



Finance & Investment Committee (F&IC) Minutes

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

Date: Thursday 4 December 2014

Time: 1400 hours

Chairman: Dr Elaine Bond

Present:

Dr Elaine Bond	(EB)	Non-Executive Director (Chairman)
Pat Drake	(PD)	Non-Executive Director
Mary Wareing	(MW)	Non-Executive Director
Rod Barnes	(RB)	Interim Chief Executive
Alex Crickmar	(AC)	Interim Director of Finance & Performance
Ian Brandwood	(IB)	Executive Director of People & Engagement

Apologies:

Della Cannings	(DC)	Trust Chairman
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In Attendance:

Barrie Senior	(BS)	Non-Executive Director (Observing)
John Nutton	(JN)	Non-Executive Director – Designate (Observing)
Anne Allen	(AA)	Trust Secretary
Mark Squires	(MS)	Associate Director of Support Services (Item 4.1)
Deborah Ridley	(DR)	Portfolio Manager (Transformation) (Item 7.0)
Catherine Balazs	(CB)	Head of Business Development (Observing & Item 10.0)
Malcolm Littlewood	(ML)	Interim Head of Procurement (Items 13.0 & 13.1)
Mark Phillips	(MP)	Financial Performance Manager (Item 11.0)
Alan Baranowski	(AB)	Associate Director of PTS (Item 12.0)

Minutes produced by: (MG) Mel Gatecliff, Committee Services Manager

		Action
	The meeting commenced at 1400 hours.	
1.0	<p>Introduction and Apologies</p> <p>EB welcomed everyone to the meeting and apologies were noted as above. EB stated that the Trust Chairman, who had been due to observe that day’s meeting, would now be attending the February 2015 meeting.</p> <p>EB provided a short report about the recent national meeting, which had been attended by the chairs of Quality and F&I Committees.</p>	

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<p>EB stated that she had chaired a session about Procurement, which had been well-received. There had also been a session about Estates Strategy and a presentation from SE Coast Ambulance Service, which had been very interesting, as they had already partly implemented their Hub and Spoke strategy.</p> <p>PD stated it had been interesting to hear from several of those present that one of the main reasons they had attended the event had been because Procurement was on the agenda.</p> <p>EB stated that a lot of information sharing had taken place between region, adding that it had definitely been a worthwhile event with PD and her making several good new NED contacts in other trusts.</p>	
<p>2.0</p> <p>Declaration of Interests for any item on the agenda There were no interests to be declared in relation to the agenda items.</p>	
<p>3.0</p> <p>Minutes of the Meeting held on 11 September 2014 The Minutes of the Finance & Investment Committee Meeting held on 11 September 2014 were approved as a true and fair representation of the meeting.</p> <p>Matters Arising: There were no amendments or matters arising.</p>	
<p>4.0</p> <p>Action Log and Matters Arising The Action Log was reviewed and updated.</p> <p>2014/25 - Review of Workplan Covered on agenda at Item 5.0. Action closed.</p> <p>2014/49 – PTS RB stated that a paper produced by the PTS management team in terms of the current year's financial position implied a slight improvement, predicting a £2.7m over spend following the completion of a number of additional actions.</p> <p>Curzon & Company continued to work with the management team on a detailed piece of work to assess the future of PTS although it was clear that a lot of further actions were required before it became a commercially viable service.</p> <p>RB stated further savings of around £2m a year had been just been identified, adding his belief it would be helpful to use the document backing up that piece of work, which should be finalised later in December, as the PID document for the PTS CIP going forward.</p> <p>EB expressed concern that F&IC had still not seen the revised PID, in spite of it being reviewed in June and questioned whether the PID, which should be an evolving document, was actually being used.</p>	

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<p>AC stated he had already challenged the PTS management team about the situation. The original PID was a large document, which was difficult to use so it was currently being broken down into several PID 'light' documents that would be easier to QIA.</p> <p>SP stated that a new governance process had been introduced around CIPs which meant that the Executives were better sighted from the beginning. This should provide added assurance and the whole process should therefore work more smoothly going forward.</p> <p>It was agreed that the action should remain open until February 2015.</p> <p>2014/50 – Clinical Hub It was noted that the updated PID had been circulated as promised. However, EB stated she had found that the two versions difficult to compare without seeing track changes.</p> <p>It was agreed that, as promised in Quality Committee, a copy of the PID, which contained Interim Executive Director of Operations, Dr Dave Macklin's (DM) comments should be circulated to members of F&IC with any comments on the document to be submitted to AC by Christmas. Action remains open.</p> <p>Actions: AC to circulate version of revised Clinical Hub PID containing DM's comments to members of F&IC.</p> <p>2014/51 – Internal Audit Update - Estates Covered on agenda in Item 7. Action closed.</p> <p>2014/53 – Internal Audit Update - Estates RB confirmed that work was on-going in relation to this action with a report to come to the February F&IC meeting. Action remains open.</p> <p>2014/59 – Hull Logistics Tender IB confirmed he had spoken to the Trust's lawyers about the possible financial risks re Transfer of Undertakings (Protection of Employment) (TUPE) and they had stated that, due to new changes to the TUPE legislation, it would not necessarily apply. Action to remain open until February meeting.</p> <p>2014/62 – Travel & Subsistence EB suggested that the outcome of the pilot was for Procurement to assess. It was agreed that the action should be closed as it was not an appropriate action for F&IC.</p> <p>2014/63 – Vehicle Insurance Covered on agenda in Item 13.0. Action closed.</p>	<p>AC 2014/69</p>

