

# Terms of Reference

<b>Document History:</b>	
<b>Version Number:</b>	<b>3</b>
<b>Approved by: (parent Committee/group)</b>	<b>Trust Board</b>
<b>Date approved:</b>	<b>26</b>
<b>Name of Committee/Group</b>	<b>Finance and Performance Committee</b>
<b>Type of Committee/Group</b>	Board Assurance Committee reporting to Board of Directors (the "Board")

<b>1.</b>	<b>Purpose of Committee/Group</b>
	<p>The Finance and Performance Committee and ("the Committee") has been established to provide assurance to the Board 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"> <li>• Over-arching review of financial risk</li> <li>• Overview of the Trust's financial processes and monitoring returns to NHS England/Improvement, ensuring finances are managed within the allocated resources to deliver an efficient and effective service.</li> <li>• Provide assurance to the Board on the financial controls of the Trust.</li> <li>• 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 Board.</li> <li>• Provide assure of the Trust's compliance with its regulatory and statutory duties pertaining to data and information and the effective governance of data and information within the Trust.</li> <li>• Provide assurance that the performance framework enables the Trust to proactively manage its Quality, Financial and People performance agenda including oversight through committees.</li> <li>• Oversee the strategies for Finance; Estates; Digital Transformation and Sustainability and Green Plan</li> </ul> <p>The Committee shall provide assurance to the Board 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>

<p><b>2.</b></p>	<p><b>Scope</b></p> <p>The scope of the Committee is Trust wide, it will:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Establish and maintain a performance framework that enables the Trust to proactively manage its, Quality, Financial and Workforce performance agenda including oversight through committees.</li> </ul> <p>In delivering this purpose the remit will be to formulate an annual programme of work.</p>
<p><b>3.</b></p>	<p><b>Authority/Accountability</b></p> <p>The Committee is an assurance Committee of the Board of Directors, 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 Board 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> <p>The Committee is authorised by the Board to obtain outside legal or other independent professional advice as required to support it in discharging its duties. The budget for such advice must be within agreed financial constraints.</p> <p>The Committee is authorised to make decisions that are not reserved to the Trust Board. Reference should be made, as appropriate to the Standing Orders and Standing Financial Instructions of the Trust.</p> <p>The following matters must be referred to Board:</p> <ul style="list-style-type: none"> <li>• Where there is significant revenue, capital or cash implications as determined by the Trust’s Standing Financial Instructions</li> <li>• Conflict with statutory obligations, or have significant governance implications</li> <li>• Likely to arouse significant public or media interest.</li> </ul>

## 4. Objectives of Committee/Group

### Financial Management and Performance

The Committee will:

- Review and provide assurance on the delivery of, the Finance Strategy
- establish and maintain a detailed knowledge of the Trust's overall strategic objectives
- 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 Board that the controls are in place for any financial risks identified
- 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,
- supervise the annual budget setting processes and financial information contained in the Annual Plan and provide assurance to the Board on the process
- 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 Board on the business opportunities being presented to the Committee monitor and provide assurance to the Board on the Trust's affordability, profitability and return on investment of its core business and service developments
- review the most recent monthly finance report prepared for the Board to enable an informed and focussed discussion at the Board meeting, making recommendations and priorities for discussion
- review in detail any major performance variation, in order to obtain assurance on behalf of the Board as to the effectiveness of corrective actions and associated governance arrangements.
- 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 Board that the Trust's Financial Strategy is being delivered
- monitor and provide assurance to the Board on the Cost Improvement/Cash Releasing Efficiency Savings Programme(s) as well as any agreed Disinvestment Programmes
- review the activity reports in respect of under/over performance against contracted targets. Escalate to the Board any significant variations to contracts.
- review on a regular basis, the Trust's position in respect of contracts and any impact on overall Trust performance and financial stability
- 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
- review, monitor and provide assurance to the Board on the returns to NHS England (as determined by their reporting processes)
- review the Trust national cost collection submission and provide assurance to the Board that the Committee is satisfied with the Trust's costing processes and systems, and that the Trust will submit its national cost collection return in accordance with the guidance, under delegated authority of the Board.
- review National cost collection outcomes & benchmarking (measure of relative efficiency) on publication and provide assurance to the Board on the value for money of services provided

- 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 Board on the risks delegated to the Committee and highlight any key areas of concern identified by the Committee.
- 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:

- review on behalf of the Board the strategic five year capital programme and the annual capital budgets and recommend to the Board approval of the documents as appropriate.
- 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
- approve capital business cases in accordance with the Trust's Detailed Scheme of Delegation (DSoD)
- provide assurance to the Board on the functioning of the capital programme and associated business cases.

