The Queen Elizabeth Hospital King's Lynn
NHS Foundation Trust

FINANCE AND ~~PERFORMANCE~~ ACTIVITY COMMITTEE

TERMS OF REFERENCE – May 2018 ~~August 2017~~

1. Overall Purpose:

The Finance and ~~Performance~~ Activity Committee ('the Committee') is established as a committee of the Board of Directors, to:

- Support the Board in overseeing the adequacy of resources to meet financial commitments and the Business Plan;
- Support the Board in its responsibilities for financial management and ensuring that it optimises financial performance. The Committee will achieve this through its oversight of the Trust's work on financial planning and performance, activity, productivity, commissioning/contracting and efficiency;
- Oversee the development and delivery of the Trust's Business Plan; and
- Ensure that processes are in place for holding appropriate teams, individuals and groups to account for the delivery of the Business Plan; and
- Monitor the Trust's performance against the criteria of the 'Use of Resources' framework
- ~~Monitor and examine the Trust's operational performance; and~~
- ~~Oversee the Trust's compliance with key performance standards.~~

2. Key Responsibilities:

FINANCE

The Committee's key responsibilities are:

Financial Planning

- To assure ~~the~~ evidence to the Board regarding the Trust's delivery of its financial plans and/or to alert the Board to adverse variances, risk and risk mitigations, to assist the Board in meeting regulatory requirements;
- Within the Trust's agreed financial planning and budget-setting timetable, to recommend the Trust's Operational Plan, Long Term Financial Model (LTFM), Revenue Budgets and Capital Plan to the Board;
- To oversee the business case approvals process;
- To approve/recommend business cases in line with the Trust's business planning processes, Standing Financial Instructions (SFIs) and the Trust's Scheme of Delegation; and
- To consider and make recommendations as to the handling and approval of significant transactions and increases in Private Patient Income in accordance with the Health and Social Care Act 2012 and the Trust's constitution.

Financial Monitoring and Reporting

- To scrutinise financial performance information; utilising relevant benchmarking information;
- To keep the form and content of the Board's financial reports under review, recommending changes as appropriate in line with guidance and best practice;
- To review financial plans and strategies and ensure they are consistent with the Trust's overall objectives and plans;
- To review regularly and endorse the Trust's long-term financial model and to recommend approval by the Board;
- To review cash and capital positions and to make recommendations to the Board in respect of management and borrowing;
- To monitor the delivery of the Trust's Cost Improvement Programme (CIP);
- To commission and consider the results of in-depth reviews of adverse variance or trends in respect of the delivery of the ~~Trust's Cost Improvement Programme (CIPs)~~Trust's CIP;
- To scrutinise the delivery of financial recovery plans and trajectories, reporting issues of concern to the Board by exception;
- To review investment outcomes through post-implementation evaluation;
- To monitor the delivery of the Trust's Capital Plan;
- To monitor and review the development and utilisation of Service Line Reporting and Patient Level Information and Costing; and~~.~~
- To review, monitor and benchmark the Trust's reference costs~~: and~~
- ~~To drive, monitor and report on the effective use of capacity and productivity modelling methodologies~~
- ~~To monitor and review the status of the Trust's contracting and commissioning relationships, risks and issues~~

Board and Organisational Financial Awareness and Involvement

- To support the Board in establishing and maintaining effective financial governance by:
  - Commissioning and considering the results of financial governance review activities;
  - Monitoring financial governance review action plans and assuring evidence to the Board concerning the delivery and embedding of improved processes or escalating areas of concern;
- To work within the Board's Standing Financial Instructions (SFIs), Scheme of delegation and policy & budgetary control framework;
- To support the Director of Finance in a periodic review of the structure and capacity of the finance function;
- To ratify finance, investment and treasury management policies, under delegated authority from the Board; and
- To monitor, review and recommend to the Board, the Trust's SFIs and 'Scheme of Delegation' (Financial).

Contracting, Commissioning, Activity / Capacity and Productivity

- To drive, monitor and report on the effective use of capacity and productivity modelling methodologies e.g. Model Hospital and GIRFT;
- To monitor and review the status of the Trust's contracting and commissioning relationships, risks and issues; and

- To monitor the development, phasing and delivery of the Trust's Activity Plans, overseeing delivery against recovery trajectories where required.

