



Finance & Investment Committee (F&IC) Minutes

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

Date: Thursday 5 February 2015

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 Executive Director of Finance & Performance
Ian Brandwood	(IB)	Executive Director of People & Engagement

Apologies:

Barrie Senior	(BS)	Non-Executive Director (Observing)
Della Cannings	(DC)	Trust Chairman (Observing)
Anne Allen	(AA)	Trust Secretary (Observing)

In Attendance:

John Nutton	(JN)	Non-Executive Director – Designate (Observing)
Catherine Balazs	(CB)	Head of Business Development (Observing & Items 12.1 & 12.2)
Mike Fairbotham	(MB)	Head of Procurement (Item 16.0)
Simon Murphy	(SM)	Business Development Manager (Item 7.1)
Mark Phillips	(MP)	Financial Performance Manager (Item 15.0)

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


		Action
	The meeting commenced five minutes early at 1355 hours.	
1.	Introduction and Apologies EB welcomed everyone to the meeting and apologies were noted as above.	
2.	Declaration of Interests for any item on the agenda There were no interests to be declared in relation to the agenda items.	

		Action
3.	<p>Minutes of the Meeting held on 4 December 2014 The Minutes of the Finance & Investment Committee Meeting held on 4 December 2014 were approved as a true and fair representation of the meeting subject to the following amendments.</p> <p>Matters Arising: Page 1 – ‘Associate’ removed from AC’s job title</p> <p>Page 8 – paragraph 6 deleted and paragraph 7 reworded to state: ‘RB 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>EB stated that the minutes of the meeting held in September 2014 had been presented at the November Trust Board Meeting in Public with several commercially sensitive entries redacted.</p> <p>It was noted that all future minutes would go through a similar process prior to each Trust Board Meeting in Public.</p>	
4.	<p>Action Log and Matters Arising The Action Log was reviewed and updated.</p> <p>2014/49 – PTS RB confirmed that although some work had been carried out on the PID by the PTS management team, the final outcome of the Curzon report was still awaited. A further update would be provided later on the agenda. Action closed.</p> <p>2014/53 – Internal Audit Update - Estates RB stated that feedback had been received from Interim Head of Estates, Liz Housden and it was not envisaged that the Trust would incur any financial loss. Action closed.</p> <p>2014/59 – Hull Logistics Tender IB stated that TUPE did apply in this case and the Trust was working with the successful tender company to TUPE the majority of its staff across, although there were a couple of individuals that the Trust was seeking to redeploy internally. Action closed.</p> <p>2014/71 – Estates Programme Board: Draft Hub & Spoke Strategic Outline Business Case. PD confirmed that the matter had been considered during that morning’s Quality Committee meeting. Action closed.</p> <p>Actions transferred to the F&IC Action Log from the Trust Board Meeting in Public, 27 January 2015 (updates to be provided at May meeting) 2015/1 – (formerly PB-344) - Bridge analysis of PTS planned expenditure and actual performance for 2014/15 to be presented at May meeting of F&IC</p>	<p>AC 2015/01</p>

	Action
<p>2015/2 (formerly PB-347) - F&IC to consider the revised paper relating to the purchase of new PTS vehicles for sign off at its meeting on 5 February 2015.</p> <p>Item covered on that day's agenda. Action closed</p>	<p>All 2015/02</p>
<p>5. Feedback from Trust Board EB stated that there was no specific feedback to present from the Trust Board meetings which had taken place since the December meeting of the F&IC.</p>	
<p>6. Cost Improvement Plan Delivery Update (including update from CIP Management Group) AC provided an update on the Cost Improvement Plan (CIP) at Month 9 of 2014/15. He stated that, following the mobilisation of several reserve schemes, the organisation was on target to meet its plan.</p> <p>Some savings were starting to show in relation to the Clinical Hub with 'hear and treat' rates increasing quite significantly. This fitted into the wider discussions with the Commissioners on how to close the gap in performance, etc.</p> <p>AC confirmed that, within PTS, £600k of schemes remained to be identified, adding that the other schemes were still not performing as expected. The late implementation of schemes would have a knock on effect and would therefore need to be built into the 2015/16 plan.</p> <p>EB asked how pressure could be maintained to ensure that progress was being made in PTS.</p> <p>AC replied that the PTS schemes were considered at every CIP Management Group meeting as they were key schemes about which assurance of delivery would be required for the forthcoming year.</p> <p>A meeting was due to take place shortly to push forward the plans for 2015/16 as there currently remained some quite significant risks around the PTS plan.</p> <p>EB asked whether there was anything else specific in Appendix 2 that AC believed the Committee should look at in more detail.</p> <p>AC replied that, whilst overall CIP forecast achievement had improved, with the current expectation that the Trust would achieve its CIP target at year end, there were still a number of significant risks to delivery of the CIP plan.</p> <p>For example, 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.</p>	

