



Finance & Investment Committee (F&IC) Meeting Minutes

Venue: Boardroom, Springhill 2
Date: Thursday 8 November 2012
Time: 0945 hours

Attendees:

Name	(Initials)	Title
Elaine Bond	(EB)	Non-Executive Director
Mary Wareing	(MW)	Non-Executive Director
Pat Drake	(PD)	Non-Executive Director
Rod Barnes	(RB)	Executive Director of Finance & Performance
David Whiting	(DW)	Chief Executive

In attendance:

Barrie Senior	(BS)	Non-Executive Director (Observing)
Catherine Balazs	(CB)	Head of Business Development

In attendance part time:

Apologies:

Anna Rispin	(AR)	Associate Director of Finance
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Minutes produced by:

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

		Action
1	Introduction & Apologies Apologies were noted as above.	
2	Review of Members Interests There were no interests to be declared in relation to the agenda items.	
3	Minutes of the last meeting The Committee reviewed the previous two sets of minutes for 6 and 24 September. <u>24 September 2012 Meeting</u> Barrie Senior should be recorded as observing. The minutes were agreed as an accurate record of the meetings.	

		Action
4	<p>Action Log & Matters Arising All actions currently outstanding on the action log were closed.</p> <p><u>2012/28, 2012/29, 2012/30, 2012/34</u> Full briefings of the Finance & Investment Strategy, Business Development Strategy and Service Line Management update and ICT Strategy are to be given in the meeting.</p> <p><u>2012/31</u> Observation feedback from the SHA was circulated at the meeting. This action will be closed.</p> <p><u>2012/32</u> Downside risks were updated following the meeting in September. Some feedback around the templates and will be changed following completion of the Integrated Business Plan and board to board meeting. This action will be closed.</p>	
5	<p>Review of changes to LTFM/Downside Risk RB presented this update highlighting that the main changes were concerning the 111 cost improvement plan and the reference cost position.</p> <p>Commissioners for NHS 111 have confirmed that they are not expecting cost improvement savings in year one of the contract. For 2013/2014 the national operating framework would be used to inform the inflation on 111.</p> <p>In our 2011/2012 Reference Cost Index has reduced from 112 to 109. As a result the decision has been made to take out some corporate mitigations.</p> <p>The Committee agreed that this update had been well summarised so that changes are highlighted.</p>	
6	<p>Year to Date Financial Performance RB provided the Committee with an update on in-year financial performance. Although the Trust are slightly ahead with its planned surplus of £1.12m the Committee were advised of the continued overspend within PTS Hull and East and South Yorkshire contracts and Fleet management.</p> <p>The Committee were also advised that at Month 6 the Trust was slightly ahead in achievement against the Cost Improvement Plan (CIP) although there continues to be slippage in delivery of the sickness management and mealbreak CIP schemes.</p> <p>A more up-to-date version of section 5 of the IBP was circulated.</p> <p>The following was questioned or noted:</p>	

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	<ul style="list-style-type: none"> • Do we have enough in the bank going into the winter period. RB advised that more funding has been made available for November and December but this cannot be sustained at the same level into the new year. Concern was shown that this release of resource may impact on quality in terms of training being cancelled. RB advised that this is being closely monitored- through TEG • PTS and in particular Unipart work was discussed. RB advised that Joanne Halliwell is now the strategic lead for PTS. 	
7	<p>Review Key Financial Risks Status RB provided the Committee with an update on forecast financial risks for the current financial year reflecting the overspend described above.</p> <p>At the beginning of the year the Board Assurance Framework (BAF) and Risk Register (RR) are used to assess key financial risks. At the end of each month the senior finance team assess where current run rate is and the risk on emerging issues eg. CIP delivery, PTS and 111 mobilisation costs.</p> <p>The Trust Executive Group (TEG) meets weekly to discuss pressures and take decisions when these need to be made.</p> <p>Following discussion it was questioned or noted:</p> <ul style="list-style-type: none"> • In the tender for the 111 contract, the mobilisation costs in the months before the service is operational were assumed to be amortisable and were profiled over the five years of the contract life. This treatment has been challenged by the Trust's auditors and therefore costs of £1.3m have been absorbed within the 2012/13 financial position. This will mean that the project will be more profitable in future years. With regard to 111 costs, it was questioned what the Trust could operate differently in future to stop this happening again. RB advised that lessons learned from tendering will be used. Concern was shown over the assurance whether project plans are in place and implemented. RB advised that more executive scrutiny will take place at the Transformation Board. • Some workforce transformation may need to slip into next year given delays implementing changes to meal breaks and on-going discussions with staff side on A&E redesign. • Management Accountants speak to budget holders on a monthly basis to discuss the finance risk register and corporate risk register. This ensures that this robust process allows an organisational view every quarter. 	
8	<p>Finance & Investment Strategy RB gave the committee a verbal update of Chapter 6 of the IBP and how this would be taken forward. The Committee agreed that this would need to be updated and brought back for review on a six monthly basis post Monitor authorisation.</p>	RB

