

## NHS Lancashire and South Cumbria Integrated Care Board

### Finance and Performance Committee Terms of Reference

#### 1. CONSTITUTION

The Finance and Performance Committee (the Committee) is established by the Integrated Care Board (the Board or ICB) as a Committee of the Board in accordance with its Constitution.

These Terms of Reference (ToR), which must be published on the ICB website, set out the membership, the remit, responsibilities, and reporting arrangements of the Committee and may only be changed with the approval of the Board.

The Committee is a non-executive chaired committee of the Board and its members, including those who are not members of the Board are bound by the Standing Orders and other policies of the ICB.

#### 2. AUTHORITY

The Finance and Performance Committee is authorised by the Board to:

- Investigate any activity within its terms of reference
- seek any information it requires within its remit, from any employee or member of the ICB (who are directed to co-operate with any request made by the Committee) as outlined in these terms of reference
- commission any reports it deems necessary to help fulfil its obligations
- obtain legal or other independent professional advice and secure the attendance of advisors with relevant expertise if it considers this is necessary to fulfil its functions. In doing so the Committee must follow any procedures put in place by the ICB for obtaining legal or professional advice
- create task and finish sub-groups in order to take forward specific programmes of work as considered necessary by the Committee's members. The Committee shall determine the membership and terms of reference of any such task and finish sub-groups in accordance with the ICB's constitution, Standing Orders and Scheme of Reservation and Delegation (SoRD) but may not delegate any decisions to such groups.

For the avoidance of doubt, the Committee will comply with, the ICB Standing Orders, Standing Financial Instructions and the SoRD.

### **3. PURPOSE OF THE COMMITTEE**

To oversee the performance of LSC ICB in delivering its national targets and objectives, ensuring the effective and efficient use of resources, whilst delivering financial balance.

The Committee will contribute to the overall delivery of the ICB objectives through the development and delivery of:

- a robust, viable and sustainable system financial plan. This includes:
  - Financial performance of the ICB
  - Financial performance of the NHS provider organisations within the ICB footprint
- ICB performance monitoring and mitigation against mandated national and regional metrics as well as locally agreed indicators that ensure the ICB is meeting its defined objectives.

The Committee will provide regular assurance updates to the ICB in relation to activities and items within its remit.

### **4. DELEGATED AUTHORITY**

The Finance and Performance Committee is a formal committee of the ICB. The Board has delegated authority to the Committee as set out in the Scheme of Reservation and Delegation and may be amended from time to time.

The Finance and Performance Committee holds only those powers as delegated in these Terms of Reference as determined by the ICB Board.

### **5. MEMBERSHIP AND ATTENDANCE**

The Committee members shall be appointed by the Board in accordance with the ICB Constitution.

The Board will appoint no fewer than four members of the Committee including two who are Non-Executive Members of the Board (from the ICB). Other members of the Committee need not be members of the ICB Board, but they may be. Invited attendees of the Committee need not be members of the Board, but they may be.

Members will possess between them knowledge, skills and experience in:

- Accounting / financial management
- Risk management
- And technical or specialist issues pertinent to the ICB's business
- Performance
- Quality/outcomes

When determining the membership of the Committee, active consideration will be made to equality, diversity and inclusion.

The Chair may ask any or all of those who normally attend, but who are not members, to withdraw to facilitate open and frank discussion of particular matters, or where there is deemed to be a conflict of interest that cannot be managed within the meeting.

### **Chair and vice chair**

The Committee will be chaired by a non-executive member of the ICB board. Committee members may appoint a Vice Chair who may be a non-executive member or a member of the ICB, but who has experience in accounting and NHS related finance matters.

The Committee shall satisfy itself that the ICB's policy, systems and processes for the management of conflicts, (including gifts and hospitality and bribery) are effective including receiving reports relating to non-compliance with the ICB policy and procedures relating to conflicts of interest and will provide exception reports to the Audit Committee.

