

WELSH AMBULANCE SERVICES NHS TRUST

MINUTES OF THE OPEN SESSION OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 25 JUNE 2015 AT VANTAGE POINT HOUSE, CWMBRAN AND VIA VIDEO CONFERENCING AT HEADQUARTERS ST ASAPH

PRESENT :

Martin Woodford	Non Executive Director and Chairman	MW
Kevin Davies	Non Executive Director	KD
Pam Hall	Non Executive Director (VC, St Asaph)	PH
James Mycroft	Non Executive Director	JM
David Scott	Non Executive Director (VC, St Asaph)	DSc

DIRECTORS:

Judith Hardisty	Director of Workforce and Organisational Development	JH
Brendan Lloyd	Medical Director	BL
Patsy Roseblade	Director of Finance and ICT	PR

IN ATTENDANCE:

Nathan Holman	Staff Side Representative	NH
Rob Jeffery	Head of Operations for the Hywel Dda Health Board Area	RJ
Richard Lee	Interim Assistant Director of Operations (Clinical Modernisation)	RL
Steve Owen	Corporate Governance Officer (VC, St Asaph)	SO
Bleddyn Roberts	Staff Side Representative (VC, St Asaph)	BR
Dawn Sharp	Corporate Secretary	DSH
Claire Vaughan	Associate Director Workforce Transformation	CV

APOLOGIES

Mike Collins	Director of Operations
Mike Coupe	Director of Strategy, Planning and Performance
Gordon Roberts	Interim Assistant Director of Operations (EMS)

05/15 PROCEDURAL MATTERS

The Chairman welcomed all to the meeting and confirmed there were no declarations of interest. He referred to the Staff Side Membership of the Committee and it was confirmed that Nathan Holman and Bleddyn Roberts be sanctioned, on an interim basis at this stage, as the nominated representatives.

Minutes

The Minutes of the Open and Closed sessions of 21 April 2015 were considered and confirmed as a correct record.

Action Log

The Action Log was reviewed by the Committee and the actions therein were discussed. It was agreed that the reviewing of the Committee's Terms of Reference should be added as an action.

RESOLVED: That

- (1) there were no declarations of interest;**
- (2) Nathan Holman and Bleddyn Roberts be confirmed as Staff Side representatives for the FRC on an interim basis;**
- (3) the Minutes of the Open and Closed Sessions of the meeting held on 21 April 2015 be agreed as a correct record; and**
- (4) the review of the Terms of Reference (TOR) be entered onto the Action Log.**

06/15 FINANCE REPORT (MONTH 2)

A report setting out the Trust's overall financial position as at the end of May 2015 was received.

In introducing the report, the Director of Finance and ICT stated that the reported performance for the year to date showed a retained deficit of £0.544m. She added that following feedback from previous meetings, the revised report contained more detail and graphical illustrations than in earlier reports. Members attention was drawn to the table illustrated under paragraph 12 within the report and were provided with a further explanation in terms of the major variances to the budget as demonstrated within it.

Members were provided with a graph tabled by the Director of Finance and ICT which illustrated different potential year-end financial outcomes given the different scenarios as detailed in the paper. The Director referred the Committee to the recruitment plan and the roster review which would both have an impact on the financial situation. In terms of the information at hand, a 'business case' would be submitted to the Commissioners and Welsh Government which would indicate clearly what the outcome would be should the scenarios listed.

The Director of Finance and ICT referenced the fact that clear and explicit instruction had not yet been given by Welsh Government in terms of spending, however their guidance was to continue in the same vein and carry on with the use of double time/overtime and private providers. The Director reminded the Committee that it was a statutory duty to break-even adding that if the Trust stopped overtime/double time and use of private providers, it may be possible, with great difficulty, for the Trust to achieve that position.

In terms of what the Commissioner was looking for prior to agreeing to sign off the IMTP, it had been made very clear to the Director of Finance and ICT that he would not consider agreement until the following were in place:

- a full recruitment plan
- a full roster review plan

- a full strategy on card 35 activity

The Chairman welcomed comments from the Committee:

It was made clear by the Director of Workforce and OD that there were no immediate plans to cease the Cwm Taf project at this stage.

