit with the wider plans for the NHS. This includes not knowing how the savings made from NHS England's reduced staffing costs will translate into a stable financial footing for frontline NHS services. During the restructure, it will be essential to maintain and protect the effective local delivery relationships that are so critical to delivering good quality patient care. The changes should also preserve the place-based approach to retain close and effective working relations with local councils, directors of public health and local GPs.

RECOMMENDATION

- a. Within the next 3 months, the Department must reflect on the lessons learnt from previous structural changes and share with us its plan and timetable for the structured transfer of NHS England's functions to the Department, including the resources it will now have for each of its key responsibilities, and any activity it will cease.
- b. The changes should preserve the place-based approach to retain close and effective working relations with local councils, directors of public health and local GPs.

2. The Department's accounts do not provide sufficient information on key long-term financial pressures facing the health and social care system.

Despite it being jointly responsible for health and social care in England, the Department's accounts overwhelmingly focus on health services and do not give a clear overarching narrative on social care. The Department's accounts contain very little information in key areas of interest to us, and to Parliament. This includes a lack of financial data on the prevention of ill health in the first place, which has the biggest long-term impact on health outcomes, and on technological advances, which are needed to improve future productivity for the NHS. While the Performance Report section of the Department's Annual Report and Accounts contains some high level information on these areas, there is a lack of detailed financial data to set out how money has been spent in these areas. The Department's accounts also do not provide information in enough detail to allow Parliament or the public to establish whether legal costs relating to exit packages and employment tribunals represent a good use of public funds, or provide the best outcomes. The Department is unable to tell us how much is spent on palliative and end-of-life care, nor what outcomes were delivered through this spending.

RECOMMENDATION

- a.** In line with its Treasury Minute response, the Department should write to the Committee to set out its plans to improve the transparency and usability of its Annual Report and Accounts in the following areas: social care; productivity; prevention; digital and artificial intelligence; palliative and end-of-life care; severance and clinical negligence payments; and any new and emerging areas of Parliamentary and public interest.
- b.** All future annual reports and accounts should be very clear about what productivity and efficiency gains have been made during the year and how. Also, a prediction for future years should be included.

3. There is little to show for the £400 million spent so far on the development of Harlow Health Security Campus, with no decision yet on the future of the site. This is an example of a poorly overseen project to replace the UK's critical public health infrastructure. UKHSA's high containment laboratories are central to protecting the population against potentially highly infectious diseases. The current facilities at Porton Down and Colindale are nearing the end of their life. The programme to build new facilities at Harlow has been underway for over a decade, and the cost of the current plan has risen from the initial estimate of £530 million to an eye-watering projected £3.2 billion. UKHSA has developed an

alternative proposal involving modernising the existing facilities at Porton Down and Colindale. The decision between these two options is complex. The final decision is currently being made by Ministers and is expected in the second part of the spending review. But this is still some 3 years after the programme was suspended. As well as having cost implications, these delays could risk leaving the nation without adequate protection against emerging new diseases. UKHSA estimates its current facilities could continue to operate for 15 years, and in 2024 the NAO reported that the earliest date for having a fully operational new or upgraded site is 2036, 11 years from now. Time is running out for UKHSA to decide on the best course of action in order to avoid exposing the public to any unnecessary risk.

RECOMMENDATION

- a. In line with the recommendations this Committee made in May 2024, UKHSA should urgently outline how it will ensure that the UK continues to have the infrastructure it needs to protect public health, and confirm its plans for its high containment laboratories, including setting out full costs and timeline for completion. In light of spending review, and given UKHSA's poor record of delivering new facilities, it should set out as soon as possible, exactly what the arrangements are in respect of accountability, oversight, and the involvement and status of delivery partners.
- b. The Department should ensure it establishes effective oversight of funding for all major health infrastructure projects, starting with ensuring these are based on a realistic assessment of the costs.

4. **It is unacceptable that the Department is yet to develop a plan to deal with the cost of clinical negligence claims, and so much taxpayers' money is being spent on legal fees.** The Department has set aside an astounding £58.2 billion to cover the potential costs of clinical negligence events occurring prior to 1 April 2024, the second largest liability across government. Some £9.3 billion of that £58.2 billion relates to events occurring in 2023–24, when it also paid out £2.8 billion on clinical negligence claims. Behind these jaw-dropping amounts lie many tragic incidents of patient harm. The Department has only recently written to us in response to the previous Committee's recommendation which was to set out, by summer 2024, the key reasons for patient harm and the actions it will take to address these. In addition, the Department says that an astronomical 19% of the money awarded to claimants goes to their lawyers, on top of the fees payable for the Department's defence team. We are disappointed that huge improvements still need to be made to better protect both patients and public money.

RECOMMENDATION

Within the next 6 months, the Department should set out a plan with clear actions to:

- Reduce tragic incidences of patient harm to as low a level as possible; and
- Manage the costs of clinical negligence more effectively, including introducing a mechanism to reduce legal fees.
- Improve patient safety across the NHS and in particular in maternity services.