	Action
<p>2014/64 – A&E Ambulance Van Capital Purchase Covered on agenda in Item 4.1. Action closed.</p> <p>2014/66 – Draft Procurement Strategy RB stated that the draft Strategy had gone to TMG and had received positive feedback. It was agreed, however, that the action should remain open until Mike Fairbotham, the new Head of Procurement, commenced in January 2015.</p> <p>2014/67 – Commissioning & Business Update (Wakefield CCG Tender) RB confirmed he had spoken to Wakefield CCG but the tender had been put on hold. Action closed.</p> <p>2014/68 – Commissioning & Business Update SP confirmed that a high level strategic meeting had taken place with Local Care Direct and a workshop was due to take place shortly. Action closed.</p>	
<p>4.1 A&E Vehicle Replacement Contract Head of Support Services, Mark Squires (MS), entered the meeting to provide an update regarding the current position relating to the Capital procurement of 40 Van Conversion Ambulances by means of the contract secured by Government Procurement Services, utilising the National Framework Agreement reference VC RM956 Lot 6. The paper was taken as read.</p> <p>MS stated that Mills and Reeves, Trust Solicitors, had written formally advising Wilker UK of the intention to proceed with court action if they did not retract their objection, adding that Wilker had, that week notified YAS that they were willing to remove the suspension and pull out of the tender exercise.</p> <p>Formalities should be completed shortly which would allow the Trust to place its order with Wietmarscher (WAS). A build slot was available so it was anticipated that the vehicles would still be built and delivered during March, before the end of the financial year.</p> <p>Approval: The Finance & Investment Committee noted the content and the updated position relating to the Capital purchase of 40 Replacement Mercedes Sprinter 519 Ambulance vans and the legal challenge to the National Tender procurement process and the steps being taken to resolve as outlined in the report.</p>	
<p>5.0 Workplan Review AC presented the revised F&IC Workplan to enable the Committee to review, discuss and approved the changes made to ensure that all statutory and necessary work would be completed during 2015/16.</p> <p>EB stated that RB, AC, ML and she had considered in detail the current contents of the Workplan outside the meeting.</p>	

	Action
<p>A review of the standing items had taken place and it had been agreed that the Commissioning and Business Update should be moved up the agenda with Gateway Process updates included as part of this item.</p> <p>It had also been agreed that PTS should remain as a standalone agenda item, whilst Service Line Management and Service Transformation should be combined.</p> <p>EB further stated it had been decided that a briefing about Payments by Results should be included on the May agenda.</p> <p>MW noted that the Commercial Strategy was currently scheduled to come to the February meeting and asked whether this timescale was realistic as it seem rather an ambitious target.</p> <p>EB stated that the Commercial Strategy was on the Workplan as a necessity, adding that detailed consideration of the item could be added to the May agenda if necessary.</p> <p>Approval: The Finance & Investment Committee reviewed, discussed and approved the changes to the F&IC Workplan.</p>	
<p>6.0 Cost Improvement Plan Delivery Update (including update from CIP Management Group)</p> <p>AC provided an update on the Cost Improvement Plan (CIP) at Month 7 of 2014/15, which included an update from the CIP Management Group.</p> <p>AC stated that the CIP Management Group last met on 28 October 2014. The deep dive session had focused on the delivery of the Clinical Hub Scheme and the changes proposed to the original plan. The Group had challenged the project lead on a number of key assumptions and the concerns were currently being worked on.</p> <p>AC further stated that governance around the documentation and QIA procedures was approved which made the process more robust from both a quality and project perspective. As part of the strengthened procedures a specific exception report had been created for schemes that were off trajectory.</p> <p>AC confirmed that the Month 6 CIP tracker had been received and reviewed along with the exception report. The updated five year CIP plan was also received and reviewed by the Group.</p> <p>It was agreed that further work, including the revisiting of original plans, production of new scheme ideas and quality impact assessing of any proposed changes, was required.</p>	

