



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

**Venue:** Kirkstall & Fountains, Springhill 1

**Date:** Tuesday 5 March 2013

**Time:** 1330-1630

### Attendees:

<b>Name</b>	<b>(Initials)</b>	<b>Title</b>
Elaine Bond	(EB)	Non-Executive Director (Chairman)
Pat Drake	(PD)	Non-Executive Director
Dave Whiting	(DW)	Chief Executive
Paul Birkett-Wendes	(PBW)	Executive Director of Operations
Anna Rispin	(AR)	Associate Director of Finance

### In attendance:

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

### Apologies:

Mary Wareing	(MW)	Non-Executive Director
Rod Barnes	(RB)	Executive Director of Finance & Performance

### Minutes produced by:

Mel Gatecliff	(MG)	Executive Support Officer (Interim)
---------------	------	-------------------------------------

The meeting commenced at 1330 hours.

		<b>Action</b>
<b>1.0</b>	<b>Introduction &amp; Apologies</b> Apologies were noted as above and EB confirmed that the Chairman would be observing the May meeting.	
<b>2.0</b>	<b>Review of Members Interests</b> There were no interests to be declared in relation to the agenda items.	
<b>3.0</b>	<b>Minutes of the Last Meetings</b> The Committee reviewed the minutes of the meetings held on 8 January and 12 February 2013 and the following amendments were made:  <b>8 January 2013</b> Page 5, item 12, paragraph 2, line 2 – “when it is now” to be amended to “when it is not”.  <b>12 February 2013</b> There were no amendments required.	



		Action
5.0	<p><b>Cost Improvement Plan Detailed Review</b> AR presented the review of CIPs.</p> <p>Following discussion it was noted that:</p> <ul style="list-style-type: none"> <li>• The A&amp;E scheme to reduce overtime had not delivered a saving for three consecutive months.</li> <li>• Other major schemes not achieving full planned savings are Effective Sickness Management, Meal Breaks – A&amp;E and PTS and the Establishment Review.</li> <li>• In relation to the drive to achieve the 75% RED performance target and anticipated additional 999 demand as a result of the 111 service, BS requested confirmation of the timeline for “turning off” overtime and/or use of private providers.</li> <li>• PBW replied that overtime could be turned off quite quickly but it was very unlikely that it would be needed as Easter fell at the end of March and a level of service had to be factored in to be able to cope with Easter and 111.</li> <li>• An 11.2% increase in demand was anticipated for 111 which incurred costs of around £954k. Increased income would cover around £900k if expected demand materialised with an inherent maximum risk of £650k if did not materialise.</li> <li>• PD stated that the Quality Committee had asked for the implementation of the Clinical Leadership Framework to be added to the corporate risk register at that morning’s meeting.</li> <li>• The implementation of reserve schemes had achieved £1m in savings to the end of January 2013 in order to fill some of the shortfall of £1.5m on original schemes.</li> <li>• AR confirmed to the end of January £7.7m savings had been made against a target of £8.2m with 3 of the top 6 CIP schemes slipping. The current shortfall is £567K.</li> <li>• 95% of CIP delivery was the absolute minimum in terms of Monitor and achievement was currently 96% (£400k shortfall). BS asked what the risk was of the shortfall exceeding 95%.</li> <li>• AR replied that the Trust was confident that it would achieve the necessary percentage because of the reserve schemes.</li> <li>• EB asked why the reserve schemes had not been in the CIP in the first place.</li> <li>• AR replied that this led into the next paper. Learning was being gathered from the 2012/13 CIP process to ensure that lessons learned were implemented for 2013/14.</li> </ul> <p>EB stated in summary that:</p> <ul style="list-style-type: none"> <li>• There was an overall shortfall of £1.5m in the CIPs which had been plugged by reserve schemes.</li> <li>• The Trust was currently running at 96% (a shortfall of £400k).</li> <li>• Clinical leadership had delivered in financial terms but there was a quality shortfall.</li> <li>• Management of the CIP programme group during the first quarter of 2013/14 would undertake rigorous interrogation to ensure more robustness in assessment of business cases.</li> </ul>	