5. We are disappointed by the Department's continued failure to return to publishing its accounts before the summer Parliamentary recess.

Timely production of accounts is essential to understanding public finances and supporting accountability and Parliament expects Departments' accounts to be published before the summer recess each year. Yet the Department has failed to deliver its accounts on time for each of the last five years, which hampers effective and timely accountability of taxpayers' money. The Department is making some progress and published its 2023–24 accounts on 17 December 2024, nearly six weeks earlier than its 2022–23 accounts. But this is still five months later than the timescale needed to meet the expected pre-summer recess delivery. Weaknesses in basic financial accounting at UKHSA, together with delays in the completion of local NHS audits have continued to cause the accounts to be late. The absorption of NHS England into the department will need to be carefully planned in the accounts production and auditing process, otherwise timelines could slip backwards.

RECOMMENDATION

By the start of September 2025, the Department must write to us with a realistic and credible plan to produce audited accounts before the summer Parliamentary recess. This must include how it will:

- Effectively support and hold group bodies to account to ensure they produce accounts of appropriate quality on a timely basis; and
- Work with stakeholders across the local audit system to build capacity, resilience and ensure deadlines are met in particular given organisational changes.

6. NHS England does not have a coherent plan to better protect taxpayers' money and prevent future unapproved exit packages. There remain far too many special severance payments where approval has only been sought after the payment has been made. Five such unapproved payments

totalling £180,868 were made by NHS trusts in 2023–24. Without approval, this expenditure has not been spent in line with Parliament’s expectations. NHS England’s plan to stop such payments occurring in future has been to remind providers of the rules in place. However, it has acknowledged that solely reminding providers is not enough to guarantee future unapproved payments will not happen. NHS England is also unable to identify any meaningful consequences for trusts that would act as a deterrent.

RECOMMENDATION

As part of its Treasury Minute response, NHS England should set out how it will ensure that all exit packages receive the appropriate approvals in advance of payment being made, including details of consequences for non-compliance with the rules. Given the proposed scale of redundancies it should set out how its new approvals mechanism can be enforced to prevent even more unauthorised severance payments.

This should include how it will ensure that this corporate knowledge and any lessons learned are not lost when it is abolished and its functions are taken on by the Department.

1 The operation of the Department and its reporting

Introduction

1. On the basis of a report by the Comptroller and Auditor General (C&AG), we took evidence from the Department of Health and Social Care (the Department), the UK Health Security Agency (UKHSA) and NHS England on the Department's Annual Report and Accounts for 2023–24.²
2. The Department leads the health and social care system in England. In 2023–24, the Department, its agencies, and its wider Group—which includes NHS England, NHS commissioners and providers, and other arm's length bodies—spent £187.3 billion. NHS England leads the NHS in England and sets the national direction for the NHS. It commissions services (via Integrated Care Boards) from healthcare providers, runs national NHS IT systems, and is responsible for the education and training of the NHS workforce. NHS England spent £153.6 billion of its total spend of £180.0 billion in 2023–24 on the commissioning of health and social care services for patients. The NHS had 1.7 million interactions with patients every day, and employs some 1.5 million full-time equivalent staff. UKHSA is an executive agency of the Department and began its operations on 1 October 2021.³

Qualification of the Department's accounts

3. The C&AG qualified his audit opinion on the Department's Annual Report and Accounts for each of the four years prior to 2023–24. The previous Public Accounts Committee reported on the Department's 2022–23 Annual Reports

2 Report by the Comptroller and Auditor General, [Department of Health and Social Care Annual Report and Accounts 2023–24](#), HC 476, 17 December 2024, pages 237–242

3 [Department of Health and Social Care Annual Report and Accounts 2023–24](#), HC 476, 17 December 2024, pages 1, 186, 243; [NHS England Annual Report and Accounts 2023–24](#), HC 251, 10 October 2024, pages 13–14, 128, 152; Healthcare Financial Management Association, [News alert / NHS had 1.7 million interactions every day in 2023/24](#), 12 June 2024; Report by the Comptroller and Auditor General, [UKHSA Annual Report and Accounts 2023–24](#), HC 427, 16 December 2024, page 153

and Accounts in April 2024. It highlighted significant weaknesses in the Department's controls and oversight. The Committee found that there had been repeated failings of oversight both within and across the Departmental Group which led to a number of qualified accounts. Some of these issues related to the Department's response to the COVID-19 pandemic, which represented an unprecedented challenge to the healthcare system in areas such as the procurement of vaccines and personal protective equipment, but others were due to other underlying matters.⁴

4. The C&AG disclaimed his audit opinion on the 2021-22 and 2022-23 UKHSA Annual Report and Accounts, but noted a significant improvement in UKHSA's 2023-24 Annual Report and Accounts, on which he only qualified, rather than disclaimed, his audit opinion. The C&AG reported to Parliamentarians that there were still significant weaknesses in UKHSA's control environment in 2023-24, and that it had to rely upon substantial corrective action to produce its 2023-24 financial statements, including through engaging an external professional services firm. UKHSA spent £1.04 million on external support in 2023-24.⁵

