

# COVID-19 Recovery Committee

## 19th Meeting, 2022 (Session 6), Thursday 8 September 2022

### Pre-budget scrutiny: COVID-19 strategic framework

#### Introduction

1. The Scottish Government is expected to publish its budget for 2023-24 in December 2022. In advance of this, the Committee is undertaking pre-budget scrutiny with the aim of influencing the Scottish Government's priorities for its forthcoming budget.
2. The Committee considered its approach to its pre-budget scrutiny at its meeting on 30 June 2022. It agreed to focus on how the Scottish Government plans to fund its COVID Recovery Strategy and the ongoing costs associated with the pandemic, as set out in the COVID-19 Strategic Framework. The latter includes policy measures such as the booster vaccination programme, provision of procured personal protective equipment (PPE), surveillance and work on future pandemic preparedness.
3. At this meeting, the Committee will focus on what budget support public agencies require to manage the ongoing COVID response, as set out in the Strategic Framework. The Committee will take evidence from the following witnesses—
  - Richard Robinson, Senior Manager of Public Finances, Audit Scotland
  - Mary Morgan, Chief Executive, and Carolyn Low, Director of Finance, National Services Scotland
  - Nick Phin, Director of Public Health Science, Public Health Scotland
  - Dr Graham Foster, Director of Public Health, NHS Forth Valley and Chair, Scottish Directors of Public Health

#### Background

4. In advance of the publication of its budget, the Scottish Government produced a series of fiscal documents in May 2022, some of which are relevant

to the Committee’s pre-budget scrutiny namely—

- [Resource Spending Review](#)
- [Medium-Term Financial Strategy](#)
- [Equality and Fairer Scotland Statement](#)

5. This evidence session will focus on what budget support public agencies require to manage the ongoing COVID response, as set out in the Strategic Framework. The [COVID-19 Strategic Framework](#) was most recently updated in February 2022. It states that it “takes stock of where we are in the pandemic and sets out our actions to respond to COVID-19 and its associated harms, and our approach to managing it effectively but also sustainably for as long as necessary.”

## Written evidence

6. The Committee issued a [call for views](#), which will close on 9 September 2022. The Committee asked the following questions in relation to the Strategic Framework—

- To what extent is the Strategic Framework reflected in the Resource Spending Review and the Medium-Term Financial Strategy (MTFS)?
- What should be prioritised for funding in the Scottish Government’s COVID-19 Strategic Framework?
- What level of funding should the Scottish Government be allocating to future pandemic preparedness and long-term resilience?
- Any other comments.

7. The Committee has received the following written submissions from the following witnesses, which are included in the annexe:

- National Services Scotland

## Next steps

8. The Committee will continue to take evidence on its pre-budget scrutiny at its meetings on 15, 22 and 29 September 2022.

**Committee Clerks  
September 2022**

## **Response to the Covid 19 Committee's call for views in respect of the Covid 19 Strategic Framework**

National Services Scotland (NSS) performs several activities in support of the NHS Scotland Covid Response. These can be broken into three broad areas; Test & Protect, Vaccination and PPE, Equipment & Maintenance. This paper sets out the anticipated budget requirement for the financial year 2022/23 with focus on key areas of policy driven spend and associated risks.

In both the initial pandemic response and continuing activity, NSS has considered the tools and phases identified within the Strategic Framework. Comment, where applicable, is made within each section below as to the linkage between the anticipated funding requirements and the aims of the Strategic Framework.

### **Test & Protect**

Over the duration of the Covid pandemic the Test & Protect initiative evolved to include, amongst other things, a national contact tracing service, symptomatic and asymptomatic universal testing, targeted testing pathways across health and social care and other targeted settings; almost all activities supported at least in part by NSS. At the beginning of the current financial year a number of these activities were stood down as part of a managed Test & Protect transition programme. In most cases the digital infrastructure has been retained with a view to reutilisation in the face of any future public health response.