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<p>AC stated that the October (Month 7) financial CIP tracker showed an adverse variation against plan of 14%. However, the mobilisation of a significant amount of new and reserve schemes meant that the Trust should be able to get back on track and a 100% achievement against plan was still being forecast.</p> <p>The meeting considered a number of reserve schemes and their forecast outturn.</p> <p>MW asked where the additional mitigating and new reserve schemes were shown other than in the table in section 4.6 of the report.</p> <p>AC replied that further clarity of those schemes was still required.</p> <p>AC stated that the main risks to the 2014/15 CIP plan were in respect of PTS, A&E and value for money schemes.</p> <p>Within PTS, schemes had been fully developed for £1,669k of the £2,278k target. Although the remaining £609k (27% of the target) was being progressed there remained significant risk attached to the slippage/non-achievement of that amount.</p> <p>The risk associated with A&E Operations' CIPs was largely in relation to the Clinical Hub and the removal of the missed meal break payments scheme. The mitigation for these schemes was through reducing expenditure on private providers and increasing workforce productivity to deliver the over-trade within planned establishments. However there were significant quality risks attached to the achievement of these CIPs due to the current performance of the Trust against contracted Red performance and CQUIN targets.</p> <p>EB stated that there was a good level of detail in the paper and asked how Private Providers, which were listed as a reserve scheme in table 3.3, could be considered as a reserve scheme.</p> <p>AC replied that this was because expenditure on Private Providers would still be significantly lower than the previous year.</p> <p>MW stated it would be useful to receive information about why certain schemes were not currently delivering and any re-profiling that was taking place.</p> <p>AC stated this would be quite difficult to implement. As the Trust had to report back to the TDA each month it would be impractical to work with an original plan and a revised plan. However, he agreed to take the request away as an action to consider further.</p> <p>Action: AC to consider possible revision of CIP paper to reflect comments from F&IC members on presentation of some of the information in the paper.</p>	<p>AC 2014/70</p>

	Action
<p>EB stated that risks associated with delivery would also still need to be flagged up.</p> <p>Approval: The Finance & Investment Committee noted the CIP position at the end of Month 7 and the actions being taken to achieve the CIP plan for 2014/15.</p>	
<p>7.0 Major Business Cases Estates Programme Board: Draft Hub & Spoke Strategic Outline Business Case</p> <p>Members of the Hub & Spoke Project, including Deborah Ridley (DR), Portfolio Manager (Transformation) entered the meeting to present and answer questions on the Committee’s review of the Strategic Outline Case (SOC) for the Hub & Spoke project. The report was taken as read.</p> <p>DR presented the background and context of the project. She stated that the original list of options had eventually been reduced to a shortlist of four. These were:</p> <ul style="list-style-type: none"> • Option 1 – Do Nothing; • Option 3 – Rationalise and Realign the Estate; • Option 4 – Hub & Spoke Model in Urban Areas Only / in Rural Areas Do Nothing; • Option 5 – Hub & Spoke Model in Urban Areas / Optimise Rural Estate. <p>Positives and negatives were listed against each option and consultation had taken place with the full range of stakeholders, including Unison. In addition, short list Options 3, 4 and 5 were tested in the Long Term Financial Model (LTFM) to establish affordability with the work being signed off at every stage.</p> <p>RB noted the wide fluctuation within the scoring criteria on page 31, adding there would therefore be significant affordability implications. He confirmed that Option 1 was not a practical option.</p> <p>RB further stated that, in an effort to sense check the affordability of options, meetings had been held with South East Coast ambulance service, as they were already in the process of implementing their Hub & Spoke model.</p> <p>DR stated that a detailed financial reconciliation would be attached at Outline Business Case (OBC) stage, adding that the project’s top 5 risks were listed on page 57 of the report, with financial risks included in this section.</p> <p>PD stated that the job titles of several Project Board members on page 29 would need to be altered before the report went forward.</p> <p>EB asked whether work had started in relation to station movements.</p>	

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	<p>A discussion took place about the potential siting of future hubs.</p> <p>RB stated that the Trust currently deployed resources from 100 locations. Depending on the final option chosen, the new plans meant that resources could be deployed from as many as 108 places in the community.</p> <p>It was agreed that a discussion about the potential issues of staff and stakeholder engagement in relation to the siting of potential hubs should be included as an agenda item for the February Quality Committee meeting.</p> <p>Action: Clinical Hub – staff and stakeholder engagement in relation to the siting of hubs to be added as an item on February Quality Committee meeting agenda.</p> <p>DR confirmed that a number of Hub & Spoke roadshows had already taken place with others due to take place over the forthcoming weeks. These had already provided the team with the opportunity to meet with people from all localities.</p> <p>RB stated that the Trust had already taken on board lessons learned by other ambulance services.</p> <p>He further stated that the Trust’s intention was to use the new Manor Mill Resource Centre as a pilot to inform part of the OBC.</p> <p>MW asked what the cost of preparing for the OBC would be.</p> <p>Financial Project Manager, Michelle Scott (MS) replied that it would be in the range of £500-£600k. EB stressed that this cost would need to be made explicit to the Board.</p> <p>Approval: The Finance & Investment Committee recommended that the request for the Strategic Outline Case (SOC) to proceed to Outline Business Case (OBC) should go forward to the Trust Board for approval.</p>	<p>PD 2014/71</p>
<p>8.0</p>	<p>Service Line Management Update</p> <p>AC presented an update on the implementation of Service Line Management (SLM). The paper was taken as read.</p> <p>AC confirmed that the SLM Project Board had been re-established in October 2014 to provide focus and govern the delivery of the work streams. Key areas of focus over the next few months would include:</p> <ul style="list-style-type: none"> • Appointment of a Project Manager; • Update of the SLM milestone plan; • Decommissioning plan for Hull Logistics; • Review of PTS sustainability following Curzon work; 	

