

BOARD OF DIRECTORS MEETING (Open)

Date: 13 November 2019

Item Ref: 19c(a)

TITLE OF PAPER	Finance, Information & Performance Committee – Summary Report to the Board of Directors in respect of Significant Issues – 28 October 2019
TO BE PRESENTED BY	Mr. Richard Mills, Chair – Finance, Information & Performance Committee/Non-Executive Director
ACTION REQUIRED	For assurance

OUTCOME	To provide assurance to the Board that the Finance, Information & Performance Committee has discharged its duties as directed by the agreed Terms of Reference by the timely reporting of items of significance discussed at the meeting held on 28 October 2019.
TIMETABLE FOR DECISION	None required
LINKS TO OTHER KEY REPORTS / DECISIONS	Minutes of the Committee
STRATEGIC AIM STRATEGIC OBJECTIVE	Strategic Aim: Value for Money Strategic Objective: We will improve the productivity and efficiency of our services
BAF RISK NUMBER & DESCRIPTION	BAF Risk Number: A401ii BAF Risk Description: Trust governance systems are not sufficiently embedded
LINKS TO NHS CONSTITUTION & OTHER RELEVANT FRAMEWORKS, RISK, OUTCOMES ETC	Provider Licence Annual Governance Statement NHS Foundation Trust Code of Governance
IMPLICATIONS FOR SERVICE DELIVERY & FINANCIAL IMPACT	Timely reporting to the Board of Directors
CONSIDERATION OF LEGAL ISSUES	None required.

Author of Report	Richard Mills
Designation	Chair – Finance, Information & Performance Committee (Non-Executive Director)
Date of Report	November 2019

SUMMARY REPORT

Report to: Open Board of Directors

Date: 13 November 2019

Subject: Finance, Information & Performance Committee – Summary Report to the Board of Directors in respect of Significant Issues

Author: Richard Mills, Chair – Finance, Information & Performance Committee (Non-Executive Director)

1. Purpose

<i>For Approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (please state below)</i>
		X		X	

To report in a timely manner, items of significance discussed at the Finance, Information & Performance Committee meeting held on 28 October 2019.

2. Summary

Board members will receive the minutes of the Finance, Information & Performance Committee meeting held on 29 July 2019 in due course, however at the end of that meeting, the Committee agreed by means of this report to notify Board Members of the following significant issues.

- Finance Report for the Period ending September 2019

Members received the Confidential Finance Report for the period ending September 2019 and confirmed their assurance regarding current financial management. It was confirmed that whilst the Trust's plan for this year is still considered to be deliverable, this will be by a significant element of non-recurrent means, and noting that there are still a number of uncertainties regarding system income.

Discussions regarding the future identification and delivery of CIPS long term were noted.

- 2020/21 Financial Planning Principles

The committee received an update on the annual planning process for the delivery of the Trust's financial plan and objectives and noted progress against this year's risk areas.

Members noted the work being undertaken to determine all financial information on investments to date to ascertain the impact on future years; the finance workshop to be

held in November to start looking at the budget setting scenarios and the long-term planning of CIPs.

- SAS – Staff Assistance & Nurse Call Level 3 Business Case

The committee formally approved the level 3 business case for the installation and implementation of a staff assistance and number call system across the inpatient services.

- Estates Strategy Update

The committee received and noted an update on the Trust's Estate Strategy from the Director of Facilities Management.

- Senior Information Risk Owner (SIRO) Annual Report 2018/19

The committee received and were assured by the SIRO Annual Report. It was confirmed that, following a change in terms of reference, in future this report would be received by the Trust's Audit & Risk Committee.

- Digital Transformation Strategy Update

The committee received an update on the four strategic aims of the Trust's Digital Transformation Strategy.

- Board Assurance Framework/Corporate Risk Register

Members reviewed the financial risks identified on the Trust's Board Assurance Framework and Corporate Risk Register.

Following particular scrutiny of Risk Ref A401 – Inability to deliver a break-even position resulting in a failure to deliver financial sustainability, it was agreed that the two separate controls on this risk should be merged into one and that the overall assurance rating should be amber.

- Terms of Reference

The committee formally agreed a revision of its terms of reference and change of name to Finance & Performance Committee with effect from November 2019. Agreed to submit to the Board of Directors as part of this significant issues report for approval.

3. Next Steps

The above items will be taken forward by the Committee as appropriate and to timescales agreed via the action log.

4. Required Actions

For the Board of Directors to note the issues raised and receive assurance that the Committee will action the resulting issues as appropriate;

5. Monitoring Arrangements

Through the Finance, Information & Performance Committee as appropriate.

