Finance
Project Initiation Document

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1. **INTRODUCTION**

The purpose of this document is to define the scope of the Finance Project, the deliverables or outcomes which will be produced as a result of the project and the timescales the project will be delivered by.

The PID will provide assurance to the Public Health Reform Programme Board (PB) that the project has a sound basis and the document will also act as a foundation against which the Senior Responsible Owners (SROs) and PB can monitor progress.

Approval of the PID is sought from the PB, together with authorisation to proceed with the project.

1.1. **Project Objectives**

The Finance Project objectives have been identified as follows:

- **Objective 1** – To identify and establish Corporate Governance arrangements for Public Health Scotland
- **Objective 2** – To identify and establish Financial Systems and Controls for Public Health Scotland
- **Objective 3** – To identify and establish Financial and Business planning for Public Health Scotland
- **Objective 4** – To identify and establish the necessary Financial reporting arrangements for Public Health Scotland
- **Objective 5** – To provide Financial Oversight to the Public Health Reform programme throughout the transition period

1.2. **Outline Project Deliverables and/or Desired Outcomes**

The following deliverables and outcomes have been identified for the Finance Project:

**General**
- Deliverable 1: prepare terms of reference for the project team required to support the project;
- Deliverable 2: prepare timeline outlining dates for draft and final objective deliverables.
- Deliverable 3: produce monthly progress reports

**Objective 1: Corporate Governance Arrangements**
- Deliverable 4: Accountable Officer role definition
- Deliverable 5: Corporate Governance requirements during transition period and post implementation
- Deliverable 6: Scheme of Delegation, Standing Orders and Standing Financial Instructions
- Deliverable 7: Procurement Strategy
- Deliverable 8: Admitted body status: NHSS Pensions
- Deliverable 9: VAT registration and tax status

**Objective 2: Financial Systems and Controls**
- Deliverable 10: Define financial systems requirements for accounting, payroll, procurement and demand management/ resource allocation
- Deliverable 11: Define risk management strategy and risk management arrangements
- Deliverable 12: Agree SLA with Finance service provider
- Deliverable 13: Appoint Internal Auditor and other external advisers (taking into account services provided by Finance service provider)

**Objective 3: Financial and Business Planning**
- Deliverable 13: Establish baseline costs and operational performance levels from due diligence exercise
- Deliverable 14: Identify and quantify other sources of funds and confirm overall resource envelope
- Deliverable 15: Initial 3/5 year strategy and operational plan with supporting budget to deliver which will define the redirection of resources to support priorities over the planning period, reflecting PHS priorities and work from commissions. Work will include securing buy-in with key stakeholders as required.

**Objective 4: Financial Reporting**
- Deliverable 16: Define financial reporting requirements and agree on-going process with service provider
- Deliverable 17: define Statutory Reporting requirements and annual accounts process and agree delivery arrangements with service provider

**Objective 5: Financial oversight of Transition**
- Deliverable 18: Financial Oversight and reporting during Transition period
- Deliverable 19: Financial support, review and challenge to Commission development
- Deliverable 20: Development of financial and economic cases and benefits realisation of overall Business Case to support the creation of Public Health Scotland.

1.3. **Constraints**

The following constraints could impact on successful delivery of the projects objectives have been identified:

- Availability of funding
- Availability of suitable resources to undertake the work
- Availability of base information re existing services / costs
- Timeframe for delivery

1.4. **Project Scope (and any exclusions)**

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<th>In Scope:</th>
<th>Out of Scope:</th>
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<td>Scottish Government</td>
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<td>Health Scotland</td>
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<td>SG Public Health related Directorates</td>
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<td><strong>Systems/ Processes:</strong></td>
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<td>Financial and corporate governance systems and associated operational systems which in their entirety comprise the financial and corporate governance</td>
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2. PROJECT DEFINITION

2.1. Method of Approach

This project will be delivered in accordance with the necessary project management methodology as defined at the Public Health Reform programme level.

The current perceived scope of the project is such that it will be delivered in discrete workstreams, based around the core objectives. The workstreams are tentatively identified as:

- **Corporate Governance and Financial Systems & Controls**
  Defining the governance arrangements and controls framework required by PHS
  [planned completion date: Phase 1 : 31 March 2019, Phase 2 15 October 2019]

- **Statutory Reporting and Financial and Management Accounting**
  Defining accounting arrangements required to support internal and external reporting and effective financial management practices
  [planned completion date: Phase 1 : 31 March 2019, Phase 2 15 October 2019]

- **Financial Planning for PHS**
  Developing the financial plan to underpin the strategy and operational objectives of Public Health Scotland in its first five years of operation
  [Planned completion date: 31 March 2019]

- **Financial Oversight of Transition**
  Providing effective financial management, review and challenge to commission development, business case development and the delivery of the transition of staff and resources into Public Health Scotland
  [Planned completion date: 30 November 2019]