	Action
<ul style="list-style-type: none"> • Development of pricing by currency for A&E. <p>AC stressed the importance of appointing the right person as Project Manager. The Trust was going out to the market again, as it did not want to rush and make a wrong decision.</p> <p>EB asked whether a full picture view of the Hull Logistics situation was available, including details about the cost of closure, etc.</p> <p>RB confirmed that this information was available.</p> <p>Action: AC to provide F&IC members with detailed financial information re the decommissioning of the Hull Transport Service.</p> <p>It was also agreed that RB should bring a paper to the February F&IC meeting containing information about available options in relation to the future of the Patient Transport Service (PTS). This should also include consideration of partnership working and details of the on-going risks to the Trust.</p> <p>Action: RB to bring paper to February F&IC meeting containing details of future options for PTS.</p> <p>JN asked whether the Trust would continue to incur overhead costs if it decided to close down PTS. AC offered to meet up with JN outside the meeting to discuss the issue in more depth if JN thought this would be useful.</p> <p>EB stated that she had found the ORH report about PTS Modelling in Yorkshire difficult to read.</p> <p>JN suggested that re-pricing certain types of journey rather than withdrawing them could be another option.</p> <p>AC stated that the Trust needed to fully understand the current cost position before any decisions could be made.</p> <p>RB stressed that the Trust did not want to rush the PTS work and miss something potentially important. The organisation should be able to see a fairly honest picture of what PTS could look like with accurately priced contracts in place by the end of March 2015.</p> <p>JN noted that some of the A&E Service Lines in Appendix D were also making substantial losses.</p> <p>Approval: The Finance & Investment Committee noted the current status of Service Line Management across all service lines in 2014/15.</p>	<p>AC 2014/72</p> <p>RB 2014/73</p>

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9.0	<p>Financial Review including:</p> <ul style="list-style-type: none"> • Financial Risks (including below corporate level); • Year to Date Financial Performance; • IPR – Finance Section <p>AC provided the Committee with an update on the Trust’s financial risks and exceptional budgetary and treasury items and an overview of the main points in section 5 of the Integrated Performance Report (IPR). The paper was taken as read.</p> <p>AC stated that discussions with the Commissioners remained ongoing in relation to the possible implementation of penalties. The maximum penalties in relation to Red performance that could be applied through the contract were £3.8m. Taking into consideration the potential impact of penalties and reinvestment, the Trust’s revised forecast surplus position had moved more favourably than previously, although it was still a major risk.</p> <p>EB stated her belief that the picture was actually worse than had previously been reported.</p> <p>RB stated that a reduction in projected surplus of about £1.5m as opposed to the previously proposed £2m was currently envisaged which would leave the Trust delivering a surplus of around £0.9m.</p> <p>AC stated that the Commissioners did not want to force the Trust into a deficit position.</p> <p>AA asked where the lower surplus would leave the Trust’s Foundation Trust application.</p> <p>RB replied that a £0.9m surplus would not delay YAS’ application relative to other aspects. The main reason for any delay would be not having a good track record of ‘Red’ delivery.</p> <p>JN asked whether the proposed £0.9m was inclusive of winter funding and RB confirmed that it was.</p> <p>RB stated that average response time to Red 1 calls was 8 minutes and 20 seconds; with 80% responding within 9 minutes. However, there was no flexibility within the targets to use this as a lever. EB expressed concern about the fact that the Hillsborough costs were not yet included in the Trust’s financial forecasts and were another outgoing which could push the Trust into a deficit.</p> <p>PD stated her belief that many of the CCGs were likely to struggle financially the following year.</p> <p>BS expressed concern that, by applying penalties and thus reducing the Trust’s cash surplus, the CCGs could put the organisation’s patients at greater risk and asked whether the Trust had continued to stress this point during their negotiations.</p>	

	Action
<p>RB replied that not all of the CCGs were comfortable with the current approach being taken.</p> <p>BS asked whether any progress had been made in relation to the recovery of penalties imposed on acute trusts' for poor turnaround times which had a major impact on the availability of ambulances.</p> <p>RB replied that the CCGs, who were currently in a position of overtrade, were looking into options to reinvest at least some of the penalties to help improve turnaround times going forward.</p> <p>EB thanked AC for a very comprehensive paper.</p> <p>Following the in depth discussion, the Committee agreed that the Trust's current risks were not fully mitigated and EB would report these concerns back to the Audit Committee and Board.</p> <p>Approval: The Finance & Investment Committee noted the financial risks highlighted and was partially assured that the risks were being managed and mitigation plans were in place.</p>	
<p>10.0 Commissioning & Business Update</p> <p>CB presented an update on current contracts, outlining the current commissioning arrangements for YAS' key business areas of A&E, PTS, and NHS 111 and gave an overview of any risks and/or key challenges to each of the contracts. She also updated the committee on new business developments and their progress, along with any recommendations for commencing new business ventures.</p> <p>CB stated that the A&E contract continued to be an area of significant pressure due to the under-performance of key targets.</p> <p>Discussions had taken place in the summer to ensure that no decommissioning of services took place in Hambleton, Richmondshire and Whitby Clinical Commissioning Group (CCG) following their decision to put out a tender via the 365 Response Framework and it was CB's current belief that there was now slightly more buy-in to a combined review of services. In addition, Wakefield CCG had agreed to 'pause' their intention to use the 365 Framework to 'test the market'.</p> <p>CB stated that there was a great deal of activity within the PTS contract negotiations, which Howard Mould continued to manage.,</p> <p>In relation to NHS 111, CB stated that patients had continued to access the service with current year to date call volumes (answered) at 2.5% above contracted levels. However, no dates were in the diary to date to discuss the financial remodelling of the service.</p>	