		Action
	<p>The mitigations for those schemes were to reduce spend on private providers and increase workforce productivity to deliver the over-trade within planned establishments (A&E skill mix CIP).</p> <p>However there were significant quality risks attached to the achievement of those CIPs due to the current performance of the Trust against contracted Red performance and CQUIN targets.</p> <p>AC confirmed that discussions were under way with the Commissioners in relation to activity growth up front in the contract for the next year. A risk-based approach would need to be taken because the ORH work would not have been completed by the deadline date for contract sign off.</p> <p>AC confirmed that 2 CIPs were potentially in doubt in EOC and there was also a need to identify some additional reserve schemes.</p> <p>EB asked why some of the CIP schemes on the spreadsheet were highlighted in yellow.</p> <p>AC replied that the highlighted schemes were the 2014/15 reserve schemes that had been implemented. The list of reserve schemes was currently being refreshed for 2015/16.</p> <p>RB asked what reasons supported the decision to reduce the A&E fleet by 3 vehicles, as he had not been aware of that decision.</p> <p>AC replied that he would liaise with Mark Squires to get some additional information and report back to the Committee.</p> <p>Action: AC to follow up reasons behind the decision to reduce the A&E fleet by 3 vehicles and report back to the F&IC.</p> <p>Approval: The Finance & Investment Committee noted the CIP position at the end of Month 9 and the actions being taken to achieve the CIP plan for 2014/15.</p>	<p>AC 2015/03</p>
<p>7.0</p>	<p>Major Business Cases PTS Derbyshire Bid YAS' Business Development Manager, Simon Murphy (SM), entered the meeting at 1430 hours to provide details of the final Derbyshire Non-Emergency Patient Transport Service bid, which had been submitted on 24 December 2015.</p> <p>SM stated that when EMAS put its whole PTS service out to market in 2011 every contract had gone to private providers. However the contract with the provider in Derbyshire had not worked out so it had been cancelled and the service had again gone out to tender.</p>	

	Action
<p>SM confirmed that YAS was one of four shortlisted providers, adding that a favourable reference site visit had taken place on 6 November 2014. The formal presentation had been completed on 29 January and a full evaluation of all four presentation bids would now be made.</p> <p>SM presented the headlines of the bid, adding that YAS had been advised that a final decision would be made by early March 2015.</p> <p>JN asked what impact a successful bid would have on YAS' current PTS overheads.</p> <p>SM replied that the Trust had submitted a competitive bid and a higher profit margin would not have been as competitive in the market.</p> <p>IB stated that, as the TUPE regulations were not time-limited, employees of the current contract should still be on Agenda for Change terms and conditions.</p> <p>It was agreed that SM should provide IB with salary information about the current incumbents.</p> <p>Action: SM to provide IB with salary information re the current employees of the Derbyshire contract</p> <p>EB asked whether any contingency had been built into the bid.</p> <p>SM replied that the organisation had fed all of its learning from earlier bids into the bid so, apart from a sum of £250,000 to cover potential TUPE costs, everything had been stripped out. In addition, an outsourced provider would be used to support the fleet, as this would work out much cheaper.</p> <p>EB stated that she would like to see the contract and the implementation plan if the bid was successful.</p> <p>Approval: The Finance & Investment Committee noted the update report, recognised the different approach being taken, supported the action taken to date and looked forward to receiving information about the outcome of the bid in due course.</p> <p>ePRF/ECS Loan Agreement AC updated the Committee on the ePRF/ECS loan application and presented the Loan Facility Agreement for information.</p> <p>AC stated that the Trust had made an application to the Independent Trust Financing Facility (ITFF) for a capital investment loan of £2.2m to fund the ePRF/ECS project in line with the Trust Board's approved operating, financial and integrated business plans.</p>	<p>SM 2015/04</p>