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9	<p>Business Development Strategy Catherine Balazs (CB), Head of Business Development gave a presentation regarding the Business Development/Commercial Strategy. This included the enhanced role of business development supporting operational areas, taking forward tenders and commercial opportunities within the Trust. This presentation incorporated:</p> <ul style="list-style-type: none"> • Scope of the strategy • Market assessment • Pricing strategy • Tender horizon scanning • Planned business activity • Supporting of service lines during the tendering process in order to submit successful tenders • Customer relationship management • How the strategy will support the delivery of the organisational objectives • Stakeholder engagement • Contract management and monitoring • Integrated Business Plan • Opportunities within 111 <p>Following discussion it was questioned or noted:</p> <ul style="list-style-type: none"> • How as an organisation do we avoid missed bid opportunities and if we have decided to bid who decides this is a good bid to proceed? CB advised that there needs to be a simple check sheet escalated through to TEG. This needs to be captured in the framework which should be available to be brought back to the Committee for review in January 2013. This check sheet should cover both operational and financial impacts • Do all bids go through both finance and legal teams? CB advised that this is not the case at the moment. Process mapping is needed so that everyone is clear what their role is within this process • The appointment of a Commercial Director is still in the process of recruitment • It was suggested that the development of the skills of middle managers should be encouraged by placing them in external organisations to go through a tender or bid process and gain valuable experience • When the strategy is considered Paul Birkett-Wendes (PB-W) should be invited to attend to inform discussion • It was questioned where the control of bid approvals sits within the risk register and that it may be useful for this to be brought to the Audit Committee for discussion • Who makes the decision when the bid should not progress further • It was noted that caution should be used when talking to our 	RB/BS

		Action
	<p>competitors who are bidding for tenders in the same market place</p> <ul style="list-style-type: none"> • What business development, transformation and bid/tendering skills do we already have within the Trust. Within transformation 46 expressions of interest have been received and these will be followed up. • The appropriate meetings, including attendees should be built into the strategy • The Trust's market position was discussed The model will show where the Trust are at the moment with current services and where we want to be • An update of where the Trust are with discussions around Telehealth and Telecare was given including the building of stronger relationships with social care • Clear messages of engagement should be given to managers • Within the market position chart, it was suggested that EOC and A&E should be split <p>The Committee thanked CB for the presentation. They supported the direction of travel and it was agreed that the first draft of the strategy would be brought back to the next meeting.</p>	RB/CB Agenda Item
10	<p>Better Payment Practise Code Compliance</p> <p>RB delivered an update of the Trust's performance against the Better Payment Practice Code and the temporary suspension of the invoice scanning implementation project to ensure the difficulties experienced with other recent scanning projects within the Trust would not be duplicated within this project, adversely affecting our ability to pay suppliers in a timely manner.</p> <p>It is anticipated that whilst the Trust will not hit the challenging target of 95%, it will achieve 90% which is not out of alignment with other organisations.</p> <p>Discussion is taking place at the moment to undertake a post implementation review regarding the change to invoice processing within Fleet.</p> <p>The Committee noted this update.</p>	
11	<p>Service Line Management Update</p> <p>RB presented this update including an implementation time-line for service line management aligned to the outcome of the recent market assessment exercise.</p> <p>It was agreed that PTS, Commercial Training and Private & Events would form the first wave of the rollout starting in November.</p> <p>RB advised the Committee that Deborah Ridley has been recently appointed as Finance Directorate Service Transformation Programme Co-ordinator.</p>	