5. In 2023-24, the Department made progress and, for the first time since 2019-20, the C&AG did not qualify his opinion on the Department's figures for its spending during the year being reported on. However, the Department's accounts are required to include the previous year's figures for the purpose of comparison with the current year. In 2022-23, the C&AG qualified: His 'true and fair' opinion on UKHSA's income and expenditure figures for 2022-23, and UKHSA's balances as at 1 April 2022; and His 'true and fair' opinion on the Department's spend on personal protective equipment for 2022-23, and the opening balance of personal protective equipment stock as at 1 April 2022. A net £19 million of personal protective equipment was written off in 2023-24.⁶ Most of the write offs were recognised in prior years and total £9.9 billion.⁷ Since the C&AG qualified his opinion on these figures in the 2022-23 accounts, he also qualified his opinion on the 2023-24 accounts because they contained

4 Committee of Public Accounts, Thirty-First Report of Session 2023-24, [Department of Health and Social Care 2022-23 Annual Report and Accounts](#), HC 459, 29 April 2024, page 8

5 Q 34; Report by the Comptroller and Auditor General, [UKHSA Annual Report and Accounts 2023-24](#), HC 427, 16 December 2024, pages 153 and 155

6 [Department of Health and Social Care: Annual Report and Accounts 2023-24](#), HC 476, 17 December 2024, page 281

7 [Department of Health and Social Care 2022-23 Annual Report and Accounts](#), HC 459, 29 April 2024, page 281

the 2022–23 figures. This meant that he qualified his opinion on the Department’s Annual Report and Accounts for 2023–24 overall, but did not qualify his opinion on the figures relating to 2023–24.⁸

Reduction of administrative functions in the health system

6. NHS England announced on 10 March 2025 that its size was to be ‘radically reduced’, in a move that could see its workforce halve. We therefore asked what this would mean in practice and what were the estimated long-term savings that could be secured as a result. NHS England told us that it had set a budget for around 15,000 staff, and that Integrated Care Boards (ICBs) employed approximately 25,000 further staff. NHS England confirmed that both NHS England and NHS commissioners in ICBs were expected to reduce their headcount by 50%. NHS England estimated that the headcount reduction in NHS England, when completely delivered, would save around £400 million per year. It also estimated that the headcount reduction in ICBs would achieve savings of roughly between £700 million and £750 million on an annualised basis once delivered.⁹
7. We asked the Department about reports that its headcount would also be cut by 50%. The Department told us that it aimed to become “smaller and leaner”. It said that it was not in a position to put a number on the reduction in size of its headcount, confirming only that there would be a reduction. The Department told us that it had announced a voluntary exit scheme in early March 2025 and that it was also operating a cap on new external appointments. It anticipated that these actions would equate to savings worth £15 million per year which could then be used for frontline services.¹⁰
8. We observed that the scale of change was bigger in NHS England than the Department, and so asked NHS England about its plans to reduce its workforce. It confirmed that it did not currently have a detailed plan to achieve that reduction. It told us it that it had implemented a recruitment freeze, which it expected to reduce headcount by 10% as staff left and were not replaced, but acknowledged that a redundancy scheme might be required to achieve the remaining 40% reduction. We noted that redundancy and reorganisation would cost money, and asked if NHS England had estimated how much money it might need to spend on any redundancy programmes to deliver the required headcount reduction. NHS England told us that it did not have a firm estimate of this, but noted

8 [Department of Health and Social Care 2022–23 Annual Report and Accounts](#), HC 459, 29 April 2024, pages 214–242

9 Qq 9, 13; NHS England, [NHS England board members stepping down](#), 10 March 2025

10 Qq 2–4, 8 27

that “at best” it would assume that it would need to “pay on average the annual salary if a redundancy package is required”, although its turnover rate would mean that not everyone would be required to be made redundant.¹¹

9. We asked how the 50% headcount reduction will be applied to ICBs, noting that some were already working efficiently and the importance of the place-based approach in ensuring effective working between local councils, directors of public health and local GPs. The Department expected that the changes to ICBs would not lead to more centralisation. However, NHS England was unable to clarify whether the 50% reduction in ICBs represented a 50% reduction for each ICB individually or across system as a whole. NHS England explained that the detail of the expectations on ICBs would become clear as the 10-year plan for the NHS was finalised.¹²
10. It had previously been announced that NHS England’s Chief Executive, Chief Financial Officer, Chief Operating Officer, National Medical Director and Chief Delivery Officer and National Director for Vaccination and Screening would step down from their roles.¹³ During our evidence session, the Prime Minister announced that the Department and NHS England would merge. In the context of these changes, we asked how the institutional memory of NHS England would be preserved. NHS England could not explain specifically how this would be retained. It stated that those remaining at NHS England had a significant amount of experience, and that these people would give continuity of knowledge.¹⁴
11. We asked the Department whether the current locally-led approaches would be retained as part of the new structure to allow better local accountability, and whether previous commitments about public health and prevention would also be retained. The Department said that the ideal set-up for an ICB to meet its commitments and be held to account was through a good balance of stakeholders, including local authorities, primary, secondary, community, and other care providers, to maintain local, but joined up, accountability.¹⁵

