



Extraordinary Finance & Investment Committee (F&IC) Minutes

Venue: Kirkstall & Fountains, Springhill 1, WF2 0XQ

Date: Tuesday 15 March 2016

Time: 1100 hours

Chairman: Mary Wareing

Membership:

Mary Wareing	(MW)	Non-Executive Director & Chairman of F&IC
Pat Drake	(PD)	Non-Executive Director
John Nutton	(JN)	Non-Executive Director
David Macklin	(DM)	Executive Director of Operations
Robert D Toole	(RDT)	Executive Director of Finance & Performance (Interim)
Alex Crickmar	(AC)	Associate Director of Finance
Roberta Barker	(RBa)	Interim Associate Director of HR

Apologies:

Pat Drake	(PD)	Non-Executive Director
David Macklin	(DM)	Executive Director of Operations
Alex Crickmar	(AC)	Associate Director of Finance
Ronnie Coutts	(RC)	Non- Executive Director

In Attendance:

Anne Allen	(AA)	Trust Secretary (Observing)
Barrie Senior	(BS)	Non-Executive Director (Observing)
Mark Phillips	(MP)	Financial Performance Manager
Ian Walton	(IW)	Deputy Director of Operations

Minutes produced by:

Joanne Lancaster	(JL)	Committee Services Manager
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	The meeting commenced at 1105 hours.	
1.	Introduction and Apologies MW welcomed everyone to the meeting and apologised for the delayed start of the meeting. Apologies were noted and Chairman (MW) explained that RC would no longer be phoning in to the	

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<p>meeting but he had submitted his observations and questions prior to the meeting.</p>	
<p>2. 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.</p>	
<p>3. For Assurance and Discussion: Draft 2016/17 Budget Setting including Cost Improvement Programme (CIP), Revenue and Capital Budgets, Balance Sheet and Cash Flow RDT outlined the details of the paper which presented the F&IC the proposed income and expenditure budgets, capital plans and Cost Improvement Programme for 2016/17.</p> <p>RDT advised that he would provide context and background to the paper before moving on to the paper proper.</p> <p>RDT explained that there were 6 main contracts that were being taken forward this coming year. The largest of these was the A&E Operations contract. RDT advised that a robust Business Case had been put to Commissioners that was in line with YAS' A&E Transformation Plan. The contract was a proposed block contract and YAS had requested £184m which included a 1.1% inflationary adjustment (compensation for the 3% increase in National Insurance) plus £1.6m to support the Clinical Management restructure.</p> <p>RDT advised that to date Commissioners had offered £178m and YAS had firmly rejected this offer adding that it was likely to go to mediation by close of play that day.</p> <p>RDT reported that in terms of the NHS 111 contract that Commissioners had failed to address the request for a Capacity and Demand Review. YAS would require this year's funding plus activity growth and national tariff uplift of 1.1% (as A&E). No meeting had been arranged with Commissioners to date despite repeated requests from YAS. The Trust intended to put the Commissioners on formal notice.</p> <p>RDT referred to the PTS where there had been significant requirement to increase the South contract price requested as out of contract and well below current market and existing prices charged elsewhere. YAS had calculated a more realistic cost per journey from what was funded at the moment and the Trust were waiting for the Finance Director to come back to YAS on this. For North, East and West - CCGs were all proposing only the 1.1% funding growth.</p> <p>YAS had received a general notification from commissioners and RDT would advise the Trust to go to local mediation adding that as to date the link for the arbitration process had not been updated on the website. YAS were seeking clarification on the process from the TDA. Furthermore, the consultation process did not finish until the</p>	