The question was asked as to what assumption had been made as to delivery against the savings plan. The Director of Finance and ICT explained that the current planning assumption was that the savings plan would deliver in line with the forecast.

The Medical Director advised that whilst there were significant improvements in Category A performance within the Cwm Taf area this would only continue with the appropriate staffing levels and assurance that other areas were being suitably staffed.

It was suggested that the Trust should consider as an option, the training of Urgent Care Assistants and technicians which could potentially address the shortage of paramedics.

A review on the establishment and current vacancies had been carried out by the Associate Director of Workforce and Transformation taking account of the roster review. It was also noted that significant effort was being put into substantive recruitment.

In terms of key stakeholders being aware of the Trust's current situation, the Director of Finance and ICT advised that there had never been an explicit agreement to fund the Trust's continuing spend. She further commented that from the beginning of 2015/16, Welsh Government (WG) had expressed a clear expectation that continuous improvement in operational performance would be delivered.

James Mycroft strongly expressed the view, given the context described and the risks associated with delivery of the savings plan, that the Trust was extremely unlikely to break even and with current operational commitments faced an overspend equivalent at least to the worst case scenario in the Director of Finance and ICT's forecasts. Given this, he registered a strong concern, which committee members endorsed, that the Trust was continuing to forecast break even in its returns to WG in spite of this prognosis.

Given the concerns expressed by committee members, the Chairman undertook to arrange a meeting with the Trust Chairman, CEO and Director of Finance/ICT as a matter of priority to register this perspective and to agree a way forward. He emphasised that the Trust could not continue its spending commitments without financial support and that the Board would need clarity from WG before its next meeting on 30th July.

RESOLVED: That

(1) the financial position as reported for Month 2 and the associated key risks and issues be noted; and

(2) the chairman, on behalf of the Committee meet with the Trust Chair, CEO and Director of Finance as a matter of priority, to register concern at the current break even forecast and to discuss a way forward in terms of the

Trust satisfying its statutory responsibility to break even.

07/15 2015/16 SAVINGS PLAN (SUMMARY REPORT PLUS DETAILED SCHEME PROFILES INCLUDING SICKNESS ABSENCE PLAN)

The Chairman, prior to the savings plan being presented, asked that the Committee be given a clear view as to the level of confidence that there was in delivery. He added that the Committee should discuss in detail the 'big ticket' schemes which were reviewed in detail below.

Scheme 10 – Sickness Reduction

The Director of Finance and ICT in introducing the scheme, commented that the savings target of 2% in terms of the Operational element by Health Board area had been based on the calculation as at Month 10 from last year and when compared with the beginning of this year the target of 1% had already been met. Therefore a reduction of 2% of the cost of sickness was included within the savings plans. **CV** explained that the financial target that had been calculated before April 2015 was based on a 2% reduction on the cumulative sickness rate. In terms of sickness reporting, the Trust reported the in month position and not the cumulative rate which would account for the 1% target. This figure would include Corporate directorates where sickness absence would rarely be covered with overtime which would not realise any financial savings if these directorate percentages reduced. The Committee were further advised by **CV** that the Trust was 1.5% better off in terms of its sickness absence levels from last year's figures.

The Head of Operations for the Hywel Dda Health Board Area **RJ** drew the Committee's attention to a possible rise in sickness levels which could stem from the ongoing use of double time/overtime and this was being addressed by management.

Members further discussed the variety of issues which contributed to staff sickness levels and considered at length possible solutions which included looking at other NHS organisations that had lower sickness levels and the methods they applied in achieving that. **CV** informed the Committee that further work and analysis was being conducted to establish a plan in reducing sickness going forward and agreed to provide an update at the earliest opportunity which should be included within the Financial report at the next Trust Board meeting on 30 July 2015.

In terms of sickness levels within the Cwm Taf explorer project it was noted that the sickness levels amongst staff had reduced. Furthermore it was also noted that staff within the project had been able to take the required breaks and this had contributed to the low sickness level.

