



Finance & Investment Committee (F&IC) Minutes

Venue: Roche, YAS HQ, Springhill 2, WF2 0XQ
Date: Thursday 9 March 2017
Time: 1400 hours
Chairman: John Nutton

Membership:

John Nutton	(JN)	Non-Executive Director & Chairman of F&IC
Pat Drake	(PD)	YAS Deputy Chairman & Non-Executive Director
Ronnie Coutts	(RC)	Non- Executive Director
Rod Barnes	(RB)	Chief Executive
Mark Bradley	(MB)	Executive Director of Finance
Leaf Mobbs	(LM)	Director of Planning & Development

Apologies:

In Attendance:

Alex Crickmar	(AC)	Deputy Director of Finance
Anne Allen	(AA)	Trust Secretary
Barrie Senior	(BS)	Non-Executive Director (Observing)
Chris Dexter	(CD)	Managing Director, PTS (Item 7)
Mike Fairbotham	(MF)	Associate Director of Procurement & Logistics (Item 10)
Rachel Monaghan	(RM)	Associate Director of Performance Assurance and Risk
Emma Bolton	(EB)	Director of Fleet, Estates & Facilities (for Item 6)
Matt Norman	(MN)	Head of Strategic Finance (For Item 8.1)

Minutes produced by:

Joanne Lancaster	(JL)	Committee Services Manager
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	The meeting commenced at 1400 hours.	
1.0	Introduction and Apologies JN welcomed everyone to the meeting and apologies were noted as above.	
2.0	Declaration of Interests for any item on the agenda There were no interests to be declared in relation to the agenda items but any would be noted throughout the meeting should they arise.	

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<p>3.0</p>	<p>Feedback from Board Meetings It was noted that the meeting did not follow the new cycle of assurance that would be in place from 1 April 2017 and that a Private Board meeting had taken place on 28 February 2017 where many of the items on the day's agenda had been discussed at that meeting.</p>	
<p>4.0</p>	<p>For Approval: Minutes of the meeting 8 December 2016 The minutes of the meeting held on 8 December 2016 were agreed as a true and fair representation of the meeting.</p> <p>Action Log: Action 2016/022 – PTS vehicle renewal – This item to be deferred until the June meeting.</p> <p>Action 2016/023 – Information on pay and non-pay compared against income evolution – AC advised that the information was being collated and that once the NAA data was supplied a comparison against that of the Trust could be made. It was important to note that YAS did not know what assumptions had been made by North West Ambulance Service or North East Ambulance Service so it might not be on a like for like basis. Action remains open.</p> <p>Action 2016/024 – High level comparative data for each member of NAA be collated – RB advised that the data had been collated at a high level across the NAA and would be shared with the NAA Board before it could be shared at individual Trust level. Action remains open.</p> <p>Discussion took place in relation to overhead spend and whether a review to determine optimum level of overheads had been set at the correct level and to ensure that there had not been gradual increases over time.</p> <p>AC responded that both the Financial Plan and the Cost Improvement Plans continuously evolved and he confirmed that they were reviewed during the course of the year to scrutinise whether further efficiencies could be made.</p> <p>RB added the Trust was considering invest to save schemes, for example management capacity in procurement to realise procurement savings through contracts for goods and services.</p> <p>JN remarked that he would prefer to see a continuous CIP programme cycle rather than a 12 month programme.</p> <p>MB responded that the Trust was developing a medium to long term view in this regard.</p> <p>Discussion took place in relation to the structure of the organisation and what the workforce and resource might look like for any future delivery model.</p>	

