Managing Financial Resources in Health and Social Care

# LO 1.1Defining principles of costing and business control system in context to Care Tech holding plc

**Defining cost-**

As studies conducted by the Davies, (2009), explained that costing in health and social care organization is the procedures and techniques of ascertaining costs. These costing procedures consist with rules and regulations to ascertain cost of services and products. According to the Harmon, P. (2007), said that cost is the amount of services and resources utilized in enhance services and goods. The resources can be included money’s or money worth, which is mainly represented in the form of monetary unit.

**Categories of costing-**

According to the traceability cost can be classified into the direct as well as indirect costs. **Income** also referred as the revenues is defined as the amount of the money that the organization (Kutz, 2007). CateTech holding plc mainly obtains during financial years. According to the CateTech holding plc financial report 2016, it is seen that during financial year 2016 organization generate £ 149.0m [**growth (19.9%, 2016), (£124.3), 2016**]. In addition to this, **Break even** is the point in which an organization has no loss or profit at the provided sales level. Use of the **cost benefits analysis** procedures manager of the organization can effectively determine the feasibility of the project and evaluation of the new project.

**Least NHS approved six principles-**

As a home manager for CateTech holding plc it is my prime roles and responsibilities to gain and understand the concept and principle of costing which helps me to execute organization’s objective in successful manner. Consistency, Transparency, materiality, stake holder’s engagement, data accuracy, causality and objectivity are the six costing principle approved by NHS.

Stakeholder’s engagements procedures mainly involves different individuals who have an interest in the association engaged in determining costing requires of the organization. **Transparency** explains that costing procedures should be while and black and easily understood by the public and easily accessible (NHS, 2012). **Causality and objectivity** is mainly focused upon the requirements that make sure the cost can be measurably appropriately as well as associated with the operations without being regarded as a subject. **Consistency costing principle** mainly emphasized upon the concept of that similar procedure should be used by the organization in past year and present years that helps them in determination and comparisons of differences. Consolidated statement of comprehensive income for the year ended 30 September 2016, shows that cost of goods sales of Care Tech holding plc was £148979 m whereas in 2015 cost of good sales was £124271 (reeducation of £24708m(increased by about( 1%)); which indicates that Care Tech plc holding uses consistency principle in its financial statements. **Data accuracy** emphasized upon the fact that the organization needs to offers accurate information to an individuals. **Materiality** is mainly focused to set a benchmark that is effectible to make sure an amount below it is price insignificant depending upon the operations carried out.

**Define business control system-**

As studies conducted by Harmon, (2007), business control system procedures mainly involves IT control, Cost control system, budgetary control system, ERP system and internal audit and control system. Myddelton,. (2006), said that **Budget** in an effective tools and techniques aid the management of the company to manage, coordinate, communicate and evaluate the health care organization in successful manner.

**Three important business control system-**

**Software and IT infrastructure** including ERP system helps the manager to manage its financial resources in better manner. Moreover it offers the automated system based control over organization transaction processing system. **Internal and External audit** helps the organization to checks the financial report and operations. **Forecasting methods** incorporated by the management to determine the business performance of future trends.

# LO 1.2 Determine information required to management Care Tech holding plc financial resources

**Define balance sheet-**

According to the Broadbent and Cullen (2003), said that management of the company mainly uses the **balance sheet** of the company that mainly provide the information regarding the assets own by the organization during financial years. It is mainly made by the account as well as organization directors. Consolidated statement of financial statement for the year ended 30 September 2016 shows that total assets of the company including both noncurrent and current assets was £378301000 [**noncurrent (£354, 670000) and current assets (£23, 631000)**]. Moreover balance sheet of the company also shows that total liabilities i.e. £226, 634000[**Non-current liabilities (£185, 626000), Current liabilities (£41, 008000)**] as well as total equity £378, 30100 of the company is effective manner.