The Chairman commented that there should be a focused effort in identifying measures to reduce sickness levels going forward adding that this had to be a priority given the contribution that this scheme was expected to make towards the overall savings target.

Scheme 1–Profits on disposals

The Director of Finance and ICT advised the Committee that this scheme was on schedule.

Scheme 2 – Procurement

Members were provided with an overview by the Director of Finance and ICT which indicated that on the whole, the scheme was on plan, however there may be a phasing issue in terms of the Telematics being installed into the vehicles.

Scheme 31 – Reduction in Fuel Costs

The Interim Assistant Director of Operations (Clinical Modernisation) **RL** commented that fuel costs are at this point were cheaper than they were last year and provided the price remained low the savings in this category should be assured. However, should diesel be priced above £1.24 per litre the savings would cease. The Trust currently used a fuel card system which was a brokered price and not the forecourt price. The Director of Finance and ICT commented that this was a high risk strategy and assured the Committee that mechanisms were in place to properly scrutinise and monitor fuel usage. Members further discussed vehicle issues which included methods in which vehicles were deployed in an attempt to reduce fuel usage.

Scheme 7

The Director of Finance and ICT provided the committee with a brief overview on the benefits of the Telematics system. **RL** further commented that the use of Telematics would provide the Trust with invaluable information in terms of identifying liability when investigating road traffic incidents involving Trust vehicles which in turn could play a part in reducing or indeed nullifying legal costs.

Scheme 19 – Operations

Membership debated using video conferencing on a more frequent basis going forward in order to reduce the cost of travel and subsistence.

The Director of Finance and ICT commented that the committee should consider lead times of the schemes and advised that part of the remit was to consider how the cash was going to be released.

There was still concern amongst members that some of the schemes posed a high risk for example sickness absence, and there were still questions around a number of the schemes particularly in terms of lead times and cash delivery.

The Chairman commented that the delivery of the entirety of the savings plan was indeed high risk and it may be prudent for the focus to be increased on the high value savings items (big ticket). The Committee would continue to track the savings until such time the risks were mitigated, however a note of caution would be applied in terms of delivery of the savings plan.

There were a couple of points of detail which were brought to the Committee's attention by David Scott, Non Executive Director with regard to project numbers three and 23 and clarification was sought on the figures illustrated within. The Director of Finance and ICT acknowledged the anomalies.

The Chairman advised that the savings plan, on the evidence presented would be unlikely to deliver in full.

The Director of Finance and ICT referred to the sickness reduction plan and advised that this should be split down into different component parts which would identify the high risk areas.

The Chairman advised that reporting a break-even position to Welsh Government at month three would present an issue for Board Members. The Committee supported the business case presentation to Commissioners, however the point should be made to them that the Trust recognised the need to switch from inefficient activity to efficient activity over a period of time.

The Committee's attention was drawn to the proposed investment schedule in which the Director of Finance and ICT outlined the processes involved identifying those which were critical to the Trust going forward.

The Chairman welcomed comments from the Members however he felt it was not the responsibility of this committee to review each item on a line by line basis, it was the remit of the Executive Team:

In terms of the performance managers in control and the funding of same, the full year effect of the proposed savings was £0.5m and the part year effect this year was £100k. By using that funding as an example what was the formula used, how was that figure arrived at and was it possible to produce a more robust system which would illustrate how that money was going to be saved. **RL** explained the formula was based on the unit hour cost of resources against the 20 thousand hour unproductive time which was real data from last year.

The Medical Director drew the Committee's attention to the issues involved in the departure from time based targets to clinical outcome and provided an outline of the effects of that scenario.

The Chairman referred to the £1.6m reserve of which three months' worth had already been taken into the financial position which as yet hadn't been spent. He approximated that at most £800k would be spent this year and the remainder would be going towards the financial position on a non recurrent basis. He reminded the Committee that it was the obligation of the Executive Team to allocate the budget and of this committee to monitor.

The Committee held a further detailed discussion which focused on the processes to be followed by the Executive Team in committing the reserve funds, being mindful of the commitments in line with the critical change of priorities in terms of service transformation and financial savings that were necessary to deliver on the Integrated Medium Term Plan and presenting that in clarity to commissioners.

