

minutes (APPROVED)

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NHS NATIONAL SERVICES SCOTLAND BOARD

MINUTES OF MEETING OF THE FINANCE, PROCUREMENT AND PERFORMANCE COMMITTEE (FPPC) HELD VIA THE TEAMS PLATFORM, COMMENCING AT 0930HRS ON WEDNESDAY 26TH AUGUST 2020

Present: Mr Mark McDavid (Committee Chair)
Ms Julie Burgess, Non-Executive Director
Mr Keith Redpath, NSS Chair
Mr Ian Cant, Non-Executive Director

In Attendance: Mr Colin Sinclair, Chief Executive
Mrs Carolyn Low, Director, Finance and Business Services
Mrs Mary Morgan, Director Strategy, Performance and Service Transformation
Mr Gordon Beattie, Director National Procurement
Mr Andrew McLean, Deputy Director of Finance [Item 3]
Mrs Marion Walker, Risk Manager Lead [Item 10]
Mrs Karen Nicholls, Committee Services Manager [Minutes]
Ms Claire Winstanley (Observer)

Apologies: None

ACTION

1. INTRODUCTIONS AND APOLOGIES FOR ABSENCE

1.1 Mr McDavid welcomed everyone to the meeting and apologies were noted as above. Members were asked if they had any interests to declare in the context of the Agenda items to be considered. No interests were declared.

2. MINUTES OF THE MEETING HELD ON 27 NOVEMBER 2019 AND MATTERS ARISING [papers FPP/20/02 and FPP/20/03 refer]

2.1 Following a brief discussion, Members approved the minutes of the meeting held on 27 November 2019 as a true record of discussions held.

2.2 Members noted that the majority of action items were either complete, items on the current agenda or had a longer lead time.

3. FINANCE REPORTS [paper FPP/20/18, FPP/20/18a and FPP/20/19 refer]

3.1 Mrs Low introduced the papers to the Committee and advised that Mr McLean would then take Members through them in detail.

3.2 Mr McLean highlighted the following as part of the Finance update;

- Papers 18 and 18a reflected the quarter 1 NSS return to Scottish Government that was submitted on 14th August 2020. This document provided the starting point to inform funding allocations relating to COVID-19 response and reflects the position and forecast for NSS;
- Forecast overrun for NSS at quarter 1 was a significant underspend, however this was due to many National Services Division commissioned services stopped due to the pandemic response. Members noted that these services were starting to come back on-line and this would rectify the underspend with any residuals being returned to Boards as appropriate;



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Chair
Chief Executive

Mr Keith Redpath
Mr Colin Sinclair

- There was a summary table in the report focused on COVID-19 response costs and noted that the quarter 1 spend was mainly in relation to personal protective equipment (PPE). The year-to-date figures of £189 million with a forecast of £538 million which would include PPE, set up and take down of the Louisa Jordan Hospital and significant costs relating to Testing. This expenditure was deemed to be low risk with prior approval already granted by Scottish Government.;
- Members noted that the costs associated with Testing were, at this stage, in relation to expansion of laboratory support including analysers and reagents etc;
- Discussions were starting with Scottish Government in relation to the approach to resilience stocks for the future;
- Further discussion on management of the full supply chain in relation to PPE were also ongoing. Members noted that normal usage levels, for example surgical face masks which were normally used at a rate of 3.7 million per year but during COVID-19 response this had risen to 3.5 million per week, did mean that some stock levels would remain high and any risks were being managed to ensure any resilience stock levels were managed appropriately;
- Discussions were also on-going across the four UK governments to look at resilience, procurement and mutual aid;

3.3 Mr McLean then took Members through paper **FPP/20/19** and highlighted the following;

- Paper covered the period up to month 4 of the current financial year and was presented to provide assurance that NSS was still on course to meet its financial targets;
- Recovery planning and Resource Allocation Meetings were taking place and every Strategic Business Unit had revisited their financial plans to look at current state and forecasts;
- The bids for development funding from SBU's had been very aspirational and would require careful prioritisation over the next 18-months of the financial plan. Mr Redpath asked what the implications would be if these bids were not financed. Mr Sinclair advised that there was a mix of ask; some to enhance existing services; some drove cost reduction and this would be taken into account when prioritising;
- Initial analysis on current baseline position and business as usual had already identified further possible cost savings;

3.4 Having discussed the report in full Members thanked Mrs Low and Mr McLean for their update.

4. OCCURRENCES WHERE THE NSS STANDING FINANCIAL INSTRUCTIONS HAD NOT BEEN FOLLOWED

4.1 Mrs Low confirmed to Members that there had been no occurrences in this period.

5. ANNUAL REVIEW OF THE NSS STANDING FINANCIAL INSTRUCTIONS

5.1 Members noted that due to the changes to Governance made in response to the COVID-19 pandemic it had not been possible to review the Standing Financial Instructions when scheduled. However, an amendment to the document was discussed with Board Members in April 2020 to reflect revised procurement limits and authorisation for COVID related expenditure. There was no plan to make any additional changes to the SFI's at this time. Members noted that the formal review of the document would be scheduled for the February 2021 meeting of the Committee with the recommendations on any changes.

