

Borders NHS Board**THE ROAD TO DIGITAL – 2017/18 FINANCIAL INVESTMENT PLAN****Aim**

The aim of this paper is to provide the Board with an update and request approval of the 2017/18 Road to Digital financial investment and the procurement strategy to support this.

The Board's Code of Corporate Governance states that capital expenditure above £500,000 must be approved by the Board. As purchase orders are currently being finalised this paper also requests delegated authority be given to the Board Chair, or a nominated Deputy, Chief Executive, Director of Strategic Change and Performance and the Director Of Finance to authorise the procurement of the elements of the 2017/18 Road to Digital financial investment plan.

Background

In May 2017 the Board's Strategy and Performance Committee approved the direction of travel set out in the IM&T Roadmap report and noted the requirement for additional resources to support the roadmap. This was delegated to the Board Executive Team to secure additional funding and undertake further planning. In September 2017 the Board received an update in a development session on the roadmap and progress in securing additional funding from Scottish Government for year 1 of the programme.

In the paper presented at the 7th December 2017 Board meeting the Board received a further update on the NHS Borders Road to Digital programme, the design solution and the 2017/18 to 2020/21 financial investment plan required by the programme. This paper considers the 2017/18 element of the financial investment plan.

Over the last twelve months finance and IM&T have been working with Scottish Government colleagues to identify funding to support the Road to Digital programme. The NHS Borders Capital Plan for 2017/18 includes funding of £2.8m (including an allocation of £2m from Scottish Government) for the programme. Additional resource from the Scottish Government specifically for the replacement of obsolete infrastructure has also been earmarked by the Board totalling £1.3m. In addition non recurring revenue from the eHealth annual allocation (£0.7m) has been identified to support the 2017/18 planned expenditure.

The funding will be utilised to move to an agreed infrastructure platform which can support delivery of local, regional and national technology solutions as well as provide limited investment to the upgrade and replacement of clinical and organisational applications and software.

The impact of this investment on the IM&T risk profile is detailed in the Board update paper. In summary, the investment delivers significantly improved benefits, reduces risk and improves security in a much shorter timescale than the original roadmap.

This paper also considers the recurring financial impact of the 2017/18 investment plan.

2017/18 Financial Investment Plan

As highlighted above, the paper presented at the 7th December 2017 Board provided an update on the programme, the design solution and the financial investment plan required by the programme.

The revised Road to Digital Financial Investment Plan for 2017/18 is summarised in the table below:

Sources of funding	One off funding (Capital, obsolescence and non recurring revenue)	Recurring Revenue ⁽¹⁾
2017/18 Capital Plan	£2.80m	-
Replacement of obsolete IM&T infrastructure	£1.30m	-
Existing Operational recurring funding	-	£0.02m
Anticipated recurring efficiency	-	£0.02m
eHealth non recurring revenue	£0.70m	-
Total funding available	£4.80m	£0.04m
Investment required		
Resilience	£1.00m	-
Network Infrastructure	£2.95m	£0.09m
Security	£0.10m	-
Clinical/organisational applications and software	£0.05m	-
Project Implementation	£0.70m	-
Total investment required	£4.80m	£0.09m
Net shortfall	0	£0.05m

(1) Capital charges costs have been build into the Board's financial plan

As detailed in the above analysis NHS Borders has identified the required level of funding to fully meet the one off expenditure of the 2017/18 investment requirements.

An investment of £0.09m has been quantified as the recurring requirement for maintaining the network infrastructure. This will cover the cost of specialist expertise to support the network. Recurring operational funding (£0.02m) and an anticipated level of recurring efficiency (£0.02m) within IM&T has been included in the 2017/18 investment plan to offset this additional cost. This will be confirmed as part of the implementation of the individual elements of the programme. It is intended that each element of the programme will be reviewed to ensure delivery of agreed benefit and maximum efficiency is achieved. However until this work is complete the Board is asked to include the outstanding recurring commitment of £0.05m in the 2018/19 financial plan to fund the ongoing costs of the 2017/18 investment programme.

Procurement Strategy

A Procurement Strategy has been produced for the Road to Digital programme in line with procurement best practice to address the complex contractual arrangements and technical partner input into the programme.

The full Procurement Strategy for the programme has been reviewed and supported by the Road to Digital Programme Board. The Procurement Strategy adheres to the NHS Borders Code of Corporate Governance.

The key elements of the strategy for the 2017/18 investment plan are:

- The use of the NHS Scotland national contracting framework for IT services which includes technical solution design, hardware, software and professional services. Through this contract the Board will commission a technical partner to support the development and implementation of the required technical solution.
- The framework contract has been reviewed and is recommended for use by the Board by the NHSS National Services Scotland (NSS) Procurement Manager for eHealth and the Director of Finance is content to accept this advice.
- Value for money is demonstrated by the use of this contract which has negotiated contractor rates for professional services and agreed pricing for IT equipment components. Further cost reductions have been secured against the contract price through more detailed discussions with the technical partner.
- For elements of the programme which are not covered by the framework contract these will be procured by market test mini competition exercises in line with the Board's Code of Corporate Governance.
- Negotiations will continue to further reduce costs.