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	<p>Accountable Care Organisations were discussed although there was no indication at this early stage where the Ambulance Sector might fit within this framework. There was some suggestion by NHSE that some parts of the Ambulance Sector might be commissioned on a national or specialised basis. There had been strong push-back from the Ambulance Sector in this regard as it was felt this would disengage services from local communities.</p> <p>It was agreed to reopen action 2016/014 – Model Ambulance Template – and for an update to be brought back in September 2017.</p> <p>Action: To reopen action 2016/014 – Model Ambulance Template – and for an update to be brought back in September 2017.</p>	2016/014 RB
5.0	<p>For Approval: F&IC Workplan 2017/18 The Committee noted the workplan.</p> <p>It was agreed to bring a review of CIP development to the September meeting ahead of the new end of December budget setting so that implications around sensitised income assumptions could be examined and for this to be added to the workplan.</p> <p>Action: It was agreed to bring a review of CIP development to the September meeting and for this to be added to the workplan.</p> <p>Approval: The Finance and Investment Committee noted the update.</p>	2017/001 MB
6.0	<p>For Assurance: Six Month Review – Vehicle Replacement Plan The paper outlined the Trust-wide Fleet planned vehicle replacement programme for the period 2017-2022 based on the replacement criteria set out in the Fleet Strategy. It provided the Committee with the indicative replacement vehicle volumes and forward planning approval timescales.</p> <p>EB explained that there were approximately 1,275 vehicles in YAS' fleet, of which 520 were front line emergency vehicles, 416 were PTS vehicles and the balance being a mixture of cars, vans and numerous other operational support vehicles.</p> <p>In recent years steps had been taken to reduce the number of manufacturers to enable the Trust to take advantage of economies of scale on both vehicles and parts' purchases. Work was being undertaken with the NAA to consider future joint procurement although vehicle preference between the three Trusts was very different but it was anticipated that these could be reconciled.</p> <p>Fleet replacement cycles were explained to the Committee and it was noted that although the preferred option for the purchase of DCAs was</p>	

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<p>currently through capital funding this may change to a lease basis if this was more cost effective in the future.</p> <p>The age profile of both A&E and PTS vehicles was presented and it was noted that as the vehicle age profile increased then maintenance repair costs increased considerably.</p> <p>JN asked whether vehicles were moved around the region so that wear and tear would be averaged out.</p> <p>EB confirmed that the Trust had a rotation system in place which usually coincided with the safety check of a vehicle.</p> <p>Vehicle investment had been inconsistent in the past. The new rota implementation within A&E was an opportune time to review the vehicle mix to better support the new rotas and it was noted that 109 new Fiat Ducato DCA vehicles had been purchased. The vehicle portfolio had also diminished over the years and therefore, subject to a business case being put forward, 15 new vehicles were required and additional investment in medical and communications equipment to kit these out.</p> <p>BS asked how the ratio between the numbers of DCAs to RRVs was being determined.</p> <p>RB responded that the Trust would review this when the rota implementation was live and had been in operation for a number of months. This would provide a better understanding of what ratio of vehicles would be required.</p> <p>To enable the Trust to smooth out the peaks and troughs in vehicle commissioning the Trust would need to purchase an average of 45 vehicles per annum. It was noted that this did not resolve the number of older vehicles the Trust had nor even-out the peaks and troughs from large batch purchases in the past but it would smooth the age profile to a degree.</p> <p>Discussion took place in relation to the skillset and capacity of staff to manage the fleet. EB responded that staff did have the requisite skills however capacity was an issue as was data as currently this was not easily available to provide the management information required.</p> <p>It was confirmed that fleet was a focus for the NAA and management from all three Trusts were developing joint working in this regard.</p> <p>JN asked that a report be brought back to the next F&IC in June that considered a replacement profile that would reduce the average age profile of the fleet including different levels of replacement.</p>	
<p>Action: A report to be brought back to the next F&IC in June that considered a replacement profile that would reduce the average</p>	<p>2017/002 EB</p>

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<p>age profile of the fleet including different levels of replacement.</p> <p>Discussion took place in relation to lease cars that YAS was responsible for. It was noted that when a person who had a lease car left the organisation then the car was utilised as a support car or such. It was expected that use of lease cars would reduce going forward.</p> <p>JN asked for a report on the utilisation of fleet vehicles to be brought to F&IC in September.</p> <p>Action: For a report on the utilisation of fleet vehicles to be brought to F&IC in September.</p> <p>JN thanked EB for the useful and informative update.</p> <p>Approval: The F&IC noted the content of the paper and referred to it as a forward planning tool for expected approval requests for vehicle replacements in line with the Fleet Strategy and fleet profile replacement.</p>	<p>2017/003 EB</p>
<p>7.0 For Assurance: PTS Update South Yorkshire Bid</p> <p>The paper provided details of the procurement submission for the Non-Emergency Healthcare Patient Transport for South Yorkshire CCGs and recommended the financial model submitted as part of the tender response.</p> <p>This paper had been discussed extensively at the Private Board on 28 February 2017.</p> <p>CD explained that since the paper had been presented at the Private Board meeting on 28 February South Yorkshire CSU had confirmed that the CQUIN element was to be added to the final bid price by increasing it by £180k.</p> <p>AC added that the Trust had sought clarification on this point several times prior to submission and it would have impacted on the Trust by £180k had it not been included.</p> <p>Discussion took place in relation to the changing landscape within patient transport services and how this might change further in the future including the stability of private providers staying in the PTS market.</p> <p>CD confirmed that the Trust expected to know the outcome of the bid for South Yorkshire on the 21 March.</p> <p>Approval: The F&IC gained assurance from the recommended financial model (Option 1) and agreed the final cost/price submission recommended by TEG and subsequently amended following</p>	