		<b>Action</b>
	<ul style="list-style-type: none"> <li>• Governance arrangements re delivery of CIP and business cases would come back to the May Quality Committee and F&amp;IC in terms of outcomes.</li> <li>• £1.6m had been spent on the establishment review.</li> </ul> <p>The Committee noted the position of the Cost Improvement Plan and was assured that processes were in place to ensure delivery of at least 95% of the 2012/13 target of £10.28m at the end of the financial year.</p>	
<b>5.1</b>	<p><b>Cost Improvement Plan Five Year Review</b></p> <p>AR presented an update on the delivery of the five year Cost Improvement Plan and the governance and monitoring thereof.</p> <p>Following discussion it was noted that:</p> <ul style="list-style-type: none"> <li>• A CIP Strategic Plan had been drafted and was awaiting review by the CIP Management Group before presentation to TEG for approval. This would be brought back to the next F&amp;IC meeting.</li> </ul>	
	<p><b>Action</b></p> <p>CIP Strategic Plan to be brought to May F&amp;I Committee meeting.</p>	<b>RB</b>
	<ul style="list-style-type: none"> <li>• During 2012/13 financial year the CIP Group had met monthly to review the CIP financial tracker. However, in some instances accountability, ownership and delivery responsibilities were not totally clear and scheme leads had not taken a realistic view giving false assurance, etc.</li> <li>• Lessons had to be learnt, particularly around the engagement of those accountable for the delivery of the plans and the robustness of business plans.</li> <li>• It was therefore planned to have more robust Programme Management Office (PMO) involvement in order to track progress of every scheme and establish ownership.</li> <li>• Karen Warner and Deborah Ridley would ensure that the whole process was sharpened. Accountable managers responsible for the delivery of each project and its CIP would ensure continuity.</li> <li>• A more robust five year CIP plan has been established and reserve schemes created but further work is required on several key schemes, notably Effective Sickness Management and PTS transformation.</li> <li>• AR stated that it would be the role of the PMO to ensure that project plans were in place as the process should not be seen to be led by Finance.</li> <li>• PD stated that as 25% of the current year's CIPs were based around change management and staff it was always going to be a challenge to hit them.so a more realistic approach was required for the forthcoming year.</li> <li>• EB stated it was rare for the Trust say that something was too great a risk to take in order that the Trust may suspend/ reject a scheme so a more robust approach to challenge was required before schemes came to F&amp;IC.</li> </ul>	

	<ul style="list-style-type: none"> <li>DW stated that TEG would take on the role of reviewing decisions re risks being too great to succeed.</li> </ul>	<b>Action</b> <b>DW / TEG</b>
	<p><b>Action</b> TEG to review decisions made re risks being too great to succeed.</p>	
	<ul style="list-style-type: none"> <li>PBW stated that although some decisions were still required on how CIPs would be resourced he had a lot more confidence in the process than the he had the previous year.</li> <li>DW confirmed that ensuring correct resources were in place to manage projects effectively was a weekly TEG agenda item.</li> <li>PD stated that Quality Committee had taken some assurance at that morning's meeting that there would be a step change in governance and it had been agreed that this would be brought back to the May Quality meeting.</li> <li>BS asked to what extent reserve items were delayed to help meet targets and was there some way to advance them.</li> <li>AR replied that in reality the schemes should be inter-twined and inter-changeable.</li> <li>It was agreed that further consideration of the flexibility of current reserve schemes was required as some could be implemented with immediate effect.</li> </ul>	
	<p><b>Action</b> RB to consider reserve schemes that could be brought forward and report back to May meeting.</p>	<b>RB</b>
	<ul style="list-style-type: none"> <li>EB stated that the first quarter of 2013/14 would be pivotal to the organisation so clarity was required on timescales and what would be delivered in each quarter.</li> <li>PBW stated that if operational staff were to take full ownership of CIPs the financial information available to them needed to be easily understandable as they were not trained accountants.</li> <li>AR stated that the CIP Group reviewed an updated tracker each month and discussed progress with each manager. The quarterly finance tracker was being refined so that it had a QIA built in to ensure that the CIP Group could increase their challenge.</li> </ul>	
	<p><b>Action</b> AR to bring revised financial tracker for consideration at May meeting.</p>	<b>AR</b>
	<ul style="list-style-type: none"> <li>Ownership of projects needs to be included in personal objectives of everyone concerned to further develop understanding of quality across the whole organisation.</li> <li>Operational meetings need to include CIPs as a standing agenda item.</li> <li>Individuals should be held accountable so if they are unable to fully deliver CIPs, they should look for savings in other areas.</li> <li>It was recognised that FY 14 was currently over target whereas FY16-18 currently had a shortfall in its 25% surplus so this was</li> </ul>	

