



Finance & Investment Committee (F&IC) Minutes

Venue: Kirkstall and Fountains, YAS HQ, Springhill 2, WF2 0XQ
Date: Thursday 15 March 2018
Time: 1300 hours
Chairman: John Nutton

Membership:

John Nutton	(JN)	Non-Executive Director & Chairman of F&IC
Ronnie Coutts	(RC)	Non- Executive Director
Pat Drake	(PD)	YAS Deputy Chairman & Non-Executive Director
Rod Barnes	(RB)	Chief Executive
Mark Bradley	(MB)	Executive Director of Finance
Leaf Mobbs	(LM)	Director of Planning & Development

Apologies:

Pat Drake	(PD)	YAS Deputy Chairman & Non-Executive Director
Leaf Mobbs	(LM)	Director of Urgent Care and Integration
Anne Allen	(AA)	Trust Secretary
Rachel Monaghan	(RM)	Associate Director of Performance Assurance and Risk

In Attendance:

Phil Storr	(PS)	Associate Non-Executive Director
Kathryn Vause	(KV)	Associate Director of Finance
Matt Sandford	(MS)	Associate Director of Business Development
Chris Dexter	(CD)	Managing Director PTS (Item 12)
Mike Fairbotham	(MF)	Associate Director of Procurement & Logistics (Item13 & 13.1)

Minutes produced by:

Joanne Lancaster	(JL)	Committee Services Manager
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	The meeting commenced at 1300 hours.	
1.0	Introduction and Apologies JN welcomed everyone to the meeting and apologies were noted as above.	
2.0	Declaration of Interests for any item on the agenda There were no interests to be declared in relation to the agenda items but any would be noted throughout the meeting should they arise.	

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3.0	Feedback from Board Meetings It was noted that earlier versions of some of the papers had been discussed at the Private Board Meeting in February.	
4.0	For Approval: Minutes of the meeting of 14 December 2017 The minutes of the meeting held on 14 December 2017 were agreed as a true and fair representation of the meetings.	
4.1	Action Log: Action 2016/014 – Model Ambulance – RB referred to the presentation which he had provided at the 16 November 2017 BDM. The work was on-going and an update would be provided at the F&IC September meeting. Action closed. Action 2017/019 – Bidding Skills Presentation – This had been sent to LM as agreed. Action closed. Action 2017/020 – Doncaster Hub & Spoke scheme – It was agreed to provide an update to F&IC at the June meeting. Action remains open. All other actions had been appropriately closed.	
5.0	For Approval: Review of F&IC Workplan The F&IC noted the workplan. Approval: The Finance and Investment Committee reviewed and agreed the F&IC workplan.	
6.0	For Assurance: Financial Review (Month 10) The paper provided an overview of the key points relating to the Trust's Month 10 financial position. A verbal update of the Month 11 position was provided. It was confirmed that the forecast year end surplus had been increased by £2m for 2017/18. The position included expenditure on a number of non-recurrent investments agreed earlier in the year, largely funded by the significant non-recurrent underspend in A&E Operations due to staff vacancies and an inability to source overtime as planned. It was noted that at month 10 a balance of uncommitted resource of £3.1m was forecast. There were a number of potential risks and benefits within this. The position included a reserve relating to Hillsborough and a potential employer liability claim. The claimant had requested a further stay until May 2018. In line with formal advice the Trust will make a provision for this (£750k) in the 2017/18 accounts. It was noted that NHSI would match fund the increased surplus in terms of STF incentive monies. There were likely to be additional bonuses	