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	clarification responses on CQUIN payments and deductions.	
7.1	<p>For Assurance: PTS Update East Riding of Yorkshire The paper provided details of the procurement submission for the Non-Emergency Healthcare Patient Transport for East Riding CCG and to assure the F&IC of the financial model submitted and the signed off bid price Option 3.</p> <p>This paper had been discussed extensively at the Private Board meeting on 28 February 2017.</p> <p>The Trust anticipated it would hear on the 31 March 2017 whether it had been successful in its bid.</p> <p>Approval: The F&IC gained assurance from the recommended financial model to Board for final approval and that had been submitted as part of the East Riding of Yorkshire tender response on 1 March 2017 (known as Option 3).</p>	
8.0	<p>For Assurance: Financial Review 2016/17 (Month 10)</p> <ul style="list-style-type: none"> • Financial Risks; • Year to Date Financial Performance; • IPR – Finance Section; • Capital. <p>The paper provided F&IC with an overview of the key points in relation to the Trust's Financial Position/Month 10 Management Accounts; the Integrated Performance report plus an update on the Trust's financial risks and any exceptional budgetary items of note.</p> <p>AC advised that the paper had been discussed at the Private Board meeting on 28 February 2017 and he would update on the draft Month 11 financial position.</p> <p>The Trust had received confirmation that it would receive funding to the value of £388k for the Paramedic Band 5 to 6 pay under the national agreement.</p> <p>AC explained that the Trust expected to achieve a £2.7m surplus at the year end. He added that the majority of risks had been provided for including some redundancy costs relating to restructures. Weekly meetings were taking place with MB and the finance team to ensure that capital spend was being scrutinised on the lead up to year-end and there may be a minimal amount of underspend if capital leads spend was in line with assurances provided to Finance.</p> <p>BS asked whether any potential costs relating to Hillsborough had been considered.</p> <p>AC confirmed that there was no provision for this within the budget and that the Trust had not received any instruction that it should do so.</p>	

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<p>Discussion took place in relation to what the impact would be should the Trust lose the South Yorkshire bid and it was confirmed that this would mainly relate to management costs.</p> <p>MB informed the F&IC that the Trust was fully focused on delivering the 2016/17 position.</p> <p>It was noted that the 2017/18 financial position would be a significant challenge and it was important that the Trust managed risks effectively. It was confirmed that CIPs would remain a strong focus going forward.</p> <p>JN thanked AC for the update.</p> <p>Approval: The Finance and Investment Committee noted the update and the Trust's financial performance to date including the risks to delivery of the financial plan.</p>	
<p>8.2 For Assurance: Financial Plan Update 2017/18</p> <ul style="list-style-type: none"> • 2017/18 Finance Budget including Quality & Efficiency Savings (CIP); • 2017-2019 Capital Plan <p>This item was taken out of order of the agenda.</p> <p>The paper provided details relating to the 2017/18 financial budgets (including Quality and Efficiency Savings and the 2017-2019 Capital Plan).</p> <p><u>2017/18 Finance Budget including Quality & Efficiency Savings (CIP)</u> AC advised that PIDs were currently being reviewed by the PMO and Finance team to assess deliverability and also by the Quality team for quality impact assessment. There was also a regular update at TEG and TMG via CIPMG. An update on deliverability of schemes would be brought to the Board in March.</p> <p>There was more work to be undertaken on the overall CIP plan to ensure that it was clear on deliverables and timescales so that individuals could be held accountable.</p> <p>BS remarked that only a number of CIPs had undergone a QIA.</p> <p>AC confirmed that a QIA would be done on CIPs as appropriate. He confirmed Joint QIAs had been done with Commissioners on the A&E contract and one was due to be completed on the NHS 111 contract.</p> <p>The Committee noted this report had been discussed at the Private Board meeting on 28 February 2017.</p> <p>Approval: The F&IC noted the report.</p>	

