



Finance & Investment Committee (F&IC) Minutes

Venue: Kirkstall & Fountains, Springhill 1, WF2 0XQ
Date: Thursday 8 December 2016
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
Dr David Macklin	(DM)	Executive Director of Operations
Robert D Toole	(RDT)	Executive Director of Finance (Interim)
Alex Crickmar	(AC)	Deputy Director of Finance

Apologies:

In Attendance:

Anne Allen	(AA)	Trust Secretary
Barrie Senior	(BS)	Non-Executive Director (Observing)
Leaf Mobbs	(LM)	Director of Planning & Development
Mark Phillips	(MP)	Financial Performance Manager
Chris Dexter	(CD)	Managing Director, PTS (Item 7)
Mike Fairbotham	(MF)	Associate Director of Procurement & Logistics (Item 10)
Nayasha Tejura	(NT)	Finance Placement Student (Observing)

Minutes produced by:

Joanne Lancaster	(JL)	Committee Services Manager
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	The meeting commenced at 1430 hours.	
1.0	Introduction and Apologies JN welcomed everyone to the meeting and apologised for the slight delay to the start of the meeting. 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 would be noted throughout the meeting should they arise.	

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8.1	<p>High level of spend areas and potential savings opportunity This item was taken out of order of the agenda.</p> <p>JN stated that the F&IC meeting had followed a Board of Directors meeting in Private where the Operational Plan and Financial Plan 2017/18 – 2018/19 had been discussed in detail. This item and discussion at F&IC would be held in the context of those discussions at Board. He emphasised that the financial challenge and risks now and going forward would be significant</p> <p>RDT guided the F&IC through a presentation which provided an overview of efficiency savings and the impact of not achieving the control total.</p> <p>The breakeven position of £53k planned for 2017/18 (and 2018/19) was noted and discussed in detail, particularly since it fell very significantly short of the NHS Control Total expectations of £5.2m. The 2017/18 plan now assumed A&E contract income of £189m against the current verbally offered position of £186m, which was an improvement on the previously discussed state of negotiations for contract income of £180m. The discussions noted the significant risks on the planned break even position of not being able to reach the assumed level of contract income and the impact of potentially losing the PTS South Yorkshire contract. In particular, it was noted that the previous discussions on the plan at the Extraordinary F&IC meeting on 22 November 2016 assumed full A&E contract income plan of £189m and the same break even position of £53k and that assurances were given that there was no scope to improve the break even position of £53k towards the required Control Total of £5.2m since the potential to maximise the efficiency savings/ CIPs had already been closely looked at.</p> <p>The Committee noted that the current state of contract negotiations and other risks gave rise to a very real risk of a significant shortfall in planned contract income of c£3m and therefore the possibility of a very significant shortfall on the planned break even position, given the previously made comments that efficiency savings/ CIPS had already been maximised when full contract income had been assumed.</p> <p>It was agreed that the Operating Plan would be updated to reflect the evolving contract negotiations and other factors in the period up to the Plan submission date of 23 December and that additional virtual meetings / telephone conferences to discuss the evolving updated positions would be arranged.</p> <p>RDT referred to the run-rate overview chart which detailed information from the last two years.</p> <p>The F&IC noted the focus on efficiency gains with the aim to support as far as possible front line delivery and prioritise safety and quality and regulatory requirements of the service. The transformational schemes to increase efficiency were noted. It was noted that it was important that</p>	

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<p>the Trust reduced agency spend and controlled non-essential vacancies and non-pay expenditure.</p> <p>PD asked whether travel costs could be scrutinised to explore whether any reduction in this area was possible. RDT will add this to the CIPMG agenda for further discussion.</p> <p>RDT provided an example of 999 overview information that could be utilised by management to pinpoint areas for consideration of efficiencies, for example information pertaining to 'end of shift overtime' or 'meal-breaks'. The F&IC noted the information that may be provided and how this could be used to see where improvements could be made in the system. It was noted that current demand had taken the efficiencies out of the system.</p> <p>RDT left the meeting at 1445 hours.</p> <p>The F&IC was provided with an initial overview of the Trust's workforce organised by Directorate and Banding. Some initial analysis had been undertaken which required further consideration. It was anticipated that the current structure of the organisation would be re-visited in all areas to ensure that the Trust was investing resources in the right areas and that priority should be given to ensure that the Trust's services were delivered safely, efficiently and economically. The initial presentation indicated that there had been a disproportionate growth in non-front line services.</p> <p>JN asked whether the system for reviewing current/future workforce requirements through existing management was transparent enough.</p> <p>AC responded that there was a collective responsibility amongst TMG with robust peer challenge of cost pressures. He explained that as vacancies arose there would need to be a discussion on how existing resources could fulfil duties. It was anticipated that there would be a move towards more matrix style management for some roles.</p> <p>PF added that part of the challenge was in relation to 999/111/PTS and how these services could work together.</p> <p>DM referred to the silo working across the three service lines which he believed would need to integrate better to deliver the cross-cutting agenda within the organisation.</p> <p>PD asked how this would be performance managed with the Trust's managers.</p> <p>LM responded that there would be transparent and agreed plans that would be matched against the core budget with managers held to account for any variance and corrective action then agreed.</p> <p>PD asked how account managers interacted with budget holders in</p>	