The Procurement Strategy will be revised to accommodate the requirements of the programme in 2018/19 to 2020/21.

Delegated authority

The Board's Code of Corporate Governance details that capital expenditure above £500,000 must be approved by the Board.

The total investment for 2017/18 is £4.8m however this is made up of a number of elements. The following table has been provided to detail the procurement arrangements for the 2017/18 Road to Digital programme:

Investment required	One off expenditure (Capital, obsolescence and non recurring revenue)	Procurement Strategy	
Resilience	£1.00m	£1.00m	Framework contract
Network Infrastructure	£2.95m	£2.35m	Framework contract
		£0.60m	Existing contracts/Mini Competition
Security	£0.10m	£0.10m	Existing contracts/Mini Competition
Clinical/organisational applications and software	£0.05m	£0.05m	Existing contracts/Mini competition
Project Implementation	£0.70m	£0.60m	Professional advisors/IM&T Directorate staffing
		£0.10m	Framework contract
Total investment required	£4.80m	£4.80m	

Purchase orders are currently being finalised. Delegated approval is requested as a number of procurement contractual arrangements require Board approval. It is requested that delegated authority is given to the Board Chairman, or nominated Deputy, Chief Executive, Director of Strategic Change and Performance and the Director of Finance to authorise the individual purchase orders.

Risks

Although every effort has been made to minimise the level of risk there remains a number of issues which should be highlighted:

- Although resources for 2017/18 have been identified no funding for future years has yet been confirmed. The Programme Board has assessed that with minimal investment in 2018/19 the outcomes of the 2017/18 investment plan will be delivered – low risk
- There is a requirement to procure and deliver £4.8m of goods and services before the 31st March 2018. This will be challenging and there is a risk the Board's Capital Resource Limit will not be achieved. Capital funding if not utilised will not be reinstated or carried forward to the new financial year – medium risk
- Funding for replacement obsolete infrastructure although supported by Scottish Government this has not yet been formally allocated to NHS Borders – medium risk
- The procurement arrangements are complex for the programme and there are risks associated with the management of these – medium risk

Summary

The NHS Borders Board has been updated on a number of occasions during the development of the Road to Digital programme.

The capital plan 2017/18 includes identified funding to deliver the elements of the 2017/18 Road to Digital programme totalling £2.8m. In addition £1.3m of funding to address replacement of a number of obsolete items of existing IM&T infrastructure has been identified in 2017/18 to Scottish Government. Non recurring eHealth funding is available to support the one off investment costs of the 2017/18 programme to a total of £0.7m.

The recurring revenue investment requirement totals £0.09m for 2017/18, partially offset by recurring funding identified from IM&T. This amount may be further mitigated by stakeholder engagement to explore the opportunities for benefits realization from service process redesign and efficiency. However until this work is complete the Board is asked to include a recurring commitment of £0.05m in the 2018/19 financial plan to support the investment programme.

The 2017/18 Procurement Strategy for the programme has been reviewed and supported by the NHS National Services Scotland Procurement Manager for eHealth and is in line with the Board's approved Code of Corporate Governance.

The 2017/18 Financial Investment Plan for the programme will be delivered in the main through the use of the existing contractual arrangements in place as part of the NHS Scotland national framework contract for IM&T services including purchase of hardware, software and professional technical services.

Where the framework contract does not cover elements of the programme market test mini competition exercises will be progressed in line with the Board's Code of Corporate Governance.

This paper details the procurement strategy required to fulfil the requirements of the 2017/18 Road to Digital investment plan. Due to the value of a number of the procurement orders requiring Board approval, the Board is asked to delegate authority to sign the orders to the Board Chair, or nominated Deputy, Chief Executive and the Director of Finance.

Recommendation

The NHS Borders Board is recommended to:

- **Approve** the 2017/18 Financial Investment Plan totalling £4.8m as funded through the Board 2017/18 Capital Plan (£2.8m), £1.3m additional Scottish Government funding for replacement of obsolete items of existing IM&T Infrastructure and £0.7m eHealth non recurring revenue monies.
- **Request** that steps are put in place to reduce the net recurring investment requirements for 2017/18 totalling £0.05m but in the meantime agree an investment of £0.05m is included in the 2018/19 financial plan.
- **Approve** the 2017/18 Procurement Strategy for the Road to Digital programme as recommended by the NHSS NSS Procurement Manager for eHealth in line with the Board's Code of Corporate Governance.
- **Delegate** the authorisation of the procurement orders to the Board Chair, or nominated Deputy, Chief Executive, Director of Strategic Change and Performance and the Director of Finance to deliver the elements of the 2017/18 Road to Digital Programme.

Policy/Strategy Implications	Implementation of the Year 1 Road to Digital Programme in line with the Board's Clinical Strategy.
Consultation	Board development sessions, Strategy & Performance Committee, SG & East Region colleagues.
Consultation with Professional Committees	NSS National Procurement, nation E-health leads &, SG finance.
Risk Assessment	Included within the paper.
Compliance with Board Policy requirements on Equality and Diversity	Compliant.
Resource/Staffing Implications	Included within the paper.

Approved by

Name	Designation	Name	Designation
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