		<b>Action</b>
	<p>an area to target going forward.</p> <ul style="list-style-type: none"> <li>• Major phasing for FY14 projects was required by Quarter 1 in addition to further consideration of details of later years, large value CIPs, planning around risks and concerns, etc.</li> <li>• Initial consideration of business cases would commence at the May F&amp;IC meeting</li> </ul>	
	<p><b>Action</b> AR to bring initial business cases FY14, along with outcome phasing for consideration at May meeting.</p>	<b>AR</b>
	<p>The Committee were assured that:</p> <ul style="list-style-type: none"> <li>• Adequate governance and monitoring process are to be in place and improved in respect of CIPs for FY14; and</li> <li>• the five year CIP plan and reserve schemes built into it were a sound base to move forward.</li> </ul>	
<b>6.0</b>	<p><b>Review of Changes to LTFM/Downside Risk</b> AR confirmed that the next iteration of the LTFM would be available once the final 2012/13 figures had been included.</p> <p>1.5% had been assumed for the wage award but there was also a need to feed in information about financial pressures and CIPs that had not been delivered in 2012/13. The revised CIP Plan would come to F&amp;IC in the first instance.</p>	
	<p><b>Action</b> EB/AR to discuss timing for presentation of revised Plan outside meeting.</p>	<b>EB/AR</b>
<b>6.1</b>	<p><b>Financial Risks (including Budget Variances &amp; Treasury KPIs)</b> AR provided the Committee with an update on the Trust's financial risks and exceptional budgetary and treasury items.</p> <p>EB stated she had expected that the paper would cover the five risks identified in the BAF at the last meeting.</p> <p>AR replied that the paper dealt with a lot of the detail behind the risks and she was due to present a revised paper at the Audit Committee meeting on 18 April and it was agreed that she would email the paper to the F&amp;IC members for comment prior to this meeting with comments due back by 10 April.</p>	
	<p><b>Action</b> AR to share revised Financial Risks document with F&amp;IC members for return of comments by 3 April.</p>	<b>AR</b>
	<p>Following discussion it was noted that:</p> <ul style="list-style-type: none"> <li>• The financial position at the end of January was an overall surplus of £1.5m which was £137k below plan (largely the result</li> </ul>	

	<b>Action</b>
<p>of unplanned A&amp;E private provider usage in Dec and Jan).</p> <ul style="list-style-type: none"> <li>• A&amp;E activity was 1% over that contracted for Jan bringing in an additional £100k of income. However a penalty was incurred for not achieving the RED target for the second time this financial year (total £551k)</li> <li>• The fine would be refunded at year-end provided 75% was achieved overall.</li> <li>• Operational budgets, excluding PTS, were £1.1m overspent at the end of Jan compared with £837k the previous month.</li> <li>• PTS overspend had continued and was now at £625k compared with £589k at the end of January.</li> </ul>	
<p><b>Action</b> IPR Section 5, section 5.6 – 3 columns (Budget YTD, Actual Inc/Exp YTD &amp; Variance YTD) to be inserted alongside the narrative for future reports.</p>	<b>AR</b>
<ul style="list-style-type: none"> <li>• It was agreed that the risks aligned to the Commercial Strategy would come under the remit of F&amp;IC.</li> <li>• Table 1 (page 3) to be amended so that forecast non-delivery of CQUINs – A&amp;E stood at a total of either £117k or zero rather than the £584k currently showing.</li> <li>• The forecast risk grand total should be £3.4m rather than £3.9m.</li> <li>• A discussion took place about the expected cross-lineage between Table 1 and Appendix 1.</li> <li>• It was noted that the narrative required around Table 1 was already contained in Appendix 1.</li> <li>• There was a drive to get payments due by the PCTs as they would no longer exist in 2013/14.</li> <li>• A £2m surplus at year-end was still forecast subject to analysis currently being undertaken to assess impact of 111 go live on A&amp;E demand.</li> </ul> <p>The Committee noted:</p> <ul style="list-style-type: none"> <li>• the financial risks highlighted;</li> <li>• the comments made on the year-end surplus; and</li> <li>• were assured that the risks were being managed and mitigation plans were in place.</li> </ul>	
<p><b>6.2 Integrated Performance Report – Finance Section</b> The Trust's Earnings before Interest Tax Depreciation and Amortisation (EBITDA) for the year to 31 January 2013 was £10.838m (6.4%) which was below the YTD plan of £11.292m (6.7%) due to the unplanned use of private providers in A&amp;E in order to meet contracted demand and support performance.</p> <p>BS asked whether assurance could be given that the red crosses in the Financial Performance Overview would change to blue stars.</p> <p>AR replied that current forecasting gave this assurance.</p>	