**Define profit and loss-**

In addition to this, management of the company also uses the **profit and loss statement** for purpose of determining the profit generated by the company during financial years (Field and Richard 2007). From the observation it can be seen that Care Tech plc generates profits after tax £22871000 in FY2016, whereas in FY2015 it was £7958000 (**increased by about (2.14times higher**)). On the other hand, Care tech holding plc also uses cash flow statement for purpose of determining the inflow and outflow of the money for certain time period. The organization also uses the comprehensive statement of income and expenditure which provides the information regarding sources of income as well as all sources of expenditure. From the findings it is seen that comprehensive statement of income of the company was **£13,388,000 (2015: £7,299,000)**. In addition to this, management of Care tech holding plc uses the Budget information, costing and pricing data information, variance analysis information, and cost benefits analysis information in order to make better decision regarding the investment and predicted future performance.

**Define cash flow-**

The management of the Care Tech holding plc uses different financial resources in order to evaluate the performance of the organization and determine the profitability eared by the company during the financial years. **Change in the regulations** and policies of health and social care sectors also impact the performance of the company as well as financial resources. Moreover, E**xternal and trends impact** have also impact on the organization performance (Davies, 2009). For example the influence of the UK’s vote to leave the European Union could have major impact on health and social care organization. NHS is presently suffered from the staffing problems and in 2014 there was a shortfall of about 5.9% better number of care workers and professionals that offers health and social care services**.** Change in the regulations also impacts the organization funding and finance.

## LO 1.3 Explain all rules and regulations needed to be satisfied while managing financial resources-

**HMRC-**

**HMRC** is UK’ tax authorities are mainly accountable for ensuing that money is effectively available to fund the UK’s public services. The tax payable to HMRC involves environmental tax, tax credits, VAT and so on. **FRC (financial reporting council**) is United Kingdom’s independent bodies mainly responsible for offering high quality of corporate governance as well as reporting to foster investment.

**Monitor-**

**Monitor** mainly emphasized upon offering good quality of services to individuals in upcoming years and ensuring that an essential NHS services continues if patients get into any problems (monitor, 2010). In addition to this, care tech holding plc needs to make their financial statement that following **GAAPS and IFRS** principles.

**Company house-**

It helps the organization to make sure consistency in financial years. Apart from that the organization Care Tech holding plc implements both external and internal **audit committee** in its organization that helps them to review the money in terms of effective, efficiency and economic utilize of financial resources. Company information, for example registered address and date of incorporation current and resigned officers document images mortgage charge data previous company names insolvency information.

**Financial reporting council-**

The FRC is a company limited by guarantee, partly funded by government and the industry and its board of directors is appointed by the Secretary of State for Business, Innovation and Skills. It and its subsidiaries play crucial roles in the oversight and development of corporate governance standards in the UK and the Republic of Ireland, such as the UK Corporate Governance Code and standards for the accounting industry.

The FRC board is supported by three committees:the Codes & Standards Committee, the Executive Committee, the Conduct Committee

**NHS mitigation authority-**

Ross, Westerfield, and Jaffe, (2005), said that regulation is defined as any government intervention or measure that seeks to change the behaviour of groups or person or organization. The main objective of the regulation in context of health and social care organization is to promote fair, efficiency, accountability, integrity, better organization structure, reduction in financial crime and individual’s protection. Regulation in health and social care organization mainly includes IFRS, GAAPS, CQC, monitor, HM revenues and customs and companies house.

## LO 1.4 Evaluate and analyze system of managing Care Tech holding plc

**Defining system**-

According to the Broadbent and Cullen (2003), managing financial resources in Care Tech holding plc is most vital tasks for the organization as it helps them to provide accurate information. Without improper system, the management of HSC settings wouldn’t be able to offers high quality of services to patients. In order to manage financial system organization needs to good information recording system that store all outgoing and incoming resources transaction on daily basis (Myddelton, 2006). To manage financial resources management needs to prepare budget system in planned manner that provides the information regarding availability of resources to management. Apart from that the management needs to implements accountabilities in financial accounting system that helps the management to public and prepare accounting system as per the current standards and legislations. Accountabilities mainly have done with the help of book of account and IT system. On the other hand, management of an organization can safeguards the resources of the company with the help of the implementation of the risks management procedures. Balances and checks should be up in place such as segregation of duties in which no any person can involve in recording and buying business purchases.