	Action
<p>The loan was to be drawn across two financial years: £0.7m during 2014/15 and £1.5m during 2015/16. The F&IC received and approved the loan application for the ePRF/ECS project in December 2014.</p> <p>Subsequently, the ITFF received the application and recommended to the Department of Health (DH) for the loan to be provided.</p> <p>In line with the 'Finance and Cash Guidance for NHS Trusts', the DH had produced a loan facility agreement which detailed the specifics of the loan, including the amount, the draw date and interest rate applied to the facility in line with the loan application.</p> <p>For the agreement to be considered complete, it must be approved by Trust Board prior to being signed by the Chief Executive representing the borrower's agreement to the loan.</p> <p>Approval: The Finance & Investment Committee supported the approval of the loan facility agreement to be presented to the Trust Board for approval at its February meeting.</p>	
<p>8. Telecare SM provided an update on the Trust's plans to enter the telecare market, which had been under consideration for some time.</p> <p>He stated that there were currently approximately 1.7 million users of telecare services in the UK with 90% of the market funded publicly and 10% funded privately. However, going forward, funding was likely to shift more towards private provision as local authority budgets were slashed.</p> <p>In 2010 the telecare market was worth in the region of £106m which was expected to rise to approximately £715m by 2020 in line with expected population growth, particularly in the over 80s.</p> <p>SM stated that there were potentially around 874,000 users in Yorkshire and the Humber.</p> <p>In 2010 the telecare market in the region was worth around £10m with the figure expected to rise to approximately £68m by 2020.</p> <p> (paragraph redacted for commercial / in confidence reasons)</p>	

Action

SM further stated that the secondary target market would be people with long-term illnesses and/or disabilities; those with learning difficulties and those with mental health difficulties, all of whom could afford to pay for the service. Potential future target markets would include corporate account users and subsidised or funded schemes.

PD asked how the service would align to NHS 111, etc.

SM replied that a longer term ambition would be to embed the service within NHS 111. However, following financial analysis, it had been recognised that to establish a YAS in-house telecare service was not currently financially viable. The proposed model was a fully managed or outsourced model to be offered in partnership with an existing Telecare Services Association (TSA) accredited telecare provider. Negotiations were currently on-going with *Welbeing*.

AM stated that YAS would act purely in an introducer role, earning a fee for each service user who signed up to the service. The Trust would also be responsible for branding, promotion, marketing/PR and generating leads

Welbeing would provide the telecare service including sourcing all equipment and lead closure and be responsible for service provision (including response, installation, kit, maintenance), billing, lead follow-up and quality.

The financially low risk model would initially be operated as a 12-month pilot, expanding across specific local authority areas as part of a phased roll-out across the Yorkshire region. This would allow greater flexibility to develop and grow the service appropriately to its audience, for the Trust to act swiftly upon learnings and allow for re-evaluation throughout the process. The service's initial launch area was currently planned as York in April 2015.

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(above three paragraphs redacted for commercial / in confidence reasons)

	Action
<p>EB stated that she found the partnership approach between YAS and <i>Welbeing</i> very refreshing.</p> <p>SM outlined the financial and strategic benefits.</p> <p>RB stated that the proposed model was a quick and low capital risk way of gaining experience within the telecare market.</p> <p>SM stated that <i>Welbeing</i> had been chosen because it was an organisation which:</p> <ul style="list-style-type: none"> • had an experienced and seasoned senior management team; • was a quasi-private / public sector organisation which was majority owned by Eastbourne Council (70%); • was the UK's largest private pay telecare provider; and • was continually growing new business. <p>SM stated that further work was yet to be done to finalise the branding approach, as the partnership would be unable to use the NHS logo.</p> <p>Branding the service would avoid confusion with YAS' core business in addition to allowing the option to raise the profile of the YAS brand or distance YAS brand as required. Branding would also allow greater flexibility and as long as it was owned by YAS would allow control and scope for future use.</p> <p>SM outlined the risks which had been identified by both YAS and <i>Welbeing</i>. These included:</p> <ul style="list-style-type: none"> • YAS could lose control of its customer; • the YAS brand could be damaged; • service user confusion between telecare and core services (999/NHS 111); • anti-competitive concerns from other telecare providers; • an inability to oversee the service once it was launched; • the use of the NHS brand to generate non-NHS income; • staff training and governance controlled by <i>Welbeing</i>. <p>He confirmed that mitigations were in place to counter each of the above risks.</p> <p>EB asked whether there were any ICT implications for YAS.</p> <p>SM replied that there were no ICT implications as an IT structure was already in place, adding that <i>Welbeing</i> would be taking all of the risks.</p> <p>EB stated that it would be useful for the F&IC to see the Heads of Terms at its next meeting.</p>	

