



## Extraordinary Finance & Investment Committee (F&IC) Minutes

**Venue:** Kirkstall & Fountains, Springhill 1, WF2 0XQ  
**Date:** Thursday 22 November 2016  
**Time:** 0830 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
David Macklin	(DM)	Executive Director of Operations
Robert D Toole	(RDT)	Executive Director of Finance (Interim)
Alex Crickmar	(AC)	Deputy Director of Finance

### Apologies:

Anne Allen	(AA)	Trust Secretary
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### In Attendance:

Barrie Senior	(BS)	Non-Executive Director (Observing)
Leaf Mobbs	(LM)	Director of Planning & Development
Mark Phillips	(MP)	Financial Performance Manager
Emma Bolton	(EB)	Director of Estates and Facilities (Item 6 & 8)
Chris Dexter	(CD)	Managing Director, PTS (Item 7)
Matt Norman	(MN)	Head of Financial Strategy (Item 7)
Deborah Mitchell	(DMi)	Portfolio manager (Transformation) – Hub & Spoke Programme Lead (Item 8)
John Loughran	(JLo)	Head of Capital & Investment (Item 8)

### Minutes produced by:

Joanne Lancaster	(JL)	Committee Services Manager
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	The meeting commenced at 0835 hours.	
<b>1.0</b>	<p><b>Introduction and Apologies</b></p> <p>JN welcomed everyone to the meeting and apologised for the slight delay to the start of the meeting.</p> <p>It was confirmed that Roberta Barker, Director of HR and Organisation Development was not a member of the Finance and Investment Committee though would be pleased to provide information / support as required.</p> <p>Apologies were noted as above.</p>	

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<b>2.0</b>	<p><b>Declaration of Interests for any item on the agenda</b>            There were no interests to be declared in relation to the agenda items but would be noted throughout the meeting should they arise.</p>	
<b>7.0</b>	<p><b>For Assurance: PTS South Yorkshire Business Case</b>            This item was taken out of order of the agenda.</p> <p>The Committee heard that a letter had been sent to the Commissioners concerning the Hull PTS tender. This would be followed by a letter from Capsticks, YAS' legal representatives.</p> <p>CD guided the Committee through a presentation which outlined the details of the South Yorkshire Business Case for PTS South; the bid would be submitted on 28 November.</p> <p>The Committee was informed that the Initial Costed Proposal (ICP) had been split in to five lots with an overall value of c.£10m. The purpose of the ICP was to narrow the field of bidders so that a competitive dialogue process could commence. It was confirmed that the ICP scores would not count towards the final tender submission and subsequent contract award.</p> <p>BS arrived at 0845 hours.</p> <p>It was the intention that the Trust would bid for all five lots and YAS' offer was outlined including the partnership approach. The Committee heard the financial reasons for bidding for the tender. If the Trust was successful the contract would go live from 2 September 2017.</p> <p>PF arrived at 0850 hours.</p> <p>DM questioned the deliverability of cost reductions based on previous performance in this area. The Committee expressed concerns in respect of YAS's ability to reduce overhead costs and also subsequently negotiate a higher price.</p> <p>Discussion took place in relation to negotiations with the Commissioners with the Non-Executive Directors offering suggestions on the negotiating position to take.</p> <p>RC offered assistance with preparing the bid team for the competitive dialogue when meeting with Commissioners.</p> <p>LM advised that it was hoped at least one of the Senior Clinicians from YAS would be part of the bid team.</p> <p>It was noted that YAS' business continuity, resilience and flexibility were a positive for the Trust and as an organisation it was internally well connected across the three service lines. The apprenticeship route for ECAs was also a positive for the Trust.</p>	