11 Qq 9–10, 14

12 Q 17

13 NHS England, [NHS Chief to stand down at end of March](#), 25 February 2025; NHS England, [England’s top doctor to stand down after over seven years](#), 6 March 2025; NHS England, [NHS England board members stepping down](#), 10 March 2025

14 Qq 20, 27

15 Q 26

The development of the Harlow Health Security Campus

12. UKHSA's purpose is to prevent, prepare for and respond to infectious diseases and environmental hazards, and to provide scientific and operational leadership to protect the public's health and to build the nation's health security capability. UKHSA owns high containment science laboratories at Porton Down and Colindale, which are nearing the end of their operational life.¹⁶ These laboratories are a critical part of UKHSA's health protection mission and are required for protecting the nation against highly infectious diseases. In 2024, UKHSA assured the previous Committee that, with ongoing maintenance, its laboratories should be able to continue operating for another fifteen years.¹⁷ However, the laboratories are currently dependent upon remedial investment to keep them in operation, resulting in periods of time where facilities are unavailable as they are being updated. In 2024, UKHSA acknowledged that reliance on these ageing facilities presents a significant but managed risk to public health.¹⁸
13. The need for a planned replacement to these facilities was initially identified in 2006 and Public Health England (UKHSA's predecessor public body) was given approval to purchase the land in 2017. However, in February 2024 the NAO found that work on a replacement laboratory at Harlow had been intermittent since the land was purchased, with the programme suspended from 2022 after the Department reallocated funding to other departmental priorities amid uncertainty about the programme. The earliest date at which the Harlow campus could be ready was estimated at 2036. The NAO found that estimates of the projected cost of building the facility had spiralled upward, from an initial estimate of £530 million in 2015 to £3.2 billion in 2023. This increase was partly due to factors such as rising inflation but also due to the numerous delays encountered by the programme.¹⁹ UKHSA's 2023–24 Annual Report and Accounts show that it has so far spent some £400 million on work at Harlow, but has written off £297 million of this spend to date, reflecting the costs of building work already done that it cannot be certain will be completed.²⁰

16 [UKHSA Annual Report and Accounts 2023–24](#), HC 427, 16 December 2024, pages 4 and 35

17 [Letter from Dame Meg Hillier to Shona Dunn and Professor Dame Jenny Harries](#), 24 May 2024

18 Report by the Comptroller and Auditor General, [Investigation into the UK Health Security Agency's health security campus programme](#), HC 553, 20 February 2024, page 14

19 C&AG's Report, [Investigation into the UK Health Security Agency's health security campus programme](#), pages 8–11, 27

20 [UKHSA Annual Report and Accounts 2023–24](#), page 141

14. We asked UKHSA what progress it had made in deciding what it would do with the site. UKHSA told us that it was waiting for Ministers to decide whether to continue development at Harlow or to change course to a phased delivery option providing high containment facilities at Porton Down with later refurbishment of supporting infrastructure at Porton Down and Colindale. UKHSA told us that this decision was under “active review” by Ministers and that it expected a decision to be made in the second part of the spending review. It recognised that this was “now quite a critical decision in terms of timeframe, because it takes a long time to build ... [and] commission them into service.” UKHSA informed us that that the decision-making process was difficult and prolonged because the relative costs and benefits of each option are finely balanced and difficult to compare. To ensure that it was ready for a decision either way, UKHSA said that it was working with the Infrastructure and Projects Authority to ensure its model for overseeing the programme included sufficient technical expertise.²¹ The Department should clarify the arrangements for accountability, oversight, and the involvement and status of delivery partners as soon as possible.

21 Qq 47–50

2 Protecting taxpayers' money

The continuing impact of clinical negligence

15. The Department recognised that each incidence of clinical negligence has a tragedy behind it involving a patient. It told us that while the optimal number of clinical negligence cases would be zero, this will never be a practical target. Clinical negligence also comes with a monetary cost to the taxpayer. The Department is required to make compensation payments for pain suffered and the impact on the everyday lives of those who have suffered negligence. In 2023–24, NHS Resolution, which administers claims of clinical negligence for the Department, paid £2.8 billion in cash to claimants.²²
16. The Department recognises an amount for potential future compensation payments for incidents of clinical negligence in its financial statements as a liability. This is reported in the accounts of NHS Resolution and is consolidated into the Departmental Group accounts. The Department recognised a liability of £58.2 billion in its 2023–24 accounts to cover the expected potential future costs of compensation for clinical negligence, which included £9.3 billion set aside to cover incidents that occurred in 2023–24. The Department has identified a further £24.6 billion of clinical negligence claims which it does not recognise as a liability but may need to pay in the future.²³ The Department's clinical negligence liability is the second largest liability across government.²⁴

22 Q 59; [Department of Health and Social Care Annual Report and Accounts 2023–24](#), pages 262, 308; NHS Resolution, [Annual Report and Accounts 2023/24](#), HC 73, 23 July 2024, pages 29, 166–167

