

Board Assurance Report: The Integrated Single Financial Environment ISFE2

1.0 Purpose

The Integrated Single Financial Environment Programme (ISFE 2) will replace the existing financial platform in use across NHS England (NHSE), Integrated Care Boards (ICBs), Commissioning Support Units (CSUs) and the Health Services Safety Investigations Body (HSSIB). This report provides an update on the ISFE2 Programme, aimed at providing assurance to these 'receiving' organisations' Boards, CFOs, CEOs, Executives, Chairs and Audit Committees as appropriate. It covers the governance arrangements, internal controls, and readiness for the ISFE2 service commencement on 1 October 2025.

The purpose of this paper is not only to demonstrate accountability and transparency but also to provide confidence that risks are being managed proactively. It can be used by each organisation to provide assurances as required for their respective governance functions.

The technical solution has been fully tested and there has been, and continues to be, extensive business readiness activity to support all receiving organisations prior to Go Live and into Live Service and the Hypercare window. Activities to date have included process awareness and End User Training to embed the new ways of working across the wider organisations. A small number of organisation representatives have also been included in the latest test phase – UAT – to give them the opportunity to see and test the system prior to the Go Live date.

2.0 Overview of the Integrated Single Financial Environment (ISFE)

ISFE2 is NHSE's new cloud-based finance and accounting platform, replacing the legacy Oracle R12 system, ISFE1.

It will enable NHSE, the ICBs and CSUs to better manage core financial processes such as accounts payable and receivable, general ledger, cash management, VAT services, and reporting. It provides a host of enhancements including improved monthly reporting, planning, budgeting & financial consolidation.

From 1 October 2025 ISFE2 will serve as the core finance platform for NHSE group organisations and will be accessible to over 14,000 Users and 70,000 suppliers.

The ISFE2 platform and associated processes have been designed in line with appropriate ISAE3402 controls. The controls focus on providing NHS organisations with third party assurance over the processes that have a financial impact on the NHSE group financial ledger.

3.0 Governance, Controls, and Independent Assurance

3.1 Independent Assurance

Given its role within the NHS, ISFE2 is classified as Critical National Infrastructure. This designation means it is listed on the Government Major Projects Portfolio (GMPP) and is subject to independent scrutiny against Managing Public Money and Government Functional Standards, in addition to quarterly reporting to the Department of Health and Social Care, Cabinet Office and HM Treasury.

The programme is also overseen by the National Infrastructure and Service Transformation Authority (NISTA – formerly Infrastructure and Projects Authority (IPA)) who undertake gateway reviews to evaluate programme readiness, risk management and alignment with the government's long-term strategy.

In April 2024, following a red rating and expert findings from the NISTA Gate 0 review, NHS England undertook a major programme reset ('Reset'). This resulted in a revised delivery timeline, the introduction of additional specialist capability from Deloitte and NHS SBS, a change in programme delivery personnel and a strengthened governance structure. The Programme has since undertaken a further 2 NISTA Gate reviews as set out below.

During the Gate 4 (Readiness for Service) review in July 2025, NISTA awarded the programme an amber rating and an endorsement for going live on 1 October 2025, recognising the considerable progress made while noting the added complexity arising from wider changes in the healthcare landscape. The undermentioned key recommendations were provided to ensure readiness for 1 October 2025.

- The NHSE and NHS SBS Programme Directors should look urgently at the possibility of conducting a proper dress rehearsal once all testing is finished – *A comprehensive dress rehearsal which included a number of*

scenarios was conducted on the 27 August 2025, including senior representation from both NHSE and NHS SBS. This was managed under incident management protocols.

- The SRO needs to increase awareness of plans, solution and sell the benefits within user organisations (NHSE, ICBs, CSUs, and HSSIB) while aligning training to need – *A range stakeholder awareness sessions have been undertaken and further are planned through September and October 2025. Training has also been supplemented in response to stakeholder feedback.*
- The Programme Directors should ensure that the processes for rollback to (or remain on) ISFE1 and for invoking a manual payments contingency are fully documented, tested and communicated, and that there is appropriate governance in place for cutover – *Governance has been established and emergency processes have been documented and tested. Programme Directors held a workshop specifically on this topic and have specific actions with and for ICBs for contingency. We will communicate these contingencies as required.*

3.2 ISFE2 Programme Governance and Risk Management

The ISFE2 Programme is being managed in line with government best practice (GovS 002). Governance is led by the NHS England Senior Responsible Owner (SRO), with ultimate accountability held by the NHS England Chief Financial Officer, and is exercised through the ISFE2 Programme Board, Programme Working Group, and readiness boards at national, regional, and local levels.