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<p>JN advised that the F&amp;IC would continue to monitor PTS in general and particularly the bid submission. RC would continue to work with CD in this regard.</p> <p><b>Approval:</b>  <b>The Finance and Investment Committee noted the paper with some reservations e.g. in respect of YAS's ability to reduce overhead costs and also subsequently negotiate a higher price. The NEDs offered some suggestions and approaches that could improve the outcome. It was agreed that the paper be presented at the Trust Board 29 November 2016.</b></p>	
<p><b>3.0 Feedback from Board Meetings</b>  JN provided feedback from the most recent Trust Board meeting in Private. He advised that the financial outturn had been considered, the loss of the Hull PTS contract had been discussed and the move towards a 2 year Operating Planning profile had been discussed.</p>	
<p><b>4.0 For Assurance: Finance Contractual Update</b>  AC provided an update on the current position in relation to contract negotiations for the A&amp;E, NHS 111 and PTS contracts for 2016/17.</p> <p>AC advised that negotiations had commenced on the A&amp;E contract. He informed the Committee that there was an Executive to Executive meeting with the Commissioners the following day to discuss the approach to the contract negotiations.</p> <p>Discussion took place in relation to YAS being a regional provider and that CCGs didn't always acknowledge as such. It was important that the Trust was able to articulate its offer so that it was understood that by providing the appropriate funding to the Trust that there was the potential for savings to be made in other parts of the health community, for example less patients being admitted to Acute Trusts.</p> <p>It was noted that the Transformation Programmes had the potential to deliver significant savings for the Trust and that these should be a priority for the Trust going forward. The organisation should be as efficient as it could be.</p> <p>The Committee noted that the current offer from Commissioners was not acceptable to the Trust and negotiations continued.</p> <p>AC advised that the NHS 111 and West Yorkshire Urgent Care contract was not a national NHS contract so Commissioners were not working to the national timetable. YAS had requested dates for a contract negotiation meeting from Commissioners.</p> <p>AC updated the Committee on the contract negotiations for PTS for each of the areas. He advised that discussion was taking place with East Riding in respect of PTS provision.</p>	

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<p>AC informed the Committee that it was unlikely that contracts would be signed prior to the 8 December Private Board meeting and therefore it was noted that there may be subsequent amendments to the budget presented on that date.</p> <p><b>Approval:</b>  <b>The Finance and Investment Committee noted the updated report and were assured that the Contracting negotiations were being managed effectively and supported ongoing business developments.</b></p>	
<p><b>6.0 For Assurance: Estates, Facilities &amp; Fleet Review</b>  This item was taken out of order of the agenda.</p> <p>EB provided a presentation on a review of estates.</p> <p>The Committee heard that there were 111 YAS sites across the region; most of these were ambulance stations. There was currently a significant backlog of maintenance which needed to be addressed. The stations with the worse facet scores were highlighted, as were the oldest stations, two storey stations and those with the biggest maintenance backlogs. The Committee was provided with details of those stations where leases were due for renewal over the next 5 years. It was noted that using a combination of this information a short/medium/long term investment/disinvestment profile was being developed; the Hub and Spoke programme would also be considered when making any decisions.</p> <p>The Committee noted the condition of some of the ambulance stations and the anecdotal evidence on how this affected staff morale. Discussion took place in relation to the working environment and how important it was for staff to feel valued.</p> <p>EB outlined some of the things that she had undertaken in the short space of time she had been with the Trust so that more work could be done to improve those stations where it was required.</p> <p>The Committee noted the proposed new structure for the function and how this would provide more focus for the team. It was noted that the Hub and Spoke Programme had a separate team of staff.</p> <p>EB confirmed that YAS' existing properties all had high levels of health and safety compliance.</p> <p>Discussion took place in relation to vehicle replacement and the number of years vehicles were depreciated over. DM explained that the lifespan of a vehicle was dependent on whether the vehicle was stationed in a rural or an urban location. He added that the Trust should be much smarter in rotating vehicles across the region to maximise the lifespan potential of the vehicles.</p>	