Through the transition programme NSS has played an integral part in building a Test & Protect financial model for the current financial year with consideration now being given to future year recurrent funding. This model forms the basis of funding allocated to all Health Boards. The core Test & Protect activities retained by NSS through transition include (but not limited to)

- the Supply Chain & Logistics of PCR test collection kits and associated assays and consumables used in the Regional PCR testing labs, Health Board Hospital labs and the Whole Genomic Sequencing service
- Digital capability including LFD ordering and logistics solutions for LFT storage and distribution
- Variant and Mutation (VAM) readiness and preparedness

Effective testing and surveillance as set out in the Strategic Framework has evolved throughout the phases of the pandemic. The focus of NSS at this stage is identifying the most proportionate use of Test & Protect resources to continue to protect the most vulnerable but also to retain the ability to scale as appropriate. Whilst the broad approach is set out by SG policy, for example a standing down of National Contact Tracing, NSS is working to ensure that the knowledge, skills and infrastructure are retained in order to stand up a Contact Tracing service if called upon.

As Test & Protect is a centrally held finance pressure in 2022/23, NSS is taking all steps to manage and minimise spend however it must be recognised that the planned spend is policy and (mainly) demand driven. A change in testing policy, particularly over the autumn / winter period, would require additional resource to deliver. Similarly, any action in response to a Variant of Concern identified through surveillance programmes would likely require additional resource.

The detailed work carried out through the Test & Protect transition programme has provided a clear basis for planning in which NSS has had the ability to input anticipated costs. Whilst these have understandably been challenged by Scottish Government Health Finance it is believed that the financial resource allocated to NSS for Test & Protect activities in financial year 2022/23 is currently set at an appropriate level.

<b>NSS Test &amp; Protect Forecast</b>	<b>FY 2022/23 £m</b>
Pay Costs	2.588
Non-Pay Costs	77.332
<b>Total</b>	<b>79.920</b>

## **Vaccination (FVCV (Flu Vaccine, Covid Vaccine))**

### National Contact Centre

At the outbreak of the Covid pandemic NSS established a National Contact Centre (NCC). Whilst this has operated across the full range of Covid response activities it is now primarily focused on the Vaccination programme and has been commissioned by SG to deliver a scheduling and helpline service through financial year 2022/23 covering the autumn / winter and Covid booster activity. As the scope of the NCC has reduced, the seasonal peaks and troughs of retained activity become more prominent. Accordingly, resource management and financial planning become more challenging.

The resource model within the NCC adopts a blend of core NSS staff and third-party commercial partners.

- For financial year 2022/23 commercial partner contracts were extended with minimum contracted hours reduced significantly. As such there is little financial risk due to underutilisation within these contracts.
- There is an assumed rate of attrition within the core NSS resource which has been modelled based on historical trends. It may be that external factors, such as cost of living, slow this attrition through 2022/23 presenting NSS with a degree of financial risk within Pay costs.

### Vaccine Costs

Non-Pay Costs include Flu Vaccine purchase costs covering both the traditional and extended age group cohorts. These costs have increased significantly in recent years both as a result of extended cohort, uptake rates and underlying vaccine cost increases. Whilst the possibility remains that

uptake levels fluctuate from plan, the autumn / winter vaccine programme is modelled on robust datasets giving a high degree of confidence.

The FVCV forecast is built on several policy decisions and assumptions. As we move through the autumn / winter vaccination programme factors such as uptake rate, public usage of engagement channels, requirement for lettering etc may have a material impact on funding requirements. NSS will closely monitor the operational performance and take all possible steps to manage and minimise spend.

A central theme of the Strategic Framework is the protection offered by vaccination. NSS pushed strongly for a continuation of the National Contact Centre to support the autumn / winter and covid booster programme. The stability and expertise offered by the NCC will be key in delivering strong vaccine uptake rates. Alternative solutions which prima facie offer a more cost-effective approach to vaccine delivery could undermine the Strategic Framework through reduced or delayed vaccine uptake.

<b>NSS Vaccination (FVCV) Forecast</b>	<b>FY 2022/23 £m</b>
Pay Costs	14.579
Non-Pay Costs	35.751
<b>Total</b>	<b>50.330</b>

### **PPE, Equipment & Maintenance**

Through their Procurement, Commissioning and Facilities Business Unit, NSS has delivered a range of equipment and services throughout the pandemic period. The largest single area of spend has been the provision of additional Personal Protective Equipment (PPE), crucial to infection control throughout healthcare settings. Whilst this spend has decreased year on year it is envisaged to remain a material area of future expenditure.