6. Contact Details

For further information, please contact:

Richard Mills

Chair – Finance, Information & Performance Committee (Non-Executive Director)

Terms of Reference

Name of Committee/Group	Finance and Performance Committee
Type of Committee/Group i.e. Committee of Board, Group reporting to EDG, Time limited working group	Committee of the Board of Directors

1.	Purpose of Committee/Group
	<p>The Finance and Performance Committee and (“the Committee”) has been established to provide assurance to the Board of Directors (BoD) in consultation with the other Board Committees that adequate and appropriate governance structures, processes and controls are in place throughout the Trust to:</p> <ul style="list-style-type: none"> Over-arching review of financial risk Overview of the Trust’s financial processes and monitoring returns to NHS Improvement, ensuring finances are managed within the allocated resources to deliver an efficient and effective service. Oversee the Estates Strategy <p>The Committee shall provide assurance to the BoD on the financial control of the Trust.</p> <p>To oversee the Trust’s accountabilities in regard to data and information, establishing and regularly reviewing policy, procedures, practice and processes are effective, providing assurance to the BoD.</p> <p>To assure:</p> <ul style="list-style-type: none"> the Trust’s compliance with its regulatory and statutory duties pertaining to data and information; the effective governance of data and information within the Trust. <p>Establish and maintain a performance framework that enables the Trust to proactively manage its, Quality, Financial and Workforce performance agenda including oversight through committees.</p> <p>The Committee shall provide assurance to the BoD on the probity of the Trust and support the other Board Committees in the achievement of clinical effectiveness and safe outcome for service users, maintaining positive service users and carer experience and equality and inclusion.</p>
2.	Scope
	<p>The Committee will:</p> <ul style="list-style-type: none"> review and monitor the systems and processes for the financial activity within the organisation ensuring that decisions are in line with the Trust’s overall strategic direction and its financial frameworks, including the Financial Strategy, Treasury Management Policy, Procurement Strategy and the Estates Strategy. Review and monitor the systems and processes of information governance within the organisation ensuring decisions are in line with the Trust’s overall strategic direction, regulatory frameworks and legislation, including the Digital Transformation Strategy. <p>In delivering this purpose the remit will be to formulate an annual programme of work to ensure progress and delivery of the following.</p>

3.	<p>Authority/Accountability</p> <p>The Committee is constituted as a standing committee of the BoD.</p> <p>The Committee is authorised to establish and delegate powers to sub-committee(s) and work groups. The Committee will oversee the work of those sub-committee(s) and work groups.</p> <p>The Committee is authorised by the BoD to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.</p>
4.	<p>Objectives of Committee/Group</p> <p>Financial Management and Performance</p> <p>The Committee will:</p> <ul style="list-style-type: none"> (i) establish and maintain a detailed knowledge of the Trust's overall strategic objectives (ii) establish and maintain an overview of the Trust's financial risks and ensure the effectiveness and implementation of the controls for financial risks. Provide assurance to the BoD that the controls are in place for any financial risks identified (iii) provide assurance to the Board on the Trust's financial resilience and sustainability through overview of the Trust's annual business priorities and the associated financial plans through the receipt of the Annual Plan, (iv) supervise the annual budget setting processes and financial information contained in the Annual Plan and provide assurance to the BoD on the process (v) monitor the Trust's activities in relation to the submission of offers for existing/new business opportunities in line with the agreed growth strategy. Provide regular updates to the BoD on the business opportunities being presented to the Committee (vi) monitor and provide assurance to the BoD on the Trust's affordability, profitability and return on investment of its core business and service developments (vii) review the most recent monthly finance report prepared for the BoD to enable an informed and focussed discussion at the Board meeting, making recommendations and priorities for discussion (viii) review in detail any major performance variation, in order to obtain assurance on behalf of the BoD as to the effectiveness of corrective actions and associated governance arrangements. (ix) oversee the on-going development of the finance report, to seek assurance that the measures incorporated meet the requirements of external stakeholders and provide assurance to the BoD that the Trust's Financial Strategy is being delivered (x) monitor and provide assurance to the BoD on the Cost Improvement/Cash Releasing Efficiency Savings Programme(s) as well as any agreed Disinvestment Programmes (xi) review the activity reports in respect of under/over performance against contracted targets. Escalate to the BoD any significant variations to contracts. (xii) review on a regular basis, the Trust's position in respect of contracts and any impact on overall Trust performance and financial stability (xiii) review the Losses and Special Payments Schedule to ensure the effectiveness and implementation of the controls for financial risks set out in the Losses and Special Payments Policy (xiv) scrutinise details of movement in aged reports, specifically in relation to Losses category 3c (bad debts and claims abandoned) for assurance re the validity of information contained in financial reports (xv) review, monitor and provide assurance to the BoD on the returns to NHS Improvement (as determined by their reporting processes) (xvi) review the Trust Reference Cost submission and provide assurance to the BoD that the Committee is satisfied with the Trust's costing processes and systems, and that the Trust will submit its reference cost return in accordance with the guidance (xvii) review Reference Cost Index (measure of relative efficiency) on publication and provide assurance to the BoD on the value for money of services provided (xviii) consider the risks delegated to it via the Board Assurance Framework (BAF) and/or Corporate Risk Register (CRR). The Committee should determine if the appropriate level of risk has been