	Action
<p>Action: SM to provide a copy of the Heads of Terms for consideration at the May meeting of F&IC.</p> <p>Approval: The Finance & Investment Committee noted the update report.</p> <p>SM left the meeting at 1510 hours</p>	<p>SM 2015/05</p>
<p>9. Service Line Management Update AC updated the Committee on the implementation of Service Line Management (SLM). He stated that SLM continued to sustain some delivery on the foundations built across the service lines identified.</p> <p>AC further stated that RB and he had interviewed for an SLM project lead and were now in a position to appoint with a likely start date for the individual being April 2015.</p> <p>MW stated her belief that SLM was becoming more of an issue across the organisation as there was not currently full engagement and people did not seem to be held accountable.</p> <p>EB agreed that the report seemed to be very backward looking and asked what actions were being taken to move SLM forward.</p> <p>RB acknowledged the comments. He stated that the lack of progress was a reflection of the fact that the project had been without a project lead since the departure of the Commercial Director several months earlier. In addition, the financial reporting aspect of SLM remained challenging because it was linked to the maturity of management teams, some of whom were experiencing problems in interpreting the information.</p> <p>RB further stated that current understanding of SLM around the organisation was varied. Some departments such as P&E and NHS 111 fully understood the concept and were performing well whilst other areas, even with a lot of support, continued to struggle.</p> <p>EB stated she was not comfortable with how the report was presented and asked what could be done differently. Also, if people had clear targets but were not achieving them, the organisation should consider going down the performance management route.</p> <p>Following further discussion it was agreed that the new SLM Lead would be invited to attend the May meeting of the F&IC to agree the timescale for further action, the format of future reports, etc.</p> <p>Action: SLM Project Lead to be invited to May F&IC meeting to provide an update and agree actions for further implementation of SLM.</p>	<p>AC 2015/06</p>

	Action
<p>Approval: The Finance & Investment Committee noted the current status of Service Line Management across all service lines in 2014/15.</p>	
<p>10. PTS 2014-15 Fleet Replacement Programme RB presented a paper which provided the Committee with an overview of the impact of replacing 50% of the original vehicle replacements originally outlined at the meeting on 4 December 2014.</p> <p>EB confirmed that the Board had given F&IC powers of delegated authority to approve the purchase of the vehicles.</p> <p>RB stressed that the unreliability of older vehicles meant that there was now a desperate need to replace some of the PTS fleet.</p> <p>EB stated that the paper seemed to be more of an overarching document and questioned the timing of the request for major investment whilst there remained no overall strategy around fleet.</p> <p>MW asked why the paper was only proposing to reduce the fleet by 7 vehicles rather than the 24 highlighted in the original proposal.</p> <p>RB replied that he would take the question away and report back.</p> <p>Action: RB to investigate why the proposed fleet reduction had reduced from 24 vehicles in the original proposal to 7 in the revised document and report back to F&IC.</p> <p>MW further stated she had expected to receive a proposal which staged the purchase of the PTS vehicles and gave clear operational and financial criteria on which to base the decision for the purchase of the second half of the vehicles.</p> <p>RB stated that, although he recognised the fact that further work was required in relation to the Curzon comments about the longer term viability of PTS, a lot of work had already taken place in relation to vehicle specifications, etc to identify the most suitable vehicles.</p> <p>Assuming the sustainability of PTS, a longer piece of work was required over the next 6-12 months which would include the market testing of the whole fleet, as a wholly outsourced solution might be the most appropriate model going forward.</p> <p>PD stressed that patient safety would be a definite requirement to take on board.</p> <p>JN stated his belief that concerns about quality and patient safety had been one of the reasons for the original bid being cut in half.</p>	<p>RB 2015/07</p>