		<b>Action</b>
	<p>Following discussion it was noted that:</p> <ul style="list-style-type: none"> <li>• The External Financing Limit would disappear post Foundation Trust.</li> <li>• CB was considering descriptors for each page in the IPR.</li> <li>• 5.4, Non-pay expenditure and reserves did not include depreciation interest but it did in 5.6 so a footnote would need including to clarify this.</li> </ul>	
	<p><b>Action</b> AR to include footnote in 5.6 re non-inclusion of depreciation interest.</p>	<b>AR</b>
	<ul style="list-style-type: none"> <li>• BS asked how the Reserves tracker operated and what the Reserves had been used for during the current year.</li> </ul>	
	<p><b>Action</b> AR to include information about Reserves usage in narrative for IPR.</p>	<b>AR</b>
<b>7.0</b>	<p><b>2013/2014 Budget Setting – Revenue &amp; Capital</b> AR provided an update on the draft 2013/14 revenue and capital budgets. Business planning sessions had taken place and contract negotiations were progressing.</p> <p>Following discussion it was noted that:</p> <ul style="list-style-type: none"> <li>• It was assumed that all PTS contracts would roll forward into 2013/14 with the tariff deflator applied.</li> <li>• The Trust remained in negotiation with the South Yorkshire commissioners re proposed £219k decrease in PTS contract.</li> <li>• It was hoped that the contract value would be rolled forward once assurances had been accepted regarding the PTS transformational work.</li> <li>• EB would like to see a quarterly phasing of the capital programme.</li> <li>• It was agreed that the risk assessment was an extension of the discussion around the CIP and it was important that everyone understood the implications of ownership, risks and mitigations.</li> <li>• EB stated that although the narrative around the various risks was useful information was also required relating to their financial impact.</li> <li>• BS stated that individuals reporting to the executive “owners” of the risks who understood the risks should be identified.</li> <li>• AR stated that in the first quarter of 2013/14 the biggest risks were around PTS and NHS 111.</li> <li>• Further qualification in terms of numbers and the inclusion of a narrative were needed in Appendices 1 and 2.</li> </ul> <p><b>Action</b> Further development of the risk assessment section required.</p> <p>The Committee noted the content of the draft revenue and capital</p>	<b>RB</b>



