

## **Appendix A I**

### **NHS Lancashire and South Cumbria Integrated Care Board**

#### **Finance and Contracting Committee Terms of Reference**

##### **1. CONSTITUTION**

- 1.1 The Finance and Contracting 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.
- 1.2 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.
- 1.3 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**

- 2.1 The Finance and Contracting 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.
- 2.2 For the avoidance of doubt, the Committee will comply with, the ICB Standing Orders, Standing Financial Instructions and the Scheme of Reservation and Delegation.

### **3. PURPOSE**

3.1 The Finance and Contracting Committee (“the committee”) exists to:

- a) Scrutinise arrangements for ensuring the delivery of the ICB’s statutory financial duties in line with sections 223GB to 223M of the NHS Act 2006 (as amended by the Health and Care Act 2022).
- b) Oversee and scrutinise the ICB’s arrangements for development and delivery in relation to the annual budget and operational plan, and oversee the development and delivery of robust joint financial plans with the ICB’s partner NHS trusts and NHS foundation trusts and recommend these for approval by the Board; including any plans to achieve any joint financial objectives set by NHS England for the ICB and its partner NHS trusts and NHS foundation trusts.
- c) Oversee and scrutinise the ICB’s financial management framework, including consideration of the ICB monthly position and forecast, and scrutiny of actions to mitigate any negative variation in monthly position and forecast.
- d) Scrutinise the ICB’s financial/investment plans in relation to estates, environmental sustainability (including statutory duties as to climate change) and data and digital
- e) Oversee and scrutinise performance against contracted activity, including Primary Care Services, insofar as they relate to finance, and performance against contracted activity, and scrutiny of actions to mitigate any negative variation.
- f) The Committee will also scrutinise any negative variation of performance and activity of non-healthcare contracts.

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

### **4. DUTIES**

#### **4.2 Financial Governance: Assurance and Oversight**

- a) Oversee a system-based approach to preparing the annual operational plan, ensuring alignment with national priorities and recommending this for approval by the Board.

- b) Oversee the development of robust joint financial plans with the ICB's partner NHS trusts and NHS foundation trusts and recommend these for approval by the Board; ensuring that plans clearly demonstrate the use of resources to improve outcomes and tackle health inequalities. This will include:
- i) A plan to meet statutory financial duties (the system financial strategy).
  - ii) A joint capital resource use plan
- c) Seek assurance that the ICB's annual budgets are prepared within limits of available funds and recommend these for approval to the Board, including review of draft ICB annual operating plan submission prior to submission to Board for approval of final submission
- d) Scrutiny of investments/disinvestments arising from approved strategic and operational plans, assuring a robust prioritisation framework is applied and consideration taken of the need to prioritise any investment to recovery plans and commissioning intentions
- e) Monitor and scrutinise the ICB's in-year budgetary performance, monthly forecast against plan and scrutiny of any recovery plans to address and mitigate negative variance, ensuring that:
- Required efficiencies are identified and delivered, including opportunities at system level
  - Robust action plans are developed in response to any material breaches or variation against plan
  - The ICB's expenditure in each financial year does not exceed the aggregate of any sums received within that financial year
  - Local capital and revenue resource use for each financial year does not exceed the limits specified by NHS England
  - Any joint financial objectives set by NHS England for the ICB and its partner NHS trusts and NHS foundation trusts are achieved
- f) Monitor and scrutinise overarching and longer-term recovery plans including timescales, forecast savings or return on investment
- g) Scrutiny of winter planning and UEC investment schemes including value for money and monitoring of delivery or underachievement against schemes
- h) Monitor and scrutinise investment, activity and achievement against the General Practice Quality Contract and Local Enhanced Services commissioned through the GP contract.