Risk management is embedded at every level, with a joint NHS England and NHS SBS process for managing Risks, Assumptions, Issues and Dependencies (RAID). Risks and issues are reviewed weekly through programme governance and checkpoint meetings, with escalation routes clearly defined. There are two risks deemed critical at this point:

Ref	Risk	Mitigation
1.	Due to announcement that NHSE will be fully integrated into the DHSC, there is a risk that NHSE and Integrated Care Boards are subject to significant change resulting in high workloads and limited engagement opportunities.	The programme team have worked across all stakeholder groups to minimise change and disruption preparing stakeholders for service commencement.
2.	Due to the transition from ISFE1 to ISFE2, there is a risk of service disruption across stakeholder groups and/or organisations.	The programme is implementing a formal 4-month Hypercare window, which includes processes for triage and resolution, the ability to invoke surge resourcing planning, and the provision of on-site support where deemed necessary.

4.0 ISFE2 Programme Delivery

The ISFE2 Programme is delivered through formal workstreams, each jointly led by workstream leads and supported by subject matter experts from NHSE and NHS SBS, supplemented by third party specialists, and governed through detailed project plans and monitored against a consolidated plan on a page.

A programme plan (Microsoft project plan) is maintained following a formal rebaseline which was completed and most recently approved by the ISFE2 Programme Board in Q1 2025, reflecting lessons learned through ISFE2 Testing phases, operational dependencies, and a refined delivery approach-

The project plan and deliverables have been and continue to be managed under strict change control and quality assurance by NHSE, ensuring all changes are properly evaluated, documented, approved, and implemented in alignment with agreed governance processes and strategic objective of a safe and secure service commencement of ISFE2.

4.1.1 Testing

On the 24 July 2025, the ISFE2 programme board formally signed off the exit of User Acceptance Testing confirming the solution had no critical defects and is functionally safe to go live.

The table below provides an overview of the Testing phase and outcomes:

Title	Description	Total Tests	Commentary
Functional Acceptance Testing	Ensure that the functionality works as specified in the Requirements Traceability Matrix (RTM), Design and Level 5 (L5) Processes. This phase focused on configuration, seeded data, migrated data for products, extensions where possible and validation of requirements.	1569	In line with best practices, the ISFE2 platform has completed a comprehensive five-stage testing cycle, guided by clearly defined entry and exit criteria and supported by robust defect management. The testing process was overseen through formal programme governance and reviewed by third parties, who confirmed that the level of robustness and assurance meets industry standards.
System Integration Testing	Validate the integrations between systems in the solution to ensure that they conform to the specified requirements, design, and business process.	1236	
End to End Testing	Prove the end-to-end business processes, including interaction with any systems involved in that process. This test phase is designed to enable the NHS SBS Operational Team to gain confidence that they can go live with the final solution, and that it supports the business process.	5580	
User Acceptance Testing	Ensure that the product or output is fit for the purpose it was built for and that it meets requirements and can be used by end users. Testing conducted by a small cohort of end users across NHSE group and NHS SBS.	315	
Non-Functional Testing (Performance & Security Testing)	Verify that the solution can perform the target production load through testing against a set of agreed Non-Functional Requirements (NFR). Security testing verifies that the solution is secure and will prevent misuse by external agencies or people.	373	

The Exit criteria for each phase of testing was met to formally conclude each testing phase. This included zero (0) outstanding critical defects (Severity 1). In addition, only one Severity 2 defect remains from all test phases, resulting in an Oracle fix to be applied on 15 September 2025. All remaining defects have been addressed through fixes, mitigations, or workarounds. NHS SBS has prepared a continuous improvement roadmap to resolve outstanding the minor UAT defects during the Hypercare window and in subsequent phases, and has documented agreed workarounds.

4.1.2 User Acceptance Testing (UAT)

The measure of success for this phase of testing is whether the critical business functions could be delivered, reliably and safely. The testing ran for 14 weeks involving over 60 representatives from NHS SBS and NHSE group. Aligned to industry best practice, testing was undertaken in a production-like environment with a full data set. Testers documented and graded their results in a central reporting tool that was accessible to all testers, programme leadership and programme governance.

At the conclusion of UAT, a specialist team then reviewed each finding to specify if a function or system defect was identified and then identified a resolution, appropriate fix or mitigation workaround. NHS SBS has prepared a continuous improvement roadmap to resolve the outstanding UAT defects throughout the Hypercare window and beyond.

4.2 Data Migration & Reconciliation

The ISFE2 Programme Team has now successfully completed five data migration practice runs. Each of these simulated moving all the user, supplier, transactional and reporting data from ISFE1 to ISFE2. The data is reviewed and validated through a series of technical transformation and reconciliation processes to ensure it is accurately migrated into the new platform.

Concurrently, the organisational readiness teams have been submitting their various data sets using the templates provided in accordance with the timings in the ISFE2 Hub Checklist. Local business reconciliation leads will then be asked to note any changes to the data sets made by the ISFE2 Programme Team before the solution goes live.

