

Board of Directors' Meeting : 14 March 2024

Agenda item	053/24		
Report Title	Annual review of Terms of Reference - Finance & Performance Assurance Committee		
Executive Lead	Helen Troalen, Director of Finance Anna Milanec, Director of Governance		
Report Author	Deborah Bryce, Interim Corporate Governance Consultant		
CQC Domain:	Link to Strategic Goal:		Link to BAF / risk:
Safe	Our patients and community		BAF13
Effective	Our people		
Caring	Our service delivery		Trust Risk Register id:
Responsive	Our governance	√	
Well Led	Our partners	√	
Consultation Communication	Finance & Performance Assurance Committee – 27 February 2024		
Executive summary:	<p>1. The terms of reference of the Finance & Performance Assurance Committee have been subject to their annual review.</p> <p>2. Minor amendments are proposed within point 1.2, point 5.1 (Director of Strategy & Partnerships added as regular attendee) and also point 10.7.1.</p> <p>3. Amendments are also proposed within point 10.8.3 with regard to groups the committee receives regular information from, as follows:</p> <ul style="list-style-type: none"> • Efficiency & Sustainability Group will be stood down once Finance Recovery Group is established. • Reference to 'Estates Compliance Group (once established)' to be added. 		
Recommendations to the Board:	The Board is asked to approve the amendments to the Finance & Performance Assurance Committee's terms of reference.		
Appendices:	Appendix 1: Finance & Performance Committee Terms of Reference		

FINANCE & PERFORMANCE ASSURANCE COMMITTEE

TERMS OF REFERENCE

<p>1 Constitution</p>
<p>1.1 The Board of Directors hereby resolves to establish a standing committee of the Board to be known as the Finance and Performance Assurance Committee (“the Committee”).</p> <p>1.2 The Committee is a non-executive Committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference, or otherwise by the Board of Directors in its Scheme of Delegation.</p> <p>1.3 As a Committee of the Board the Standing Orders of the Trust shall apply to the conduct of the working of the Finance and Performance Assurance Committee.</p>
<p>2 Authority</p>
<p>2.1 The Committee is authorised by the Board of Directors to investigate any activity within these terms of reference.</p> <p>2.2 It is authorised to seek any information it deems relevant to fulfil its duties. All members of staff are directed to co-operate with any request made by the Committee.</p> <p>2.3 The Committee is empowered by the Board of Directors to seek to obtain external professional advice and to invite external representatives or consultants with relevant experience and expertise to attend, if necessary, subject to Standing Financial Instructions, Scheme of Delegation and approval of the Chief Executive and Trust Chair.</p> <p>2.4 These Terms of Reference can be amended only with the approval of the Board of Directors.</p>
<p>3 Purpose</p>
<p>The purpose of the Committee is:</p> <p>3.1 To undertake on behalf of the Board of Directors objective scrutiny and seek evidence of assurance of the Trust’s financial and operational performance plans, major investment decisions, capital plans, performance management and relevant regulatory compliance.</p> <p>3.2 Provide the Board with an objective review of the financial position and performance of the Trust and assurance on the delivery of the Trust’s performance objectives, including identifying any significant risks and associated mitigating actions, making recommendations to Board, where required.</p> <p>3.3 Consider processes for the preparation and the content of strategic and operational plans and annual revenue, capital and workforce budgets, and test the key assumptions and risks underpinning such plans.</p>

4 Committee Membership

4.1 The membership of the Committee shall be appointed by the Board of Directors and shall consist of not less than five members:

Committee Chair: a nominated Non-Executive Director
Two further nominated Non-Executive Directors
Director of Finance (lead executive for the Committee)
Chief Operating Officer

4.2 The Non-Executive members and Committee Chair shall be appointed by the Board of Directors from amongst its independent Non-Executive Directors.

4.3 In the absence of the nominated Committee Chair, another Non-Executive Director Committee member will chair the meeting.

4.4 Only members of the Committee shall attend the meetings, save for those stated in section 5. below.

5 Attendees

5.1 As required by the agenda, any senior colleague who is not a member of the Committee may attend all, or part, of a Committee meeting, as agreed with the Committee Chair. This may be for regular attendance by an individual, or for specific items only, on the current agenda. Regular attendance will not imply or construe membership of the Committee. [The following are regular attendees:](#)

- [Director of Strategy & Partnerships.](#)

5.2 It is for the Committee Chair to indicate whether other executive directors and/or other senior members of the Trust, attend, according to the requirements of each agenda. This will vary from meeting to meeting and will depend on whose area of responsibility an agenda item falls within. Directors / managers should be given sufficient notice that their presence is required so that they come fully prepared.