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<p>following day.</p> <p>RDT advised that there were weekly meetings taking place with the lead Commissioner for A&E.</p> <p>Discussion took place around the complexities of the CCGs/Trusts and the inter-relationships linked with the financial status of each. Activity and performance by YAS in the various areas was discussed.</p> <p>RDT explained that the Budget Setting paper was very similar to that presented at F&IC on 3 March and therefore he would highlight the changes rather than go through the full report.</p> <p>RDT referred to the Summary Bridge Chart 2016/17 Initial Draft to Revised 2016/17 Plan that was detailed at page 4 of the report. He advised that the outturn position had not been changed and remained at £2.1m.</p> <p>RDT advised that given the uncertainty of the contract settlement for A&E, at this stage the £1.6m resource for A&E management restructure had been withdrawn from the A&E budget and deposited within a specific reserve subject to contract settlement.</p> <p>RDT reported that £112k had been set aside for 3 additional posts following the introduction of a Performance Assurance Team as part of the portfolio review.</p> <p>RDT outlined additional cost pressures totalling £139k relating to strengthening Estates staff structure, Freedom to Speak Up Officer, and a slight amendment to the Fleet structure.</p> <p>RDT advised that there should be a cost neutral Business Development restructure. This would strengthen capacity in the team, particularly in regard to contracts and bid writing.</p> <p>RDT informed the Committee that £785k would be released from the original identified £800k cost pressures / transformation reserve (as outlined in the 3 March draft budget) to fund the net cost of the pressures identified.</p> <p>MW stated that she understood the premise of the bridge-chart but that she would welcome an overview of the impact if the contract negotiations were not concluded in YAS' favour, what contingencies were in place to protect statutory services and what options would be available to the Trust.</p> <p>RDT guided the Committee through the presentation 'A&E Trajectory 2016/17'.</p>	

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<p>The presentation considered trajectory considerations including Quality & Efficiency Savings (CIP)/Band 6 funding requirements, Ambulance Quality Indicators (AQIs) process changes and ARP1.</p> <p>RDT referred to the AQIs and advised F&IC that YAS appeared to have been compliant with good practice as clarification of processes / changes in reporting appeared not to have impacted YAS RED 2 performance as much as others. This may be demonstrated as outlined by its national weekly standings compared to other ambulance services. This performance achievement had been managed by DM and team who had continued to release staff for training and had used private provision appropriately. RDT advised that the AQI changes had had a c.6% impact on Red 1 performance.</p> <p>RDT commented that it was important to understand current Red demand and that there would likely to be a continued increase in demand into 2016/17.</p> <p>Discussion took place around the proposed management restructure and whether this should proceed as intended to effectively manage the workforce to achieve the desired productivity and performance results.</p> <p>RDT advised that day to day management should be reviewed to consider whether it sat within an effective performance management structure. Resource and activity planning required priority attention to get this right going forward.</p> <p>Discussion took place around ARP2 and RDT advised that YAS was in discussions with NHS England in this regard and had signposted Commissioners to NHS England for information. RDT confirmed that contract negotiations had been based on the current Red 1 and Red 2 trajectories.</p> <p>JN asked about the performance penalties and RDT explained that Commissioners stated that these would be applied as per the National contract adding that he acknowledged that there was a risk to the Trust around the penalty.</p> <p>RDT guided the Committee through YAS' request to the Commissioners and the Commissioners offer, RDT advised that the tables detailed at page 6 of the report highlighted various cost pressures and the resulting gap and possible mitigations against these.</p> <p>RDT clarified that it was unlikely that Clinical Supervisors would become supernumerary by April 2016. IW added that without additional staff the new rotas could not be implemented and Clinical Supervisors could not be released.</p> <p>JN raised concerns about hospital handovers.</p>	