5.2 Mr Sinclair added that this was a good approach and it should be noted that NSS had procured things like Personal Protective Equipment (PPE) under emergency powers which meant that these were not put out to tender, or followed normal procurement processes. This was the right approach to take given the nature of the pandemic and the speed at which things were required. Mr Sinclair continued that he had no concerns about the decisions made and Scottish Government had been engaged and involved in them at all times. NSS had been very successful in obtaining products and also benchmarking the prices paid. Members thanked Mr Sinclair for his update and noted that normal procurement processes would be reinstated as soon as it was reasonable to do so. Mrs Low added that there would be a full review on all tenders approved through the procurement board in relation to COVID-19 responses and this would be provided to a future meeting of the Committee for information and reassurance. She added that this would also form part of the audit on financial controls. **Action: Members to be provided with an update on COVID-19 procurement/tenders at a future meeting.**

G Beattie

5.3 Members continued the discussion focusing on the following; Procurement via the existing commercial frameworks and the implications of this; the future of securing local provision of goods and how this could be supported going forwards. Mr Beattie led this discussions and Members welcomed the forward thinking approach to sourcing product.

5.4 Mr Redpath asked for further clarity on the threshold for posts being referred to the NSS Remuneration and Succession Planning Committee and whether all roles being appointed. It was felt that the monthly reporting seemed to be excessive. Mrs Low clarified that the People Report should contain information on all recruitment, and only those posts over the £75K limited referred to the RSPC for approval. Mrs Low would therefore discuss this further with Mrs Jacqui Jones, Director of HR and Workforce Development and review for future update in the SFIs. **Action: C Low and J Jones to review for future updates to SFIs.**

C Low/
J Jones

5.5 Members thanked Mrs Low for her update and agreed that it was important that the SFI's were easily accessible to ensure compliance.

6. NATIONAL PROCUREMENT SCHEDULE

6.1 Mr Beattie provided Members with a verbal update and explained that the draft document would cover forecasting. The document was still in progress as there had been a pause in activity whilst the response to COVID work was conducted under emergency powers. This meant that reforecasting and a reset of the programme of work to allow reporting on Quarters 3 and 4 could be produced.

6.2 The national response to COVID-19 had meant that staff had been deployed into different work streams and discussions were now being had with Scottish Government to release some of their technical staff to enable them to do award panels virtually, but this would be for limited projects at this point in time. He continued that so far NSS had been able to identify about £70M cost avoidance in PPE.

6.3 Members thanked Mr Beattie for his update and looked forward to receiving the full report as soon as it was available, taking into account the COVID-19 response.

7. NSS ANNUAL PROCUREMENT REPORT 2019-20 [paper FFP/20/20 refers]

7.1 Members welcomed Mr Steven McLaughlin to the meeting to speak to the report. He advised that the report had been produced on the principles of openness and transparency which underpins all the work of NSS on behalf of clients and public authorities.

7.2 Members then discussed the report in full and noted the following;

- At its core NSS was a supplier/manager to ensure delivery of quality goods and services and to ensure this aligned with key objectives;
- There had been a focus on community benefits including looking at Apprenticeships for young people,
- Sustainability and recycling including repurposing of fishing nets into flooring;
- Working with supported businesses;
- Ensuring security staff at NSS facilities and other supported business reflected the 'real' living wage and working with HR and Public Health Scotland to become a living wage accredited employer;
- A focus on multi-national suppliers supporting SNBTS including sustainability;
- NSS now provided the procurement service to Public Health Scotland;
- Use of new digital tools to reduce admin time and focus on adding value to processes

7.3 Members thanked Mr McLaughlin for his informative report and asked the for future reporting it would be useful to have an indication of where NSS work had direct patient impact and any overall savings to NHS Scotland. **Action: SMcL to review SMcL for future reporting.**