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<p>once the national financial position was finalised. This would result in the Trust having a significant surplus at year end 2017/18.</p> <p>It was confirmed that if the Trust wanted to use the cash reserves resulting from this to fund Capital expenditure it would need to seek approval from NHSI to do so. It was noted that there would be revenue implications of doing so.</p> <p>It was confirmed that the loan for the ePRF had been repaid in full.</p> <p>Discussion took place relating to purchasing fleet in large numbers and whether this would create 'spikes' for replacement in future years. It was confirmed that Fleet Services were considering how spikes could be reduced and part of the solution would be to secure vehicles through a mix of acquisition lease and purchases to smooth out the replacement profile.</p> <p>It was noted that of the Trust's 140 RRVs that 50 were out of lease and would be returned to the supplier.</p> <p>JN asked that an update to be brought to F&IC on the fleet profile including age and replacement.</p> <p>Action: An update to be brought to F&IC in June 2018 on the fleet profile including age and replacement.</p> <p>Discussion took place in relation to the 2018/19 budget and the contract settlement negotiations particularly in relation to securing a settlement that would enable the Trust to deliver the national ARP standards.</p> <p>MB advised that a challenging CIP programme for 2018/19 had purposefully been set by the Trust to enable it to reinvest back into the organisation to aid with a number of challenges over the financial year such as tenders and the national ARP standard.</p> <p>Discussion took place in relation to operational performance and it was noted that there had been instances when performance had not been where the Trust would have liked it to be however these had mainly related to the wider system pressures seen over the winter period.</p> <p>JN commented on the Trust's positive financial position for 2017/18 set against a backdrop of some challenging times and noted that on the whole performance had remained stable and patient safety had not been compromised.</p> <p>Approval: The Finance and Investment Committee noted the Trust's financial performance to date including the risks to delivery of the Trust's Operating Plan and gained appropriate assurance. The F&IC:</p> <ul style="list-style-type: none"> • Noted the Trust's positive financial performance for 2017/18 	<p>MB 2018/001</p>

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	<p>at Month 10- and the Board agreement to:</p> <ul style="list-style-type: none"> ○ Increase the forecast surplus by £2m from month 11; ○ Repay in full the EPRF loan; • Noted the financial risks outlined in the report in particular A&E spend, legal cases and winter spend commitments; • Noted the continued focus required on CIP identification and delivery. 	
7.0	<p>For Assurance: Capital – Reasons for Slippage and Recommendations for Improvement</p> <p>The paper set out the reasons for slippage in the capital programme for 2017/18 and the actions being taken forward to reduce the risk of slippage in future years.</p> <p>It was noted that there had been slippage in the Capital Programme in 2017/18 and this was due to slippage with the new DCA procurement. A range of mitigations had been put in place including bringing forward planned maintenance on Trust property, paying the ePRF loan in full and the purchase of some second-hand DCA vehicles from East Midlands Ambulance Service.</p> <p>Discussion took place relating to the slippage of the purchase of the DCAs and an explanation was provided as to why this had happened. The process had now been improved with the suppliers to avoid a repetition in the future.</p> <p>Approval: The Finance and Investment Committee noted the update and gained assurance that the Capital Programme was being managed effectively. The F&IC:</p> <ul style="list-style-type: none"> • Noted the reasons for slippage in the 2017/18 capital programme; • Supported the recommendations set out in the paper; • Approved £5,688 of Capital Resource for the purchase of DCA chassis and conversions. 	
8.0	<p>For Assurance: 2018/19 Draft Financial Plans/Budgets</p> <p>The paper presented the draft summary service line budgets for 2018/19.</p> <p>It was noted that the final Financial Plan for 2018/19 would be submitted to NHSI on the 30 April and an Extraordinary Board Meeting in Private had been arranged for the 26 April 2018 to review the Accounts.</p> <p>The draft Financial Plan assumed increased demand for A&E services but did not assume that funding would be allocated to achieve the ARP standards 2018/19. The Trust had planned a stretching but achievable CIP target of £9m of which £1.1m was RAG rated as 'red'.</p> <p>It was noted that there had been a review of vacancies across the</p>	