**IT infrastructure and software in the management of resources-**

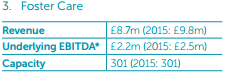
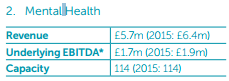
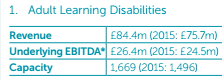
Implementation of the IT and software system in financial system would helps the organization to manage its resources in successful manner. Use of financial recording system (including Oracle Finance, Sage accounting software, QuickBooks and Peachtree), Project management systems (Matchware MindView, Microsoft Project, Pince2) and Data analysis and management system (including IBM lotus and Ms Excel) helps the organization to control and manage its financial resources in successful manner (Field and Richard 2007). Use of payment system (such as per capita, national tariff and local prices, a line item budget and fee for services) as well as audit (including both internal and external) helps the business to control their financial resources in successful manner.

As a manager of the Care Tech holding plc I am recommend that organization needs to implements Oracle Finance financial recording system that helps the members to access financial information in successful manner. On the other hand, I suggested that management needs to implement IBM lotus as a database management and analysis system.

# LO 2

## LO 2.1 Discuss and explain different sources of income to Care Tech holding plc

Different sources of fund in health and social car organization mainly includes the private, public, local, national and voluntaries. Care tech holding plc receive money from sales of services, findings, social and health care services to people with mental health, adult with learning difficulties, foster services and people residential services as shown in given table.



**Public sector funding-**

**Government grant** considered the most effective sources of fund and helps the health care organization to offers finance as per their services (Harmon, 2007). Care tech holding plc offering mental health and foster care services therefore they can generate money through government funds also. The main benefits of this fund are that the organization needs not to pay sum of money to government. As per the data, it is seen that 2016/17 total budget allocated to NHS to offers the mandate is about £106.5 billion.

**Private sector funding-**

**Private sources** of fund mainly include owner’s funds, car parking, housing services, leasing and R&D whereas **local and national sources** of money come from the findings through national bodies (Kutz, 2007). Moreover, care tech holding plc organization also generates money through interest received on bank deposits. Care tech plc offers their room in lease which not used regularly and they generate money from them. On the other hand the organization generates money from the bank loan as it is easily available in market for long time. From the financial report it is seen that the organization receive £154, 103000 bank loan.

**Charitable donations-**

A **charitable** contribution money is donated that includes securities or business ownership interests, and others goods or services to an organization. The charitable fund is deducted from the market value of contribution on one’s income tax return. It is witnessed that contributions need to be made to qualified organizations that needs to b deducted.

**Training income-**

Training Incentive Allowance (TIA) depends on the circumstances of an individual towards a maximum of $ **$4,309.20. Overall, Training Incentive Allowance may** be paid for stationery and any additional caring costs, course fees, transport, books that an individual.

**Rentals received on property leased by the entity-**

Every property is taxable based on its annual value that is determined on the basis of whichever is higher or maximum. The property rent is received by the amount of rent for which the allotted property will reasonably be expected to be let out.  
if an individual is letting out a property for a nominal amount, then the required amount is to be considered for taxation of similar property that is evaluated on the market rent and not the rent that will be received. Furthermore, the actual rent received by the allotted property is higher than the market rent, the rent actually received/receivable by you that needs to be considered for taxation purpose.

**Increase in fee depending on size and type of services and accommodation provided-**

Due to the paucity of available accommodation and attract the talent pool, several employers ensures free accommodation to their employees. In relation to the companies situated at remote places, a person is normally not willing to move until proper accommodation is available to him. The employer seeks to provide the facility of a gardener, sweeper, electric, water availability, meal etc., during the time of accommodation provided to the employees. These facilities provided are not tax-free in the hands of an employee. The tax laws formulate the provisions for valuing similar facilities that are termed as perquisites in income tax parlance.