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<p>AC went onto present to the Committee that the Trust had to follow a national protocol if the Trust was not going to achieve the control total in 2016/17. The Trust would have to declare to NHSI in Quarter 3 (17 January 2017) whether it would achieve the control total or not. At this point it was proposed that the reasonable case be used as the basis of this which would indicate a surplus position of £2-£2.9m subject to performance in Month 8 and Month 9.</p> <p>DM highlighted that demand had caused the Trust to re-evaluate the end of year outturn position as the Operations budget had not deteriorated.</p> <p>AC responded that increased demand had an adverse effect on consumables and the training of new staff. The Trust would provide the Month 8 position to the F&IC with details of what the Trust would be sending to NHSI in terms of achieving the control total. This would need to be done virtually given that there was not a Board meeting ahead of the Q3 submission in mid-January.</p> <p>Action: To provide the Month 8 position to the F&IC with details of what the Trust would be sending to NHSI in terms of achieving the control total.</p> <p>AC also noted that the Trust had also engaged with the wider health system, (e.g. lead commissioners) through raising an activity notice relating to the increase in demand. This was a requirement as part of the national protocol for changing the year end forecast. It was noted that demand had increased significantly in 2016/17 but there had been no additional funding.</p> <p>Approval: The Finance and Investment Committee noted the update and agreed that the forecast outturn would need to be updated and reported to NHS I at Q3 in line with the national protocol. F&IC noted the risks around the achievability of 2016/17 financial plans.</p>	<p>RDT/ AC 2016/025</p>
<p>3.0 Feedback from Board Meetings It was noted that the F&IC meeting had followed the Board meeting in Private that day and some of the discussions were a continuation of those which had taken place there.</p>	
<p>4.0 For Approval: Minutes of the meetings 15 September 2016 and 22 November 2016. The minutes of the meetings held on 15 September 2016 and 22 September 2016 were agreed as a true and fair representation of the meetings.</p> <p>Action Log: Action 2016/010 – End of Shift Overtime – DM confirmed that a process was in place whereby managers checked timesheets against a part-</p>	

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<p>automated process with payroll. The next stage would be to automate this with CAD. Between 10-20% of timesheets were checked on a monthly basis and clerical errors had been noted and resolved. A 'deep dive' process would also be undertaken on a sample of timesheets. The process would be re-visited in 2017/18 to ensure that measures put in place were providing sufficient control. Action to be closed on F&IC and continue to be tracked through the Audit Committee.</p> <p>Action 2016/014 – Model Ambulance Template – There was no evidence that such a model was in place. Action closed.</p> <p>Action 2016/015 – PTS Management Restructure - This item was on the agenda. Action closed.</p> <p>Action 2016/016 – Detailed PTS report – This item was on the agenda. Action closed.</p> <p>Action 2016/017 – PTS Tenders/Bids – This item was on the agenda. Action closed.</p> <p>Action 2016/018 – Cost efficiencies and Back Office solutions – This item was on the agenda. Action closed.</p> <p>Action 2016/019 – Collaborative work with the Northern Ambulance Alliance – This item was on the agenda. Action closed.</p> <p>Action 2016/020 – Recovery of costs from the loss of the Hull PTS bid – It was noted that the Trust had requested transitional funding from Commissioners. This issue had been discussed at the earlier Board meeting in detail. Action closed.</p> <p>Action 2016/022 – PTS Vehicles contract – This was on-going. Action to remain open.</p>	
<p>5.0 For Approval: F&IC Terms of Reference The F&IC heard that the F&IC Terms of Reference had been revised following the Governance Review which had been approved by the Board on 27 September 2016.</p> <p>There were some suggestions of amendments to the draft F&IC Terms of Reference and it was agreed to take these outside of the meeting.</p> <p>Action: To consider the comments and amend where appropriate prior to the Trust Board meeting on 31 January 2017.</p> <p>Discussion took place in relation to the timeline and process for approving the F&IC Terms of Reference (ToR) and it was explained that the ToR had been brought to the day's meeting as this was the only opportunity that the F&IC would have to review them prior to them being received by the Trust Board for approval on 31 January 2017.</p>	<p>AA 2016/026</p>

