

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Tuesday 28 March 2023
Title:	Establishment of Project Bank Accounts
Responsible Director:	Derek Lindsay, Director of Finance
Report Author:	Fiona McGinnis, Assistant Director of Finance

1. Purpose

This is presented to the Board for:

- Decision

This paper relates to:

- Government policy/directive

This aligns to the following NHSScotland quality ambition(s):

- Effective

2. Report summary

2.1 Situation

Public Sector Construction contracts that have an estimated value of at least £2 million require to have a Project Bank Account (PBA). The Board is being asked to approve the establishment of a Project Bank Account for the National Treatment Centre and for any future capital projects where the estimated value is at least £2 million, with the Director of Finance being authorised to sign the Trust Deed on behalf of NHS Ayrshire & Arran.

2.2 Background

Scottish Government bodies are now required to establish a Project Bank Account (PBA) for each construction contract where the estimated award value is at least £2 million. A PBA is a facility provided by a commercial bank to pay the main contractor and supply chain firms. The purpose of establishing a PBA is to ensure that sub-contractors receive prompt payment of amounts due to them as they are paid directly from the PBA rather than via the main contractor who could potentially delay payments.

The PBA must be opened in the joint names of the commissioning body and the main contractor. Both parties must sign the trust deed and instruct the bank to authorise payment from the PBA to named beneficiaries. Scottish Government's Banking Framework Agreement with the Royal Bank of Scotland (RBS) provides engagement and implementation processes for the bodies named in the agreement.

2.3 Assessment

The first stage in establishing the PBA is jointly signing the Trust Deed with the main contractor. One signature is required on behalf of NHS Ayrshire & Arran and it is proposed that the Director of Finance is authorised to sign the Trust Deed.

There is minimal risk to organisation of the establishment of a PBA. The account is provided by the RBS who provide NHS Ayrshire & Arran's banking services. Payments into the PBA will be made upon the receipt of interim payment certificates from the main contractor who in the case of the National Treatment Centre is Balfour Beatty. Payments from the account will be based on the allocation of the interim certificate among the named beneficiaries. Both NHS Ayrshire & Arran and Balfour Beatty have to approve payments from the account.

2.3.1 Quality/patient care

There will be no impact on quality of care. The establishment of a PBA should ensure that sub-contractors are paid more promptly.

2.3.2 Workforce

There will be no impact on workforce as a result of the establishment of the PBA for the NTC or any future PBAs.

2.3.3 Financial

There will be minimal financial impact of establishing a project bank account. The same costs will be incurred whether the payments are made directly to the main contractor or through the PBA.

2.3.4 Risk assessment/management

The Scottish Government guidance provides a detailed process that has to be followed when establishing and operating a PBA to ensure that any risk is minimised. This guidance will be followed.

2.3.5 Equality and diversity, including health inequalities

An impact assessment has not been completed because there is deemed to be no requirement in this situation.

2.3.6 Other impacts

Payment of capital invoices through a PBA will ensure best value. It will enable us to work in partnership with smaller sub-contractors to increase the speed that they receive payment for the work they have undertaken.

2.3.7 Communication, involvement, engagement and consultation

There is no requirement for formal stakeholder engagement. The need for the establishment of a PBA has been highlighted at a number of the National Treatment Centre Programme Board meetings, the most recent of which was on 7 March 2023.

2.3.8 Route to the meeting

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- National Treatment Centre Programme Board, 7 March 2023

2.4 Recommendation

For decision. Members are asked to approve the establishment of a Project Bank Account for the National Treatment Centre and for any future capital projects where the estimated value is at least £2 million, with the Director of Finance being authorised to sign the Trust Deed on behalf of NHS Ayrshire & Arran.