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<p>organisation and it was not expected that the vacancy issues of 2017/18 would be replicated in 2018/19.</p> <p>An explanation of the vacancies was provided for A&E Operations and the plan to reach full establishment. There would be less reliance on overtime in 2018/19.</p> <p>It was noted that due to changes to some key assumptions based on the national planning guidance and the ability for the Trust to non-recurrently utilise the 0.5% CQUIN risk reserve in 2018/19, the Trust was now planning to set aside an earmarked reserve of £2m to invest in the delivery of national performance targets as well as holding a 1% contingency reserve.</p> <p>Approval: The Finance and Investment Committee noted the update and gained assurance that the process for planning the 2018/19 Financial Plans and Budgets was appropriate and robust.</p>	
<p>9.0 For Assurance: Reference Costs 2016/17</p> <p>The paper presented the 2016/17 reference costs for the Trust to provide a national comparison.</p> <p>It was noted that YAS' cost index had reduced in 2016/17 to 102 from 106 in 2015/16. The main reason for the decrease was the reduction in the use of Private Providers. The Trust remained focused on improvements and efficiency across the organisation.</p> <p>Due to the introduction of ARP in September 2017 it was not possible to compare Trusts on a VfM basis.</p> <p>To enable comparison between Trusts, DH weighted reference costs by a market forces factor (MFF) which considered variables due to location however, for Ambulance Trusts, it did not consider:</p> <ul style="list-style-type: none"> • Rural vs urban split; • Population demographics; • Other operational factors such as road network/condition. <p>MB advised that there would be major investments in the EOC to increase the volume of Hear & Treat patients to reduce conveyance to hospital where it was appropriate and safe for the patient to do so.</p> <p>It was confirmed that work with the PLICs system continued and the information generated from this had already been proved useful.</p> <p>Approval: The Finance and Investment Committee noted the content of the paper and the year on year reduction in the reference cost benchmark, as well as the fact that an assessment of value for money was restricted due to ARP.</p>	

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<p>10.0 For Assurance: A&E, PTS and NHS 111 Contract Negotiations and Contract Management Update 2016/17 & 2017/18</p> <p>The paper set out the current position on the A&E, NHS 111 and PTS contracts and provided an update on contract negotiations for 2018/19.</p> <p>The 2018/19 NHS 111 and West Yorkshire Urgent Care (WYUC) contract had been agreed with a 12 month contract.</p> <p>The PTS contracts for the North and South of the region had been mobilised. The Trust had received Commissioners intentions for the West Yorkshire PTS contract for 2018/19. Intentions from that date onwards had not been shared.</p> <p>999 contract negotiations continued with Commissioners with the Trust seeking to receive funding to work towards the national ARP standards in addition to funding for increased demand. This was a challenging situation as the Trust did not believe it could sign up to a contract that would not deliver the ARP standards. Detailed discussions and negotiations were taking place with the Lead Commissioner and Business Cases had been put forward by the Trust relating to ARP, EOC redesign and Low Acuity Transport.</p> <p>Discussion took place relating to the national ARP standards and the challenge in achieving these by September 2018 as advised in NHSI Planning guidance.</p> <p>Further information would be provided to F&IC and the Board as negotiations progressed.</p> <p>Approval: The F&IC noted the current position in relation to the 2017/18 contract management position and the current position in relation to the negotiation of the A&E, NHS 111 and PTS contracts 2018/19 onwards.</p>	
<p>11.0 For Assurance: Planning & Development Team Update</p> <p>The paper updated the current and planned work undertaken by the Planning and Development Team.</p> <p>The team had been instrumental in supporting the development of a new Corporate Strategy which linked the ambitions of the Trust to operational reality. It was anticipated that the final version would be presented in October 2018.</p> <p>It was noted that the team had continued to work to develop the Trust's plans and reporting. The Operating Plan was in the process of being drafted for final submission to the Board in April 2018.</p> <p>The team had been heavily involved in the recent tender responses and continued to learn lessons to support improvements in the process in the future. It was noted that £13.2m of new business had been secured and</p>	