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<p>CB stated that Business Development and NHS 111 had recently submitted, through the Gate Review Process, a paper outlining the business development strategy for the service with three key strands:</p> <ul style="list-style-type: none"> • Maintain existing contract and secure extension following retender in 2018; • Enhance the services offered, either under the existing contract as part of the new NHS 111 commissioning standards, or through new contracts, providing additional contract revenue including the development of Single Point of Access and care co-ordination services; • Expansion of NHS 111 to geographic areas outside Yorkshire & Humber achieving a 20% market share. <p>EB asked whether the Trust wanted to retain the NHS111 contract at any cost.</p> <p>RB replied that the service was now making the level of contribution that the Trust had initially envisaged it making.</p> <p>IB stated his belief that any strategy to consider withdrawing from the contract would be counter intuitive.</p> <p>CB stated that the Trust had been approached by York Teaching Hospital Foundation Trust (FT) regarding providing further quotations to expand the current pilot of the Single Point of Access service. The request involved extending service hours, introducing weekend working and supporting new community services. However, the Commissioners were currently saying that funding might not be available.</p> <p>Urgent Care Practitioner schemes were now fully live in Wakefield and York with Rotherham and Bradford currently running small pilots. Discussions were on-going in with Barnsley; and several other CCGs were beginning to show interest in the model.</p> <p>CB stated that a specification for a new service for GP clinics to reduce home visits was being developed in the Rotherham CCG area with 8 GP practices wishing to participate in the scheme.</p> <p>CB outlined details of the winter resilience submissions for 2014/15. She stated that around £2.8m of new service costs and provision had been brought in and presented a table which provided details of each scheme and where it would be provided.</p> <p>CB stated that, although the majority of the funding was non-recurrent, if the schemes were successful, there could be an opportunity to include them in future A&E contract negotiations.</p>	

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<p>CB confirmed that funding for Mental Health resilience had been made available and whilst YAS has already submitted bids to all CCGs for the MH triage response team, there were potentially other schemes that individual MH services might wish to develop jointly with YAS as it would be difficult to implement then in the short term.</p> <p>CB provided details of tender opportunities, which included:</p> <ul style="list-style-type: none"> • Doncaster Urgent Care (submitted 3 December 2014); • Out of Hours GP Tender (submitted 3 November 2014); • Attendance at the West Midlands Market Engagement day to ascertain any commercial opportunities; • Non-Patient Transport (York) (shortlisted December 2014). <p>She confirmed that YAS had been unsuccessful in the Hull Logistics tender after progressing through the full process and formal feedback had been requested.</p> <p>It seemed that, whilst YAS had the best price relative to all other competitors, the Commissioners had a preference for a more traditional model which they had not previously expressed and YAS was unable to offer this within the financial envelope available.</p> <p>CB stated that the current contract would expire on 31 March 2015 and staff engagement had now commenced. Currently, 4 staff working within the service line had moved to other positions within YAS, including PTS.</p> <p>The Committee considered the latest version of the Gate Review process 'in-flight log' which showed potential business discussions, partnerships, tenders and other opportunities. It was noted that further work was required to develop the log to ensure it tied all elements of the Gate Review process together.</p> <p>EB stated her belief that, although there was currently a lot of activity, it seemed to be rather disjointed.</p> <p>The Committee discussed the possible new partnerships outlined in the paper. It was agreed that a lot of good modelling work had taken place but further consideration was required about the best way in which to summarise the information in business case format.</p> <p>CB stated that the post of Contract Officer to assist in the development and day to day management of the A&E contract and with external and internal stakeholder engagement to add resilience to the team was due to be advertised in December.</p> <p>EB stated she would like to see the incremental contribution of current business developments on profit and income and asked whether the profitability analysis behind the NHS 111 bid environment was available in Appendix 1.</p>	