5.3 Meetings will be open to the Chief Executive and the Trust Chair to attend (non-voting capacity).

5.4 The Company Secretary may attend any meeting.

5.5 A Committee Secretary will be in attendance for each meeting.

5.6 Meetings are not open to members of the public.

5.7 Those in attendance do not count towards the quorum.

6 Quorum

6.1 The Committee will be deemed quorate to the extent that the following members are present:

- Two Non-Executive Directors (which may include the Chair) and;
 - one Executive Director.

6.2 By exception, in the absence of two Non-Executive Director committee members, a Non-Executive Director who is not a Committee member, may count towards the quorum with the advance agreement of the Committee Chair and Trust Chair.

6.3 A designated Deputy may act on behalf of an Executive Director in their absence, on the basis that one Executive Director is also present.

6.4 No business shall be transacted by the Committee unless a quorum is present. A quorate

meeting shall be competent to exercise all or any of the authorities, powers and duties vested in or exercised by the Committee.

6.5 At the discretion of the Chair of the Committee, business may be transacted through either:

- a tele/video-conference whereby an agenda has been issued in advance; or
- in person, face to face; or
- through the signing by at least three of all Committee members of a written resolution (including email) sent in advance to members outside of the meeting and recorded in the minutes of the next formal meeting.

7 Responsibilities of members

7.1 If unable to attend, members should send their apologies to the Chair and Committee Secretary with adequate notice prior to the meeting so that alternative arrangements can be made;

7.2 If appropriate, for members of the meeting, seek the approval of the Committee Chair to send a deputy to attend on their behalf, in line with 6.3 above;

7.3 When matters are discussed in confidence at the meeting, maintain such confidences.

7.4 At the start of the meeting, declare any relevant conflicts of interest/potential conflicts of interest in respect of specific agenda items in order that these can be considered by the committee/chair of the meeting in relation to participation in the agenda item.

8 Frequency of Meetings

8.1 The Committee shall normally meet 12 times per year and at least ten times annually.

8.2 The Board or Committee Chair may request an additional meeting(s) if they consider that one is necessary to enable the Committee to discharge all its responsibilities.

9 Meeting administration

9.1 Meetings dates will be agreed by the committee members each year in advance. Notice of additional meetings will be given at least 14 working days in advance unless members agree otherwise.

9.2 The agenda shall be determined by the Committee's agreed annual cycle of business/schedule, the Committee Chair, and the lead executive director.

9.3 Agenda papers shall be submitted at least 7 working days prior to the meeting.

9.4 The agenda and papers will normally be circulated at least 6 days prior to the meeting

9.5 The Committee Secretary, or their nominee, shall record the minutes of the meetings and provide relevant support for agenda setting, action logs and meeting invitations.

10 Duties of the Committee

The duties and responsibilities of the committee are as follows:

10.1 Strategic and operational planning:

10.1.1 Consider assurances on the preparation and content of operational activity plans and annual revenue, capital, and workforce (pay and variable pay) budgets and test the key assumptions and risks underpinning such plans before recommending decisions to the Board of Directors.

10.1.2 Monitor performance compared with the annual operating plan, budgets and capital plan and investigate variances.

10.1.3 Consider financial aspects and funding sources of business cases for significant revenue and capital investment, as defined in the Trust's Standing Financial Instructions and Scheme of Delegation, prior to making recommendations to the Trust Board.

10.1.4 Receive assurances on the financial aspects and benefits of revenue business cases retrospectively for return on investment/benefits realisation.

10.1.5 Review and receive assurances on the progress of the Trust's commercial procurement strategy.

10.1.6 Review the development of the Trust's financial strategy and long-term financial model and ensure alignment with the Trust's Strategy recommending to the Board of Directors approval of the financial strategy which will be refreshed on an annual basis. Ensure that each year the operating plan is aligned with the approved financial strategy.

10.1.7 Ensure that decisions to commit resources are taken with reference to the financial strategy understanding the impact on the Trust's underlying position with a view to ideally strengthening the underlying financial position.

10.2 Assurance on operational performance management:

10.2.1 Scrutinise and receive assurance on operational performance against local standards and national constitutional standards, assessing any variations from plan, progress against action plans and associated governance arrangements.

10.2.2 To oversee assurances on improvement in key areas of operational performance as considered by Operational Performance Group, including in elective, diagnostic, cancer [and](#) emergency care, reporting to Board.

10.2.3 Commission and consider risk-based divisional or trust-wide in-depth performance metric or constitutional standard reviews on a cyclical basis to ensure robust assurance is received.

10.2.4 To receive assurances on Trust performance against established benchmarking indices.

10.2.5 To receive assurances on relevant aspects of the Getting [To](#) Good Programme, including utilisation and productivity.