If the Chair has a conflict of interest then the vice-chair or, if necessary, another member of the Committee will be responsible for deciding the appropriate course of action.

The Chair will be responsible for agreeing the agenda and ensuring matters discussed meet the objectives of the Committee as set out in these terms of reference.

### **Membership**

- Three Non-executive members of the ICB Board (one of whom shall be Chair)
- Chief Finance Officer
- Chief Digital Officer
- Chief Nursing Officer
- Chief Operating Officer
- Director of Operational Finance
- Director of Place and Programme Finance
- Director of Strategic Finance
- Director of Performance
- Company Secretary

### **In Attendance**

- Chair of the ICB as Ex Officio Member

### **By Invitation**

Only members and specified attendees of the Committee have the right to attend Committee meetings, however all meetings of the Committee may also be attended by other invited and appropriately nominated individuals who are not members of the Committee and do not hold any voting rights.

Other individuals may be invited to attend all or part of any meeting as and when appropriate to assist it with its discussions on any particular matter, including representatives from the health and wellbeing board(s) secondary, mental health and community providers.

## **6. MEETING QUORACY AND DECISIONS**

The Finance and Performance Committee is not a meeting held in public. The committee shall meet on at least a bi-monthly basis timed to provide the most recent months financial information to the ICB Board, allowing for appropriate sign off of statutory and / or mandated financial and performance submissions. Additional meetings may be convened on an exceptional basis at the discretion of the Committee Chair.

Part 2 meetings may take place where due to a confidential nature the item requires restricted membership. Where such a meeting is called, only members may attend the meeting and no named deputies will be permitted.

### **Quoracy**

For a meeting to be quorate, the following members must be in attendance:

- Two non-Executive Members, with at least one to be the Chair or Vice Chair
- The Chief Finance Officer or nominated deputy
- At least two other Executive members
- Two Director members

If any member of the Committee has been disqualified from participating in an item on the agenda, by reason of declaration of conflicts of interest, then that individual shall no longer count towards the quorum. Where known, all declarations of interest should be made in advance of the meeting to allow planning for changes in quoracy during the course of a meeting.

If the quorum has not been reached, then the meeting may proceed if those attending agree, but no decisions may be taken.

## **Decision making and voting**

Decisions will be taken in accordance with the Standing Orders. The Committee will ordinarily reach conclusions by consensus. When this is not possible the Chair may call a vote.

Only members of the Committee may vote. Each member is allowed one vote and a majority will be conclusive on any matter.

Where there is a split vote, with no clear majority, the Chair of the Committee will hold the casting vote. The result of the vote will be recorded in the minutes.

If a decision is needed which cannot wait for the next scheduled meeting, the Chair may conduct business on a 'virtual' basis through the use of telephone, email or other electronic communication. Where such action has been taken between meetings, then these will be reported and recorded at the next meeting.

## **7. RESPONSIBILITIES OF THE COMMITTEE**

The responsibilities of the Finance and Performance Committee will be authorised by the ICB Board. The Committee's duties can be categorised as follows:

### ***System Oversight Framework***

- To receive assurance regarding the arrangements for discharging and implications of the ICB's responsibilities in respect of the following themes under the NHS System Oversight Framework (SOF):
  - Finance – including use of resources
  - Performance – including access and outcomes
  - Local, strategic priorities
- The committee will be responsible for overseeing and monitoring insights about current and historical performance trends and themes noted above, and support the Board in developing its forward plan to improve performance.
- The committee will receive regular reports including annual finance, delivery and performance plans, regular financial and operational performance information; details on risks and issues and other exceptional or significant relevant data.
- The committee will be responsible for receiving assurance to the ICS System Oversight Framework segmentation assessed level, and where required, support the Board in developing its improvement plan.

