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## FINANCE, RESOURCES AND PERFORMANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

*To be approved by NHS Highland Board January 2023*

### 1. PURPOSE

- 1.1 The purpose of the Committee is to keep under review the financial position and performance against key finance and non-financial targets of the Board, and to ensure that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources, and that the arrangements are working effectively.

### 2. ROLE

- 2.1 To scrutinise the overall performance of NHS Highland across the following functions of the NHS Board:
- resource allocation
  - performance management
  - strategic planning
  - all digital functions
  - environmental sustainability workstreams
- 2.2 To ensure that systems and procedures are in place to monitor, manage and improve performance, across the whole system, and liaise closely with relevant Governance Committees (Staff, Clinical and Audit) to ensure appropriate remedial action takes place.
- 2.3 To consider financial plans, approve annual budget proposals and business cases for submission to the NHS Board.

### 3. COMPOSITION

- 2.4 The membership of the Finance, Performance and Resources Committee will be:
- ~~Five~~ *Four* Non-Executive members (one of whom will be the Chair).
  - Chief Executive
  - Director of Finance
  - Medical Director
  - Director of Public Health
  - Director of Nursing
  - Director of Estates, Facilities and Capital Planning

3.1 The Chair of the Audit Committee will not be a member of the Finance, Performance and Resources Committee.

3.2 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. **Where appropriate, deputies will be permitted.** In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Deputy Chief Executive
- Chief Operating Officer (Acute Services)
- Chief Officer, Argyll and Bute IJB
- Chief Officer, North Highland
- PMO Director
- **Head of Strategy and Transformation**
- Board Secretary

3.3 The Director of Finance shall serve as the Lead Officer to the Committee.

#### **4. QUORUM**

4.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

#### **5. MEETINGS**

5.1 The Committee shall meet as necessary to fulfil its remit but not less than six times per year.

5.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee. If the Chair is absent from any meeting of the Committee, the Committee Vice Chair will preside at the meeting. In the absence of both the Chair and the Vice Chair, members shall elect from amongst themselves one of the other Committee members to chair the meeting.

5.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting.

#### **6. REMIT**

6.1 The Committee shall have accountability to the Board for ensuring that the financial position of the Board is soundly based, having regard to:

- compliance with statutory financial requirements and achievement of financial targets;
- such financial monitoring and reporting arrangements as may be specified from time-to-time by Scottish Government Health & Social Care Directorates and/or the Board;

- the impact of planned future policies and known or foreseeable future developments on the financial position;
- **scrutiny of the delivery of Board Strategy and Annual Development Plans for those areas of the Committee's interests**
- Highland's overall performance, strategic policy and planning objective, and ensure mechanisms are in place to promote best value improved efficiency and effectiveness
- ensuring a rigorous and systematic approach to performance monitoring and reporting is in place to enable more strategic and better informed discussions to take place at NHS Highland Board meetings
- review regularly the sections of the NHS Highland Integrated Performance Report relevant to the Committee's responsibility.
- recommend the annual revenue and capital budgets, and financial plans consistent with its statutory financial responsibilities;
- review the Property Strategy (including the acquisition and disposal of property) and capital plans, and make recommendations to the Board;
- **review the Board's achievement of NHSScotland's Policy on the Global Climate Emergency and Sustainable Development**
- review the Board's digital strategy and performance against the digital delivery plan
- the regular review of NHS Highland's Business Continuity Plan
- oversight of emergency planning arrangements
- scrutiny of relevant financial and performance risks on the Corporate Risk register on a bi-monthly basis
- undertake an annual self-assessment of the Committee's work and effectiveness.

#### **Arrangements for Securing Value for Money**

- 6.2 The Committee shall keep under review arrangements for securing economy, efficiency and effectiveness in the use of resources. These arrangements will include procedures for (a) planning, appraisal, control, accountability and evaluation of the use of resources, and for (b) reporting and reviewing performance and managing performance issues as they arise in a timely and effective manner. In particular, the Committee will review action (proposed or underway) to ensure that the Board achieves financial balance in line with statutory requirements.

#### **Allocation and Use of Resources**

- 6.3 The Committee has key responsibilities for:
- reviewing the development of the Board's Financial Strategy in support of the Annual Operational Plan, and recommending approval to the Board;
  - reviewing all resource allocation proposals outwith authority delegated by the Board and make recommendations to the Board thereon;
  - monitoring the use of all resources available to the Board; and
  - reviewing all matters relating to Best Value.
- 6.4 Specifically, the Committee is charged with recommending to the Board annual revenue and capital budgets and financial plans consistent with its statutory financial responsibilities. It shall also have responsibility for the oversight of the

Board's Capital Programme (including individual Business Cases for Capital Investment) and the review of the Property Strategy (including the acquisition and disposal of property), and for making recommendations to the Board as appropriate on any issue within its terms of reference.

- 6.5 The Committee will receive minutes from the Asset Management Group, Financial Recovery Board and the Performance Recovery Board. Issues arising from these Committees will be brought to the attention of the Chair of the Finance, Performance and Resources Committee for further consideration as required.

*The Committee will produce an Annual Report incorporating a Statement of Assurance for submission to the Board, via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chair of the respective Committee by the end of May each year for presentation to the Audit Committee in June*

*The Annual Report will include the Committee's assessment and conclusions on its effectiveness over the financial year in question.*

*The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.*

- 6.6 *The Committee shall provide assurance to the Board on achievement and maintenance of Best Value standards, relevant to the Committee's area of governance as set out in Audit Scotland's baseline report "Developing Best Value Arrangements".*

The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

### **Performance**

- 6.7 To support the development of a performance management and accountability culture across NHS Highland.
- 6.8 Receive annual reports and **regular** **quarterly** updates from the Sub-committees established by the Committee in order to provide assurance and accountability.
- 6.9 To monitor and review risks falling within its remit.

6.10 To receive reports from the Digital Health and Care Group **three times per year on a quarterly basis** to ensure systems are in place and maintained to give assurance to the Board on all digital functions.

**6.11 To receive reports from the NHS Highland Environmental & Sustainability Board on a quarterly basis to ensure that systems are in place and maintained to give assurance to the Board on all matters relating to delivery of the NHSScotland Policy on the Global Climate Emergency and Sustainable Development.**

**General**

6.12 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.

6.13 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June. **The Annual Report will include the Committee's assessment and conclusions on its effectiveness over the financial year in question.**

6.14 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.

**7. AUTHORITY**

7.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.

7.2 In order to fulfil its remit, the Finance, Performance and Resources Committee may obtain whatever professional advice it requires, and require Directors or other officers of the Board to attend meetings.

**8. REPORTING ARRANGEMENTS**

8.1 The Finance, Performance and Resources Committee reports directly to NHS Highland Board on its work. The Chair of Committee shall provide assurance on the work of the Committee and the draft minutes will be submitted to the NHS Board meeting for information.

Items requiring urgent attention by the NHS Board can be raised at any time at NHS Board Meetings, subject to the approval of the Chair.

8.2 The following Groups will report to the Finance, Performance and Resources Committee:

- Asset Management Group
- Digital Health and Care Group

- NHS Highland Environmental & Sustainability Board
- Financial Recovery Board
- Performance Recovery Board

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