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	<p>She further stated her belief that recurrent and non-recurrent expenditure/income details should be added to Appendix 4.</p> <p>It was agreed that AC and CB would include this information and any further amendments discussed outside the meeting in future reports.</p> <p>Action: AC/CB to ensure additional information requested by EB was included in future update reports.</p> <p>EB thanked CB for the detailed update, adding that the inclusion of the additional information would make it a very useful summary.</p> <p>Approval: The Finance & Investment Committee noted the update in the paper, the risks within the A&E contract and the risks of lack of capacity to complete tenders. The Committee supported the ongoing business developments and the gate review process.</p>	<p>AC/CB 2014/74</p>
<p>11.0</p>	<p>2015/16 Budget Setting Plan <i>This item was considered immediately after Item 4.0, Action Log and Matters Arising.</i></p> <p>Financial Performance Manager, Mark Phillips (MP) entered the meeting to present a paper outlining the key processes and timeline for the 2015/16 business planning and budget setting. The paper was taken as read.</p> <p>MP stated that the 2015/16 budget setting process was due to reach a conclusion on 24 March 2015 when the final budget would be presented for approval at Board in time for sign off by the Trust Development Authority (TDA) on 31 March 2015. In the intervening period a series of draft budgets, of varying degrees of detail, had to be submitted both internally and to the TDA.</p> <p>In order to meet those requirements, engagement with budget holders would commence during December 2014. Discussions would cover the budget requirements of each service including CIPs, budget pressures, performance against budget during 2014/15, income generation opportunities and contract negotiations.</p> <p>MP stated that, as a result of the information sharing each service line would be in a position to robustly complete their annual business plans and it would also be a key enabler to completion of the operating plan for the Trust as a whole.</p> <p>Capital bids had already been received and the first significant cut of the revenue budget was due in to Finance by 16 January 2015, with meetings with budget holders due to take place before then.</p>	

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<p>AC stated that every effort was being made to ensure that all budgets were signed off by the end of the financial year.</p> <p>EB asked AC to ensure that enough time was freed up on the agenda for the February meeting to ensure that a detailed review of the 2015/16 budget setting could take place before the budget went to Board for approval on 24 March 2015.</p> <p>Action: Enough time to be allocated on the agenda for the February 2015 F&IC meeting to ensure that a thorough review of budgets could take place, prior to them going to the Board for approval on 24 March 2015.</p> <p>AC stated that that the TDA guidance, which had been promised for the end of November, was now looking more likely to arrive on 19 December which would put further pressure on the timetable.</p> <p>Approval: The Finance & Investment Committee noted the proposed timelines and processes relating to the preparation of the 2015/16 budget and annual business plan.</p>	<p>AC 2014/75</p>
<p>12.0 PTS Transformation Update Alan Baranowski (AB), Associate Director of PTS, entered the meeting to present an update on the PTS Transformation project.</p> <p>He stated that the purpose of this paper, which had been reworked following the recent virtual meeting, was to provide:</p> <ul style="list-style-type: none"> • assurance to the Finance & Investment Committee regarding the investment decision in PTS fleet; • an overview of the evidence base regarding the choice and rationale behind the identified vehicle replacements (in the context of the strategic fleet replacement plan); • a summary of the financial, operational and efficiency benefits associated with the proposed fleet replacements; • assurance regarding the contractual and financial mechanism proposed to secure the fleet replacements; • a detailed financial summary relating to the proposed fleet replacement programme for 2014/15 (in the context of the overall PTS financial position). <p>AB stressed that, although PTS performance was improving, it would be very difficult to continue to improve with its current fleet. He confirmed that YAS currently had a fleet of 450 vehicles which varied in age between 0 and 14 years. Operational vehicle availability decreased with age due to an increased incidence of unexpected breakdown and longer repair times due to fault complexity and the challenge of sourcing replacement parts. Currently, 27.7% of the total PTS fleet was 9 years of age or above.</p>	

	Action
<p>RB explained the information contained within Appendix 1, 'The financial implications of the previously approved capital purchase of 124 former leased vehicles and Appendix 2, 'The financial implications of the proposed lease of additional vehicles, removing older fleet and reducing the number of vehicles in the PTS fleet'.</p> <p>He stated that Appendix 1 demonstrated that the decision to buy the older lease vehicles had paid for itself.</p> <p>EB questioned the affordability and timing of the decision to purchase more vehicles. She asked why the Trust would want to spend money on vehicles in the current year when the money could be spent helping to improve performance.</p> <p>JN stated that, although he had some sympathy with the aged vehicles argument, the point was still not addressed fully in the paper.</p> <p>JN further stated that he was also not entirely convinced that leasing would be the cheaper option to capital expenditure on this occasion.</p> <p>RB replied that he was confident that the leasing calculations were correct.</p> <p>A long discussion took place about the respective advantages of leasing and purchasing and RB offered to discuss the matter with JN outside the meeting.</p> <p>MW stated that, although the revised paper did address some of the NEDs' earlier concerns, the financial position still depended on the PTS fleet being reduced by 24 vehicles overall and the paper did not make it clear whether this would still be the case.</p> <p>She asked whether the geography and mileage was known for each of the vehicles that the Trust wanted to replace.</p> <p>AB confirmed the information was available for each vehicle.</p> <p>EB stated that with such an enormous service line loss for the year still being presented, a commercial company would certainly not be buying new fleet in.</p> <p>AB acknowledged the catch 22 situation but if the Trust wanted to take the service forward, it needed to invest money in fleet.</p> <p>RB stated that by the time that the new vehicles were operational, more than 50% of the PTS fleet would be over 7 years old, so PTS would become more inefficient from a tender perspective, which could be a serious issue.</p>	