### ***System financial management framework***

- to approve the strategic financial framework of the ICB and monitor performance against it

- to receive assurance of the ICB financial information systems and processes to be used to make recommendations to the Board on financial planning in line with the strategy and national guidance
- to ensure health and social inequalities are taken into account in financial decision-making

#### ***Resource allocation (revenue)***

- to develop an approach to distribute the resource allocation through commissioning and direct allocation to drive agreed change based on the ICB strategy and health need
- to advise on and oversee the process regarding the deployment of system-wide transformation funding
- to work with ICS partners to identify and allocate resources where appropriate to address finance and performance related issues that may arise
- to work with ICS partners to consider major investment/disinvestment outlined in business cases for material service change or efficiency schemes and to agree a process for sign off
- to agree the strategy to underpin the actions to be taken in accordance with the NHS England convergence policy and principles attributed to national allocation formula

#### ***Resource allocation (Capital)***

- to be aware of/develop the system estates strategy and plan to ensure it properly balances clinical, strategic and affordability drivers
- to monitor the system capital programme against the capital envelope and take action to ensure that it is appropriately and completely used
- to gain assurance that the estates plan is built into system financial plans
- to ensure effective oversight of future prioritisation and capital funding bids
- to scrutinise and support capital business cases to ensure alignment with system objectives, efficiency expectations and affordability of on-going revenue consequences

#### ***National framework***

- to advise the ICB on any changes to NHS and non-NHS funding regimes and consider how the funding available to the ICB can be best used within the system to achieve the best outcomes for the local population
- to oversee national ICB level financial submissions
- to ensure the required preparatory work is scheduled to meet national planning timelines

#### ***Financial monitoring information***

- to ensure a robust reporting framework is developed and embedded the ICB as a statutory body, using the chart of accounts devised by NHSE and

the integrated single financial environment (ISFE) and the ICB as a system of bodies

- to articulate the financial position and financial impacts (both short and long-term) to support decision-making
- to work with ICS partners to identify and agree common approaches across the system such as financial reporting, estimates and judgements
- to work with ICS partners to seek assurance over the financial reports from system bodies and provide feedback to them (being clear on how this role interacts with that of the audit committee)
- to oversee the development of financial and activity modelling to support the ICB priority areas
- to oversee the development of a medium- and long-term financial plan which demonstrated ongoing value and recovery
- to develop an understanding of where costs sit across a system, system cost drivers and the impacts of service change on costs
- to ensure appropriate information is available to manage financial issues, risks and opportunities across the ICB
- to review financial and associated risks against the system financial target and the ICB 's own financial targets and make recommendations to address
- to agree key outcomes to assess delivery of the ICB financial strategy
- to monitor and report to the Board overall financial performance against national and local metrics, highlighting areas of concern
- to monitor and report to the Board key service performance which should be taken into account when assessing the financial position
- to monitor and oversee financial performance and delivery of financial recovery plans to ensure delivery of the ICB's strategic and operational plans within financial allocations, recommending corrective action and mitigations to the Board

### ***Performance***

- Receiving regular contract performance reports (covering activity, cost and quality) for each of the ICB's' main areas of commissioning expenditure.
- To review assurance on performance against the delivery of the relevant core ICB's Strategies and Operational Plan through regular reporting on delivery and the ICB Board Assurance Framework, providing recommendations to the Board where rectifying actions are required.
- To review assurance on progress and achievement against key national, regional, and local targets for service improvement, with a particular focus on delivery of the annual planning requirements.
- To make recommendations to the Board on developments to the System Performance Assurance Framework.
- To receive and review in year monitoring reports covering all national constitutional standards, any additional national or regional performance

requirements as specified by NHSE, local priorities targets, patient outcome measures and inequality performance.

- To provide assurance on System performance improvement plans and recovery trajectories, making recommendations to the ICB in year on corrective actions, and oversee progress on performance against such plans on a regular basis.
- To receive and review assurance on contract management, for both Healthcare contracts, commissioning support service contracts. Receive exception reports on contract performance and oversee improvement plans as appropriate.
- To oversee procurement and contracting activity of the ICB, providing assurance to the Board that these activities have been conducted in a manner that meets the legal, statutory, and other obligations of the ICB whilst also delivering best value for patients and taxpayers.
- To review assurance on progress and achievement against outcomes and targets agreed with partner organisations.