23 [Department of Health and Social Care Annual Report and Accounts 2023–24](#), pages 262, 306; NHS Resolution, [Annual Report and Accounts 2023/24](#), HC 73, 23 July 2024, pages 166–167, 188–189

24 [Whole of Government Accounts, year ended 31 March 2023](#), HC 289, 26 November 2024, page 67

17. The previous Committee were concerned that the Department was spending billions of pounds of taxpayers' money without an effective plan to minimise future costs of the clinical negligence scheme.²⁵ In April 2024, the Committee recommended that, by summer 2024, "the Department should set out the key reasons for patient harm and the actions it will take to address these, ensuring that its plans will reduce health disparities, ensure better patient outcomes, and reduce the costs for taxpayers". In September 2024, in its response to the Committee's report, the Department committed to writing to us by the end of 2024 to "set out the actions it is taking with NHS England and other system partners to reduce patient harm and advance patient safety in the NHS and improve outcomes for patients and the taxpayer".²⁶ It sent us a letter outlining its plans in February 2025.²⁷ We therefore asked the Department what it was doing to reduce patient harm and advance patient safety. In response, the Department, whilst acknowledging that it should get safety as close to perfect as possible, did not set out specific actions that it was taking to progress in this area. The Department told us that the number of claims of clinical negligence remains static year on-year.²⁸
18. The Department told us that around 19% of the total compensation payments made in 2023–24 by NHS Resolution go to the claimants' lawyers. This equates to £536 million of the total £2.8 billion paid to claimants in 2023–24, which is over one-and-a-half times the amount spent by the Government Legal Department (the government's principal legal advisers) in totality across all of its legal activities in the same period.²⁹ The previous government announced plans to place limits on how much lawyers receive from lower damages clinical negligence claims from April 2024, but the required legislation was not introduced. The Department told us that to reduce legal costs by moving to a no-fault compensation model would likely be more expensive overall, whilst potentially not distinguishing between those suffering as a result of negligence and those as a result of an accident.³⁰

25 Committee of Public Accounts, Thirty-First Report of Session 2023–24, [Department of Health and Social Care 2022–23 Annual Report and Accounts](#), HC 459, 29 April 2024, page 6

26 Treasury Minutes, [Government Response to the Committee of Public Accounts on the Twenty-sixth to the Twenty-ninth, the Thirty-first, and the Thirty-third to the Thirty-eighth reports from Session 2023–24](#), CP 1151, September 2024, page 18, paragraph 4.4

27 [Letter from the Interim Permanent Secretary of the Department for Health and Social Care relating to the 31st Report of Session 2023–24, DHSC 2022–23 Annual Report and Accounts, Recommendation 4](#), 25 February 2025

28 Qq 58–59

29 Qq 58–59; NHS Resolution, [Annual Report and Accounts 2023/24](#), HC 73, 23 July 2024, pages 166–167; [Government Legal Department Account Report and Accounts 2023–24](#), HC 74, 18 July 2024, page 64

30 Q 61; Department of Health and Social Care, [Government to introduce legal costs cap to support victims](#), 16 September 2023

Unapproved special severance payments

19. Exit packages are payments made in relation to redundancy and other departure costs for employees. Special severance payments are a subset of exit packages, relating to any non-contractual payments to employees.³¹ We have repeatedly raised issues with the Department or its organisations making inappropriate or unapproved payments. In June 2022, the previous Committee found that three Clinical Commissioning Groups (CCGs) had approved and paid special severance payments without following the required authorisation process. One of these payments resulted in the C&AG qualifying his regularity audit opinion on the NHS England 2020–21 Annual Report and Accounts. The previous Committee warned in 2022 that planned large-scale NHS restructuring increased the risk of future payoffs and further non-compliance with the rules. It recommended that the Department should set out how it would monitor and control the approval of all redundancy payments made by entities within the Departmental Group.³² The Department agreed with our recommendation, and told us in its response to our report that detailed written guidance relating to exit payment processes and approvals had been circulated to CCGs and the (then) proposed ICBs, and that separate arrangements were in place for NHS Trusts and Foundation Trusts.³³
20. Special severance payments always require prior HM Treasury approval, as they are usually novel or contentious.³⁴ In 2023–24, two NHS Trusts and two NHS Foundation Trusts between them made five special severance payments totalling £180,868 without the required approval. In his report on the 2023–24 Consolidated Provider Account, the C&AG reported that, while most NHS providers were following the correct procedures when proposing to enter a special severance payment arrangement, some NHS providers were still not following the requirements set by HM Treasury.³⁵
21. We asked NHS England what progress it had made in addressing the approvals and ensuring that payments being made without being approved did not happen again. NHS England recognised that “every case that is

31 Report by the Comptroller and Auditor General, [Consolidated NHS Provider Accounts 2023–24](#), HC 399, 26 November 2024, page 47; [Department of Health and Social Care Annual Report and Accounts 2023–24](#), pages 164, 189