The Director of Finance and ICT expressed concern that the Trust did not have the necessary infrastructure to satisfy the pressures from the commissioners to provide the required clinical and non clinical information being requested.

RESOLVED: That

(1) the report be noted; and

(2) the Chairman holds on urgent meeting with the CEO, Director of Finance and ICT and Chairman to discuss the financial position and the current

projected break-even forecast.

08/15 INTEGRATED PERFORMANCE REPORT (IPR)

An overview of the report which provided an analysis of the Trust's performance against key measures together with an assessment of levels of delivery against targets was introduced by the Director of Finance and ICT.

The Chairman advised the Committee that the IPR would be presented at both this Committee and the Quality, Patient Experience and Safety Committee (QuEST) and that a future meeting with him, the Chairman of QuEST and the Head of Planning and Performance had been scheduled, to ensure there were not any conflicting overlaps in terms of presentation.

The Chairman commented that ordinarily, the Committee would have dedicated more time discussing the IPR, however due to the gravitas being applied to the item on savings it had not been possible at this time.

PR referred to the use of Skype and agreed to provide a further explanation to Pam Hall, Non Executive Director in terms of the risks involved in using the system.

RESOLVED: That

(1) the update be noted; and

(2) the Director of Finance and ICT provide Pam Hall with an explanation in terms of the risks involved using Skype.

09/15 DISCRETIONARY CAPITAL PROGRAMME 2015/16

A report setting out the Trust's recommendations for the allocation of the 2015/16 discretionary capital programme following a meeting of the Internal Capital Planning Group on 15 June 2015 was received.

In introducing the report the Director of Finance and ICT provided the Committee with an overview in terms of the criteria process followed when considering bids.

The Director of Finance and ICT referred to bid 065 and explained that this bid had not been through the prioritisation process however it had been discussed at Executive Management Team. The equipment was a piece of software called Metacompliance and has been very widely used and from a clinical and corporate governance perspective would prove essential for the Trust going forward. It had now been verified by the finance department and the cost shown was accurate.

The Director of Finance and ICT provided Members with further details of other capital bids in progress and asked that the committee consider the prioritisation process going forward.

The Chairman asked for comments and if there were any issues to be raised.

Whilst the committee were content with the outcome of the prioritisation process it was felt that the system of scoring should be extended in range as many of the bids had a score of 50 which felt a little unrealistic. The Director of Finance and ICT

advised that in terms of going forward the group involved in the process would consider looking at the prioritisation process in further detail and contemplate the use of a wider selection of potential scores with a wider group.

In terms of any individual items exceeding £250k it was agreed that this Committee would make a recommendation for those bids to be sanctioned by the Trust Board and therefore there would be no requirement for a Chairman's Action.

In terms of the salary costs dedicated to capital projects, the figure appeared to be quite high. The Director of Finance and ICT explained that it was a reflection of the work already carried out and had been agreed by external audit. She further explained that she was satisfied with the figures illustrated within.

RESOLVED: That

- (1) the competing financial demands placed upon available discretionary capital funding by the various projects be noted;**
- (2) the prioritisation process employed to obtain best value from the resources available be noted;**
- (3) the discretionary Capital Programme for 2015/16 be noted;**
- (4) the continuation of the current authorisation process for capital change be accepted; and**
- (5) any schemes over £250k be recommended for Board approval.**

10/15 OVERVIEW OF HEALTH INFORMATICS/INFORMATION COMMUNICATIONS TECHNOLOGY (HI/ICT)

A report setting out the work to be undertaken by HI/ICT in respect of supporting the Trust's Integrated Medium Term Plan (IMTP) and Strategic Transformation Programme was received.

Pam Hall, Non Executive Director referred to the provision of information for the national repositories and advised that caution should be applied in terms of this as further work was still required to develop it further.

The Director of Finance and ICT added that further work in conjunction with Pam Hall, Non Executive Director would continue.

RESOLVED: That the work being undertaken by HI/ICT be supported.