### **Treasury Management**

The Committee will:

- 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
- review the Trust's Treasury Management Policy and make recommendations to the Board for approval
- review Trust finance applications including loan applications
- provide assurance to the Board on all Treasury Management issues.

### **Investment Appraisal**

The Committee will:

- review and approve the Trust Growth Strategy
- 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
- 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

- 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)
- provide assurance to the Board on all investment appraisal activity.

### **Digital Strategy**

The Committee will:

- review and approve the Digital Transformation Strategy
- review and provide assurance regarding its implementation.

### **Other**

The Committee will:

- Review the performance framework that enables the Trust to proactively manage its, Quality, Financial and People performance agenda, increasing triangulation to inform decision making
- review, approve and provide assurance to the Board on the Trust Procurement Strategy
- review, approve and provide assurance to the Board on the Trust Sustainability and Green Plan
- review, approve and provide assurance to the Board on the Trust Estate Strategy monitor and approve expenditure in respect of the Trust's Charitable and Endowment funds ensuring appropriate resource allocation
- 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 Board
- receive assurance on legal matters above the assigned threshold in the SFIs and Standing Orders
- notify the Audit and Risk (ARC) Committee of any statutory reporting concerns or identified system weaknesses
- review any matter referred to the Committee by the Board
- prepare and share with the ARC and the Board an Annual Report that outlines the work undertaken by the Committee during the year.

The Committee will uphold the values of the Trust in the work it does. In particular it will look for assurances that these values are being delivered in the Trust, as part of its overall governance role on behalf of the Board.

## **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 and SIRO)
- Director of Operations and Transformation
- Director of Strategy

Other Non-Executive Directors / Associate Non-Executive Directors and Executive Directors can attend as desired but will not form part of the permanent membership of this committee unless formally deputising for a committee member.

Membership will be reviewed annually.

## 6. Attendees

Meetings of the Committee shall normally be attended by:

- Deputy Director of Finance
- Director of Corporate Governance
- Committee Administrator
- Governor observer

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

Other directors or their deputies may be asked to attend meetings or part meetings for discussions on matters relating to their portfolio, if required. The provisions of the Trust's Standing Orders relating to acting up arrangements and joint members will apply to this Committee with respect to decision making authority.

The Director of Governance (Board Secretary) will provide advice to the Chair and members and ensure that the Committee has the appropriate administrative and secretarial support (an Administrator). A minute taker will also attend all Committee meetings and be stated as in attendance.

## 7. Chair, Quorum, Attendance and Meetings

### Chair

The Non-Executive Director Chair will preside at all meetings having been approved as the Chair by the Board or appointed as such by the Trust Board Chair. In extraordinary circumstances where the Chair cannot attend, one of the Non-Executive Director members will chair the meeting.

### Quorum

A quorum will be 3 members and must include 2 Non-Executive Director and 1 Executive Director.

Deputies may attend, with the agreement of the Chair. This will be by exception, they must be fully briefed and if formally deputising will count towards the quorum.

If the Committee is not quorate the meeting may be postponed at the discretion of the Chair. If the meeting does take place and is not quorate no decisions shall be made at that meeting and such matters must be deferred until the next quorate meeting.

### Attendance

Members are expected to attend all meetings. Apologies must be received by the Administrator in advance of the meetings. All members will be required to attend a **minimum** of two thirds of all meetings held annually. Members should not be absent for more than two consecutive meetings without the agreement of the Chair.

Any Committee member may participate in a meeting by way of telephone, computer or any other electronic means of communication provided that each person is able to hear and speak. A person participating in this way is deemed to be present in person although their actual location shall be noted in the minutes and is counted in a quorum and entitled to vote. The meeting is deemed to take place where the largest group of those participating is assembled, or if there is no such group, where the Chair of the meeting is located.

### **Meetings**

Where a specific matter is deemed to be of a confidential or commercially sensitive nature the Chair has the authority to restrict attendance at the meeting to members only and to ask all invitees to leave the meeting.

If any member or invitee has an interest, pecuniary or otherwise, in any matter and is present at the meeting at which the matter is under discussion, they will declare that interest as early as possible and shall not participate in the discussions. The Chair will have the power to request that member or invitee to withdraw until its consideration has been completed.

## **8. Frequency of meetings**

### **Frequency**

The Committee will generally meet monthly. Additional meetings can be arranged for specific purposes as necessary, with agreement by the Chair.