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<p><u>2017-2019 Capital Plan</u> It was noted this paper had been discussed at the Private Board meeting on 28 February 2017.</p> <p>It was explained that the Department of Health would review and compare the Trust's final plans and assumptions for capital expenditure against the nationally available capital budget in order to test the affordability of Trust plans. Until that work was completed for 2017/18 NHSI was unable to provide confirmation of 2017/18 CRL adjustments above the Trust's level of depreciation.</p> <p>AC outlined the process to apply for a CRL increase in 2017/18. This would require the Trust to submit an application to draw down the Trust's own funds.</p> <p>In terms of timing no additional CRL adjustments/approvals for CRL over and above depreciation, for example capital funding for service developments such as Hub and Spoke and Make Ready, would likely take place in June/July 2017. Also the Trust may need to change the value of its service developments included in the financial plan once the Doncaster Business Case was finalised, with the financing application to be presented to Board alongside the business case.</p> <p>Discussion took place in relation to potential national funding which could be applied for providing that it returned an investment on YAS' and the STP financial position.</p> <p>JN thanked AC for the update.</p> <p>Approval: The F&IC noted the update and:</p> <ul style="list-style-type: none"> • Noted the re-allocation of the capital plans and funding; • Note the financial risks highlighted in the paper especially those concerning capital funding; • Supported the development of a submission of a capital application to NHSI for service developments. 	
<p>8.1 For Assurance: Reference Costs Comparison 2015/16 The paper outlined an ambulance Trust wide comparison of 2015/16 reference costs.</p> <p>AC explained that the Trust was not under a national tariff. The Reference Costs were a benchmark but at a very high level. It was expected that the costing standards for the ambulance sector would be changed going forward and Reference Costs would be phased out. The Trust's use of the PLICs system would be beneficial in this regard.</p> <p>The Trust, along with the other Ambulance Trusts in England, had completed a return to NHSI in relation to its back-office functions but had not received any results from this data collection to date.</p>	

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<p>AA informed the F&IC that the information had been published that day.</p> <p>Action: For a report to be brought to the June F&IC on the national benchmarking undertaken by NHSI on Ambulance Trust's back-office functions.</p> <p>Approval: The F&IC noted the paper.</p>	<p>2017/004 MB</p>
<p>9.0 For Assurance: A&E, PTS and NHS 111 Contract Negotiation and Contract Management Update</p> <p>The paper set out the current position in relation to contract negotiations and contract management for the A&E, NHS 111 and PTS contracts for 2017/18.</p> <p>It was noted this paper had been discussed at the Private Board meeting on 28 February 2017.</p> <p>AC provided an overview of the contract negotiations:</p> <ul style="list-style-type: none"> • A&E contract had been agreed, there had been due diligence of all costs and a joint Quality Impact Assessment had been undertaken with Commissioners. It was anticipated that the risk associated with CQUINs was mainly in relation to the 0.5% risk reserve which had been provided for within the Trust's financial plan for 2017/18, however there was still a financial risk regarding STP engagement for the Committee to note; • PTS – West Yorkshire – this contract had been agreed; • PTS – North Yorkshire – this contract had been agreed. It was noted that there had been some indication that Vale of York and Scarborough and Ryedale CCGs might leave the consortium and this was at odds with the current agreement; • PTS – East Riding of Yorkshire and Hull – the new provider for Hull will commence on 1 April 2017. Negotiations continue with East Riding of Yorkshire regarding an interim arrangement for the period between 1 April 2017 and 1 July 2017; • NHS 111 – still under negotiation although Commissioners had agreed with YAS that the contract ceiling should include 4.9% growth in activity and the floor of the contract should be set out at 2016/17 forecast outturn activity; • West Yorkshire Urgent Care – this service was subject to an independent review and therefore contract negotiations had been suspended pending the outcome. <p>The F&IC noted that there had been two service reconfigurations which had been implemented which had impacted upon the delivery of the 999 service. AC outlined that discussions with the respective CCGs had not reached a conclusion and the Trust had escalated these to NHSI.</p> <p>Discussion took place in relation to the NHS 111 and 999 services and</p>	