identified, review the effectiveness of the controls in place relevant to the risks, review and challenge the strength of the assurances provided, identify any gaps in control or assurance and ensure that the risk lead identifies appropriate actions to address such gaps. The Committee should provide assurance to the BoD on the risks delegated to the Committee and highlight any key areas of concern identified by the Committee.

- (xix) act as the forum for financial risk to be discussed, and ensure that where serious concerns are raised, action is taken, and that action plans are carried through to completion, and the reporting loops closed. In doing so, ensuring that there are robust links across directorates to ensure a culture risk management is present throughout the organisation.

Capital Management

The Committee will:

- (i) review on behalf of the BoD the strategic five year capital programme and the annual capital budgets and recommend to the BoD approval of the documents as appropriate
- (ii) review capital business cases identified within the annual capital budget to ensure that each business case is within the resources approved by the Board and that the business cases comply with the business case standards set by the Trust and outside regulators
- (iii) approve capital business cases in accordance with the Trust's Detailed Scheme of Delegation (DSoD)
- (iv) provide assurance to the BoD on the functioning of the capital programme and associated business cases.

Treasury Management

The Committee will:

- (i) manage and review investment decisions in accordance with the Trust's Treasury Management Policy and Trust Objectives, and ensure safe harbouring of "cash", following the agreed controls and ensuring all investment is risk averse
- (ii) review the Trust's Treasury Management Policy and make recommendations to the BoD for approval
- (iii) review Trust finance applications including loan applications
- (iv) provide assurance to the BoD on all Treasury Management issues.

Investment Appraisal

The Committee will:

- (i) review and approve the Trust Growth Strategy
- (ii) review and approve revenue business cases in accordance with limits in the Trust's DSoD and to make recommendations to the Board on those cases outside of its authority
- (iii) review the benefits realisation of business cases and post implementation reviews of business cases it approves to ensure that the standard of business case preparation is consistently high
- (iv) review and monitor the Trust's Business and Financial Performance by receiving high level monthly reports from the outputs of the Business Planning Group (BPG)
- (v) provide assurance to the Board of Directors on all investment appraisal activity.

Digital Strategy

The Committee will:

- (i) review and approve the Digital Transformation Strategy
- (ii) review and provide assurance regarding the implementation of the transformation programmes to deliver the Digital Strategy.

Other

The Committee will:

- (i) Review the performance framework that enables the Trust to proactively manage its, Quality, Financial and Workforce performance agenda, increasing triangulation to inform decision making
- (ii) review, approve and provide assurance to the BoD on the Trust Procurement Strategy

- (iii) review, approve and provide assurance to the BoD on the Trust Estate Strategy
- (iv) monitor and approve expenditure in respect of the Trust's Charitable and Endowment funds ensuring appropriate resource allocation
- (v) review the Trust's Standing Financial Instructions (SFI) and Standing Orders (SO) and where appropriate make recommendations regarding amendments to the Audit Committee for approval by the BoD
- (vi) notify the Audit and Risk (ARC) Committee of any statutory reporting concerns or identified system weaknesses
- (vii) review any matter referred to the Committee by the BoD
- (viii) prepare and share with the ARC and the BoD an Annual Report that outlines the work undertaken by the Committee during the year.

5. Membership

The membership of the Committee will be:

- Three Non-Executive Directors (one of which will be appointed to chair the meetings and one of which will have financial experience)
- Executive Director of Finance (Lead Executive with ownership of the agenda and SIRO)
- Deputy Chief Executive/Executive Director of Operations
- Director of Corporate Governance (Board Secretary)

Other Non-Executive Directors and Executive Directors can attend as desired but will not form part of the permanent membership of this committee.

6. Attendees

Meetings of the Committee shall normally be attended by:

- Deputy Director of Finance
- Committee Administrator

The Committee may invite other persons to attend a meeting so as to assist in deliberations. The Chairman shall be notified of this prior to the meeting.

7. Meeting Arrangements, Frequency and Notice of Meetings

Meetings shall be held at least six times per year.

