



Finance & Investment Committee (F&IC) Meeting Minutes

Venue: Boardroom, Springhill 2
Date: Thursday 10 May 2012
Time: 1000 hours

Attendees:

Name	(Initials)	Title
Roger Holmes	(RH)	Non-Executive Director (Chair)
David Whiting	(DW)	Chief Executive
Elaine Bond	(EB)	Non-Executive Director
Rod Barnes	(RB)	Executive Director of Finance & Performance
Joanne Halliwell	(JH)	Associate Director for Business Development

Observing:

Richard Roxburgh (RR) Non-Executive Director

In attendance:

Anne Allen (AA) Director of Corporate Affairs & Trust Secretary
Anna Rispin (AR) Assistant Director of Finance

Apologies:

Pat Drake (PD) Non-Executive Director

Minutes

produced by: Jo Wilson (JW) Executive PA to Executive Director of Finance & Performance

		Action
1	INTRODUCTION & APOLOGIES Apologies were noted as above.	
2a	MINUTES OF THE LAST MEETING The minutes of the meeting held on 6 March 2012 were agreed as a correct and accurate record with the following amendments: Page 3 – When referring to the gold command centre in SH this should be noted as Springhill. Page 4 – There is less emphasis on EFL but this is still a national target. Page 5 – Savings from approved schemes should total £10.3m and not	JW JW JW

		Action
	<p>£11m as stated.</p> <p>Page 7 – It was confirmed that the capital plan for 2012/2013 was approved by the Trust Board in April.</p>	<p>JW</p>
<p>2b</p>	<p>ACTION LOG & MATTERS ARISING The action log was discussed and updated. The remaining open items were covered on the agenda.</p> <p><u>Action 2011/17</u> Changes to the LTFM are regularly reviewed at F&IC meetings. This action is now closed.</p> <p><u>Action 2011/23</u> Detailed commentary on A&E schemes had been circulated. This action is now closed.</p> <p><u>Action 2011/25</u> The service line reporting timetable detailing implementation of these plans had been circulated. This action is now closed.</p> <p><u>Action 2012/4</u> Feedback on the HDD action plan from NED's to Fiona Barr has been received. This action is now closed.</p> <p><u>Action 2012/5</u> Agreed amendment to the F&IC Terms of Reference have been made and submitted to the March Trust Board. This action is now closed.</p> <p><u>Action 2012/6</u> The Finance Communications Plan is not required to be included in the 2012/2013 workplan. This action is now closed.</p> <p><u>Action 2012/7</u> CIP business cases are to be covered in the meeting on 10 May 2012. The action is now closed.</p> <p><u>Action 2012/8</u> The workplan has been revised in light of the discussion at the last meeting and the Committee are happy to proceed with this as it stands. This action is now closed.</p> <p><u>2012/9</u> Financial Reporting Review is covered on the agenda in the meeting on 10 May 2012. This action is now closed.</p> <p>Whilst the Committee will receive a verbal update of the year to date performance it was requested that a year-end document is to be produced.</p> <p>Following the business planning workshops, the Private and Events</p>	

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	business case will be completed and brought back to F&IC.	
	Action RB to speak to the person leading on this business case. AA to pick this up as an agenda item for the 29 May Private Board meeting.	RB/AA
2c	Workplan The workplan has been revised in light of the discussion at the last meeting and the Committee are happy to proceed with this as it stands.	
3	Review of Members Interests There were no interests to be declared in relation to the agenda.	
4	Update on Current Tenders Active JH advised that the only current active tender is the 111 bid. The tender identification process is still in place but there are no suitable tenders on the horizon at the moment. Within PTS the delivery of the contracted KPIs in the Hull and East area presents a risk of retendering, although a number of improvements made in this area. Dialogue is ongoing with the cluster and PCT leads and the last commissioners meeting was very positive.	
5	Investment/Treasury KPIs RB updated the committee on the year end position: <ul style="list-style-type: none"> • Year end task are progressing well • The draft accounts have been submitted on time • The capital reserve limit is £2k under the approved CRL • EFL has been achieved • The Trust has been commended by Leeds PCT and the SHA for delivering it's 2011/2012 financial targets • Year end cash came in on balance £4.8m • The month 1 cash flow has been finalised with the only issue being late receipt of contract payments from commissioners but this has now been resolved and received. The Committee noted this update and congratulated the Finance team for their efforts. The Committee agreed that they were receiving sufficient assurance on KPIs and year end assurance.	
10	Update: PTS This item was moved up the agenda due to RB having to leave the meeting early.	