The financial forecast is based on a current understanding of planned policy regarding PPE. In planning for financial year 2022/23 and beyond there are key factors to consider

- There are significant economies of scale within procurement of PPE and reduction in volume usage will likely increase unit costs.
- Maintaining a Scottish supply of PPE will be predicated on minimum order / usage
- It is still to be clearly established at what level pandemic preparedness stocks are to be maintained. This poses further questions regarding the practicalities and associated costs of holding and managing emergency stocks which will undoubtedly carry a financial cost.

Clarification of a 'once for Scotland' policy with regard PPE both affecting financial year 2022/23 and beyond will allow a greater degree of certainty around the funding requirements.

<b>NSS Procurement, Commissioning &amp; Facilities Forecast</b>	<b>FY 2022/23 £m</b>
Additional PPE	55.732

Additional Equipment, Maintenance, Capacity etc	10.627
<b>Total</b>	<b>66.359</b>

## Digital

Substantial investment has been made across a range of distinct systems and enabling technologies such as the Covid Status app, Vaccine scheduling and National Contact Centre telephony. Whilst the ongoing digital spend is embedded within Non-Pay Costs already discussed above, it is worth noting some key points.

- Systems and solutions were understandably delivered at pace with requirements evolving in line with the wider pandemic response.
- Legacy is a key consideration and systems are, where possible, being hibernated with a view to redeployment in response to a future pandemic or public health requirement.
- Technologies and solutions have been developed which could be deployed or shared across the wider NHS. An example being the National Contact Centre, created and operating on a 100% remote model with no physical NHS footprint.
- Concentrated effort has been directed towards Covid over the pandemic period. Despite additional resource being deployed, this will undoubtedly have diverted focus from other NSS Digital priorities and BAU areas. Whilst this will not necessarily be identified as Covid spend, an investment in the short to medium term may be required to address this impact of Covid.

## Summary

Whilst it is envisaged that current funding arrangements are likely to be adequate, financial year 2022/23 is not without challenge and risk. There are several areas where efficiencies and savings can be found however recognition must also be given to response actions, policy changes, demand led spend etc, which will vary from plan and which could materially affect funding requirements, presenting additional financial risk to NSS.

It is also understood that due to financial pressures across the wider NHS system, any Covid funding allocation issued to NSS should not be interpreted as an “invitation” to spend; it is the maximum expected funding requirement necessary to deliver the specific commissioned services and every reasonable opportunity should be taken to reduce this.

Looking forward to financial 2023/24 it is possible to forecast a recurring level of spend broadly in line with current year expectations. However, it must be noted that major changes to the Test & Protect environment need to be monitored and assessed through the coming autumn / winter period to fully understand their effect and impact on future year planning. As such it is early to commit to an accurate recurring funding requirement.

Whilst not being able to determine the level of funding to be allocated to future pandemic preparedness it is reasonable to consider the areas where funding should be targeted. One consideration would be that substantial investment has been made in physical infrastructure, not least the lab network capable of delivering the level of symptomatic and asymptomatic PCR testing and Whole Genomic Sequencing required during the pandemic. Balancing the competing needs to both secure a legacy as we move out of the current pandemic whilst retaining the capability to pivot back to Covid (or general pandemic response) will require ongoing funding as these labs may need to operate at an underutilised level.

As these are inherently national services, it is imperative that NSS is engaged at the earliest possible opportunity with regard planned policy changes, reactive measure considered by SG and legacy decisions involving the current asset base. This will allow for a considered approach to financial modelling and a clear understanding, and agreement, of risks and opportunities.

Finally, it is important to recognise the implications, both in terms of resource commitment and cost, of supporting the necessary work of two concurrent public inquiries. NSS will play a key role, both as a Core Participant, and in the advice and support provided by the Central Legal Office to the wider Health and Care system.

**Mary Morgan**  
**Chief Executive**  
**1<sup>st</sup> September 2022**