OPERATIONAL PERFORMANCE

- ~~To scrutinise operational performance information; utilising relevant benchmarking information;~~
- ~~To review periodically, the format of the Performance Dashboard (including reported performance indicators) and Performance Report and the recommendation of proposed changes to the Board;~~
- ~~To utilise appropriate benchmarking information to develop local targets, trajectories and standards for the Trust, including 'stretch' targets, and to recommend proposals to the Board;~~
- ~~To ratify policies related to performance management under delegated authority from the Board;~~
- ~~To provide evidence and assurance to the Board in respect of the Trust's compliance with performance targets, trajectories and standards and/or alert the Board to gaps in compliance, to assist the Board in meeting regulatory, self-assessment and registration requirements;~~
- ~~To oversee the Trust's recovery plans to address areas for improvement in securing compliance with performance targets and standards regimes; and~~
- ~~To commission and/or consider the results of internal and external / independent operational performance reviews;~~
- ~~To monitor action plans resulting from internal and external/independent reviews assuring evidence to the Board concerning the delivery and embedding of improved processes or escalating areas of concern.~~

RISK

- To monitor and review the adequacy of the Trust's financial risk assessments, assumptions, sensitivities, mitigation plans and contingencies;
- To monitor the effectiveness of controls and sources of assurance in respect of financial activity, and contracting risk ~~and operational performance~~ risk identified on the Board Assurance Framework and corporate risk register.

3. Accountability and Relationships:

The Committee is accountable to the Board of Directors. The Committee will:

- Receive and monitor Chair's Key Issues from each of the groups reporting to it;
- Ensure that issues and risks that fall outside the remit of the committee e.g. quality, operational performance and workforce issues, are communicated to the appropriate Committee to ensure effective integrated governance;
- ~~Make its minutes available to the Board for information;~~
- Make a regular Chair's Key Issues report to the Board, reporting assurance, escalated risks and recommendations where decisions are required, which are outside the delegated authority of the committee;
- Ensure that groups reporting to the Committee operate effectively through:

  - Clear and relevant terms of reference
  - Clear objectives
  - Appropriate work programmes
  - Appropriate membership and skilled leadership

- Clear lines of reporting and accountability

- Make an Annual Report to the Board of Directors, incorporating an annual self-assessment of its effectiveness against its terms of reference, submitting the self-assessment and any action/improvement plan resulting from the self-assessment.

The Committee will co-operate with the Audit Committee in carrying out its responsibilities for providing assurance to the Board in respect of the Trust's governance systems and processes.

4. Membership:

- **Chair**: Non-Executive Director
- CEO
- ~~Identified~~ 3 NEDs (including the committee chair)
- Director of Finance and Resources
- Chief Operating Officer
- Deputy Director of Finance
- Chief Transformation Officer
- ~~Director of Strategy and IT~~

Core attendees

- Deputy Director of Finance
- Reporting Committee Chairs

In attendance by invitation:

- Clinical Directors and other Directors and Officers of the Trust
- Governors, patients and / or other parties may be invited to attend the meetings of the committee to participate in specific business.
- Trust Secretary

5~~6~~. Frequency of meetings and attendance

Meetings of the Committee will normally be held monthly.

Members are expected to attend at least 75% of meetings in a 12-month period.

Members and invited attendees unable to attend, should notify the Committee Clerk, 3 days in advance of the meeting and should identify a substitute to attend, who is appropriately briefed to present any necessary reports and participate in the meeting. Substitutes will not be eligible to vote on issues recommended to the Committee.

A non-executive director will act as Chair of the Committee in the event of the named Chair being unable to attend.

6~~7~~. Rules:

- Ordinary meetings will be held in accordance with the Trust's Annual Governance timetable and will be arranged 12 months in advance where possible;
- The Committee will draw up, maintain and conduct its business in accordance with a forward plan, which will be reviewed at each meeting;

- Extraordinary meetings may be called with the agreement of the Chair, where necessary:
- Urgent business within the remit of the Committee, requiring attention between meetings may be conducted using the Urgent Actions Procedure, or escalated to the senior committee;
- 'Any Other Business' to be notified to the Committee Chair prior to the meeting;
- Agendas and papers will be published 5 days in advance of the meeting, where possible;
- Meetings to be minuted and separate action points recorded and circulated promptly;
- A quorum will consist of 50% of core members, including 1 NED; and
- The minutes will be approved by the Committee, at its next meeting.

78. Authority

The Committee may investigate, monitor and review any activity within its terms of reference. It may seek information from employees and employees are directed to co-operate with requests made by the Committee.

The Committee may secure the attendance of any individual with relevant experience and expertise if it considers this necessary. The Committee may seek to commission external specialist advice within policy and within budget.

The Committee may only approve proposals with financial implications, within its delegated authority and within policy and budget. Where decisions are required, which fall outside the delegated authority of the Committee, a recommendation for approval shall be made to the Board or relevant committee via the Chair's Key Issues log and submission of supporting papers.

89. Monitoring Compliance with these Terms of Reference:

The Committee's Annual Report to the Board of Directors will be used to assess the Committee's compliance with its terms of reference.

910. Review

The Committee's Terms of Reference will be reviewed annually.

Author: **Trust Secretary**
Ratified by: **Board of Directors**
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