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<p>the possibility of joint working in this area. This appeared to be the future vision of Commissioners. If this was the case then YAS would have to consider how best to integrate the two services.</p> <p>Approval: The F&IC noted the updated position provided at the preceding Board meeting in relation to the contract negotiations for A&E, PTS and NHS 111.</p>	
<p>9.1 For Assurance: Planning and Development Team Update The paper provided an update on the progress in establishing the Planning and Development Directorate and the delivery of operating plan objectives.</p> <p>LM reported that resource had been provided from the Planning and Development Team to aid with the PTS bids for East Riding of Yorkshire and South Yorkshire. The Associate Director of Planning and Development was considering how to strengthen the skillset within the organisation for future bids and what substantive posts might be (or not) required in this regard. It was noted that positive learning had taken place from the Hull bid.</p> <p>She advised that representatives from the Trust were attending meetings across the region in a bid to meet with stakeholders and contribute to various discussions at STP and A&E Delivery Board meetings. The Trust was also using the meetings to relay a consistent message to stakeholders.</p> <p>The F&IC noted that the directorate had been heavily involved in the production of the Operational Plan and the development of YAS' Strategy.</p> <p>There had been a number of community engagement activities including Community First Responders, YAS Forum and Community Engagement and the team was attempting to better align these activities to consolidate and focus the community engagement agenda.</p> <p>JN thanked LM for the update.</p> <p>Approval: The F&IC noted the update.</p>	
<p>10.0 For Assurance: Procurement Update including:</p> <ul style="list-style-type: none"> • Local Contracting and Tendering; • National Framework and e-procurement Update; • Spend analysis for the past two years and possible areas for savings. <p>The paper provided an update to F&IC on key procurement activity which had taken place since the previous F&IC meeting in December 2016.</p> <p>MF informed the F&IC that the in terms of procurement the indicative</p>	

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<p>savings figures for 2016/17 were approximately £2.4m, based on the life of the contracts placed in-year. This figure was in the process of being verified by the Finance Team.</p> <p>Discussion took place in relation to procurement savings and whether there was the capacity within the team to ensure that the maximum amount of savings through procurement could be achieved.</p> <p>The F&IC discussed market testing and outsourcing and it was noted that the Trust would need to take a considered and strategic view in this regard.</p> <p>MF referred to the collaborative work which was being undertaken with the NAA, these included Procurement Standards, Medical Gases and the Ambulance Vehicle Preparation Process.</p> <p>He explained that there was a tender exercise which had gone live on 24 February 2017 for the Ambulance Vehicle Preparation Service and closed on 10 April 2017. To date 10 organisations had expressed an interest. Once this had concluded there would be a market tested figure to make an informed decision in relation to internal or external provision.</p> <p>MF referred to the slide which highlighted the 2016/17 high-level spend. YAS had 770 suppliers which was on the high side for an organisation the size of the Trust. This should be reduced considerably.</p> <p>It was noted that a new staff member was joining the Procurement Team and their main focus would be to look at a Cost Strategy and analyse current spending patterns.</p> <p>JN thanked MF for the paper which had been clear and self-explanatory.</p> <p>Approval: The Finance and Investment Committee noted the update and gained assurance that the procurement process and associated contracting conformance were being managed effectively.</p>	
<p>11.0 Hub and Spoke – Make Ready & VPS VfM review RB provided a verbal update in relation to the Hub and Spoke programme.</p> <p>As previously referred to under Item 10.0, an invitation to tender had gone out on the 24 February 2017 for the Ambulance Vehicle Preparation Service. This would enable the Trust to compare and contrast internal and external provision.</p> <p>JN asked whether the slippage in the Doncaster Hub and Spoke site had impacted on the Capital Budget.</p> <p>AC responded that capital expenditure for Doncaster had been included in the 2017/18- 2018/19 Capital Plan, however these figures may need</p>	

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	<p>to change on finalisation of the Doncaster business case and as previously discussed the Trust would have to apply to NHSI for the required funding.</p> <p>JN thanked RB for the update.</p> <p>Approval: The F&IC noted the update.</p>	
12.0	<p>For Assurance: Statement to the Audit Committee</p> <ul style="list-style-type: none"> • Board Assurance Framework/Risk Register risks relating to F&IC <p>JN advised that the BAF had been attached for reference and that the relevant risks for F&IC assurance had been addressed through meeting papers and discussion.</p>	
13.0	<p>Summary of issues to Trust Board</p> <p>JN referred to the £180k increase in the PTS South Yorkshire Bid.</p> <p>The meeting closed at 1640 hours.</p>	
13.0	<p>Date & Time of Next Meeting 15 June 2017 - 1300 – 1600</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**