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	It was agreed that once this process is underway, RB would decide whether it was more appropriate for the Committee to review this on a quarterly or six month basis.	RB
12	<p>Commercial Activities Update</p> <p>Private & Events The enhanced market assessment for Private & Events was presented, highlighting competitive forces, development opportunities, current service constraints and issues to be addressed.</p> <p>Following discussion it was questioned or noted:</p> <ul style="list-style-type: none"> • Agilitise, the company who conducted the market assessment, flagged that YAS is significant in terms of events but do not touch on the corporate events market eg providing training for mass casualty events with airports etc. • Private & Events and Commercial Training have advised that they were not receiving the right level of support from Finance and IT. Management capacity and capability in both these functions will be flagged to fulfil the ambitions we have for this service • Commercial opportunities appear to be compromised by the public service training element of the service • The profile of YAS needs to be raised with regard to commercial activities • Should a paper be presented to the Trust Board advising them of the approach and way forward in this area? RB advised that Stephen Moir is undertaking a review of Commercial Training market assessment at the moment. Once this review is completed he will present a paper to TEG and the Trust Board. • There needs to be a synergy with PTS and recognition of where this fits within the cycle • Should YAS staff be using their skills outside of the Trust to benefit our competitors and do they declare to the Trust when they are carrying out this work? If so should their contract be updated to cover such governance issues? PD advised that this matter will be discussed in Any Other Business at the Quality Committee. • Within the market assessment, is there an opportunity to look at the possibility to offer the two services together as a portfolio? RB advised that this is not covered in this report in terms of cross-selling and service delivery but this would be a worthwhile piece of work <p>Commercial Director RB gave the Committee an update on the recruitment to the post of Commercial Director. It had been decided not to appoint from the recent round of interviews but several expressions of interest had been received and the Committee were asked on their views about this</p>	RB

		Action
	<p>vacancy being advertised on NHS jobs.</p> <p>Following discussion, it was questioned or noted:</p> <ul style="list-style-type: none"> • Was the job description a wide enough remit to undertake the role? RB advised that the job description would be revisited prior to this being re-advertised • Should the agency approach be used once again? RB advised that this route was still open but was not confident that any further candidates would be put forward • Does the Commercial Strategy need to be written before appointment of a Commercial Director? RB advised that coming into a new organisation, it would be helpful for the Commercial Director to have their input in this document. <p>The committee agreed that this was a good approach to take to advertise this post through NHS Jobs and possibly LinkedIn.</p>	RB
13	<p>PTS Improvement Project Update</p> <p>RB gave the Committee an update on the PTS diagnostic report covering Hull & East.</p> <p>Following discussion it was questioned or noted:</p> <ul style="list-style-type: none"> • A validation of numbers is required by the Committee in order to discuss the detail • Is PTS sustainable given the profitability? • Is there awareness of whether the Unipart work is money well spent in terms of fees? • Is there a template for review in terms of transformation? RB advised that the transformation programme has a reporting mechanism in place • The project and programme milestones were discussed and the Committee requested reports be brought back to the next meeting to give assurance • The format of the report is fine but the ratings need a further drill down • How is this reported to the Trust Board? RB advised that this is included in the Integrated Performance Report • If assessment of the contribution of Unipart is not picked up as part of the transformation programme group then further reporting needs to be picked up to go through F&IC and the Trust Board • Whilst a large amount of work has been undertaken in the South where there is so much operational capability, if the same is proposed in Hull & East can some of the capability be taken over into this area? RB advised that discussion around management capability and engagement is taking place at the moment • Have middle management been given feedback and targets? • Staff need to be aware that they have confidence from the Board for them to deliver this change 	PBW