7.4 PPE Update

7.5 Mr Beattie then provided Members with a short update on PPE specifically and focused on the following areas:

- There had been positive feedback from the NHS Board Chair's group to a paper produced by the NSS team;
- There had been a huge surge in demand that had placed considerable pressure on the warehouse staff but they had deal with this and done an excellent job, including provided extra stock where hospitals may have been uncertain on their requirements;
- Critical care equipment had been upscaled quickly to 900 beds with close collaboration with appropriate clinical teams;
- Involved in equipping laboratories etc and heavily involved in the creation of the Louisa Jordan Hospital.
- Pandemic stockpiles were being discussed with Scottish Government, including all Health and Social Care. This had included review of logistics, and set up of a call centre to cover all areas of Health & Social Care not just hospitals etc. Further work on modelling for the 2020 Winter period was underway with Scottish Government to ensure forecasting was up to date and appropriate to the ask;
- On-going discussions with colleagues across the Health & Social care arena to ensure the latest communications and stock status was available including a daily bulletin to increase visibility of availability;
- Any quality issues in relation to PPE were dealt with and there was a strong quality assessment process in place to deal with any issues as they presented;
- After modelling and forecasting with Scottish Government NSS had procured £112million items of PPE in preparation for the Winter period, and have agreed with the UK Government to work collaboratively and that the necessary consequentials would be available;
- Discussions had taken place looking at how to sustain production in Scotland that had been mobilised to support the COVID-19 response and the investment that this would require and would therefore require UK Government buy in;
- Elective recovery programme was also being supported working closely with planning leads etc to ensure confidence in stock holdings and any pressure points identified;

- For Resilience programme and Health & Social Care in relation to the EU Exit preparations and the end of the transition phase plans were in place to restock to the agreed plan over the coming weeks;
- Discussions on the future role of NSS in terms of resilience support for the wider Health & Social Care arena and this would be reflected in future plans and modelling;
- Planning and modelling for any second wave of COVID-19 were ongoing and currently looking at securing enough stock to act as a buffer if required.

7.6 Members were very encouraged by the report and asked that their thanks be passed on to all those involved and recognised the important work and support NSS was providing.

8. RECOMMENDATION TO STANDSTILL AND AWARD FOR PROCUREMENT OF FRAMEWORKS SCOTLAND 3

8.1 Mrs Low took Members through the paper which was used to enable the construction of any capital investment infrastructure across NHS Scotland and NSS manage this for major construction work. This was a national framework and it would normally be put through the Procurement Board and then recommended for signature by Mr Sinclair. However, the NSS Standing Financial Instructions state that where this is significant expenditure/value of a contract it should come to the NSS Finance, Procurement and Performance Committee before it can proceed.

8.2 The paper recommends to Standstill and Award of Frameworks Scotland 3. Frameworks Scotland 3 provides a strategic and flexible approach to the delivery of publicly funded major construction projects across NHSScotland and replaces the current framework, Frameworks Scotland 2, which expires at the end of September 2020. This follows the same model as the previous two iterations of the Framework Scotland, and the new framework has an estimated value of £650 million over the five year duration for the projects which will be delivered by NHSScotland Boards.

8.3 Members expressed some concern that the paper was only just being seen by the Committee and Mrs Low advised that it had been through all governance processes, and the Central Legal Office had been involved throughout.

8.4 Members discussed the paper further and asked that in future papers such as this came into the view of the relevant Committees earlier on in the process. Mr Redpath asked for further information in relation to scoring and the number of organisations taking part in the process, including how many suppliers were included. Mrs Low would provide further details after discussion with Ms Jacqueline Kilcoyne, Capital Projects manager in PCF, the author of the paper and provide these outwith the meeting. **Action: C Low to provide update to Members outwith the meeting.** It was also noted that the process had been the same as the two previous iterations of the framework. Mr Sinclair put some context to the paper, in that the Committee were being asked to endorse the process, not approve it. It was noted that it was a complicated process and that NSS was not committing to any specific activity or volume of spend, but rather a framework approach to allow Health Boards to carry out work. Mr Sinclair added that the framework had been very effective for the last 10-12 years and had, for example, been used to commission and build the Louisa Jordan Hospital as part of the COVID-19 response. The Health Boards used the framework to enable the tender process for new builds etc to proceed more quickly.

C Low

8.5 Members thanked Mr Sinclair and Mrs Low for their information and agreed to provide any comments to Mrs Low as soon as possible after the meeting. **Action: All to provide any comments on the framework to Mrs Low outwith the meeting.**

ALL

8.6 All agreed that it was important for papers such as this one to be brought to the attention of the Committee much earlier in the process going forwards so that they could be programmed into business accordingly to allow debate and comment.

8.7 Mr McDavid asked whether this framework would have any bearing on the new Royal Hospital for Children and Young People. Mr Sinclair advised that neither this, nor the Queen Elizabeth Hospital in Glasgow had been procured through this framework as it was not generally used for such large projects. It was also noted that neither of the primary contracts for those particular builds were suppliers within the framework companies.