		<b>Action</b>
	budgets subject to amendment prior to approval by the Trust Board.	
<b>8.0</b>	<p><b>Service Line Management Update</b> AR provided an update on the implementation of Service Line Management.</p> <p>The project overall is on track. Initial workstream plans are in place and work has progressed to deliver Financial Service Line Reports. A draft performance dashboard has been developed for Private and Events.</p> <p>AR provided examples of the reports being used to monitor progress:</p> <ul style="list-style-type: none"> <li>• The SLM Implementation Plan, which was a single page monthly summary of progress, costs and benefits.</li> <li>• The SLM monthly highlight report, which was a more detailed description of progress which included a breakdown of achievements for each Service Line and a review of risks.</li> <li>• The high-level SLM Project Plan, which was in the form of a Gantt Chart.</li> </ul> <p>The reports were all well-received by the Committee.</p> <p>BS asked whether it would be possible to show owners' names beside individual tasks on the Gantt Chart.</p>	
	<p><b>Action</b> RB to liaise with Deborah Ridley/Alison Ferry re inclusion of owners' names against each task on the Gantt Chart.</p>	<b>RB</b>
	<p>AR confirmed that work on SLM for EOC and 111 was planned for later in the year, to take account of the 111 implementation schedule.</p> <p>CB confirmed that the work was not being looked at in silos and opportunities would be explored to progress SLM in these areas at an earlier date where possible.</p> <p>EB asked when SLM was due to go to Board. The date had not yet been confirmed so MG was asked to liaise with AA for inclusion on an agenda in the near future.</p>	
	<p><b>Action</b> MG to liaise with AA re inclusion of SLM on a future Board agenda.</p>	<b>MG</b>
	<p>BS asked how risks had been identified, what process had been followed to ensure that no risks had been missed and whether it would be possible to see the next layer down of risks as he would have expected to see this level of detail of the first run through.</p> <p>CB confirmed that the main source of risks to date had been the corporate and local risk registers.</p>	

		<b>Action</b>
	<p><b>Actions</b>  RB to liaise with DR/AF to ensure next layer down of risks were included in Risk section of Project Highlight Report.  Further SLM update to be presented at May meeting.</p>	<b>RB</b>
	<p>The Committee noted:</p> <ul style="list-style-type: none"> <li>• the current status of Service Line Management; and</li> <li>• the action being taken to tackle the short-term delays arising as a result of competing priorities.</li> </ul>	<b>RB</b>
<b>9.0</b>	<p><b>Business Development / Commercial Strategy</b>  EB stated that due to the late receipt of the revised draft of the Commercial Strategy it was her belief that the Committee would be unable to give it their full consideration at that day's meeting.</p> <p>CB apologised for the late submission of the paper which had been the result of conflicting work priorities.</p> <p>The Committee members had read the revised document albeit not in great depth and agreed that although it was much improved it was not yet ready to go to Board.</p> <p>EB stated that the document had been presented at the January meeting and although CB had requested comments from the NEDs, to date, apart from EB, none had been received.</p> <p>Following discussion it was agreed that the Commercial Strategy should take a different, more predatory stance to the usual NHS approach to business. For example it could include information about the Trust's position in relation to mergers and acquisitions and consider other opportunities to expand the business such as brokerage of services.</p>	
	<p><b>Actions</b>  NEDs to feedback to CB on current version by Friday 15 March.</p>	<b>NEDs</b>
	<p>CB to show track changes on amended version of the document.</p>	<b>CB</b>
	<p>CB to further develop Section 8 in particular as it currently read as a list rather than a journey.</p>	<b>CB</b>
	<p>JW to organise a meeting with CB and the NEDs during April to discuss the development of a more commercial approach to business.</p>	<b>JW</b>
	<p>Following the above meeting, CB to draft an action plan capturing new commercial aspects and share with F&amp;IC.</p>	<b>CB</b>
	<p>CB to amend and present the revised draft Strategy at the May meeting.</p>	<b>CB</b>
		<b>DW</b>