Agendas will be generated by the Committee Administrator in consultation with the Executive Director of Finance and the Committee Chair for approval. A formal agenda and supporting papers will be made available electronically to all members, and those in attendance where appropriate, three working days prior to the date of the meeting.

The Committee will agree objectives and an annual work programme and plan how this will be discharged throughout the year. The delivery of this plan will be built into a forward planner and meeting agendas.

Extraordinary meetings can be called by the Chair and can be held virtually, any decision made by the Committee in an extraordinary meeting will be ratified by the next formal meeting.

8.	Quorum
	<p>The Committee is quorate when there are at least two Non-Executive Directors and one Executive Director.</p> <p>Deputies may attend by exception but must be fully briefed and will not count towards quorum.</p> <p>On the occasions when the Committee has arranged to meet and the Committee is not quorate, business can be discussed and provisional decisions can be made, but those decisions must be taken back to the next meeting of the Committee for ratification.</p>
9.	Minutes and Reporting Arrangements
	<p>The Committee shall be supported administratively by the Committee Administrator whose duties in this respect will include:</p> <ul style="list-style-type: none"> • Production of the agenda to be agreed by the Chair • collation and dissemination of connected papers; • taking the minutes; • keeping a record of matters arising and issues to be carried forward; • maintaining an action log; • advising the Committee as appropriate; and • recording of items for a Significant Issues Report of the key business undertaken to the BoD following each meeting, in the confidential session where possible. <p>The minutes shall be approved at the following meeting and matters arising and action log shall be discussed at each meeting. Approved minutes will be shared with the BoD.</p> <p>Assurance will be provided to the BoD by the Chair using the standard format Significant Issues Report. The Report to the BoD shall include details of any matters in respect of which actions or improvements are needed. To the extent that such matters arise, the Chair of the Committee shall present details to a meeting of the BoD in addition to submission of the minutes.</p> <p>The following reports will also be made by the Committee:</p> <p>The Committee should provide an Annual Report timed to support the preparation of the Governance Statement. This internal report needs to be open and honest in presenting the committee's views if it is to be of real benefit to the BoD and Accounting Officer. This report is likely to be used by the BoD in preparing its own report for publication in fulfilment of the reporting requirements of the Code.</p> <p>The Annual Report should summarise the Committee's work for the year past, and present the committee's opinion about:</p> <ul style="list-style-type: none"> • the significant issues that the Committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • the effectiveness of governance, risk management and control • the comprehensiveness of assurances in meeting the BoD and Accounting Officer's needs • the reliability and integrity of these assurances. whether the assurance available is sufficient to support the BoD and Accounting Officer in their decision taking and their accountability obligations • the implications of these assurances for the overall management of risk • any issues the Committee considers pertinent to the Governance Statement and any long-term issues the Committee thinks the BoD and/or Accounting Officer should give attention to financial reporting for the year • the Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

10.	Reporting Groups	
	<p>The following sub-committees shall report to the Committee:</p> <p>None</p> <p>The following operational groups will provide assurance reports to the Committee:</p> <p>Capital Board (exception reporting)</p> <p>Through provision of minutes and a quarterly assurance report which articulates how their duties and responsibilities have been discharged, highlights emerging risks and summarises recommendations and actions required.</p> <p>Assurance from the Finance and Performance Committee is provided to the BoD by the Chair through provision of minutes and presentation of the Significant Issues Report. This report highlights key areas where assurance has been received, any emerging risks and summarises recommendations and actions required. The report also highlights recommendations for addition or amendment to the risks delegated to the Committee via the BAF and CRR.</p>	
11.	Meeting Effectiveness Review	
	<p>The Committee shall conduct an annual self-assessment on the performance of its duties as reflected within these terms of reference and report any conclusions and recommendations for change to the BoD. As part of this assessment, the Committee shall consider whether or not it receives adequate and appropriate support in fulfilment of its role and whether or not its current workload is manageable.</p> <p>The purpose of the review is to provide assurance to the BoD on all areas within the remit of the committee.</p> <p>As part of the BoD annual performance review process, the Committee shall review its collective performance (and that of its individual members), and will prepare an annual report, for inclusion in the Trust's Annual Report and timed to support the development of the Annual Governance.</p>	
12.	Review to be conducted by Committee/Group Chair	
	Date Committee/Group established	28 th July 2008
	Terms of Reference to be reviewed e.g. Annually	The terms of reference of the committee shall be reviewed by the Board when required, but at least annually.
	Date of last review	July 2019
	Date of next review	October 2020

Approved July 2019/amended at FIPC July 2019/
Updated Oct 2019

Board Committee Governance Structures
Finance & Performance Committee
Assurance Structure