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	<p>RB advised the Committee that Unipart Expert Practices had been engaged to conduct a diagnostic on PTS South and gave a flavour of the work being undertaken including:</p> <ul style="list-style-type: none"> • Methodology and process focused on in the review • The emphasis is on staff engagement and they see this as a key to success • Key elements of the staffing change • Process mapping and data analysis • Recommendations and KPI improvement quick wins • Business case. <p>The Committee thanked RB for this update and were encouraged by the improvements.</p>	
6a	<p>CIP Delivery Update and five year review</p> <p>RB introduced these papers advising that slow but steady progress is being made in developing CIP business cases. The aim to have completed business cases for all 2012/2013 schemes by the end of April 2012 would not be achieved.</p> <p>A full day workshop with senior management took place at the beginning of May and this proved productive but going forward directorates would be expected to take a more proactive role in developing CIP plans.</p> <p>The business cases presented at the meeting were a significant improvement on previously submitted documents. RB advised that he was confident that these documents will be in place for HDD2 but we cannot underestimate the degree of work involved in producing these. The big hitter business cases are Clinical Hub and Hear and Treat and Sue Hilliard is working with the Operations team to complete these in May.</p> <p>The £10m savings target for CIPs has not yet been fully identified, with £8m identified at the moment. Moving into HDD2 we need to have fully developed business cases for years one and two.</p> <p>Throughout May and June full day CIP workshops will continue until these business cases are completed.</p> <p>Following discussion it was noted:</p> <ul style="list-style-type: none"> • All business cases should be signed off and if electronic copies are circulated it must be noted that signatures have been gained • Very few business cases have the required detailed financial breakdown and those that do differ in format • The template could be improved by the addition of IRR or simple payback and whether any expenditure (capital or revenue) is in the current financial plan 	

	Action
<ul style="list-style-type: none"> • Timescales would benefit from a standardised template as many different formats have been used • Templates should be kept simple so not too lengthy. • It was questioned as to what is the performance management process for delivery. It was advised that this is managed through an interim structure at the moment. Regular CIP meetings are chaired by Karen Warner whilst awaiting the appointment of the Directorate Transformation Manager. This new role will support the change programme which the Trust needs to go through to ensure that we have the correct staff with the right skills to deliver this change • It was questioned how we know we have succeeded and where is the measure of success documented? RB reported that progress against delivery of each scheme is RAG rated and reported at the CIP meetings with overall progress reported at TEG and SMG. PD said that the success criteria need to include softer factors which will be reviewed in the Quality Committee • Confirmation was requested that the CIP process was being driven by the whole of the Executive Team and not just Finance. It was confirmed that following discussion at TEG meetings it was agreed that the whole team need a better hands on approach and that the tasks are delegated to those individuals who have the skills required to deliver this programme. <p>DW arrived at 10.35am.</p> <p>It was questioned how much of a risk is this to Foundation Trust status if these cost improvement savings are not achieved? DW spoke about the commitment of the Executive Team and Senior Management Team confirming that further drill down meetings and performance management will take place focusing on cost improvement and therefore minimising the risk.</p> <p>How the Trust engender cultural change was questioned? DW advised that he has been involved in opening lots of clinical leadership sessions and has used this opportunity to talk about the financial envelope and the size of the challenge in terms of cost improvement. Reaction has been that staff are surprised that this has not been picked up already and have a realisation and understanding that we have to reduce our costs going forward and the areas we need to look at.</p> <p>The Committee noted that the Cost Improvement Programme is not as far advanced as they would have hoped so cannot be assured at this point that the savings will be achieved. However they were happy to note the assurance from RB but need to see other major business cases as and when they are produced, even circulation by e-mail for comment if required.</p>	
<p>Action RB to circulate an e-mail to Committee members at the end of May</p>	RB