32 Committee of Public Accounts, Sixth Report of Session 2022–23, [Department of Health and Social Care 2020–21 Annual Report and Accounts](#), HC 253, 10 June 2022

33 HM Treasury, [Treasury Minutes: Government Response to the Committee of Public Accounts on the Second, and the Fourth to the Eighth reports from Session 2022–23](#), CP 708, August 2022

34 HM Treasury, [Managing Public Money](#), May 2023, page 142

35 [Report by the Comptroller and Auditor General, Consolidated NHS Provider Accounts 2023–24](#), HC 399, 26 November 2024, page 47; [Department of Health and Social Care Annual Report and Accounts 2023–24](#), HC 476, 17 December 2024, page 164

not properly approved is wrong”. It told us that it continued to work with providers and ICBs to “remind them of their duties” including through regular training sessions. NHS England told us that it considered its current approach of reminding NHS providers of the requirements to be proportionate, but was unable to guarantee that there will not be future examples where NHS bodies fail to follow the process and obtain the required approvals.³⁶

- 22.** We noted that the accounts showed there had been 240 cases where retrospective approval had been sought for special severance payments, and asked NHS England whether there were any consequences for making these payments without the necessary approvals. NHS England said that this was down to “a judgement about how proportionate the response is in each case”. It said that, depending on the sum involved and what had happened, it would “talk to the organisation and make sure that people are spoken to”. We therefore asked whether any action had been taken against anyone for making payments without the proper approval. NHS England did not identify any specific actions beyond reminding individuals of the authorisations required, and that it could not guarantee that this would not happen in future given the size of the NHS.³⁷
- 23.** When the previous Committee reported on this in June 2022, it warned that that the (then planned) large-scale restructuring of commissioning within the NHS could increase the risk of further unapproved payments being made.³⁸ Given the announcements about the restructuring of NHS England and the potential for large numbers of redundancies, we asked the Department whether it planned to introduce a new mechanism to approve these. Given the potential for many more unapproved payments being made due to the scale of the redundancies the enforcement of this mechanism needs to be carefully considered. The Department told us that this had yet to be decided, but that when it had run similar schemes, HM Treasury had approved the overarching business case for the overall numbers, cost and time of the people due to leave the organisation, and then processes had been set up inside the Department and NHS England to manage it and ensure that appropriate governance was in place. It told us that it “imagine[d] that ... will happen again”.³⁹

36 Qq 52–3, 55

37 Q 55

38 Committee of Public Accounts, Sixth Report of Session 2022–23, [Department of Health and Social Care 2020–21 Annual Report and Accounts](#), HC 253, 18 May 2022

39 Qq 53–55

3 Transparency and accountability for the Department's spending

Usability of the Department's Annual Report and Accounts document

- 24.** The Department was renamed the Department of Health and Social Care (from the Department of Health) in January 2018, with the intention of delivering a greater focus on adult social care. We observed that social care is only reflected in “a lot of little bits” in the Department's Annual Reports and Accounts. We therefore asked how social care delivery for users was being improved. NHS England told us that “a lot of work is already going on” including moving towards having joint social care and NHS assessment teams. It explained that this created a single process for assessing the care package needed for each patient and how it should be delivered, which should also result in earlier discharge from hospital. It also told us that it had undertaken work over the last 18 months to consider how it could improve intermediate care, focusing on physical rehabilitation when patients were leaving hospital, which it planned to roll out in 2026.⁴⁰
- 25.** The Department's Annual Report and Accounts also does not contain analysis of the Department's progress in improving productivity and efficiency. We asked, given the importance of productivity to ensuring that NHS expenditure was sustainable, if it would pay more attention to this in future. The Department told us that productivity was “absolutely one of the top priorities” as part of the 10-year plan and the spending review, and committed to addressing this issue.⁴¹
- 26.** We similarly asked about the Department's progress on technological and digital developments and the use of artificial intelligence (AI), as key areas which could improve productivity. We were surprised that the Department's Annual Report and Accounts contains such little information on those

40 Q 71; National Audit Office, [Departmental Overview: Department of Health & Social Care](#), October 2018, page 3

41 Q 68

areas and asked for fuller details to be provided in future. The Department explained that it was “absolutely developing a refreshed tech plan as part of the productivity plan” and committed to place more focus on these areas in its next Annual Report and Accounts.⁴²