**Interest received on a bank deposit-**

Interest earned from savings accounts are credited directly into the accounts by the bank at the end of month. The account holding company attempts to record the interest receipt following receives intimation from the bank through bank statement. The interest received is recorded in the cash book, the balance as per bank statement is higher than the cash book balance. The difference are to be eliminated by adjusting the cash book of the company before the preparation a bank reconciliation.

## LO 2.2 Analyzing the factors influencing the availability of financial resources-

**Funding priorities for health sector-**

The resources those are financial in nature help in the security, cash and investment spending of the HSC sector. One of the factors is organisation’s size. Large size organisation would have lot of dependent as service user and that would impact the government funding decisions (Appleby *et al.,* 2009).

**Agency objectives and policies-**

* Achieving good health care services
* Standard health care
* Decentralizing public health system
* Establishing new infrastructure
* Ensure equitable access to health services
* Upgrading infrastructure
* Meet technological needs

**Government policies-**

The new agenda for Public Health seeks epidemiological transition, demographical transition, environmental changes and social determinants of health. It seeks for revitalizing primary health care in meeting the challenges. The role of the government is to influence and motivate population that health is not limited within the health sector but also within various sectors outside the health systems. The government secures its success, limitations and future scope within the health care setting. Health system is strengthened through governmental policies and human resource development and capacity building and regulation in public health are important areas within the health sector.

**Geographical location of particular health organization-**

The geographical location is another factor for the funding as the organisation located in the London city area would have different funding from the organisation based in the further away. ‘Caretech Plc’ has large operation and operates in more than 2000 places so a diverse type of funding would be available (Caretech-uk, 2017).

**Type of services rendered-**

Though ‘Caretech Plc’ provides different types of services, like the residential youth services, foster care and child services, special services, services for learning disability and so on. Now different types of services are funded differently by the government.

**Local authority policies and national service frameworks-**

The company legal structure provides the route for the private source of funding. ‘Caretech Plc’ as being the public limited company has the opportunity to raise fund from the market which normal public limited company would not have the opportunity of. Being public limited the organisation has to maintain quality documents and regulation and that provides better opportunity for the bank loans also (Gapenski and Pink, 2007

## LO 2.3 Budget expenditure revision

**Master budget-**

The **master budget** is the aggregation of all lower-level **budgets** produced by a company's various functional areas. It also includes budgeted financial statements, a cash forecast, and a financing plan. The budget is the planning process where the expenditure and the revenue generation is forecasted and planed to follow in operation. The cost structure in the HSC is rising and under that circumstance the appropriate budgeting process would be important for the effective management of the expenses along with improving options for revenue for the sustainability of the HSC sector (Finkler *et al*., 2007).

**Sales budget-**

**Sales budget** is the component of master **budget** and it shows the expected number of **sales** units of a period and the expected price per unit. It allows **sales** which are simply the product of expected **sales** units and expected price per unit. The capital investment budget helps the organisation to decide on the asset class investment or the new acquisition for the business. In 2016’s operation ‘Caretech Plc’s’ capital expenditure was £41.9m which is more than 2.5 time of the previous year (Caretech-uk, 2017).

**Resource budget-**

The revenue budget of ‘Caretech Plc’ would analyse the demand in the market like 5.5% growth in disability learning, mental health at 5.5%, foster care 1.5% in 2017’s operation (Caretech-uk, 2017)..

**Production and direct labour budget & Materials and direct labour budget-**

Proper budgeting helped ‘Caretech Plc’ to manage the expenses. Proper forecasting of the cash flow in the operation is done through the cash flow budget. The large operation of ‘Caretech Plc’ needs lots of liquid cash to maintain and the cash flow budget helps to keep the operation solvent.