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	<p>Approval: The Finance and Investment Committee noted the update.</p>	
6.0	<p>For Approval: F&IC Workplan JN explained that there was more work to do on the workplan in conjunction with RDT and therefore this item would be deferred until the March 2017 meeting.</p> <p>Action: Item to be deferred until the next F&IC meeting in March 2017.</p> <p>Approval: Item deferred until the next meeting in March 2017.</p>	RDT 2016/027
8.0	<p>For Assurance: Financial Review 2016/17 (Month 7)</p> <ul style="list-style-type: none"> • Financial Risks; • Year to Date Financial Performance; • IPR – Finance Section; • CIP Tracker. <p>AC updated the Committee that Month 7 showed a favourable year-to-date figure, although this was somewhat skewed by the STF funding. Excluding STF the year to date position showed a deficit of (£204k) against a plan of (£501k) deficit and therefore a favourable variance of £298k.</p> <p>It was noted that the new Single Oversight Framework had come into effect in the monthly finance returns from Month 7 and this currently showed the Trust was rated as a 2 (1 being the lowest risk and 4 being the highest risk). The Trust was rated either 1 or 2 in all areas with the exception of agency spend which was rated as a 3 due to the Trust being significantly overspent against the agency cap. The Trust was considering options to address this and a paper would be considered by TEG. AC raised concerns that the Trust is very close to a 4 rating on agency spend and therefore a 3 rating overall under the Single Oversight Framework.</p> <p>JN suggested that a note of emphasis, explaining the agency overspend was largely a result of offsetting behind budget headcount recruitment, be included in any discussions/presentation on agency overspend.</p> <p>PD asked what the Trust defined as agency spend. AC responded that this is in the guidance previously circulated to F&IC and if this is required to be re-sent for F&IC members to contact RDT or AC.</p> <p>AC explained that the forecast position presented represented the best case scenario which was at significant risk of not being achieved. The reasonable case scenario was the most probable (80%) and indicated a surplus of £2.9m at Month 7 which was a shortfall of £1.8m against the control, however this could worsen further with the Month 8 position yet to be reported.</p>	

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<p>BS questioned the narrative on pages 5 and 6 of the report including the bridge chart as he would expect the information to be more explicit than it was currently.</p> <p>AC responded that the team was working on reducing overspends and focusing on areas of high deliverability with high impact that had no impact on quality.</p> <p>JN thanked AC for the report and asked that the Month 8 position be circulated when it became available.</p> <p>Action: To circulate the Month 8 financial position when available to the F&IC and Board</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>RDT (see 2016 /025)</p>
<p>7.0 For Assurance: PTS Update CD and PF arrived at 1545 hours.</p> <p>CD guided the F&IC through a presentation which outlined the PTS transformation programme achievements to date and initiatives yet to be progressed.</p> <p>He advised that the Board had signed off the PTS management restructure at their meeting earlier that day.</p> <p>CD outlined what the service had achieved against the plan in the areas of organisational effectiveness, reporting and forecasting, streamlined reservations, implementation of auto-scheduling, creating resourcing and logistics functions; voluntary car service; effective subcontractor management; and improving fleet availability and effectiveness.</p> <p>He advised that the voluntary car service had been a positive success story and the service was looking to utilise this scheme more.</p> <p>The F&IC noted that effective sub-contractor arrangements were now in place within PTS but this had not translated into a reduction in PTS staff overtime and the service needed to address this.</p> <p>It was noted that the Programme Manager was leaving PTS so there would be a vacancy that would need to be filled. There had been improvements in the KPIs which was positive for the service. Other benefits that had been realised through the service were being provided to the CIP Management Group.</p> <p>CD advised that in terms of the PTS programme status and assurance the service required additional resource to achieve the workstreams'</p>	

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<p>outcomes.</p> <p>AC questioned whether PTS was considering reducing the level of activity in the West of the region in order to facilitate a reduction in costs and improvement in the financial position of the PTS West contract.</p> <p>CD responded that the service was hoping for a three year contract and that within year one of that there would be new eligibility criteria. The same discussions were taking place in the north of the region.</p> <p>AC stated that it would be important for any targeted reduction in activity and the dates to achieve this by be written into contracts. He further stated concerns on the impact to the Trust if PTS lost further business.</p> <p>Discussion took place around the potential outcome of the PTS South Yorkshire bid and the impact of the different scenarios on the Trust.</p> <p>RC asked whether the Trust was able to compress its assets even further to enable further overheads to be taken out of bids and costs to the Trust.</p> <p>JN asked that a further update be brought to the F&IC in March 2017.</p> <p>Action: For an update on PTS to be presented to Finance and Investment Committee in March 2017.</p> <p>JN thanked CD and PF for the update and expressed his wishes for a positive outcome for the South Yorkshire bid.</p> <p>Approval: The Finance and Investment Committee noted the update and gained some assurance on the PTS Transformation.</p>	<p>CD 2016/028</p>
<p>8.2 For Assurance: Capital Plan This capital plan was noted and supported by the Finance and Investment Committee as part of Board approval of the financial plan.</p> <p>Approval: This capital plan was noted and supported by the Committee as part of Board approval of the financial plan.</p>	
<p>9.0 For Assurance: A&E, PTS and NHS 111 Contract Negotiation Update The F&IC noted that the Board had received a more up to date version of the contract negotiations at the meeting which had preceded the F&IC meeting and no further discussion was required.</p> <p>Approval: The F&IC noted the updated position provided at the preceding Trust Board meeting in relation to the contract negotiations for</p>	