	Action
<p>EB agreed, adding that the Committee would take a very firm view if nothing had changed again by the time that the second half of the replacement vehicles were due to be purchased.</p> <p>MW stated that although she absolutely agreed with the comments about patient safety, these concerns should have been raised in the original paper.</p> <p>PD replied that she had raised the issues during the meeting. She asked whether there were any patient safety or other relevant issues that the Committee would need to be made aware of in terms of buying the rest of the fleet.</p> <p>RB replied that there was nothing currently.</p> <p>Approval: With the Trust Board's delegated authority, the Finance & Investment Committee approved the lease of 47 PTS ambulances utilising Framework Agreement RM956 Lot 6 at a cost of £455,026 per annum.</p>	
<p>11. PTS Transformation Programme – Curzon Report</p> <p>RB presented the findings of the work undertaken by the consultancy Curzon, to support delivery of the PTS Transformation Programme. He confirmed that the closing report, which had been published in mid-December 2014, had not yet been to TEG.</p> <p>RB stated that the report identified a number of improvement initiatives requiring urgent attention, which included:</p> <ul style="list-style-type: none"> • the introduction of automation into booking and journey scheduling; • streamlining of vehicle type and tighter management of fleet availability; • improved performance management and role accountability; • streamlined recruitment and induction processes; • strengthening commercial capability and local account management. <p></p> <p></p> <p>(above two paragraphs redacted for commercial / in confidence reasons)</p>	

	Action
<p>RB provided details of the different savings schemes identified by Curzon, which had been considered in a number of different forums. The consultants were currently working with members of the management team to identify appropriate skills and flag up gaps. Current skill gaps included a lack of commercial skills at a locality level, a shortage of key skills in logistics and technology and limited effectiveness of the current Transformation Programme.</p> <p>RB stated that the Curzon work had been useful in terms of joining up the different parts of the service in the PTS transformation programme and Alison Williams, who was working on the project at the end of 2014, had been retained. He confirmed that the original work had cost the Trust £125k, with the current additional work costing in the region of £10-£20k.</p> <p>EB stated her belief that the PTS transformation team needed input from someone with a turnaround background. EB further stated that she also would value IB's input as a whole scale change programme could lead to redundancies, etc.</p> <p>JN stated that the report had been easy to read and contained a lot of interesting information and it was his belief that the implementation of the Curzon model could lead to some relatively quick fixes.</p> <p>He asked whether there were any hybrid, joint ventures between an NHS organisation and a private company such as Arriva that YAS could study to enable them to use some of their embedded systems or buy in to support PTS.</p> <p>It was agreed that there would be merit in exploring possible joint ventures.</p> <p>RB agreed that there might be an opportunity to develop a preferred partner.</p> <p>EB stated her belief that the market was too competitive for that, adding that the Trust would need to look at other models of commodity transport work.</p> <p>The meeting moved on to consider other items under the heading of 'PTS Profitability v Dissolution. The highly confidential nature of the discussion was noted and it was agreed that the topic would need further, more in depth discussion at Trust Board level.</p> <p>RB stated that he would discuss the inclusion of a regular PTS agenda item on forthcoming Board meeting agendas with the Trust Chairman and AA outside the meeting.</p> <p>Action: RB to discuss with the Trust Chairman and AA the inclusion of standing PTS agenda items on future Board meeting agendas.</p>	
	<p>RB 2015/08</p>

	Action
<p>Approval: The Committee noted the contents of the report and supported the next steps proposed within the paper.</p>	
<p>12.1 Commissioning & Business Update (Including Gateway Process) CB updated the Committee on the current commissioning arrangements for YAS' key business areas, A&E, PTS, and NHS 111. The paper gave an overview of the risks and/or key challenges to each of the contracts and updated the Committee on any new business developments and their progress, along with any recommendations for commencing new business ventures.</p> <p>The paper was taken as read and EB invited questions from those present.</p> <p>PD asked what the implications of the Hambleton, Richmondshire and Whitby CCG actions in relation to a private provider managing some of their low acuity calls were likely to be going forward.</p> <p>CB replied that it remained a low risk area, which would not impact on the contract negotiations for 2015/16, adding that the Trust had not seen any decrease in demand to date. However, Head of Service Planning and Development, Helen Hugill and Service Planning and Development Manager, Helen Cullen continued to monitor the situation.</p> <p>AC stated that part of the Trust's current strategic discussions with Commissioners centred round specific CCGs cherry-picking the most profitable parts of their services.</p> <p>CB stated that any further removal of work could have TUPE implications and an impact on YAS' delivery of its services.</p> <p>PD added that it could also have a destabilising effect on the Trust's current delivery model.</p> <p>In terms of the York SPA pilot, MW requested details of the Trust's view of the switch of funding and potential change to the level of activity.</p> <p>CB replied that what they were proposing was potentially less attractive to YAS, adding that the proposal was coming back through the gate review because the details of the scheme had changed.</p> <p>CB further stated that it was Head of Development Simon Murphy's view that, whilst option 2 in the paper was not as attractive as option 1, it still provided useful strategic positioning for the future.</p>	