27. The NHS Long Term Plan states that ill health prevention helps the public to stay healthy, as well as moderating demands on the NHS. The Department recognised in its 2023–24 Annual Report that there “is still much work to do to make a shift towards prevention in the NHS”.⁴³ We observed that, with the exception of a very short paragraph, the Department’s 2023–24 Annual Report does not include a section on preventative work, or information on outcomes arising from this spend. We asked the Department to ensure that next year’s accounts had more importance paid to prevention, which it agreed to.⁴⁴ We also commented that it was difficult to find information in its Annual Report and Accounts on how much the Department was spending on palliative and end-of-life care, or what outcomes this spend was delivering, which felt like a “huge omission”. The Department was unable to provide a figure for this spending on our session, but told us that it would “definitely change that for next year ... [and] add more prominence to it”.⁴⁵
28. NHS England’s Annual Report and Accounts and the Consolidated NHS Provider Accounts show that there were 3,877 exit packages in the NHS in 2023–24, costing a total of £98 million. We asked NHS England whether the use of exit packages had been increasing or decreasing. NHS England was unable to provide this information in our session but told us that it would confirm the precise number separately. Some 96 exit packages arose following employment tribunals or court orders against NHS England, NHS Trusts or NHS Foundation Trusts, at a cost of £1.3 million. We observed that there was no breakdown of the legal costs relating to employment tribunals and exit packages at NHS bodies within the Department’s or NHS England’s Annual Reports and Accounts. We requested that the Department provide this information to enable us to determine whether these were a good use of public funds.⁴⁶

42 Q 69; [Department of Health and Social Care Annual Report and Accounts 2023–24](#), HC 476, 17 December 2024, pages 38–39

43 [Department of Health and Social Care Annual Report and Accounts 2023–24](#), HC 476, 17 December 2024, page 78; [The NHS Long Term Plan](#), January 2019, page 7

44 Qq 28, 72

45 Qq 28, 72

46 Q 53; [NHS England Annual Report and Accounts 2023–24](#), HC 251, 10 October 2024, pages 96–97; [Consolidated NHS Provider Accounts 2023/24](#), HC 399, 26 November 2024, pages 82–83

Lack of timeliness of reporting

- 29.** Timely production of accounts is essential to understanding public finances and supporting accountability.⁴⁷ All Departments should aim to lay their accounts and those of their agencies no later than prior to the Parliamentary summer recess. Departments have a statutory deadline of 30 November to provide their accounts to the C&AG, and of 31 January to publish their annual report and accounts.⁴⁸ The Department published its accounts covering 2019–20 to 2022–23 in January each year, six months after this deadline. When the previous Committee examined the Department’s 2022–23 Annual Report and Accounts, it found that the Department had not published its Group Accounts until 25 January 2024, 10 months after the financial year end. It concluded that its continued failure to deliver its accounts to an earlier timetable hampered effectively and timely accountability of taxpayers’ money. It warned that the Department’s plans to return to a pre–summer recess timetable were becoming less and less ambitious and would result in it taking until 2029 to achieve a pre–summer recess publication rather than the 2025–26 financial year it previously committed to.⁴⁹ Given the scale of work that will be required to integrate NHS England into the departmental accounts following NHS England’s abolition, the accounts production and audit process will need to be carefully planned otherwise timelines could slip further back.
- 30.** The Department published its 2023–24 accounts on 17 December 2024, five months after the summer Parliamentary recess deadline. The Department has reported that there continues to be significant challenges in bringing the laying of its accounts back to a pre–summer recess timetable.⁵⁰
- 31.** The delays to the accounts were the result of challenges in preparing the accounts of UKHSA and delays in completion of local NHS audits.⁵¹ UKHSA was subject to a disclaimed audit opinion in 2021–22 and 2022–23, with significant remedial work being required to complete the 2023–24 accounts, causing delays. NHS England and the Consolidated NHS

47 Committee of Public Accounts, Thirty–First Report of Session 2023–24, [Department of Health and Social Care 2022–23 Annual Report and Accounts](#), HC 459, 10 May 2024

48 HM Treasury, Dear Accounting Officer letter, [Accounts Directions 2023–24](#), 14 December 2023

49 Committee of Public Accounts, Thirty–First Report of Session 2023–24, [Department of Health and Social Care 2022–23 Annual Report and Accounts](#), HC 459, 10 May 2024

50 Report by the Comptroller and Auditor General, [Department of Health and Social Care Annual Report and Accounts 2023–24](#), page 3; [Department of Health and Social Care Annual Report and Accounts 2023–24](#), page 138

51 [Department of Health and Social Care Annual Report and Accounts 2023–24](#), HC 476, 17 December 2024, page 138

Provider Accounts rely on the individual audits of 42 NHS Commissioners and 211 NHS providers respectively, which are incorporated into their own group accounts.⁵²

32. NHS England set a deadline of 28 June 2024 for the completion of the financial audits of NHS Commissioners and NHS Providers. Almost a fifth (18.0%) of NHS Providers and a tenth (9.5%) of NHS Commissioners missed the 28 June 2024 deadline.⁵³ The previous Committee called on the Department to strengthen its governance and financial controls and set out a clear plan to restore timely accountability across its group and improve its financial reporting.⁵⁴ The C&AG reported that the Department's timetable for completion of the NHS provider and ICB audits will need to be significantly advanced, and the remaining weaknesses in the UKHSA control environment will need to be addressed, to meet its target of a pre-summer recess sign-off by 2026–27.⁵⁵
33. We asked the Department and NHS England why so many NHS commissioners and NHS providers missed the deadline for completing their financial audits, and what it was doing to ensure that this improved. NHS England recognised that the number of organisations who were meeting the June deadline was lower than before the COVID-19 pandemic, but told us that this was improving. It told us that one of the reasons for the delays was “definitely the overall pressure on the local audit market” and the trade-off audit firms were making between undertaking local authority accounts and NHS accounts. It told us that “there are no systemic problems” with NHS bodies that were contributing to delays, and that it expected to see continual improvement.⁵⁶
34. In September 2024, the Department told us that its aim was to lay its accounts in Parliament at least a month earlier each year and that its target was to reach a pre-summer recess laying for the 2026–27 financial year.⁵⁷ Given the issues within local authority audit, we asked NHS England whether it was working with the Ministry of Housing, Communities