### ***System efficiencies***

- to ensure system efficiencies are identified and monitored across the ICB, in particular opportunities at system level where the scale of the ICB partners together and the ability to work across organisations can be leveraged
- to ensure financial resources are used in an efficient way to deliver the objectives of the ICB and remain within running cost allocations.
- Agreeing strategies to reduce variation and improvement outcomes by maximising efficient and effective use of non-financial resources
- Agreeing strategies to reduce variation and improvement outcomes by maximising efficient and effective use of resources
- to review exception reports on any material breaches of the delivery of agreed efficiency improvement plan including the adequacy of proposed remedial action plans

### ***Communication***

- to ensure communications on financial governance with stakeholders internally and externally are managed effectively
- to develop an approach with partners, including Integrated Care Partnership, to ensure the relationship between cost, performance, quality and environment sustainability are understood

### ***Policy***

- to ensure that suitable policies and procedures are in place to comply with relevant regulatory, legal and code of conduct requirements

### ***Other***



- Receive and review progress on joint work on estates, procurement, supply chain and commercial strategies to maximise value for money across the system and support wider goals of development and sustainability
- Agreeing strategies to reduce variation and improvement outcomes by maximising efficient and effective use of non-financial resources
- Oversight of contracting arrangements and decision on variations and potential procurements

## **8. ACCOUNTABILITY and REPORTING ARRANGEMENTS**

The Finance and Performance Committee is directly accountable to the ICB. The minutes of meetings shall be formally recorded, and a summary report prepared for the next ICB Board. The Chair of the Committee shall report to the Board (public session) after each meeting and provide a report on assurances received, escalating any concerns where necessary.

The Committee will advise the Audit Committee on the adequacy of assurances available and contribute to the Annual Governance Statement.

The Committee will receive scheduled assurance report from its delegated sub committees or groups. Any delegated sub committees or groups would need to be agreed by the ICB Board.

## **9. BEHAVIOURS AND CONDUCT**

### **ICB values**

Members will be expected to conduct business in line with the ICB values and objectives. Members of, and those attending, the Committee shall behave in accordance with the ICB's Constitution, Standing Orders, and Standards of Business Conduct Policy.

### **Equality and diversity**

Members must demonstrably consider the equality and diversity implications of decisions they make.

## **10. DECLARATIONS OF INTEREST**

All members, ex-officio members and those in attendance must declare any actual or potential conflicts of interest which will be recorded in the minutes. Anyone with a relevant or material interest in a matter under consideration will be excluded from the discussion at the discretion of the Committee Chair.

## **11. SECRETARIAT AND ADMINISTRATION**

The Committee shall be supported with a secretariat function which will include ensuring that:

- The agenda and papers are prepared and distributed in accordance with the Standing Orders having been agreed by the Chair with the support of the relevant executive lead;
- Attendance of those invited to each meeting is monitored and highlighting to the Chair those that do not meet the minimum requirements;
- Records of members' appointments and renewal dates are held and the Board is prompted to renew membership and identify new members where necessary;
- Good quality minutes are taken and agreed with the chair and that a record of matters arising, action points and issues to be carried forward are kept;
- A Summary Report of the minutes, including key discussions, decisions and any areas of concern or assurance is prepared for the Chair to present at the Board;
- The Chair is supported to prepare and deliver reports to the Board;
- The Committee is updated on pertinent issues/ areas of interest/ policy developments;
- Action points are taken forward between meetings and progress against those actions is monitored.

## **12. REVIEW**

The committee will review its terms of reference and its effectiveness at least annually and report to the Board on an annual basis.

These terms of reference will be reviewed more frequently if required. Any proposed amendments to the terms of reference will be submitted to the Board for approval.

The Committee will utilise a continuous improvement approach in its delegation and all members will be encouraged to review the effectiveness of the meeting at each sitting.

Date of approval: July 2024

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