Any data not transferred from ISFE1 to ISFE2 will be classified as a “fallout” and communicated to the relevant parties. Local business reconciliation leads will be provided with support to resolve or remediate any identified fallouts.

In advance of that exercise, each organisation will receive a report about what data is being migrated between ISFE1 and ISFE2 and any impact of data changes to operational business. This will include details of the Business Rules that have been applied to the data that is migrated, and will be issued early in September 2025.

These will include transformation rules, such as:

- PO under £50
- Payment requests against one off suppliers
- Partial payments against a PO
- Matched PO lines

4.3. Readiness

4.3.1 Organisational Readiness

There is a structured organisational readiness programme which oversees and governs the activity of the 48 local ISFE2 programme teams. The local implementation leads, workstream leads, communication leads and project managers, with the support of change champions, manage the transition to ISFE2 within their organisation.

The programme established local programme teams in April 2025. Key delivery roles are in place with the first board meetings held by June 2025.

The day-to-day activity for these teams has been governed by a Hub checklist and cutover plan with dated deliverables, and associated instructions and templates. The teams are led by a dedicated ISFE2 project manager and report into the ISFE2 Programme Team.

4.3.2 User Readiness

The ISFE2 platform is built on Software as a Service (SaaS) technology promoting the principles of ‘adopt not adapt’ which culturally is different from today. In recognition of this, to support through the change, there has been a blended approach to communications, engagement, and training.

Led by the national team, ISFE2 programme communications and engagement has included:

- A dedicated ISFE2 extranet site and training zone with 52,000 visits in last month
- A spotlight series and process awareness sessions attended by over 7,500 people with average 4 / 5 rating
- Monthly Implementation Lead, Workstream Lead and Comms Leads Check Ins with the SRO
- Regular SRO and ISFE2 In Brief Bulletins and workstream updates
- Weekly Programme Drops In for key subject areas, e.g. cutover, suppliers, training.
- Monthly messaging toolkits and messages
- 30+ process demonstration videos.

Formal training (70+ sessions across the key functional areas) runs from August through to November 2025. In addition, over 250+ artefacts of training materials and self-help guidance, including access to Oracle Guided Learning (an in-system prompt for each process) have been made available.

The Programme has acknowledged the lack of available ‘sandpit’ environment has been a concern for users and impacted the ability for organisations to complete their local readiness assessments. Additional ‘super user’ training has been run for the key functional leads at the NHS England Group as a pilot and is now being set up for key personnel from each organisation.

All readiness teams are working towards the next critical readiness milestone is on the 12 September 2025 when they will report on their preparedness for service commencement.

4.3.3 Cutover

The transition from ISFE1 to ISFE2 is guided by a detailed cutover plan that specifies the required operational and technical activities along with their timelines. This plan, distributed in July 2025, highlights the key dates for system freezes and final activities. The cutover activity has been supported by regular drop-in sessions and weekly cutover emails.

4.3.4 Hypercare

The move to ISFE2 will be supported by a 4-month Hypercare window, running from Oct 2025 to end Jan 2026. ISFE2 helpdesks will triage and resolve all incoming queries. Plans have been developed for expected increases in demand (e.g. hot topic areas, key business process dates) and increased resources to address this demand are in place.

The Hypercare plan sets out a structured approach to facilitate a smooth transition, maintain business continuity, deliver effective user support, proactively monitor system performance, and ensure comprehensive knowledge transfer. During the Hypercare period, support will be structured and managed as a coordinated incident response function. Issues will be categorised and managed through a severity-based triage model, leveraging Command and Control Centre (C&CC) governance. This approach enables rapid identification, escalation, and resolution of incidents, while maintaining full visibility across operational and technical support channels.

5.0 Conclusion and Assurance

The ISFE2 Programme has made substantial progress in addressing the findings of the April 2024 Reset (Gate 0) and has since established strengthened governance, robust risk management, and structured readiness arrangements across all participating organisations. Independent assurance through NISTA Gateway Reviews and external certifications (ISO27001:2022 and Cyber Essentials Plus) provides confidence that programme governance, information security, and delivery practices are aligned with recognised standards and best practice.

Testing has been completed to defined entry and exit criteria, with no critical defects outstanding at sign-off, providing assurance that the solution is functionally safe to proceed to go-live. Organisational and user readiness programmes are in place across all 48 NHS England stakeholder groups, ensuring programme risks are understood and managed.

On this basis, the programme is on track to deliver the ISFE2 Programme safely, subject to continued focus on managing risks, maintaining strong governance discipline, and ensuring that local readiness activities remain a priority through and post go-live.

The Board and Audit Committee are asked to note the assurance provided through this report.