9. NSS ANNUAL OPEARTING PLAN Q1 UPDATE [paper FPP/20/22 refers]

9.1 Mrs Morgan took Members through the performance update on Quarter 1 on the Annual Operating Plan with the note that this particular plan was never approved by Scottish Government as the process was suspended due to the COVID-19 response, but NSS felt it was important to report on progress to the Committee.

9.2 Members noted the progress to date and that 'business as usual' areas were working to target. Some areas had been diverted to focus on the COVID-19 response, such as Procurement, Commissioning and Facilities and Digital and Security. One area was currently showing a RED relating to the DCVP programme but this was being constantly monitored through the programme management structures and we regularly reported to the NSS EMT.

9.3 Mrs Morgan continued that the NSS Remobilisation plan had been submitted to Scottish Government but there had not yet been a response but would be fed into the Annual Operating Plan once approved. Mr Sinclair reminded all present that this document was confidential and should therefore not be shared outwith the meeting.

10. REVIEW OF BUSINESS RISKS [paper FPP/20/23 refers]

10.1 Mrs Walker, NSS Risk Manager Lead, took Members through the report and highlighted the following;

- There were two corporate level RED Risks relating to Information Governance Legislation and the Economy;
- Ten Amber risks, including a new one in relation to National Procurement product supply to the COVID-19 response;
- All risks have been fully reviewed and challenged by the relevant Heads of Service in Finance and governance groups.

10.2 Mr Redpath asked for clarification on appendix 1 where a Red business risk had a residual risk at Amber. Mrs Walker explained that some of the actions had already been addressed and there was a plan supporting this. The detail on these actions was recorded leaving a residual risk as Amber. Further work was being done on this particular risk by the NSS Senior Information Risk Officer (SIRO) and the risk was therefore still showing as RED until all mitigating actions had been completed. After further discussion Mr Sinclair noted that further work on the actions and notes relating to residual/current risk was required to ensure the Committee had a full view/understanding of the current state of any risk. Mrs Walker was asked to look at this outwith the meeting, in conjunction with Mr Sinclair, Mr Redpath and Ms Burgess for future reporting. **Action: M Walker to liaise as requested for future discussion.**

M Walker

11. RESILIENCE UPDATE [paper FPP/20/27 refers]

11.1 Mrs Morgan took Members through the paper and highlighted the following;

- There had been seven incidents during the period, one being COVID-19 and one where SNBTS had been mobilised to support a major incident in Glasgow.

Other incidents included specific digital issues with the Scottish Wide Area Network outage;

- The report also detailed the lessons learned processes that had taken place as a result of each incident.

11.2 Members thanked Mrs Morgan and noted the paper in full.

12. NSS REMOBILISATION PLAN – [CONFIDENTIAL PAPER FPP/20/21 refers]

12.1 Members noted the content of the plan and that this document remained confidential at this point in time. All present agreed that this was an excellent piece of work and the document had been well thought out and approached to ensure lessons learned, successes and workforce were celebrated and that once approved the document would then be aligned with new/different targets in the NSS Annual Operating Plan were appropriate.

13. NSS FINANCE, PROCUREMENT AND PERFORMANCE COMMITTEE ANNUAL REPORT TO THE BOARD [paper FPP/20/24 refers]

13.1 Members discussed the draft report and asked that further detail be added to incorporate more specifics around the work the Committee had undertaken during the year. Mrs Nicholls was asked to liaise with Mrs Dunlop, the previous Chair, and update the report for circulation to Members outwith the meeting. **Action: Mrs Nicholls to update document in conjunction with Ms Dunlop outwith the meeting and circulate to Members once updated.**

K Nicholls

14. BOARD HIGHLIGHTS REPORT [paper FPP/20/25 refers]

14.1 Members asked that the following items be added to the Board Highlights Report;

- NSS work on PPE;
- Annual Procurement Report;
- The Q1 finance report had been received and the Committee noted the importance of submissions to Scottish Government and the overall financial evaluation and funding still to be received in light of the NSS COVID-19 response and had received comfort around this funding;
- Further review of the NSS Standing Financial Instructions was to be carried out looking specifically at the rules around workforce reporting of new appointees and any in year changes made to reflect the COVID response, including those changes that may be retained going forward. This would be carried out during the lessons learned processes.
- Committee received assurances that NSS was prepared and planning for the European Union Exit process and any Phase 2 of COVID-19. **Action: Members asked that both these topics be added to the forward programme for the November meeting.**

Committee Secretary

15. ANY OTHER BUSINESS

15.1 There was no other pertinent business to discuss.

16. DATE OF NEXT MEETING

16.1 Meeting scheduled for 19th November 2020, via the TEAMS platform.

There being no further business, the meeting finished at 1255 hrs.