### 4.3 Contract Monitoring

Oversight/scrutiny of activity and cost against plan (both under and over actively), and steps to address, including:

- Oversight of any proposals that will impact upon the volume or quality of services provided (where there is an impact on quality this will be referred to the Quality and Outcomes Committee);
- actions that will have a material impact upon a Provider's ability to achieve its own targets, (including financial balance), and
- Assurance of how contracts are being used to monitor and improve VFM/productivity, address inequalities and contribute to social/economic development
- Assurance from System Integrated Commissioning and Contracting meetings and any plans being developed to address under-performance
- Assuring the adherence of the ICB's procurement and contracting policy and framework

### 4.4 Estates and Capital

- Monitor plans for prioritisation of future capital resource use and development of capital funding bids
- monitor and scrutinise the progress and delivery of a system wide **estates and infrastructure strategy** (including Primary Care)
- gain assurance that the estates and infrastructure strategy is built into ICS financial framework
- ensure effective oversight of future prioritisation and capital funding bids (including Primary Care)
- Review the annual **Use of Capital Resource Plan** prior to approval by the ICB Board
- Approve the ICB's estates plan for the GP practices within its area and scrutinise arrangements for ensuring that the GP practice premises estate is properly managed and maintained.
- Approve ICB headquarters estate and lease arrangements.

### 4.5 Environmental

- to monitor and scrutinise progress on the delivery the System Wide NHS Green Plan and Net Zero Plan and oversee an annual update to the plan, for assurance to the board.
- to gain assurance that these plans are built into ICS financial framework to ensure effective oversight of future prioritisation and capital funding bids

### 4.6 Digital and Data:

- Monitor delivery against the ICS Digital and Data Strategy in line with the seven success measures within the 'What Good Looks Like' framework and oversee an annual update to the plan, for assurance to the board.

- ensuring the strategy is underpinned by a sustainable financial plan and scrutinising delivery against the approved plan.

#### **4.7 Other**

- Review and approve policies specific to the Committee's remit.
- Oversee the identification and management of risks relating to the Committee's remit
- Monitor the quality of data that informs the work of the Committee; this includes review of the timeliness, accuracy, validity, reliability, relevance and completeness of data.

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

The Committee membership shall be agreed by the Board in accordance with the ICB Constitution.

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.

#### **5.1 Chair and Deputy**

The Committee will be chaired by a non-executive member of the ICB board. In the event of the Chair being unable to attend all or part of the meeting, a non-executive from within the Committee's membership will be nominated to deputise for that meeting.

If the Chair has a conflict of interest then the deputy 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.

#### **5.2 Membership**

The Committee will have 8 members, comprised as follows:

- a) Three Non-Executive Members of the Board (one to be the committee Chair)
- b) Chief Finance Officer
- c) Chief Operating Officer / Chief Commissioner
- d) Chief Nurse

- e) Medical Director
- g) Chief Digital Officer

The Chair of the ICB may attend as an ex-officio member

### **5.3 Regular Participants**

The Committee may invite specific individuals to participate in its meetings to support the committee in discharging its responsibilities. The following may be invited as participants:

- o Director of Finance / Deputy CFO
- o Director of Financial Assurance and Recovery
- o Director of Corporate Governance / Company Secretary
- o Director of Communications and Engagement
- o Director of Primary and Community Care
- o Director of Strategic Estates, Infrastructure and Sustainability

### **5.4 By Invitation**

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.

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

### **6.1 Quoracy**

The committee will be quorate with a minimum of 5 members present, to include at least two non-executive members and 2 Executive Directors (one to the CFO or nominated deputy)

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.

### **6.2 Decision making and voting**

Decisions will be taken in according 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. In no circumstances may an absent member vote by proxy.

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. Where such action has been taken between meetings, then these will be reported and recorded at the next meeting.

## **7. BEHAVIOURS AND CONDUCT**

### **7.1 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.

### **7.2 Equality and diversity**

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

## **8. REPORTING**

The Finance and Contracting 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 reports from its delegated sub committees or groups. Any delegated sub committees or groups would need to be agreed by the committee.

## **9. MEETING ARRANGEMENTS**

The Finance and Contracting Committee is not a meeting held in public. The committee shall meet on a monthly basis timed to ensure scrutiny of the most

up-to-date financial position and forecast. Members of the Committee are expected to attend meetings wherever possible.

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 and observation. Where such a meeting is called, the Chair must agree for any named deputies to be permitted.

The committee shall normally meet virtually via MS Teams, unless agreed otherwise by the Chair of the committee.

The Committee may meet virtually using telephone, video and other electronic means. Where a virtual meeting is convened, the usual process for meetings of the Committee will apply, including those relating to the quorum.

Virtual attendance at any in-person meetings will be permitted at the discretion of the Chair.

There is no requirement for meetings of the Committee to be open to the public.

## **9.1 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.



## **10. DECLARATIONS OF INTEREST**

10.1 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. REVIEW**

11.1 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.

11.3 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:

Date of review