10.3 Assurance on Financial management:

10.3.1 Monitor and consider explanations of significant variances from financial and workforce budget by divisions, as well as the Trust, on a regular basis, and consider the assurances on the progress of corrective actions, their envisaged impact and the planned timescale for recovery.

10.3.2 Monitor cost improvement efficiency programmes, including the short and medium-term prospects, and consider assurances and any proposed corrective or contingency actions, making any relevant recommendations regarding this to the Board.

10.3.3 Receive assurances on the robustness of the governance processes overseen by the PMO relating to efficiency programmes.

10.3.4 Receive assurances on the development, implementation, and maintenance of an effective service line reporting framework.

10.3.5 Consider and receive assurances on detailed expenditure, cash flow and working capital plans and forecasts.

10.3.6 Scrutinise and receive assurances on regular financial performance reports and forecasts, focusing particularly on risks and assumptions.

10.3.7 Commission and consider various risk-based financial reports and analyses, as appropriate, to ensure appropriate assurances are received.

10.3.8 Monitor progress of any significant system of internal control matters, and associated action plans, in relation to the remit of the committee, reporting into the Audit & Risk Assurance Committee, as required.

10.3.9 Recommend to the Board the approval of the Trust's cash management strategy annually.

10.3.10 The Committee is required to review all contracts that require formal approval through the Board of Directors in compliance with the Trust's SFI's.

10.4 Estates and sustainability:

10.4.1 Consider assurances in relation to progress of the estates plan and compliance against national estates standards, escalating significant risks to the Board and escalating risks to the quality of the care environment to the Quality & Safety Assurance Committee.

10.4.2 Review and agree the Estates Annual Plan, periodically the Estates Strategy ensuring alignment with the Trust Strategy and Green Plan/Sustainability Plan, making recommendations to Board.

10.4.2 Monitor progress against and risks associated with the Estates Strategy and Green Plan, monitor other estates-related improvement plans and make any relevant recommendations to the Board, as required.

10.5 Digital and data quality:

10.5.1 Consider reports and receive assurance in relation to data quality systems and processes that support the Trust's operational performance reporting.

10.5.2 Consider and recommend to the Board the Trust's Digital Strategy ensuring alignment with the Trust Strategy and monitor progress with the strategy, including risks associated with digital programmes and any deviation from action plans.

10.7 Partnerships

10.7.1 Receive and consider assurances on the progress of [the integrated care system](#) partnerships [and strategies](#), and local health [and care](#) system working.

10.8 Risk assurance

10.8.1 To review and oversee the strategic risks, effectiveness of the associated controls in place and actions identified in the Board Assurance Framework that are assigned to the committee (risks to achievement of corporate objectives) and make recommendations to Board on any changes required to the strategic risk profile.

10.8.2 Identify and seek assurance on the management of significant finance and performance risks that are on the corporate risk register and ascertaining whether any risks should be incorporated onto the Board Assurance Framework and escalated to Board.

10.08.03 The Committee receives regular information from the following:

Capital Planning Group
Efficiency & Sustainability Group [\(to be stood down once Finance Recovery Group established\)](#)
Climate Change Group
[Estates Compliance Group \(once established\)](#)
Finance Recovery Group *(once established)*

11. Reporting

11.1 The Committee is accountable to the Board of Directors, and the Committee Chair will report regularly on the Committee's proceedings in discharging its responsibilities and the effectiveness of systems and processes. The Committee Chair shall bring to the Board's attention, on behalf of the Committee, significant matters that are under consideration and make necessary recommendations on any area within its remit where executive action or Board decision may be required.

11.2 The minutes of Committee meetings shall be formally recorded and made available to the Board of Directors.

11.3 The Committee will report to the Board at least annually on its work in support of the business of the Board and this report will be shared with the Audit & Risk Assurance Committee and the chair of the committee will attend ARAC at least once per year. This annual report should also describe how the Committee has fulfilled its terms of reference and give details of any significant issues that the Committee considered and how they were addressed.

11.4 The Committee will refer to the Audit & Risk Assurance Committee any matters requiring review in that forum.

12. Monitoring Effectiveness

12.1 The Committee will conduct an annual review of its effectiveness and provide an annual report to the Board on its work in discharging its duties, delivering its objectives and complying with its terms of reference.

13. Status of these Terms of Reference

13.1 The Committee's Terms of Reference, including membership, will be subject to annual review. Any proposed variations will require approval of the Board of Directors.

Agreed by Finance and Performance Assurance Committee on [27 February 2024](#) [\(previously approved 28 February 2023\)](#).

Approved by the Board of Directors on [xx \(previously approved 9 March 2023\)](#).