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<p>JN thanked EB for an interesting and informative presentation.</p> <p><b>Approval:</b>  <b>The Finance and Investment Committee noted the update.</b></p> <p>DM left the meeting at 1050 hours.</p>	
<p><b>4.1 For Assurance: 2017/18 Financial Plan and Budgets</b></p> <p>AC outlined the proposed draft financial plan for submission to NHS Improvement on the 24 November including the income and expenditure plan/budgets, capital plans and cost improvement programme.</p> <p>The Committee noted the control total set by NHSI was £5.253m which consisted of a Trust surplus target of £3.743m. Should the surplus target be achieved on a monthly basis it released Sustainability and Transformation Funding of £1.51m which would support achievement of the overall control total of £5.263m.</p> <p>AC explained that overall the 2017/18 and 2018/19 draft financial plan resulted in a £0.53m planned surplus (effectively break-even). He added that this position would not achieve the control total. He outlined the key assumptions which had been made to lead to this draft position.</p> <p>BS questioned whether it was realistic that the Trust would recover all the costs from the loss of Hull PTS.</p> <p><b>Action:</b>  <b>AC to provide BS with the detailed information about the recovery of the costs from the loss of Hull PTS.</b></p> <p>Discussion took place in relation to the Make Ready/Vehicle Preparation System and how this could improve productivity. The frequency of cleaning and restocking was discussed and whether this could be done less frequently than under the current scheme.</p> <p>The Committee discussed A&amp;E income and expenditure and what it would mean for the Trust if the income reduced but the expenditure remained the same. AC advised that the finance team was working closely with DM and team to go through the costs and whether there was any flexibility within the costings. As discussed earlier in the meeting, the outcome of the contract negotiations for A&amp;E was still not known.</p> <p>AC informed the Committee that CIPs were a key focus for TEG and that a peer review would take place with members of TMG to explore key cross-functional target areas (e.g. Fleet &amp; ICT) as well as further savings could be made from departmental budgets.</p> <p>RDT advised that the Trust had a duty to report with integrity and this included showing a realistic budget position. At this point it would be unrealistic to show given the risks and additional cost pressures already</p>	<p><b>AC</b></p>

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<p>identified (e.g. fuel/activity cost drivers, Hull PTS and apprentice levy) either hitting the control total or at this stage posting a deficit given that contracts had not yet been agreed or signed.</p> <p>The Committee discussed the significant challenges over the coming months and the financial period 2017/18; the Committee explored some of the support and back office efficiencies that might lessen the impact of such.</p> <p>JN expressed concern regarding the Trust's ability to turn the financial position around. Comments were exchanged between Committee members of how sensitive the planned outturn was to assumptions on contract income / PTS tendering/ the assumed starting position of 2016/17 outturn. An effective breakeven position, could on current sensitivities, quite easily turn into a loss of several million pounds in 2017/18, which would be very significantly short of NHSI's Control Total expectations.</p> <p>BS stated that the Trust should do everything it could to ensure it achieved the control total. The Committee requested a paper be prepared as a matter of urgency which considered the potential for reducing costs, in a patient safe manner both within the Trust and outside (eg NAA).</p> <p><b>Action:</b>  <b>For TEG to produce a paper with proposals on how the Trust was going address any budgetary shortfall to present to future Trust Board/BDM.</b></p> <p>JN thanked AC for the update.</p> <p><b>Approval:</b>  <b>The Finance and Investment Committee noted the update although there were significant concerns expressed about achieving the control total and indeed achieving a break-even position. The risks with the contract negotiations and with PTS tenders were noted and were also a cause for concern. The Finance and Investment Committee gained very limited assurance on the achievement of the Financial Plan 2017/18 and Budget.</b></p> <p>LM and MP left the meeting at 1135 hours.</p>	<p>RDT</p>
<p><b>5.0 For Assurance: Contracts:</b></p> <ul style="list-style-type: none"> <li>• <b>Vehicle Spares</b></li> <li>• <b>Vodafone</b></li> <li>• <b>PTS Vehicles</b></li> </ul> <p>DMi and JLo joined the meeting at 1140 hours.</p> <p><b>Vehicle Spares</b>  The Finance and Investment Committee noted the paper.</p>	