		<b>Action</b>
	DW to pick up mergers and acquisition opportunities for discussion at TEG.	
<b>10.0</b>	<p><b>Contract: Stretchers &amp; Associated Manual Handling Lifting Aids</b> AR outlined to the Committee the procurement process for the supply of Stretchers and Associated Manual Handling Lifting Aids and contract award request which was part of the carry chair project.</p> <p>Following discussion it was noted that:</p> <ul style="list-style-type: none"> <li>• It would have been preferable if more people had tendered for the contract but the Committee understood that it was a limited market.</li> <li>• The contract value should be explicit in the body of the paper.</li> <li>• Reference to the fact that staff had been involved in testing the new carry chairs should be made in the paper.</li> </ul>	
	<p><b>Action</b> AR to liaise with Denise Sayles re inclusion of the above amendments prior to the paper being submitted to Board in March.</p>	<b>AR</b>
	The Committee recommended that the contract award in line with the Trust's standing financial instructions to go to the Board for final approval at its March meeting.	
<b>11.0</b>	<p><b>A&amp;E and PTS Contract Update</b> CB provided the Committee with an overview of the current contract negotiation positions for PTS and A&amp;E for 2013/14 and an overview of planned discussions and timeframes.</p> <p>EB stated that the paper was very useful.</p> <p>Following discussion it was noted and questioned that:</p> <ul style="list-style-type: none"> <li>• The percentage of PTS journeys undertaken in East Yorkshire outside of the normal contract terms that had increased by 41.81%. This seemed a large percentage and needed further investigation.</li> </ul>	
	<p><b>Action</b> CB to confirm the number and type of journeys being undertaken outside the normal contract terms and report back to F&amp;IC.</p>	<b>CB</b>
	<ul style="list-style-type: none"> <li>• EB asked what overhead would be removed if South Yorkshire's contract funding was reduced as they wished.</li> <li>• AR replied that there was no financial risk attached to this.</li> <li>• DW confirmed that the rota review work would build CCG level data into the model of work.</li> <li>• DW asked whether it was clear yet what the turnaround collaborative penalties would be.</li> <li>• CB replied that the penalties were still to be finalised but it could be down to £10 for the first six months of 2013/14, increasing to</li> </ul>	

		<b>Action</b>
	<p>a significantly higher rate from 1 October 2013. YAS was looking for assurance that money would come back into development.</p> <p>The Committee noted the contents of the report.</p>	
<b>12.0</b>	<p><b>Major Business Cases – HART</b> Consideration of this item was deferred to the May meeting.</p>	
<b>13.0</b>	<p><b>Update on Current Tenders Active</b> CB presented an update on current tenders active:</p> <ul style="list-style-type: none"> <li>• Bradford Transport Logistics contract has been withdrawn.</li> <li>• The North Yorkshire Out of Hours bid has been withdrawn due to potential instability relating to the 111 go live although the potential strategic partnership work with Harrogate &amp; District NHS FT is continuing.</li> <li>• PTS Discharge Service – South Yorkshire – YAS did not submit a bid as there were too many financial risks and uncertainties.</li> <li>• YAS had been asked to continue with the South Yorkshire service until 01/07/2013, as Arriva, who had been awarded the contract, would not be ready to take over until this date.</li> <li>• There was nothing to report re horizon scanning.</li> <li>• PD reported that the Quality Committee had received good feedback from patients about PTS and individual services which could perhaps link into contract discussions as examples of added value work that YAS was doing.</li> </ul>	
	<p><b>Action</b> CB to merge updates on A&amp;E and PTS contract and current tenders active for the foreseeable future</p>	<b>CB</b>
	<p>PD and DW left the meeting at 1620 hours.</p>	
<b>14.0</b>	<p><b>Any Other Business</b></p> <p>1 <u>Terms of Reference</u> EB confirmed that the minor amendment made to Section 6.4 on levels of approval would be going to the Board for approval at its March meeting and asked AR to ensure that it was included in the report to go to Board for approval.</p> <p>BS stated that Item 13 in the minutes of the F&amp;IC meeting held on 12 February should be amended to state that “The amendments were subsequently approved at the Board meeting on.....”.</p>	
	<p><b>Action</b> JW to amend wording in Item 13 of 12 February F&amp;IC minutes to “The amendments were subsequently approved at the Board meeting on.....”. following the March Board meeting.</p>	<b>JW</b>
	<p>2 <u>Lease of Replacement Clinical Supervisor 4x4 cars</u> This item would be included for consideration on the May agenda.</p>	

	<b>Action</b>
<b>Action</b> Lease of Replacement Clinical Supervisors 4x4 cars to be included on May F&IC agenda.	<b>EB</b>
The meeting closed at 1630 hours.	
<b>Date and Time of Next Meeting – Tuesday 14 May 2013, (<i>TBC Boardroom, 1330-1630</i>)</b>	