

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

The aim of this paper is

- To inform the Board that NHS Borders has been successful in securing additional capital funding (£1.03m) in December 2017. This will reduce the requirement for funding for the IM&T Investment Plan in 2018/19.
- To request that the Board approves the commitment of this funding by placing orders in January 2018.

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 elements of the Road to Digital financial investment plan.

Background

In the paper presented at the 7th December 2017 Board meeting the Board received an update on the NHS Borders Road to Digital programme. The paper described how additional funding from Scottish Government (SG) in 2017/18 allowed earlier adoption of a secure and modern infrastructure through an improved design solution. The design pulled forward and enhanced a significant proportion of the infrastructure aspects of the original plan seeing earlier risk reduction by July 2018.

Although we still intend to develop a business case for years 2018-2020 to complete the investment plan, we took the opportunity to secure additional capital funding from Scottish Government in 2017/18 due to slippage in the national Capital Plan. This allows us to secure the investment earlier than envisaged and strengthen the depth of risk reduction by July 2018. Elements of the programme planned for delivery in the period April to July 2018 will be now be delivered by March 2018 and fully implemented by July 2018.

In summary, the level of investment during 2017/18 delivers significantly improved benefits, reduces risk and improves security in a much shorter timescale than the original roadmap.

2017/18 Financial Investment Plan

The revised Road to Digital Financial Investment Plan for 2017/18, including the additional £1.03m 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	-
Additional Capital allocation	£1.03m	
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	£5.83m	£0.04m
Investment required		
Resilience	£1.00m	-
Network Infrastructure	£2.95m	£0.09m
Network Infrastructure (2)	£1.03m	-
Security	£0.10m	-
Clinical/organisational applications and software	£0.05m	-
Project Implementation	£0.70m	-
Total investment required	£5.83m	£0.09m
Net shortfall	0	£0.05m

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

We do not anticipate any change to the recurring position from that reported to the Board in December 2017 as a result of this additional capital investment.

Procurement Strategy

As described in the paper in December 2017, we have a procurement strategy which takes advantage of an IT Framework contract to deliver best value. This contract has allowed us to secure discounts of around 60% on purchases and 25% on services. The timing of these further orders means that we are able to utilise this contract to deliver similar pricing benefits for network switching and BGH Wi-Fi.

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 now £5.83m made up of a number of elements. The Board gave authority to the expenditure of £4.8m detailed in the December paper. In light of the additional funding we are now requesting further delegated authority to place orders for the additional £1.03m through the Framework contract. 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
Investment approved (December)	£4.80m	£4.80m	
Network Infrastructure (For approval in this paper)	£1.03m	£1.03m	Framework contract
Total Investment	£5.83m	£5.83m	

Purchase orders are currently being finalised for local area network switching and the BGH Wi-Fi upgrade to be committed against the £1.03m. Delegated approval is requested as one of these items is above £500k and requires 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 these purchase orders.

Risks

The following risks were flagged in the December paper and have been adjusted in light of the additional funding:

- 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
 - Update - Position further improved by securing funds in 2017/18
- There is a requirement to procure and deliver £4.8m (+ £1.03m) 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
 - Update - Risk increased to high as level of expenditure has increased

- Funding for replacement obsolete infrastructure although supported by Scottish Government this has not yet been formally allocated to NHS Borders – medium risk
 - Update - Risk reduced to nil as additional funding has been allocated this year
- The procurement arrangements are complex for the programme and there are risks associated with the management of these – medium risk
 - Update - Risk level remains the same

Summary

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

NHS Borders has secured additional capital funds for 2017/18 to the amount of £1.03m from Scottish Government to accelerate the Road to Digital Programme.

The allocation of additional capital funds in 2017/18 allows us to mitigate against uncertainty regarding the availability of capital in future years to support the IM&T Investment Plan and to further increase the depth of risk reduction presented to the Board in December 2017.

Placing these orders now allows us to secure the pricing advantages of the IT Framework contract delivering best value to the Board.

Recommendation

The NHS Borders Board is recommended to:

- **Note** the additional allocation of £1.03m capital funds from Scottish Government.
- **Approve** the use of these funds on the IM&T Investment Plan and for orders to be placed against the IT Framework contract.
- **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 purchase the network switching and Wi-Fi upgrade components of the Road to Digital Programme in 2017/18.

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

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