	Action
<p>Approval: The Finance & Investment Committee noted the update in the paper and supported the on-going business developments.</p>	
<p>12.2 Update on 2015/16 Contracts AC and CB provided a short update on the contract negotiations for the 2015/2016 A&E, NHS 111 and PTS contracts. The paper was taken as read</p> <p>A discussion took place about the current difficult financial environment in which the Trust was operating.</p> <p>Approval: The Finance & Investment Committee noted: the contract negotiations position for 2015/16, for NHS 111, A&E and PTS; the key financial risks and issues for NHS 111, A&E and PTS contract negotiations; and the key risks inherent with moving to Payment By Results for A&E.</p>	
<p>13. 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 the organisation’s main risk was 3a – inability to deliver performance targets and clinical quality standards, adding that the current position in relation to the potential application of penalties for under-performance had been presented at the January Board meeting.</p> <p>Since that time AC had met with the Commissioners to discuss the letter sent to them by the Trust and had agreed to an independent capacity review, to be completed by the Good Governance Institute (GGI), the outcome of which would be used to inform discussions at the end of February in relation to the application of penalties.</p> <p>AC stated that the outcome of the on-going negotiations would inform the year-end position and as such there were therefore likely to be year-end adjustments, if any were made.</p> <p>AC further stated that, in terms of the capacity review, the Commissioners were working with YAS to develop terms of reference, etc.</p> <p>EB stated her belief that, by submitting its evidence in writing, the Trust had taken a professional approach to the issue.</p>	

	Action
<p>RB stated that the potential imposition of penalties could have a massive impact on the Trust's finances, especially as the Trust was still no nearer to receiving confirmation of national funding for the legal costs of the on-going Hillsborough Inquests.</p> <p>RB confirmed that he had raised the Hillsborough issue with David Flory, the Chief Executive of the TDA and the TDA and NHS England had now raised the issue with the DH.</p> <p>JN asked whether the item would be highlighted in the annual accounts if no funding was received.</p> <p>AC replied that, although the materiality around it would be difficult, Deloitte would, as a minimum, include comments in the notes about the imposition of penalties, the Hillsborough costs, etc. However, he remained hopeful that the Trust would not be in the same position by year-end.</p> <p>PD stated that, following the recent joint meeting with the lead CCGs, she felt reasonably hopeful that they were listening and developing their understanding of the Trust's position. However, she still had concerns about how they would develop the understanding of the remaining CCGs who had very marginal knowledge of the situation.</p> <p>The meeting moved on to consider current proposals in relation to the proposed NHS national pay settlement.</p> <p>IB stated that this was another potential financial risk going forward as it could have significant implications for YAS.</p> <p>AC stated that, although his team had done some high level modelling, to date, no clear guidance was available.</p> <p>EB asked whether the issue should be added to the risk register.</p> <p>AC replied that this was not necessary as it would form part of the 2015/16 plan and the larger corporate risk around that plan.</p> <p>RB stated that the item, which was flagged as a national risk within the contract, had been included as part of the current contracting agenda as area that the Trust would wish Commissioners to fund.</p> <p>AC stated that a risk-based approach would need to be taken as a 2% increase in employers' contributions to match employees' contributions was a big risk which would affect the surplus.</p> <p>PD asked where moving Paramedics to Band 6 would sit in the knowledge framework and EB suggested that some background modelling work would need to take place.</p>	