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<p>RDT advised that this was arguably the CCGs (not YAS's) responsibility adding that this should not be seen as an isolated issue but should be addressed through a whole system approach and was linked to the patient pathway challenges across the health (and social care) system.</p> <p>RDT informed the Committee that the Trust had set aside a contingency of reserve of 1% / £2.3m as a result of the funding for the A&E transformation programme and other programmes (for example, Make Ready) being released to budgets. RDT explained this would support improved accountability and financial management of service lines against budgets. [REDACTED]</p> <p>[REDACTED]. He added that the release of central reserves to relevant budget holders should increase accountability. RDT further advised that there was still some further work to do on aligning budgets to budget owners.</p> <p>MW stated her belief that improvements had been made to budgetary control but acknowledged there was still more work to do in this regard.</p> <p>RDT advised that the Cost Improvement Programme would deliver approximately 3.4% savings a challenge greater than the national efficiency requirements for providers in the NHS.</p> <p>BS commented that there had been under achievement against CIPs.</p> <p>RDT responded that there had been an improvement in aligning delivery to actions and ensuring that robust plans were in place to manage the process by service lines. The Finance Team were now also in a better position to support service lines identify and monitor opportunities with substantive roles filled.</p> <p>MW expressed concerns around the CIPs that were not on schedule to deliver the savings with a number being Red rated and asked that when the paper was presented at Board there was clarity around when the savings would be delivered.</p> <p>Action: Clarity around timescales for deliverability of CIPs.</p> <p>MW advised that in terms of the Revenue part of the Budget that the Committee were supportive of the approach. She asked that the paper to Board should address:</p> <ul style="list-style-type: none"> • Clarity around the Cost and Budget Controls in Q1 and Q2; • Options on potential settlements and impact on performance; • Clarity on CIP risk and timescales for deliverability. <p>RDT advised that the Capital Budget for 2016/17, totalled £15.3m and was a slight increase to that which had been presented to F&IC</p>	<p>RDT 2016/005</p>

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<p>on 3 March. The process to arrive at the Capital Budget had been robust and detailed and there had been two review meetings with budget / stakeholders to scrutinise their budget requests.</p> <p>RDT outlined the most significant parts of the Capital Plan:</p> <ul style="list-style-type: none"> • Replacement of 115 A&E vehicles and associated medical equipment; • Replacement of HART vehicles and equipment in line with the national specification; • Supporting statutory and mandatory compliance on Estates; • Supporting priority ICT developments and maintaining current systems; • Completion of first phase of new Hub Station at Doncaster. <p>RDT updated the Committee on the disposal of Gildersome station.</p> <p>AA queried that variance between the amount on the spreadsheet that RDT was projecting on screen and the amount stated in the agenda papers. RDT confirmed that the agenda papers were up to date and correct and that the screen projection was that of the marginally different position as published for the second review.</p> <p>MW stated her belief that this was a pragmatic way forward.</p> <p>AA questioned whether control of the Capital Plan would come under the remit of the Project Management Office.</p> <p>RDT responded that it would be appropriate that it would be managed through the PMO.</p> <p>MW questioned why ePRF was not in the Capital Plan.</p> <p>RDT explained the situation with the ePRF procurement process and advised that the Trust would move on to a paper based system for an interim period before securing a new ePRF system. YAS was working with NWAS on this process. RDT added that lessons would be learnt from YAS' previous experience with an ePRF and the roll-out to staff.</p> <p>RDT confirmed there would be a paper on ePRF to F&IC in May.</p> <p>MW stated her belief that the budget papers for the coming financial year had provided more information to the Committee and she commended all those involved in the process for that achievement. She acknowledged that there was still work to do but that the Committee would be happy to recommend the Budget 2016/17 to the Board subject to any further amendments that might be required once contracts had been agreed.</p> <p>Approval: The F&IC noted the updated paper and recommended:</p>	

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	<ul style="list-style-type: none"> • F&IC supported the proposed income and expenditure budgets, capital plans and Cost Improvement Programme for 2016/17; • That the final income and cost budgets for A&E were updated in line with the Commissioner offer once confirmed, and that there should be further discussion at Board about the appropriate mitigations should there be a gap between requested and funding and the eventual contract.; • Noted the financial risks highlighted in section 4 and section 10 of the paper; • Recommended that the budget setting paper was presented to the Board. 	
4.	<p>For Assurance: Contracting and Business Update (Including Gateway Process) MW stated that this had been covered when discussing the previous agenda item.</p> <p>RDT updated the Committee on the 111 East Midlands bid and advised that the team were there today to answer points of clarification and additional questions. The announcement of the winning bid would take place on 29 March.</p> <p>JN asked if there would be likely to be any legal claims.</p> <p>RDT advised that clauses had been written into the bid against any historical potential legal claims absolving YAS of responsibility should they be successful in the bid.</p> <p>Approval: The F&IC noted the updated report and were assured that the Contracting negotiations were being managed effectively and were supported ongoing business developments.</p>	
5.	<p>For Assurance: Purchase of 81 end of lease defibrillators RDT outlined the report which provided details of the purchase of 81 end of lease defibrillators as per the Trust's Business Plan 2015/16.</p> <p>RDT advised that an opportunity had arisen to purchase 81 devices which were at the end of their lease agreement but still had 5 years recommended lifespan. The purchase of these would release the rental budget as a Cost Improvement. The Trust would continue to be responsible for ongoing maintenance as they were under the lease agreement and therefore there would be no ongoing revenue costs.</p> <p>MW asked if the cost of maintenance increased towards the end of the equipment's lifespan. IW responded that the equipment was serviced annually and that they were a robust piece of kit.</p>	