	Action
<p>He further stated that, as highlighted in section 3 of the report, the most flexible vehicles of a reasonable age were the group that YAS currently had least of.</p> <p>RB stated that the Trust needed a clearer view of how to reach sustainability, adding that he could currently only support a partial investment. Further investment could then be made at a later stage when the important Curzon work had been completed.</p> <p>EB stated that, whilst she understood the argument about the aging fleet, it remained difficult to support the proposal wholeheartedly because of the Trust's current financial situation.</p> <p>PD stated that a huge area relating to image and patient care and safety had been missed and she was concerned about the risk and effect of any further delay in purchasing the vehicles.</p> <p>AB stated that if the vehicles were ordered that day, the Trust would still not see them until February or March 2015.</p> <p>Following further discussion it was agreed that the Committee should partially support the paper's recommendations and recommended that, given the current overall financial position of PTS, the Trust Board should approve the purchase of 50% of the proposed number of vehicles with immediate effect, with the 50% balance to be purchased at a later date.</p> <p>Action: RB to ensure the paper going to Board was amended to include F&IC's recommendation that only 50% of the proposed number of vehicles were purchased at the current time.</p> <p>Approval: The Finance & Investment Committee noted the above update and recommended to the Trust Board that 50% of the proposed number of PTS vehicles should be purchased at the current time, with the remaining balance to be purchased when the future of PTS was clearer.</p>	<p>RB 2014/76</p>
<p>13.0 Procurement Update Including:</p> <ul style="list-style-type: none"> • Procurement Workplan; • Projects Plan Narrative • Print Contract <p>Malcolm Littlewood (ML), Interim Head of Procurement, entered the meeting to update the Finance & Investment Committee on key contracting and tendering activity.</p> <p>As this was likely to be ML's last F&IC meeting, EB thanked him for his valuable contribution to both the organisation and the Committee.</p>	

	Action
<p><u>Fuel Cards</u> ML stated that, before committing to the National Procurement exercise, YAS had met with all suppliers on the National Framework to consider other options that might be available and BP were currently in the process of providing the Trust with information about the nearest bases to all stations, standby points and A&E departments across the region.</p> <p><u>Print Contract</u> ML confirmed that the Trust had not signed the contract. Several ambulance trusts, including YAS, had stayed with their incumbent supplier who was the cheaper option. He further stated that the 3M contract would continue to be competitively tested in the market.</p> <p>ML provided an update on upcoming tenders/contracts for F&IC in February and March 2015. He stated that the Procurement Workplan which remained a 'living' document', had been divided into four categories in an attempt to give forward projection as far as possible.</p> <p>PD asked if an update was available about whether the new uniforms would still say 'YAS' on their badging.</p> <p>ML replied that this would not be the case.</p> <p>RB stated that YAS had been assured at the time of signing the contact that the Trust would retain its own badging. This was not open to negotiation and he would share the written confirmation of the agreement with ML to allow him to follow up the issue nationally.</p> <p>Actions: RB to provide ML/MF with written confirmation that YAS would retain its own badging as part of the national uniform contract.</p> <p>ML/MF to follow up YAS badge issue nationally and report back to RB.</p> <p>EB thanked ML for his update, adding that the document had been useful in terms of information.</p> <p>Approval: The Finance & Investment Committee noted the Procurement update and the key actions being taken.</p>	<p>RB 2014/77</p> <p>ML 2014/78</p>
<p>13.1a Private Providers Contract Extension ML presented an update to ask F&IC to support the extension to the current contract for the provision of private ambulance services for a further 10 months.</p> <p>He stated that, as the Trust had yet to determine the future need of private ambulance services; it was proposed to take up the remainder of the extension period for a further 10 months.</p>	

	Action
<p>The October 2015 expiry date would, therefore, give the Trust sufficient time to tender any future requirements in line with OJEU regulations.</p> <p>EB requested that the first line of the letter re the extension of contract be re-worded, as it currently stated ‘that the Trust has no alternative but to retender this provision’.</p> <p>Action: ML to reword first sentence in the letter re extension of contract so it no longer stated: ‘that the Trust has no alternative but to retender this provision’.</p> <p>Approval: The Finance & Investment Committee supported the proposal to extend the current contract for a further 10 months and recommended that it go to Trust Board for approval.</p>	<p>ML 2014/79</p>
<p>13.1b</p> <p>Natural Gas Services ML presented an update to ask the F&IC to support the proposed contractual arrangements for the supply of Natural Gas Services.</p> <p>ML stated that the Trust spent £450,000 in the last financial year on the supply of Natural Gas Services. The Trust’s current contract, through Flexible Energy Management Ltd (FEM), was due to expire on 31 March 2015. The proposed contract was worth £2.25m over a four-year period.</p> <p>EB asked whether the other ambulance services subscribed to the same framework.</p> <p>ML replied that it was a mixture, although FEM seemed to be the broker for each contract.</p> <p>EB acknowledged that utility contracts would always be a gamble but asked AC and ML to question the proposal from a national Procurement perspective before F&IC recommended to the Trust Board that the Trust enter into a new four-year contract.</p> <p>Action: AC/ML to challenge the proposal from a national Procurement perspective prior to the recommendation going forward to the Trust Board for approval.</p> <p>Approval: Subject to the above challenge, the Finance & Investment Committee supported the use of the Countess of Chester Hospital Foundation Trust Framework Agreement for the supply of National Gas Services and recommended its approval to the Trust Board.</p>	<p>AC/ML 2014/80</p>