52 [UKHSA Annual Report and Accounts 2023–24](#), HC 427, 16 December 2024, page 154–155; [NHS England Annual Report and Accounts 2023–24](#), page 178; [Consolidated NHS Provider Accounts 2023/24](#), page 48

53 [NHS England Annual Report and Accounts 2023–24](#), HC 251, 10 October 2024, page 124; [Consolidated NHS Provider Accounts 2023/24](#), HC 399, 26 November 2024, page 45

54 Committee of Public Accounts, Thirty-First Report of Session 2023–24, [Department of Health and Social Care 2022–23 Annual Report and Accounts](#), HC 459, 29 April 2024, paragraph 3

55 [Department of Health and Social Care 2022–23 Annual Report and Accounts](#), HC 459, 29 April 2024, page 239

56 Qq 64–65

57 Treasury Minutes, [Government Response to the Committee of Public Accounts on the Twenty-sixth to the Twenty-ninth, the Thirty-first, and the Thirty-third to the Thirty-eighth reports from Session 2023–24](#), CP 1151, September 2024, page 16, paragraph 2.2.

and Local Government (MHCLG) to improve the position of local audit in future and help prevent delays. NHS England told us that it was working with MHCLG, the Department, and the NAO to make sure that future audit arrangements were sustainable for both the NHS and local authorities. The Department and NHS England told us they were closely linked to the MHCLG consultation process on reforms to the local audit market and that their views, concerns, and requirements had been taken into account. The Department emphasised, though, that moving towards pre-summer recess certification would require a sizable change in the capacity of the local audit market. NHS England told us, however, that there was no firm timeframe of when it expected that local auditors would be able to increase their capacity.⁵⁸

Formal minutes

Monday 28 April 2025

Members present

Sir Geoffrey Clifton-Brown, in the Chair

Mr Clive Betts

Nesil Caliskan

Luke Charters

Peter Fortune

Rachel Gilmour

Sarah Green

Sarah Hall

Lloyd Hatton

Sarah Olney

Rebecca Paul

Oliver Ryan

Declaration of interests

The following declarations of interest relating to the inquiry were made:

13 March 2025

Nesil Caliskan declared the following interest: former employee NHS England.

Anna Dixon declared the following interest: member of the All-Party Parliamentary Group on Patient Safety.

DHSC Annual Report and Accounts 2023-24

Draft Report (*DHSC Annual Report and Accounts 2023-24*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 34 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Twenty-Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Thursday 8 May at 9.30 a.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Thursday 13 March 2025

Professor Sir Chris Whitty, Acting Permanent Secretary and Chief Medical Officer, Department of Health and Social Care (DHSC); **Andy Brittain**, DHSC Director General, Finance, Department of Health and Social Care (DHSC); **Professor Dame Jenny Harries**, Chief Executive, UK Health Security Agency (UKHSA); **Julian Kelly**, Chief Financial Officer and Deputy Chief Executive, NHS England

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Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

DAR numbers are generated by the evidence processing system and so may not be complete.

1 Cook, Mr Nigel D

[DAR0002](#)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2024–25

Number	Title	Reference
24th	Government cyber resilience	HC 643
23rd	The cost of the tax system	HC 645
22nd	Government's support for biomass	HC 715
21st	Fixing NHS Dentistry	HC 648
20th	DCMS management of COVID-19 loans	HC 364
19th	Energy Bills Support	HC 511
18th	Use of AI in Government	HC 356
17th	The Remediation of Dangerous Cladding	HC 362
16th	Whole of Government Accounts 2022-23	HC 367
15th	Prison estate capacity	HC 366
14th	Public charge points for electric vehicles	HC 512
13th	Improving educational outcomes for disadvantaged children	HC 365
12th	Crown Court backlogs	HC 348
11th	Excess votes 2023-24	HC 719
10th	HS2: Update following the Northern leg cancellation	HC 357
9th	Tax evasion in the retail sector	HC 355
8th	Carbon Capture, Usage and Storage	HC 351
7th	Asylum accommodation: Home Office acquisition of former HMP Northeye	HC 361
6th	DWP Customer Service and Accounts 2023-24	HC 354
5th	NHS financial sustainability	HC 350
4th	Tackling homelessness	HC 352

Number	Title	Reference
3rd	HMRC Customer Service and Accounts	HC 347
2nd	Condition and maintenance of Local Roads in England	HC 349
1st	Support for children and young people with special educational needs	HC 353