11/15 STUDY LEAVE POLICY

The Director of Workforce and OD introduced the report and drew the Committee's attention to the fact that at this time there was not a dedicated study leave budget in place, however the training team department and the tutors were funded. The Director advised that the Study Leave policy was being presented to the Committee for ratification.

It was further added by the Director that good progress was being made in terms of

the establishment of the bursary scheme and an update would be provided at the next Charitable Funds Committee meeting.

Pam Hall expressed concern that there was no fixed percentage of budgets dedicated to training and was concerned that if left to management discretion there could be an inequality across the organisation and questioned how the other health bodies dealt with this. The Director of Workforce and OD explained that all applications would be monitored and there would also be an appeal process to ensure there was equity.

RESOLVED: That

- (1) the revised policy in accordance with the Trust's consultation process for the approval of policies be formally ratified;**
- (2) the PADR process implementation Trust-wide for all grades of staff be noted;**
- (3) the intention to establish a Study Leave appeals group with the following membership be noted:**
 - Operations Manager**
 - Staff-side Representative**
 - HR Business Partner**
 - Learning and Development Representative;**
- (4) the work to develop a study leave budget be supported; and**
- (5) the policy be reviewed after one year as opposed to three as stated within the policy.**

12/15 PERSONAL APPRAISAL AND DEVELOPMENT REVIEWS (PADR)

The Associate Director of Workforce Transformation **CV** presented this agenda item and explained that it had, following the limited assurance provided within the review, been referred to this Committee by the Audit Committee. The Audit Committee had asked for assurance that robust systems were in place to address the concerns and that an effective plan to monitor progress was in place going forward.

The Committee were provided with a detailed and comprehensive outline of the reasons behind why Staff Appraisals had been given a score of limited assurance by the Audit review. A major issue of concern was it had become apparent that staff appraisals had not been recorded on the Electronic Staff Register in an efficient manner.

In terms of the 95% target **CV** felt, given the ongoing challenges faced by managers and their capacity to conduct effective and worthwhile staff appraisals within a reasonable timescale, that this target was unattainable and recommended that it be reduced to 85%. James Mycroft queried why the Trust did not declare its ambition to achieve 100% PADR coverage as was practice in high performing organisations. **CV** provided the Committee with a further explanation adding that high sickness levels amongst staff inevitably impacted on the completion of appraisals.

Members discussed at length various schemes which could improve the overall

completion of appraisals and assurance was provided by **CV** that the target of 85% coverage should be able to be accomplished. The committee, in conclusion, took the view that the Trust' publicly stated ambition should be to achieve 100% PADR coverage over time, whilst acknowledging that 85% coverage might represent a realistic first step. It was further agreed that the committee would continue to track PADR delivery over the remainder of the financial year"

The Chairman advised Members that he would formally write to the Chairman of the Audit Committee to pass on details of the discussion.

RESOLVED: That

- (1) the action plan drawn up in response to the concerns raised through the Internal Audit report, be noted;**
- (2) the introduction of a rolling 11 month period for conducting PADRs, be supported;**
- (3) a revision to the PADR target from 95% to 85% be supported but with the aspiration to achieve 100%;**
- (4) an update on the position regarding staff appraisals monitoring be provided at every FRC meeting;**
- (5) the Chairman formally advise the Chairman of the Audit Committee as to the content and outcome of the FRC discussions on PADR.**

13/15 FORWARD AGENDA PLAN FOR FRC

Members raised several queries as detailed below, and in terms of the content of the Forward Plan and it was agreed that following further review at the Chairs' Working Group (CWG) meeting it would be presented at the next meeting.

- Sickness monitoring schedule be reviewed in further detail offline
- Welsh Language to be removed and added to QuEst
- Fleet Management should be under Operations
- Estates Strategy move one meeting on
- Financial Strategy move to October
- Draft Budget review date to be reconsidered

RESOLVED: That the plan and issues as described be amended and noted and subject to further comments and review at the CWG be presented at the next meeting.

Reports relating to the items of business in these minutes can be found on the Trust's website, www.ambulance.wales.nhs.uk