If a matter of urgent business arises and an extraordinary meeting is required, this may be convened by the Chair, subject to the agreement of a quorum number of members. Decisions will be subject to achieving quorum attendance.

Where a decision needs to be taken outside the normal cycle of meetings, and where the matter is not deemed by the Chair to require an additional meeting to be called, the decision may be made via e-mail. The preference is for decisions to be taken at meetings. The decisions via e-mail process will be used on an exceptions basis. The process for decision via e-mail will be as follows:

- a) An e-mail setting out the matter for decision will be sent to all members on the same working day. This shall include a statement setting out how the members should signify what their view on the matter is and the deadline for doing so.
- b) Members will be generally be given no less than five working days in which to respond.
- c) For a decision to be passed, all of the members must express the same view on the matter.
- d) Where members have comments on the proposed decision or recommendation/s these will be circulated to other Committee/Group members by the Administrator within one working day of receipt.
- e) If any individual member wishes to debate an item proposed for decision via e-mail at a meeting instead they may ask the Chair to arrange an additional meeting or defer the item for decision until the next meeting (such agreement by the Chair not to be unreasonably withheld).
- f) Decisions via e-mail will be reported to the next meeting and the wording of the decision minuted. Any decision made in this manner will be effective from the date of agreement of all of the members and confirmed by email by the Administrator.

## **Notice of meetings**

Meetings shall be called by the Administrator at the request of the Chair or any of its members.

Unless otherwise agreed, notice of each meeting and agenda of items to be discussed, shall be forwarded to each member, any other person required to attend no later than three full working days before the date of the meeting.

Supporting papers shall be sent to members and to other attendees as appropriate, at the same time.

Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

A meeting workplan will be agreed on an annual basis, setting out the main work items to be carried out at each meeting to ensure that adequate time is given to the main objectives of the Committee.

## **9. Minutes and Reporting Arrangements**

The Committee will report to the Board on how it discharges its responsibilities.

The minutes of Committee meetings will be formally recorded and submitted to the parent body by the Chair of the Committee (supported in this by the Corporate Governance Team).

The Chair of the Committee will draw to the attention of the Board of Directors any issues or decisions that require disclosure to the Trust Board, or require executive action via the Alert, Advise, Assure (AAA) report.

Tier II groups will provide assurance to the committee as agreed within the governance structure.

The committee will receive standing reports following each meeting and additional reports as part of the scheduled programme of annual reports.

In addition, the Committee will receive thematic 'deep dive' reports or reviews as required to enable greater discussion about specific issues and to facilitate in depth discussions between the members and those staff providing services.

The Board has ultimate responsibility for the effectiveness of its governance below Board. The Board will rely on the work of its committees to provide assurance on the effectiveness of the governance structure.



<b>10.</b>	<b>Administrative Arrangements</b>	
	<p>The Committee will be supported administratively by a nominated Committee Administrator who will:</p> <ul style="list-style-type: none"> <li>• produce a schedule of meetings and maintain the annual work plan for the Committee</li> <li>• prepare the agenda and papers with the Chair and circulate ideally 5 working days prior to the meeting and no less than 3 working days ; except for reasons outlined and to, and agreed with, the Chair;</li> <li>• maintain accurate records of attendance, key discussion points and decisions taken and issue necessary action logs within five full working days of the meeting;</li> <li>• draft minutes, recording where the Committee has delivered its purpose through relevant reports and subsequent discussion, debate and challenge, and where further information is required, for circulation to the meeting Chair within five full working days of the meeting;</li> <li>• organise future meetings; and</li> <li>• file and maintain records of the work of the Committee in the required corporate records folder.</li> </ul>	
<b>11.</b>	<b>Meeting Effectiveness Review</b>	
<p>The Committee shall at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.</p> <p>A record of the frequency of attendance by members, quoracy and the frequency of meetings will be maintained. Any areas of concern will be highlighted to the Chair of the Committee.</p>		
<b>12.</b>	<b>Review to be conducted by Committee/Group Chair</b>	
	<b>Date Committee/Group established</b>	28 <sup>th</sup> July 2008
	<b>Terms of Reference to be reviewed e.g. Annually</b>	The terms of reference of the committee shall be reviewed by the Board when required, but at least annually.
	<b>Date of last review</b>	July 2023
	<b>Date of next review</b>	July 2024

# Sheffield Health and Social Care NHS FT Corporate Governance Structure

## Board & Committee Governance Structure – Finance & Performance Committee