	Action
<p>The F&IC noted the discussion and acknowledged that further reports about the 'moving picture' would be required at future meetings.</p> <p>PD asked whether the reference to 'Winter Funding' in the report could be changed to 'Systems Resilience Funding'.</p> <p>AC agreed to make this change.</p> <p>Action: AC to alter reference to 'Winter Funding' in report to 'Systems Resilience Funding'.</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>AC 2015/09</p>
<p>14. Capital Expenditure – Review of top cases/payback analysis of schemes</p> <p>AC presented the 6-monthly review of significant capital schemes that had been undertaken in the previous 12 months.</p> <p>AC stated that the Finance team and the Capital Monitoring Group had been working hard to continue to improve their understanding of the schemes and their return on investment.</p> <p>EB stated that it was good to see the structured approach which seemed to have developed over the last few months.</p> <p>RB agreed that the team's efforts, plus the addition of commercial experience to the team were now starting to show results.</p> <p>EB asked how the Trust knew what it should be reviewing and how well it was doing.</p> <p>AC replied that the Capital Plan and schemes were linked to investment schemes.</p> <p>EB suggested that if the Trust could capture information about actuals it could identify trends, etc going forward.</p> <p>Approval: The Finance & Investment Committee noted the report of the financial benefits of Major Capital schemes and agreed to receive the next report in September 2015.</p>	
<p>15. 2015/16 Budget Setting Plan</p> <p>An update was provided on the draft 2015/2016 Revenue and Capital budgets for information and discussion.</p>	

	Action
<p>AC stated that the Trust's budget setting process had been carried out and a very early draft submitted to the TDA in mid-January.</p> <p>The budget provided for an overall surplus of £2.4m (1.0%) and a general contingency reserve of c£3-4.0m once inflationary pressures and specific reserve allocations had been provided for. However there were a number of significant risks, which included:</p> <ul style="list-style-type: none"> • A&E workforce modelling (£3m-£5m); • A&E contract penalties (£4.0m); • 30% CIP underachievement (£3m); • Paramedic re-grading (£2m-£3m); • Unsocial hours (£1.6m); • Hillsborough (£0.6-£1m); • PTS and A&E CQUINS, 25% underachievement (£1.1m); • Hull Logistics Service (£0.4m). <p>AC stated that the above risks would need to be considered as part of the next version of the financial plan with the final plan due to be completed at the beginning of April 2015.</p> <p>AC stated his belief that, with 50% of FTs and more than 50% of Trusts in deficit, the organisation would need to be realistic about its final surplus decision with the final surplus figure likely to be less than the current plan of £2.4m.</p> <p>EB proposed that a virtual F&IC meeting should take place in early March, to discuss the updated plan prior to it going to Board. It was noted that similar timing issues should not be encountered the following year, as the F&IC meeting was scheduled for early March.</p> <p>Action: AC to arrange a virtual F&IC meeting in early March to discuss the updated draft prior to it going to the Trust Board meeting at the end of March.</p> <p>Approval: The Finance & Investment Committee noted the content of the draft Revenue and Capital budgets and the potential significant risks to the financial plan, which were currently being worked through in more detail prior to approval by the Trust Board in March 2015.</p>	<p>AC 2015/10</p>
<p>16. Procurement Update Including:</p> <ul style="list-style-type: none"> • Local Contracting & Tendering; • National Framework & e-procurement Update <p>EB welcomed Mike Fairbotham (MF), the new Head of Procurement, to the meeting to update the Committee on key contracting and tendering activity.</p>	

	Action
<p>MF, who had commenced with YAS on 5 January, stated that his career to date included Procurement responsibilities in both the NHS and Central Government.</p> <p>MF stated that the main item he wished to discuss that day was item 3.2, the Vehicle Insurance contract, which should have come to F&IC that day but had been delayed slightly.</p> <p>As the current contract was due to run out at the end of March, with no possibility of extension, MF stated that the proposal would still need F&IC consideration and endorsement prior to going to Trust Board for approval.</p> <p>AC stated that the proposal should be available at the start of the following week, so he would email it to Committee members for their feedback prior to it going to Board at the end of February.</p> <p>MF stated that it should not be a major decision, as the paper would be a purely financial analysis of the current scenario.</p> <p>In relation to item 3.6, Tail Lift Maintenance, PD stated that several problems resulting in injuries had been highlighted at that morning's Quality Committee meeting. She expressed concern that a maintenance contract was currently not in place in this respect.</p> <p>RB stated that all new vehicles were covered by a guarantee.</p> <p>AC stated that the main issue related to timing and was tied into a number of items including the proposed 12-month extension to the current vehicle leasing agreement for 20 RRVs licences. The Procurement team was working with Fleet to develop a specification, details of which would be shared with F&IC before it went to Board.</p> <p>IB and RB left the meeting at 1630 hours.</p> <p>PD asked what the benefits of the national uniform contract were and whether YAS would still be able to keep its own badge, as she found it interesting that YAS currently seemed to be the only ambulance trust which had 'opted out' of the national route .</p> <p>MF replied that there was an option which would allow YAS to buy unbranded items which the Trust could then badge up. However, all potential suppliers had currently failed on ethical and quality grounds.</p> <p>EB asked whether it would be possible to receive a track-changed version of Appendix 1 going forward to allow the Committee to see what had changed in between meetings.</p> <p>MF replied that the spreadsheet was a working document, which was constantly being updated.</p>	