2.2. Assumptions

The following key assumptions have been identified for this Project:

- That sufficient staff resource is available for all aspects of the Project to meet the declared timescales
- That adequate funding is made available
- That the deliverables support the wider aspirations of public health reform
- That there is Director level support for the Project

2.3. Interfaces

The Project will interface with the following:

- NHSScotland Financial Framework and emerging financial strategy for 2019/20 and beyond
- Financial Accounting and governance requirements applicable to Special Health Boards as defined by Scottish Governance
- Accounting standards, legislation and emerging leading practice
- Corporate Governance Standards for Public Sector Organisations
- Strategic direction and emerging operational plans for Public Health Scotland
Potential sources of funding and future collaborations
All other commissions to understand emerging thinking and support definition of financial implications

2.4. Stakeholders

The following key stakeholders have been identified for this project:
- SG Public Health Reform Programme Board / Team
- Health Scotland Executive Team / Finance Director / Board
- NSS Executive Team / Board
- COSLA / SOLACE
- Audit Scotland
- SG Health & Social Care Finance Directorate

2.5. Project Organisation Structure

This project forms part of the overall PHR Programme. The diagram below outlines the overall Programme Structure.
Members of the IT Project Team are listed below:

- Carolyn Low, Project Lead, NHS NSS
- Andrew Patience, Health Scotland
- David Reynolds, NHS NSS
- Project Accountant support as required
- Specific input from external financial advisers in respect of Pensions, Tax as required
- Specific input from CLO as required.
- XXX, Communications
- XXX, Staffside

2.6. Risk Management Strategy

This project will manage risks in line with the approved PHR Risk Management Approach.

2.7. Communication Strategy

Communications for the IT project will be managed in line with the approved PHR Communications and Engagement strategy.

2.8. Project Quality Strategy

To ensure all project deliverables and outputs will meet the expected quality requirements; a number of quality measures will be put in place across the project. These include:

- Product description(s) being agreed with the PHR programme team
- Regular updates to the PHR programme board
- The establishment of a Finance Reference Group, comprising representatives from SGHSC Finance, Audit Scotland, CIPFA, COSLA to ensure that corporate governance and financial management arrangements being established are appropriate and reflect best practice in the context of Public Sector organisations.

2.9. Project Controls

The following project controls will be implemented to monitor progress and where necessary take remedial action should the project deviate from the agreed timescales or costs:

- Regular highlight reports to the PHR Programme Team
- Regular highlight reports to the PHR Programme Board

3. Business Case

It is anticipated that this commission will support the development of the financial and economic cases of the programme Business Case, and will provide guidance and support, review and challenge to the Commissions as the financial implications of their proposals are developed.

4. Project Plan

A project plan has been developed for the project and is embedded below.
## Commission Mobilisation and Delivery
- Agree PID
- Mobilise team
- Engage support of Reference Group
- Establish Project Management Arrangements (v0.2)
- Report on progress
- Develop business model
- Establish Governance arrangements during transition
- Agree Strategic Arrangements
- Develop Behaviour of Delegation
- Develop Standing Orders
- Agree Corporate Governance Strategy
- Establish PHS as admitted body for pensions
- Establish VAT Registration and tax status

## Corporate Governance Arrangements
- Define role of Accountable Officer
- Define Corporate Governance arrangements during transition
- Define Corporate Governance arrangements post Implementation
- Develop Scheme of Delegation
- Develop Standing Orders
- Develop Standing Financial Instructions
- Develop procurement strategy
- Establish PHS as admitted body for pensions
- Establish VAT Registration and tax status

## Financial Systems and Controls
- Define financial systems requirement
  - Accounting
  - IFRS
  - Tax
  - Measurement
- Define management / resource allocation
- Agree requirements with Finance Service provider
- Support implementation with Finance Service provider
- Define risk management arrangements
- Appoint internal auditor
- Appoint VAT advisor
- Appoint banking provider
- Agree SLA with Finance Service provider

## Financial Planning
- Establish baseline costs from due diligence
- Establish baseline performance levels
- Establish baseline revenue and capital budgets
- Establish and maintain budget levels
- Control budget to deliver plan
- Define alternative scenarios to plan
- Review impact of events over planning period
- Agree on delivery of resources

## Financial Reporting
- Design monthly performance reporting
- Expenditure against plan
- Programme delivery against plan
- Benefits realisation
- Agree ongoing process with Finance Service provider

## Statutory Reporting
- Define Annual Accounts process
- Agree ongoing process with Finance Service provider

## Financial Management of Transition

### Sponsor Team

### Programme Team

### Commission Development

### Other TBC

### Key
- G = on track
- A = At risk
- R = Issues
- B = Delivered
In addition to the plan, a number of reporting milestones have been identified for the project which will be included in the overall PHR Programme Milestone chart.

5. **Risk Log**

RAID Log to be maintained by project lead / reviewed through programme governance.