		Action
13.1c	<p>General Waste ML presented a paper which asked the F&IC to support the proposed contractual arrangements for the provision of general waste and recycling service.</p> <p>No questions were forthcoming from the Committee.</p> <p>Approval: The Finance & Investment Committee supported the award of a contract to Biffa Waste Services Ltd after further competition held under the NoECPC Framework Agreement for the provision of general waste and recycling services.</p>	
13.1d	<p>Stationery ML presented a paper which asked the F&IC to support the proposed contractual arrangements for the provision of stationery goods to the Trust as part of the Desktop service.</p> <p>He stated that the Trust currently purchased all its stationery products through NHS Supply Chain, with expenditure totalling £63k per annum.</p> <p>As NHS Supply Chain was unable to deliver direct to all sites across the Trust, stationery was sent to Gildersome Ambulance Service Station Stores and distributed via the in-house Logistics Service.</p> <p>The Framework would cover a desktop stationery service and products for the period of 3 years plus an option to extend for 1 year with a fully compliant service leading to potential saving of £12k per annum for general stationery alongside the benefits of the direct deliveries to stations.</p> <p>No questions were forthcoming from the Committee.</p> <p>Approval: The Finance & Investment Committee supported the award of a contract to Lyreco under the Health Trust Europe Framework which was a direct award.</p>	
14.0	<p>Review of Commissioning Arrangements – Mid-Year Review RB stated that the paper set out recent changes to commissioning arrangements for YAS' key business areas of PTS, NHS 111 and A&E. The paper was taken as read.</p> <p>RB confirmed that the main changes were those relating to the Lead Commissioner arrangements for A&E, which had moved to Wakefield CCG and proposals in relation to the implementation of Payments by Results (PbR).</p> <p>RB stated that PbR would not be fully rolled out during 2015/16, although transitional arrangements were currently being considered.</p>	

		Action
	<p>It was agreed that AC should share the updated version of the presentation he had delivered to the Chief Finance Officers of the region's 23 CCGs with the members of the F&IC.</p> <p>Action: AC to circulate the updated version of the presentation he had delivered to the CCGs' CFOs re PbR with members of the F&IC.</p> <p>Approval: The Finance & Investment Committee noted the content of the report.</p>	<p>AC 2014/81</p>
<p>15.0</p>	<p>Loan Application – EPRF AC presented the Loan application letter in support of the Electronic Care Solution (ECS) project for approval by the Finance & Investment Committee. The paper was taken as read.</p> <p>JN asked why the Trust needed a loan whilst it had cash available.</p> <p>RB replied it was because it currently worked out cheaper to do this.</p> <p>He stated that the loan request had gone through local and central TDA teams for sign off. Some changes had been requested the previous day including the drawdown of £1.5m the following year being over 3 periods rather than 6.</p> <p>AC stated that he would provide F&IC members with a hard copy of the document if requested.</p> <p>Approval: The Finance & Investment Committee recommended that the Loan application go forward to the Trust Board for formal approval.</p>	
<p>16.0</p>	<p>Feedback from Board Meetings EB stated that major items of interest to the Finance & Investment Committee discussed at the last Trust Board meeting included the deficit on PTS, the issue around the lack of progress in relation to the implementation of Service Line Management and an update in relation to the possible application of penalties for failure to reach the national 'Red' targets.</p>	
<p>17.0</p>	<p>Assurance Statement to the Audit Committee It was agreed that the following assurance statements would be included in future reports to the Audit Committee:</p> <p><i>'The purpose of this paper is to provide assurance to the Audit Committee on the effectiveness of the Finance and Investment Committee in assessing its plans, processes and controls pertaining to financial risk for the organisation.'</i></p>	

		Action
	<p>and</p> <p><i>'The Finance and Investment Committee provides assurance to the Audit Committee, through this report, that the Committee received reasonable assurance that key financial risks are being adequately managed'.</i></p>	
18.0	<p>Summary of Issues to Trust Board/Feedback on Meeting</p> <p>It was agreed that EB's update to the Board would include an update on the current PTS performance and financial position, the proposed purchase of new PTS fleet and the possible implementation of penalties for non-compliance with national 'Red' targets.</p> <p>There were no additional comments and EB thanked everyone for sparing the time to attend and their contribution during the meeting.</p> <p>The meeting closed at 1710 hours.</p>	
18.0	<p>Dates and Time of Next Meeting:</p> <p>1400-1700 hours</p> <p>5 February 2015, Kirkstall and Fountains, Springhill 1, WF2 0XQ</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**