	Action
<p>However, he would try to make it easier to use and would syphon off the updates that the Committee would need, showing the amendments in track changes.</p> <p>Action: MF to alter format of Appendix 1, the Procurement Work Plan, to make it easier to read and to show updates in track changes for future meetings.</p> <p>JN suggested that if YAS could increase the number of vehicles insured on its policy by offering members of staff the opportunity to insure their own vehicles it could potentially decrease costs.</p> <p>MF agreed this was an interesting approach and agreed to consider further and report back at a future F&IC meeting.</p> <p>Action: MF to look into the possibility of providing the opportunity for employees to insure their own vehicle on YAS's insurance policy to achieve savings for the organisation.</p> <p>Approval: The Finance & Investment Committee noted the contents of the Procurement update and the key actions being taken by the Procurement team.</p>	<p>MF 2015/11</p> <p>MF 2015/12</p>
<p>17. Procurement Strategy AC provided an update on the status of the Procurement Strategy paper.</p> <p>The draft strategy had been presented at the F&IC meeting in September 2014 having already been to TMG and TEG. However, the decision had been taken not to formally approve the strategy until such time as the new Head of Procurement was in place to ensure that it was fit for purpose.</p> <p>MF stated his belief that although there was nothing fundamentally wrong with the document, several areas still required further work. For example, more emphasis was required on the 'customer' and short, medium and longer term goals for the team.</p> <p>MF further stated that he also needed to develop a deeper understanding of affordability within the organisation before finalising the document.</p> <p>MW raised the issue of the equality and diversity impact, querying the way in which the impact assessment had been carried out.</p> <p>MF agreed, adding that he would need to look further into the area of the strategy's impact on people.</p>	

		Action
	<p>EB stated that she looked forward to receiving the updated draft strategy for sign off at the May meeting.</p> <p>Action: Updated draft Procurement Strategy to be presented for sign-off at the May F&IC meeting.</p> <p>Approval: The Committee noted that revised Procurement Strategy would be presented for sign-off at the next F&IC in May 2015.</p>	AC/MF 2015/13
18.	<p>Feedback for Board Meetings</p> <p>EB stated that major items of interest to feedback to the Trust Board included:</p> <ul style="list-style-type: none"> • the recommendation that regular sessions about PTS were required at future Board meetings: • an update about the possible implementation of penalties for Red1/2 under-performance in relation to contract discussions and any subsequent impact on the financial plan for 2015/16. 	
19.	<p>Assurance Statement to the Audit Committee</p> <p>It was agreed that the following assurance statements would continue to be included in future reports to the Audit Committee:</p> <p>'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.'</p> <p>and</p> <p>'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'.</p>	
20.	<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 membership of F&IC, specifically whether the Executive Director of Operations was a member of the Committee.</p> <p>It was agreed that AA should check the Terms of Reference of the Committee to ensure that the Executive Director of Operations was a member. He would then be invited to attend the May meeting.</p> <p>Action: AA to check ToR to ensure Executive Director of Operations was a member of the F&IC.</p> <p>AA to invite current Interim Executive Director of Operations to attend the May meeting of the F&IC</p>	<p>AA 2015/14</p> <p>AA 2015/15</p>

		Action
	<p>PD stated that the meeting had been well-chaired, adding that a challenging agenda had been well-managed to enable the meeting to finish on time.</p> <p>The meeting closed at 1645 hours.</p> <p>As there were no additional comments EB thanked everyone for sparing the time to attend and their contribution during the meeting.</p>	
21.	<p>Dates and Time of Next Meeting: 1400-1700 hours 7 May 2015, Kirkstall and Fountains, Springhill 1, WF2 0XQ</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**