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<p>£60m of business had been retained.</p> <p>A market analysis was being undertaken across Yorkshire and the Humber relating to establishing a list of health related contracts across the region, their market value and contract end dates. This would provide the Trust with valuable data to enable it to anticipate when new contracts may come up for renewal.</p> <p>Approval: The Finance and Investment Committee noted update and the contents of the paper.</p>	
<p>12.0 For Assurance: PTS Update CD guided the Committee through a presentation.</p> <p>JN welcomed that the financial contribution had increased and that performance against KPIs was positive.</p> <p>It was noted that in the South activity was reducing but this had not translated into reducing resources.</p> <p>Discussion took place relating to the funding for transport for the discharge of patients from Acute Trusts.</p> <p>It was noted that although the East Riding contract was relatively small it was essential in terms of stability in that area and for patients in that location.</p> <p>It was confirmed that PTS management had a focus on CIPs within the service and the resources were now in place to accelerate delivery of these. It was expected that AutoPlan would be established this year.</p> <p>It was noted that the West Yorkshire PTS contract would be up for tender; this was a significant contract for the Trust.</p> <p>Discussion took place in relation to other PTS providers in the area and how these might impact on YAS.</p> <p>JN asked that a further update on PTS be brought back to the June F&IC.</p> <p>Action: A further update on PTS be brought back to the June F&IC.</p> <p>JN thanked CD for the update.</p> <p>Approval: The Finance and investment Committee noted the update and the contents of the presentation and gained assurance that PTS was delivering against the Transformation Plan and CIP.</p>	<p>CD 2018/002</p>

	Action
<p>13.0 For Assurance: Procurement Update The paper updated on key procurement activity which had taken place since the previous F&IC.</p> <p>The paper showed the end of year position. Of particular note:</p> <ul style="list-style-type: none"> • Vehicle Procurement – Double Crewed Ambulances (DCAs) There was a consensus meeting (the point in the Procurement process where the scores from individual evaluations were compiled and a final score agreed) being held on 15 March and it was expected the contract would be awarded shortly after this meeting. It would move to next year's Capital Programme; • Tyres Benchmarking – Work had been on-going through the NAA to trial a different make of tyre to that currently used; to date the alternative supplier had not provided the product to trial. It was likely that the Trust would continue to buy compliantly from the CCS Framework; • Estates – Total Facilities Management Contract – this had moved to 2018/19; • Estates – Doncaster Hub & Spoke – this had moved to 2018/19; • Unified Communications – It was confirmed the Trust would seek to ensure there was commonality in the platform with other ambulance trusts; • SAN replacement – This concluded on 13 March 2018. <p>Approval: The Finance and Investment Committee noted the update and gained assurance that the procurement process and associated contracting conformance were being managed effectively.</p>	
<p>13.1 For Assurance: Refreshed Procurement Strategy The paper provided the 5-year Procurement Strategy document for its annual review.</p> <p>The main changes were outlined which were mainly due to changes to terminology and an updated Risk Assessment.</p> <p>Approval: The Finance and Investment Committee noted the updated 5-year Procurement Strategy document, supported the annual review moving to the last quarter of each Financial Year and gained assurance that the Procurement & Logistics department is on track to achieve its strategic goal of Confidence in Procurement & Logistics within the 5-year timetable.</p>	
<p>14.0 For Assurance: Northern Ambulance Alliance (NAA) Update RB provided an update on the work of the NAA. It was noted that a Job Description had been developed for a Managing Director of the Work Programme and this should be finalised within the next few weeks.</p>	

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	<p>Work was progressing to integrate EMAS into the work programme as an Associate Member of the NAA.</p> <p>The work YAS Payroll was doing for NEAS had gone well and EMAS had expressed an interest in this regard.</p> <p>The HR workstream had now commenced and had held its first meeting.</p> <p>Peter Dykes of NHS Digital was helping support the NAA with a Common Digital Strategy.</p> <p>The Joint NAA meeting of the three constituent NAA Boards of the 16 January 2018 was noted and it was commented that this had been beneficial and positive.</p> <p>Approval: The finance and Investment Committee noted the update and gained assurance that the NAA workstreams were progressing appropriately.</p>	
15.0	<p>For Assurance: Risk Management Report</p> <ul style="list-style-type: none"> • Board Assurance Framework/Risk Register risks relating to F&IC <p>JN advised that the BAF had been attached for reference and that the relevant risks for F&IC assurance had been addressed through meeting papers and discussion.</p> <p>PS referred to the discussion in Quality Committee relating to the funding for the dedicated ambulance resource at Friarage Hospital. This was a both a quality/safety and financial risk for the Trust.</p>	
16.0	<p>Summary of issues to Trust Board</p> <p>The meeting closed at 1600 hours.</p>	
17.0	<p>Date & Time of Next Meeting 7 June 2017 - 1300 – 1600</p>	

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**