**Budget overhead-**

The new revenue budget takes into account the new capacity and demand to forecast and this would help in profitability of the organisation. The entire different budget would be incorporated in the master budget to manage the overall expenses and income of the ‘Caretech Plc’

## LO 2.4 Making expenditure related decisions

**Avoid emotionalism-**

**Providing balance and holistic view-**

There are different considerations that have to be made for the expenditure related decisions. One of them is the business internal and external situation. The cost of the HSC sector is rising and the government funding is coming under pressure because of the growing deficit. Considering this the efficiency and cost per unit needs to be improved. This would limit the spending capacity (Finkler *et al.,* 2016).

**Cost benefit analysis-**

On the other hand the growing demand of the service would influence the organisation to develop new capacity and that would increase the expenditure. This is shown in the £41.9 m expenditure for the capital expenditure sector (Finkler *et al.,* 2016). The business internal situation is also important like some of the services would consume low capital compared to other but would provide better margin. This may influence the organisation to investment more on that.

**Environmental scanning and analysis-**

**Environmental scanning** refers to a process that systematically surveys and interprets required data identifying external opportunities and threats. An organization need to collect information about the external world regarding its competitors and itself.

**Accountability and reporting structure-**

Those canes are the safety and security, quality care delivery and so on. The consequence of the expenditure is another important factor here (Finkler *et al.,* 2016). The youth residential service in the organisation would consume more resource but also provide better margin whereas the foster care need low resource but provide better margin. These consequences would impact further investment related expenditure decisions.

**Prioritisation before decision-making-**

On the other hand the person centred care and the prevention approach of HSC services would provide different requirement for the expenditure. Another factor is the prioritisation of the expenditure. Some of the factor in the service would need greater attention and expenditure on those is essential for appropriate standard maintenance as per the regulation.

# AC 3.1 Management of the financial shortfall

**Late fees-**

The financial shortfall of the HSC organisation can be explained through the liability and asset structure of the organisation. When the organisation fails to meet its obligation that is the liabilities through the liquid or the current asset, the financial shortfall happens in the organisation. The management of the financial function of the business is done through long and the short term strategy development (Christoffersen, 2012).

**Damage relationship with vendors-**

When the strategy and its implementation lacks the financial shortfall is the obvious result. In the organisation ‘Caretech Plc’ a financial shortfall has been witnessed because of various reasons. In the current situation the management of the financial shortfall can be done through some short and long term approach. The shorter term approach in this case would be the short term debt or the equity route to fulfil the obligation of the organisation. For the long term approach of the current crisis management would be developing health financial position regarding the liability management.

**Lost opportunities-**

The current and noncurrent liability of the business needs to be backed by the current and noncurrent asset of the business. So from the current situation the business has to develop this position by reducing the liability position and improving asset position. The financial shortfall would develop other situation for the organisation and those also have to be managed. Under these conditions the organisation has to renegotiate the position and minimise the impact or the organisation would face trust deficit, loss of motivation for the employee or negative publicity of bad service quality.

**Time spent-**

Under the situation the organisation may have to manage liquid cash from other source of the organisation and that may create problem for the employee, patients or the professional because of the lack of resource. The supplies of the business may get reduced or inability to pay may impose some financial penalty on the organisation (Brigham and Ehrhardt, 2013). To avoid future such situation in the organisation the budgetary process needs to be followed effectively and proper monitoring process needs to be implemented. On the other hand the critical evaluation of the health of the business balance sheet would also be done.

## AC 3.2 Financial fraud and action taken for Care Tech holding plc

**Enquiry-**

The financial fraud is the misappropriation of the fund in the organisation for someone’s personal gain in the business. This approach creates loss making situation for the business. In this process the transparent process is not also mentioned. Under the situation of fraud the process of red flag is to be maintained. This approach would provide some signal to the other professionals of the finance department (Christoffersen, 2012).

**Investigation-**

Some of the red flag situation would be overdraft irregularity, bank account changes, suspicion transactions, improper or misstatement to the auditors and so on (Zhou and Kapoor, 2011). The organisation needs to employ person for monitoring the fraud activity in the organisation and there the person has to document those fraud event with sufficient proof of the situation. The situation of fraud would be a highly negative image setting aspect for the ‘Caretech Plc’.