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	<p>RDT confirmed that the lease company did not normally extend the lease and MW asked that point around lease options be clarified in the paper for Board. JN also commented on lease arrangement opportunities and evaluation.</p> <p>Approval: The F&IC noted the update and supported the purchase of the 81 end of lease defibrillators in line with the Trust's 2015/16 Business Plan and original business case.</p>	
6.1	<p>For Assurance: Conversion of Fleet Vehicles – DCA Lease Replacements</p> <p>RDT outlined the paper which provided background information required to support the approval and Contract Award for the conversion of 115 A&E DCAs.</p> <p>RDT advised that as part of the replacement programme YAS had procured 115 [REDACTED] chassis. These vehicles would then be used as the basis for an Ambulance conversion. It was the conversion of these 115 vehicles that had been procured and for which a contract award decision was now required by the Trust Board.</p> <p>RDT outlined the scoring allocations used in the procurement process around quality/financial.</p> <p>MW asked for assurance that the difference in price was covered within the tender.</p> <p>RDT responded that the winning provider would fund a Paramedic on site who would help them with the conversions to ensure that they were workable for staff.</p> <p>Approval: The F&IC noted the updated report and recommended the paper to be considered by the Trust Board.</p>	
6.2	<p>For Assurance: Conversion of Fleet Vehicles – RRV Lease Replacements</p> <p>RDT outlined the details of the report which provided the background information required to support the approval and Contract Award for the lease of [REDACTED] RRVs, in line with the replacement profile and the Fleet Strategy.</p> <p>Discussion took place around the report and RDT confirmed this represented the best value for the Trust.</p> <p>Approval: The F&IC noted the update and agreed to recommend the paper to the Trust Board for approval.</p>	

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7.	<p>For Assurance: Six Month Review – Vehicle Replacement profile 2016/17</p> <p>RDT outlined the details of the report which sets out the Trust-wide Fleet Vehicle Replacement profile 2016/17 – 2020/21 based on the replacement criteria within the Fleet Strategy.</p> <p>RDT advised that there was a 3-5 year plan for the whole of YAS' fleet. PTS would require a stock check as their contract was due to expire in 2016/17.</p> <p>Discussion took place around DCA's as opposed to RRVs and IW advised that ORH feedback was due shortly.</p> <p>MW asked that the report be refreshed once ORH feedback had been received and that reviews were built into the process so that the Trust was in a safer position.</p> <p>Approval: The F&IC noted the update and accepted the assurance on Fleet subject to a longer term fleet plan being in place.</p>	
8.	<p>Summary of items to take forward to Trust Board for approval</p> <p>The following items were recommended to the Trust Board:</p> <ul style="list-style-type: none"> • Budget Setting 2016/17 including Cost improvement Programme, Revenue and Capital Budgets, Balance Sheet and Cash Flow • Purchase of 81 end of lease defibrillators • Conversion of Fleet Vehicles – DCA Lease Replacements • Conversion of Fleet Vehicles – RRV Lease Replacements • Sale of Gildersome Station (from 3 March F&IC), subject to any further offers received at BAFO stage. • Contract for Supply of Electricity (from 3 March F&IC) <p>The meeting finished at 1350 hours</p>	
9.	<p>Date and Time of Next Meeting: 12 May 2016 - 1400-1700 - Kirkstall and Fountains, Springhill 1</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**