		Action
	<ul style="list-style-type: none"> • Are the findings from Hull & East replicated trustwide? • Next steps for the Committee are that they need an oversight of the delivery of the programme • The frequency of meetings to review this transformation was discussed. RB advised that TEG meet to review this two-weekly • How long does the Trust have to turn around the PTS service before we are subject to external tender? RB advised that changes in the landscape are giving us a little bit of breathing space but anticipated that this would be the second part of the next financial year • RB is to meet with Unipart next week to put together a detailed implementation plan. <p>The Committee requested that more detailed progress against the implementation plan be brought back to the next meeting. In particular the Committee requested details of performance against Unipart's recommendations for PTS south and future plans and evidence of the 'payback' of using Unipart as consultants to the Trust. This evidence needs to be presented as part of a whole financial review of PTS, to include the current year overspend, overlaid with cost saving initiatives (developed through the transformation work aided by Unipart) for current and future years.</p>	PBW
	<p>Action PB-W to be asked to provide answers to the two questions above.</p> <p>Detailed progress against the implementation to be brought back to the next meeting.</p>	PB-W
		RB/JH
14	<p>Update on Current Tenders Active CB updated the Committee on the current active tender in progress for a taxi/transport and post service for Bradford Teaching Hospitals NHS Foundation Trust.</p> <p>The Trust submitted the Pre-Qualifying Questionnaire (PQQ) on 19 October and is now awaiting the shortlisting outcome to continue through to the ITT stage.</p> <p>A potential new tender providing first aid training in Middlesboro is on the horizon and the Training team are working on this.</p> <p>The Committee noted this update.</p>	
15	<p>CIP Delivery Update RB updated the committee on the delivery of the Cost Improvement Plan (CIP).</p> <p>All areas are broadly on track with the main areas of slippage being sickness management, reduction in A&E meal break payments and PTS.</p>	

		Action
	Additional CIP schemes and business cases are being developed to strengthen the five year CIP contingency plan. These business cases will be brought back to the F&IC for review.	
	Action The CIP tracker is to be circulated to the Committee.	AR/JW
	<p>Following discussion it was questioned or noted:</p> <ul style="list-style-type: none"> • The Committed suggested that where there are schemes where savings are drastically reduced it would be helpful to have the reason for this incorporated into the commentary. • Concern was shown regarding the issues in sickness management and the Committee requested that at some point they would require a revised opinion and update on this. • It was questioned as to what detail are the CIP group delving into the issues for sickness management and mealbreaks? RB advised that there are lots of challenge in both of these areas. EOC management are introducing new processes within control to ensure more breaks are taken within the appropriate mealbreak window thereby reducing the level of payments made to staff. Sickness management has been a more difficult CIP but again systems and processes are in place and are constantly being monitored. • At what point are CIPs revised or a reserve scheme implemented? RB advised that we are at this point now and Executive colleagues are discussing this. If these decisions are taken between an F&IC then the Board need to be sighted on this. • The F&IC requires a quarterly refresh on changes to CIPs and any reserve schemes implemented. 	AR AR
16	<p>HART/Leeds Hub Update</p> <p>RB presented a paper on progress on the new HART/Leeds Hub site. A site has been identified in South Leeds and a full business case is in the process of being finalised. It was recognised that in order to complete the acquisition before the end of the financial year a special F&IC may need to be convened between now and January 2013 to discuss the business case ahead of submission to the Trust Board and SHA for approval.</p> <p>It was questioned whether the appointment of EC Harris as commercial property consultants had gone out to tender? RB advised that as EC had been awarded the tender previously for the original business case then this covered the whole piece of work on HART.</p>	
17	<p>Any Other Business</p> <p>SHA Observation</p> <p>The Committee noted the SHA observation feedback which was largely complimentary. Another observation may take place in due course</p>	

		Action
	undertaken by Monitor.	
18	<p>Review of New Commissioning Arrangements</p> <p>RB advised the Committee that the local commissioning structure was still emerging and this should become clearer soon. Indications appear to show that there will be 23 CCGs with clusters in 3 patches and a lead CCG in each area. What is not clear yet is who will be the lead in our area. Contract negotiations will take place through PCTs for next year and signed off before the end of the financial year.</p> <p>The commissioning support unit was discussed.</p>	
The meeting closed at 1.00pm		
Date and Time of Next Meeting – Tuesday 8 January 2013 – Kirkstall & Fountains		