**Consultation reporting-**

To avoid such situation in the organisation, a proper policy for the detection and management of fraud needs to be developed. One of the approaches is the development of proper checks and balances in the organisation where the process of the organisation must have relation with multiple departments and no absolute authority can be maintained. The whistle blowing policy also have to be included in the policy to safeguard the person who is disclosing the information of a fraud situation in the organisation otherwise on person would come forward to prevent the situation (Zhou and Kapoor, 2011). A strict punishment as per the legal cope must be made to exemplify the negative consequence of the fraud.

## AC 3.3 Arrangement of the budget monitoring within the setting of health care

**Budget monitoring and control-**

‘Caretech Plc’ has showed £149m as revenue and £34.2m as operating cash flow. This shows the large operation of the organisation and the requirement of intricate financial planning process in the organisation. This planning process needs the proper support of the budgetary tools. The budget would provide planning approaches of the revenue, cash flow, expenditure and so on. The organisation planes to follow the budget to keep the total operation as per this plan and also to manage it efficiently (Gapenski and Pink, 2007).

**Reason for budget monitoring-**

One of the things here is the proper monitoring process in this budget planning. There are chances that the current operation of the organisation is deviating from the budget plan in positive or negative way. This is called budget variance. This measurement is one of the important tools for the monitoring process. An unfavourable variance from the budgeted figure would provide the signal to the financial manager about the possible difficult situation ahead.

**Explain budget monitoring-**

Considering this the budgetary monitoring process would be important for the ‘Caretech Plc’ where regular monitoring and recording data of the operation, variance calculation and further investigation would be done along with the remedial measurement development.

**Evaluate any three budget monitoring principles-**

Considering this a further investigation would be done for actual reason identification about this variance and manage that to reduce this large variation in the current operation or manage resource to meet the unexpected requirement (Brigham and Ehrhardt, 2013). In case of HSC organisation like ‘Caretech Plc’ the budget becomes very important tool for keep the large operation in line and reduce chances of overshooting the expenses. In the HSC sector the costs are rising and government funding is under pressure.

# LO4

## 4.1 Financial decisions and the required information

The organisations ‘Caretech Plc’ have a goal and objective in its functioning which have their resonance in the financial goals and objective of the organisation. The demand is rising in the sector but the resources are getting scares. Under that circumstance the proper financial decision making for the financial planning is essential for the organisation, so different useful information would help the management take decision in the financial management. The information would be financial and non financial in nature and those may come from the business internal or external situation (Gapenski and Pink, 2007). For the financial decision making first information required is the market growth assessment where it shows that residential support for the learning disability expected to grow at 5.5%, mental health at 5.5%, foster care 1.5%. Then the current capacity of the organisation would provide the information about the ability of the organisation to tap into the growth potential. ‘Caretech Plc’ has total 2319 places where it is able to server and 86% of the total capacity is getting utilised where around 93% of the current year added capacity is utilised. Based on this information the operation planning would be done and how the finance can provide the required resource (Singh and Wheeler, 2012). Here the financial health is important to make proper investment and financial management revisions. The EBITDA figure is £37.1m whereas the PAT figure for the business is £24m (Caretech-uk, 2017). The PAT improvement is of around 25% from the previous year and that provide room for the organisation to go for growth process. The funding decision is important for the growth process. The EPS figure in the 2016 is 38.03p which is around 19% jump from the previous year. The organisation has total debt £156.4 m which is a reduction of £2m from the last year (Caretech-uk, 2017). So the management can use the capital structure information and position of leverage of the organisation take final decision on using the debt or equity route of funding. Here the financial risk assessment would also be important. The information of profit and loss account and company balance sheet would provide the detailed understanding of the financial health and efficiency of the operation. Based on these the policies like dividend would be decided (Singh and Wheeler, 2012). The cash flow information would provide the liquidity position help in the working capital management decisions