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<p>providing an update of the progress with this programme.</p>	
<p>6b CIP Business Cases</p> <p><u>Effective sickness management</u> The committee reviewed the business case and the following was noted of questioned:</p> <ul style="list-style-type: none"> • Very woolly in terms of metrics with no costings included • Targeted intervention is noted as through HR support when it was felt that this should also be through line management • Need to ensure that the established policy and processes are followed • There is a need to focus on the areas of highest sickness and ensure these are resolved • Sickness absence and performance management was picked up very successfully two years ago when an Associate Director was given this area to focus on • The reference to clinical quality and patient safety implies that we are not providing this standard of service • A standard timescale template would help in terms of phasing. • It was suggested that this business case needs a re-write and is not currently fit for purpose • Champions and a clear project lead are required to deliver this scheme • Operational senior leads need to be fully supported by the HR function. 	
<p>Agreement and Action The Committee agreed that this business case needs to be re-thought in terms of substance and presentation to allow the delivery of the savings.</p> <p>This will be circulated again at the end of May.</p>	<p>Stephen Moir</p>
<p><u>PTS Subsistence</u> The committee reviewed the business case and the following was noted or questioned:</p> <ul style="list-style-type: none"> • There is a feeling that there is a want to change things in this paper • A similar result could have achieved by requesting a receipt but understand that this is the agreed way forward. • It was questioned whether there was the leadership and ability to deliver this scheme? It was confirmed that there needs to be a senior management decision taken regarding meal breaks. • It was queried whether this process is consistent with Agenda for Change standard expense rules or particular to PTS? This 	

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<p>process is designed to capture exceptions. The Agenda for Change terms of reference advised staff that they are entitled to claim £5.00 if they are away from base for more than 5 hours.</p> <ul style="list-style-type: none"> • It was noted that it is encouraging that there is a documented plan to deal with and track this. • It was questioned how enforceable this process is? • It was confirmed that this business case, along with all the others have been through director and initial finance sign off but have not yet through TEG or Quality Committee. • It was queried whether we are going to report by exception where a scheme is not hitting its target and it was confirmed that this would be reported on a scheme by scheme basis <p>The committee agreed that they were happy with this business case pending checks on the meal breaks policy.</p> <p><u>Springhill Rent</u> The committee reviewed the business case and the following was noted of questioned:</p> <ul style="list-style-type: none"> • If required, the loan from DoH would be repaid at the national loan fund fixed rate over 20 years • There would be a separate business case to authorise this loan. • Dilapidations etc were discussed • The risk of relocation if we do not purchase the building and the landlord decided to sell? • As the Trust are paying over and above the market rate it is not in our interest to continue paying rent and still pay for any improvement/repairs • It was confirmed that recommendation in the business case was to either purchase the building or negotiate a reduction in the rent • The Committee would like to see other options in the form of a scoping exercise for comparison • It was questioned what if we do not achieve Foundation Trust status? <p>RB has the opportunity to meet with Mark Squires, Associate Director, Support Services and a potential new landlord next week. The Trusts lease agreement will stand and we can enforce this lease until 2018. Therefore there is an opportunity to negotiate a reduction in the rent. An external property agent would be used for this negotiation.</p>	
<p>Action It was agreed that this business case should come back to the F&IC and should include a rough cost of dilapidation and relocation and any other options available to us before this is presented to the Trust Board.</p>	RB
<p><u>Emergency Operations Centre (EOC)</u> The committee reviewed the business case and the following was</p>	

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<p>noted of questioned:</p> <ul style="list-style-type: none"> • A review of management structure has been undertaken but this does not come out in the business case • National benchmarking exercise • Should this be split out into two business cases to strengthen the core and dispatch and then support elements in control • This is good in terms of timescale • Required detailed financial breakdown • Organisational charts are required • This business case needs to be turned around quickly as this need to be agreed by end of May 2012 • The principle seems the right thing to do but needs further detail. 	
<p>Action The Committee were happy with this business case but need to see further detail in terms of organisational charts to understand this change.</p>	RB
<p><u>Reduction in A&E Overtime Spend</u> The committee reviewed the business case and the following was noted of questioned:</p>	
<p>Agreement Whilst some risk are recognisable within the business case. the Committee were happy to agree this as part of our CIPs.</p>	
<p>Action The Committee are looking for other major CIPs to be circulated by the end of the month together with an overall picture of how the Trust is progressing against the overall CIP target.</p> <p>The Quality Committee are looking at the quality impact of these business cases.</p>	RB/DWi
<p>8a LTFM Review Alex Crickmar (AC) arrived at the meeting at 11.40am and introduced himself to the Committee.</p> <p>AC presented this item advising that a new version of the model has been provided by Monitor within the last week, which is currently being worked on. The key changes to the new version of the model include:</p> <ul style="list-style-type: none"> • KPI Tab – Detailed KPIs required by Monitor which must link to CIPs • Significant Investment Tab – Captures details of any significant transactions/investments in line with the compliance framework, primarily for use on Transferring Community Services (TCS) 	