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<p><b>Approval:</b> The Finance and investment Committee noted the paper and recommended the paper to the Trust Board.</p> <p><b>Vodaphone</b> The Finance and Investment Committee noted the paper.</p> <p><b>Approval:</b> The Finance and Investment Committee noted the paper and recommended the paper to the Trust Board.</p> <p><b>PTS Vehicles</b> The Finance and Investment Committee noted the paper.</p> <p>The Committee discussed whether it was prudent to enter into such an investment when the service had lost the Hull contract and the outcome of the South Yorkshire bid was not known.</p> <p>JLo explained that of the PTS lease vehicles that the Trust had that 25% of these were approaching the end of life cycle. There were 124 vehicles that were over 9 years or older.</p> <p>The Finance and Investment Committee questioned whether the Trust would have too many vehicles if the lease contract was taken up and further PTS contracts were lost. The Committee required further assurance on this to be included in the paper to the Trust Board.</p> <p><b>Action:</b> RDT To review with PTS and decide on next steps including any further assurance in relation to whether the Trust would have too many vehicles if the lease contract was taken up and further PTS contracts were lost before being provided to the Trust Board.</p> <p><b>Approval:</b> The Finance and Investment Committee noted the update but required further assurance in relation to whether the Trust would have too many vehicles if the lease contract was taken up and further PTS contracts were lost before being considered by the Trust Board.</p>	<p>RDT</p>
<p><b>8.0 For Assurance: Doncaster Hub Business Case</b> DMi outlined the Doncaster Hub Business Case which proposed the relocation of the current ambulance stations at Doncaster and Bentley to a new hub building in Doncaster with supporting spoke facilities and integrated vehicle preparation.</p> <p>DMi advised that the Trust no longer use the term 'Make Ready' as it was trademarked; the current term to use within the Trust was 'Integrated Vehicle Preparation'.</p>	

	<b>Action</b>
<p>The Committee noted the preferred option for the Doncaster Hub site. The site had good transport links being near to both the M18 and the A1(M) and being located only 1.3 miles from Doncaster city centre. The site was two acres of a 20 acre site of undeveloped land which was owned by Doncaster Council.</p> <p>DMi outlined a number of risks to the Committee including:</p> <ul style="list-style-type: none"> <li>• Delays in commitment of funding to purchase the site would leave the Trust exposed to regulatory risks;</li> <li>• The cost of the site may exceed the project budget;</li> <li>• The Council's timescales may be longer than expected which could delay completion of the purchase and cause the expenditure to fall into the next financial year;</li> <li>• Surveys could identify problems which were either too complex or too expensive to address which would make the site unacceptable;</li> <li>• Outline planning permission for the hub may not be granted which would make the site unacceptable.</li> </ul> <p>AC remarked that the hub and spoke would be funded from cash reserves that the Trust had built up but that NHSI would have to sign-off the use of that funding. He was concerned that the Trust would commit to purchasing the land and then NHSI would not approve the expenditure; he felt this was a potential risk. DMi advised that this risk was on the Hub and Spoke risk register.</p> <p>JLo explained that discussions continued with NHSI in this regard and there was no indication at this stage that the expenditure would not be approved by NHSI.</p> <p>DMi assured the Committee that all risks continued to be thoroughly monitored.</p> <p>The Committee was informed that the hub and spoke model would have workforce implications such as meal breaks being taken at a spoke. Regular meetings had been undertaken with DMi to discuss this and the implications for the changes in rotas and recruitment.</p> <p>DMi confirmed that work was progressing on the business case for the next hub and spoke site.</p> <p>JN thanked DMi and JLo for the presentation and the update.</p> <p><b>Approval:</b>  <b>The Finance and Investment Committee noted the update and the progress made to date and gained the appropriate assurance that the project was being managed effectively.</b></p>	



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<b>9.0</b>	<b>Dates and Time of Next Meeting:</b> 8 December 2016 - 1400-1700	

**CERTIFIED AS A TRUE RECORD OF PROCEEDINGS**

\_\_\_\_\_ **CHAIRMAN**

\_\_\_\_\_ **DATE**