## 4.2 Expenditure and cost analysis for the relation of the service delivery

The cost structure is rising in the health and social care sector steadily. On the other hand the demand for service is also improving. Under this situation providing high quality service at appropriate cost is one of the challenges that the sector is facing currently (Monks *et al.,* 2014). Proper infrastructure and resource is important for the proper service delivery but high quality service delivery in not only dependent on the financial factors but also on other factors like proper policy, monitoring, staffs motivation and skill level. For ‘Caretech Plc’ the expenses for the capital expenditure and the acquisition in the 2016 are at £41.9m and that has increased from the 2015’s level of £16.6m (Caretech-uk, 2017). This is a high jump in the year 2016 and shows that the organisation is trying to expand its operation. The offer services by ‘Caretech Plc’ are disability learning, specialist service, young people residential service, service for the disable learning, children and foster care services. The requirement for the expenditure is not the same for all the different type of services in ‘Caretech Plc’. Specialist, young people resident or the disability learning service requires more resources and finance whereas the services like the foster care needs low financing assistant. So the cost structure and expenditure of all the services are not the same in ‘Caretech Plc’. The cost of sales for the ‘Caretech Plc’ in the 2016 is at £94682000 from the 2015’s level of £76571000 (Caretech-uk, 2017). The increase in cost is for the increment in capacity and also for the better quality service. ‘Caretech Plc’ has the long time good reputation of high quality service delivery. Considering this the organisation invests in the staffs and their professional development. The proper expenses are incurred in the health and safety related issues of the staffs as well as the service user. The current report of CQC for 130 services for the adult shows that around 71% of those are good, 1% outstanding but 2% inadequate and 26% needs improvement (Caretech-uk, 2017). So increment is cost and expenditure has good effect on the overall service delivery but the group need further improve monitoring, training and development, improvement in the quality standard for the proper utilisation of the cost and expenditure (Shapiro, 2008).

## 4.3 Service user impact and the financial consideration

‘Caretech Plc’ provides some of the special care services which need proper resources to become effective. The increase in the proper resource would improve the service of the organisation whereas the decrease in the finance would limit the capacity to provide proper services (Hall, 2008). For the change in the service provision as the change in the industry standard would need new financial consideration and that would influence the quality of service. In recent time the improvement in technology is changing the scenario of the sector. In that context the investment in the technology would impact the service and satisfaction of the user. Rising cost in the health and social care and the pressure from the government support is providing some tough situation for the organisations. The financial considerations developed by the government are based on the assessment of the needs. There are four level of financial consideration and those are substantial, critical, and moderate and the last is low level. The need assessment when is estimated at substantial or critical level, are 100% funded by the government. The other two levels is eligible for the 33% support (Appleby, 2015). So here the main consideration is the ability to pay for the service. When the service user is not fully capable for proving for their service then government comes to help. The government expenditure would rise if it decides to pay for all. This financial consideration would assist the neediest person without putting pressure on the system and would make the system sustainable.

## 4.4 change in the process of the system of financial department for the better service provision

The financial system and tools helps in the total operation of the HSC sector by providing the proper expense and revenue planning. The systemic approach of the financial system is also has an impact on the overall services and their quality in the HSC sector. The sustainability of the organisation and the sector is highly dependent on the proper management of the finances (Appleby, 2015). The rising cost of the sector needs to be managed along with proper delivery of the services. The government health budget deficit has increased to £2.45 bn in the 2016. Considering this different approach of the HSC financing would be useful for the future better service delivery. One of the approaches is the payment by result approach (Farrar *et al*., 2011). Here the regulatory agencies like the health inspector, CQC or CCG would verify before paying the HSC service provider. This would improve he service delivery, efficiency and better service. The government also decided on the cap of the benefit provided to the service user. This cap would limit the number of benefit per person and help in saving in money which would reduce the deficit of the government. The approach of applicability of charges for the visitors from overseas is an important change in the system. Here the overseas visitor or the student from the foreign country or the foreign country high skilled worker would be charged for the HSC services (Appleby, 2015). This approach would also reduce the deficit of the health budget and improve the efficiency for the future sustainability of the sector in UK.