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	<p>transactions</p> <ul style="list-style-type: none"> • Balance Sheet – Reduction in the number of input tabs and historic years now in an IFRS format • I Activity Memo – Explains the reasons behind key movements in activity (eg demographics, CIPs, repatriation of services etc). <p>There is a revised timetable for completion by the end May 2012 for internal review and subsequent first review by the Trust Board on 6 June 2012.</p> <p>The main areas to be worked on within the next couple of weeks include confirmation of income and cost assumptions. This will include the impact of the 2012/2013 signed contracts and CIP plans.</p> <p>Monitor training feedback was discussed including board members understanding of KPI figures, reasons behind movement in activity and CQUIN targets, board to board discussions, contingencies within the base case. Monitor will also obtain commissioner views and review historic performance.</p>	
	<p>Action</p> <p>It was agreed that F&IC need visibility of reserves going forward at future meetings.</p>	RB
	<p>The Committee thanked AC for this presentation.</p>	
<p>8b</p>	<p>LTFM/IBP Risk Review</p> <p>RB presented this review and gave the Committee of an overview of the FT financial viability under downsides and mitigations including:</p> <ul style="list-style-type: none"> • FT timescales • Scheme priorities • Monitor guidance • Approach and outputs • Estates strategy and delivery • Mitigations • DH Assessor tips • Downside risks and how these need to be tied into the Risk Register <p>The Committee found this presentation very useful ahead of HDD2.</p> <p>RB and AC left the meeting at 12.45pm.</p>	
<p>9</p>	<p>Financial Reporting Review Update</p> <p>AR updated the Committee on the recent restructure within the Finance Department:</p> <ul style="list-style-type: none"> • The consultation period has now been completed • All staff have been internally interviewed and every has been 	

		Action
	<p>offered a post</p> <ul style="list-style-type: none"> • Two members of staff are on long term sickness • The Financial Planning Post is out to advert • The Financial Planning Manager should be in post within four months. 	
10	<p>Update: HART There were no updates to be given in relation to HART.</p> <p>Update: 111 Tender Review</p> <p>Update: ECS JH presented this business case that had been developed over the last year by our programmes and project team with support from the SHA, finance, business development functions and commissioners.</p> <p>The Committee reviewed the business case and the following was noted or questioned:</p> <ul style="list-style-type: none"> • The Committee sought clarity at what they were being asked to recommend? It was confirmed that the six different supplier options give an idea of the depth of the individual component parts of this complicated case and the combination of these options. The preferred option would be Option 3 18 month deployment of ECS across the Trust that would deliver 5% • Commissioners funding commitment was questioned. It was confirmed that this funding would form part of this year's A&E negotiations and funding for the business case has been built into their financial schedules • It was agreed that there needs to be a written commitment from the Lead Commissioner that this will be funded going forward and that this will form part of the handover discussions • Operationally, it was questioned as to whether this constrains our use of private providers. It was confirmed that this would not have an impact on this because there will be times when we need to use hard copies. Thermal printers will be installed in all vehicles • Receiver units were discussed and it was noted that there was a need to engage with the programme and provide the infrastructure. Hard evidence of this engagement is required. 	
	<p>Action JH to seek written commitment from the Lead Commissioner that this will be funded going forward and that this will form part of the handover discussions.</p>	JH
	<p>The Committee agreed that this was a very good and well presented business case and will be recommending to the Trust Board subject to the commissioner attitude for implementation of receiver units and funding.</p>	

		Action
14	Any Other Business There was no further business to discuss.	
Date and Time of Next Meeting – Thursday 5 July 2012 – Kirkstall & Fountains, Springhill 1		