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	A&E, PTS and NHS 111.	
9.1	<p>For Assurance: Planning and Development Team Update LM advised that the paper provided an update on progress in relation to the activities of the newly established Planning and Development Directorate.</p> <p>Approval: The F&IC noted the update.</p>	
10.0	<p>For Assurance: Procurement Update including:</p> <ul style="list-style-type: none"> • Local Contracting and Tendering; • National Framework and e-procurement Update. <p>The F&IC noted the paper which updated the F&IC on key procurement activity which had taken place since the previous meeting.</p> <p>MF advised that savings through procurement for the financial year 2016/17 were approximately £2m, made up from one-off non-cashable savings, cashable through-life savings and CIPs.</p> <p>MF referred to the Lord Carter review and explained what the Trust was doing in response to the findings of the review.</p> <p>JN asked what was being progressed through the Northern Ambulance Alliance (NAA).</p> <p>MF responded that the savings could not be quantified at present as the work was at an early stage of development. There was potential for some significant savings such as joint fuel negotiations and DCA conversions.</p> <p>DM stated that it was important the three services agree to use/purchase one type of ambulance and then it would be easier to realise efficiencies through joint procurement.</p> <p>The F&IC questioned whether all consumables were being considered to be procured through a joint NAA process.</p> <p>MF confirmed that there were 12 workstreams and each Trust had taken four each on which to lead.</p> <p>MF advised that he would prepare a paper on the spend analysis for the past two years and present back to the F&IC in March 2017. This would include possible areas for savings and any possible barriers to these.</p> <p>Action: To provide a paper to F&IC on spend analysis for the past two years and including possible areas for savings and any possible barriers to these.</p> <p>RC asked whether the organisation took a strong enough stance with</p>	<p>MF 2016/029</p>

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<p>suppliers in terms of how much the Trust was willing to pay for consumables/contracts etc.</p> <p>MF responded that the procurement team pro-actively benchmarked items to ensure that the Trust was paying a fair price for goods. He advised that the Trust had to abide by Procurement Regulations.</p> <p>AC left at 1641 hours.</p> <p>MF advised that the Trust had taken delivery of 8 DCAs to date and that feedback from staff had been positive. It was expected that the Trust would have had a total of 25 DCAs delivered by the Christmas break and all would be delivered within this financial year.</p> <p>Discussion took place around snagging issues and it was reported that of the snagging issues reported these had all been resolved quickly and no other quality issues had been reported to date.</p> <p>DM enquired about the tyre contract for the vehicles.</p> <p>MF explained that this was being considered nationally and through the NAA and he would keep the F&IC updated as it progressed.</p> <p>The F&IC heard that the Procurement Team was looking into a cost saving opportunity for changing medical gas suppliers to ease the existing cost pressures.</p> <p>The F&IC noted that with the appointment of the new Estates lead at Director level, FM Managed Service opportunities would be put on hold and would be covered via Single Tender Waivers in the interim period.</p> <p>Discussion took place in relation to uniform which was overspent by £50k and the F&IC was informed that options were being considered to bring this back within budget. The F&IC felt that it would be sensible to determine roles which required 'full' uniform, those that only required 'part' uniform and those roles that did not require any uniform. This should be incorporated in to any future review of the Uniform/Dress policy.</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 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>	

		Action
	<p>JN summarised the following:</p> <ul style="list-style-type: none"> • The F&IC noted the shortfall on the 2016/17 outturn position and the requirement to submit a change in forecast to NHSI by Q3 reporting deadline; • The risks and opportunities had been noted for the PTS South Yorkshire bid; • The F&IC had significant concerns in relation to the cost pressures and budget implication, and the marginality of the budgeted positions for 2017/2018. 	
12.0	<p>Summary of issues to Trust Board</p> <p>JN advised that unusually there was nothing to recommend to the Board of Directors.</p> <p>The meeting closed at 1725 hours.</p>	
13.0	<p>Date & Time of Next Meeting</p> <p>9 March 2017 - 1400 – 1700</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**